Prospect Acquisition Corp
Form SC 13G
December 31, 2007

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No. _)*

Prospect Acquisition Corp.

(Name of Issuer)

Common Stock

(Title of Class of Securities)

74347T103

(CUSIP Number)

December 21, 2007

(Date of Event Which Requires Filing of This Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

[ ] Rule 13d-1(b)
[X] Rule 13d-1(c)
[ ] Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP NO. 74347T103 SCHEDULE 13G PAGE 2 OF 8 PAGES

1.	NAME OF REPORTING PERSON/S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON WEISS ASSET MANAGEMENT, LLC		
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (A) [ ] (B) [ ]		
3.	SEC USE ONLY		
4.	CITIZENSHIP OR PLACE OF ORGANIZATION DELAWARE		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:		5.	SOLE VOTING POWER 0
		6.	SHARED VOTING POWER 1,508,466
		7.	SOLE DISPOSITIVE POWER 0
		8.	SHARED DISPOSITIVE POWER 1,508,466
9.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,508,466		
10.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES* [ ]		
11.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 4.7%		
12.	TYPE OF REPORTING PERSON* 00 - Limited Liability Company		

CUSIP NO. 74347T103 SCHEDULE 13G PAGE 3 OF 8 PAGES

1.	NAME OF REPORTING PERSON/S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON WEISS CAPITAL, LLC

2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (A) [ ] (B) [ ]	
3.	SEC USE ONLY	
4.	CITIZENSHIP OR PLACE OF ORGANIZATION DELAWARE	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	5. SOLE VOTING POWER	0
	6. SHARED VOTING POWER	616,134
	7. SOLE DISPOSITIVE POWER	0
	8. SHARED DISPOSITIVE POWER	616,134
9.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 616,134	
10.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES* [ ]	
11.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 1.9%	
12.	TYPE OF REPORTING PERSON* 00 - Limited Liability Company	

CUSIP NO. 74347T103 SCHEDULE 13G PAGE 4 OF 8 PAGES

1.	NAME OF REPORTING PERSON/S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON ANDREW M. WEISS, PH.D.	
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (A) [ ] (B) [ ]	
3.	SEC USE ONLY	
4.	CITIZENSHIP OR PLACE OF ORGANIZATION	

	USA	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	5.	SOLE VOTING POWER 0
	6.	SHARED VOTING POWER 2,124,600
	7.	SOLE DISPOSITIVE POWER 0
	8.	SHARED DISPOSITIVE POWER 2,124,600
9.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,124,600	
10.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*	[ ]
11.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 6.6%	
12.	TYPE OF REPORTING PERSON* IN	

ITEM 1.

(a) Name of Issuer: Prospect Acquisition Corp.

(b) Address of Issuer's Principal Executive Offices:

695 East Main Street
Stamford, Connecticut 06901

ITEM 2.

(a) and (c): Name and Citizenship of Persons Filing:

(i) Weiss Asset Management, LLC, a Delaware limited liability company ("Weiss Asset Management").
(ii) Weiss Capital, LLC, a Delaware limited liability company ("Weiss Capital").
(iii) Andrew M. Weiss, Ph.D., a United States citizen.

(b): Address of Principal Business Office:

Weiss Asset Management, Weiss Capital, and Dr. Weiss have a business address of 29 Commonwealth Avenue, 10th Floor, Boston, Massachusetts 02116

(d) Title of Class of Securities: Common Stock

(e) CUSIP Number: 74347T103

ITEM 3. IF THIS STATEMENT IS FILED PURSUANT TO RULE 13D-1(B), OR 13D-2(B), CHECK WHETHER THE PERSON FILING IS A:

(a) [ ] Broker or Dealer registered under Section 15 of the Act (15 U.S.C. 78o).
(b) [ ] Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
(c) [ ] Insurance Company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
(d) [ ] Investment Company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).
(e) [ ] Investment Adviser registered under section 203 of the Investment Advisers Act or under the laws of any State
(f) [ ] Employee Benefit Plan, Pension fund which is subject to the provisions of the Employee Retirement Income Security Act of 1974 or Endowment Fund; see Section 240.13d-1(b)(1)(ii)(F)
(g) [ ] A Parent Holding Company or control person, in accordance with Section 240.13d-1(b)(ii)(G)(Note: See Item 7)
(h) [ ] A Savings Association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813)
(i) [ ] A Church Plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3)
(j) [ ] Group, in accordance with Section 240.13d-1(b)(1)(ii)(J)

ITEM 4. OWNERSHIP

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item I.

WEISS ASSET MANAGEMENT, LLC*
(a) Amount Beneficially Owned: 1,508,466

(b) Percent of Class: 4.7%

(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote: 0

(ii) shared power to vote or to direct the vote: 1,508,466

(iii) sole power to dispose or to direct the disposition of: 0

(iv) shared power to dispose or to direct the disposition of: 1,508,466

WEISS CAPITAL, LLC**

(a) Amount Beneficially Owned: 616,134

(b) Percent of Class: 1.9%

(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote: 0

(ii) shared power to vote or to direct the vote: 616,134

(iii) sole power to dispose or to direct the disposition of: 0

(iv) shared power to dispose or to direct the disposition of: 616,134

ANDREW M. WEISS, PH.D.***

(a) Amount Beneficially Owned: 2,124,600

(b) Percent of Class: 6.6%

(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote: 0

(ii) shared power to vote or to direct the vote: 2,124,600

(iii) sole power to dispose or to direct the disposition of: 0

(iv) shared power to dispose or to direct the disposition of: 2,124,600

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* Shares reported for Weiss Asset Management include shares beneficially owned by a private investment partnership of which Weiss Asset Management is the sole general partner.

** Shares reported for Weiss Capital include shares beneficially owned by a private investment corporation of which Weiss Capital is the sole investment manager.

*** Shares reported for Andrew Weiss include shares beneficially owned by a private investment partnership of which Weiss Asset Management is the sole general partner and which may be deemed to be controlled by Mr. Weiss, who is the Managing Member of Weiss Asset Management, and also includes shares held by a private investment corporation which may be deemed to be controlled by Mr. Weiss, who is the managing member of Weiss Capital, the Investment Manager of such private investment corporation. Dr. Weiss disclaims beneficial ownership of the shares reported herein as beneficially owned by him except to the extent of his pecuniary interest therein.

The percent of class computations are based on 32,187,500 shares of Common Stock issued and outstanding as reported in the Issuer's Form 10-Q filed with the Securities and Exchange Commission on December 28, 2007.

ITEM 5. OWNERSHIP OF FIVE PERCENT OR LESS OF A CLASS

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [ ].

ITEM 6. OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON

Not Applicable

ITEM 7. IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY OR CONTROL PERSON

Not Applicable

ITEM 8. IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP

Not Applicable

ITEM 9. NOTICE OF DISSOLUTION OF GROUP

Not Applicable

ITEM 10. CERTIFICATION

By signing below, I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I hereby certify that the information set forth in this statement is true, complete and correct.

Dated: December 31, 2007

WEISS ASSET MANAGEMENT, LLC

By: /s/ Georgiy Nikitin

Georgiy Nikitin, Chief Compliance Officer

WEISS CAPITAL, LLC

By: /s/ Georgiy Nikitin

Georgiy Nikitin, Chief Compliance Officer

By: /s/ Georgiy Nikitin

Attorney-in-Fact for Andrew Weiss

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Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

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Dissolution; Winding Up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation s outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class only with the written consent of the holders of two-thirds in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of shares of that class.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation s certificate of incorporation may be amended only if adopted and declared advisable by the board of directors and approved by a majority of the outstanding shares entitled to vote and the bylaws may be amended with the approval of a majority of the outstanding shares entitled to vote and may, if so provided in the certificate of incorporation, also be amended by the board of directors. Under the Companies Law, our memorandum and articles of association may only be amended by special resolution of our shareholders.

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by our memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Directors Power to Issue Shares

Under our memorandum and articles of association, our board of directors is empowered to issue or allot shares with or without preferred, deferred, qualified or other special rights or restrictions.

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C. Material Contracts

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

D. Exchange Controls

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

E. Taxation

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

Cayman Islands Taxation

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

United States Federal Income Taxation Considerations

The following discussion is a summary of United States federal income taxation considerations relating to an investment in our ordinary shares by a U.S. Holder (defined below) that will hold our ordinary shares as capital assets (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended (the Code). This summary is based upon applicable provisions of the Code, Treasury regulations promulgated thereunder, pertinent judicial decisions, interpretive rulings of the Internal Revenue Service (the IRS) and such other authorities as we have considered relevant, which are subject to differing interpretation or change, possibly with retroactive effect. No ruling has been sought from the IRS with respect to any United States federal income tax considerations described below, and there can be no assurance

that the IRS or a court will not take a contrary position.

This summary does not discuss all aspects of United States federal income taxation that may be important to particular investors in light of their individual investment circumstances. The following discussion does not deal with the tax considerations to any particular investor or to persons in special tax situations such as:

- banks, insurance companies and other financial institutions;
- broker dealers or traders in securities;
- regulated investment companies or real estate investment trusts;
- persons that elect to mark their securities to market;
- tax-exempt entities;
- U.S. expatriates;
- persons liable for the alternative minimum tax;
- persons holding ordinary share as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of our shares (by vote or value);

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- persons that have a functional currency other than the United States dollar; and

- persons who acquired ordinary shares pursuant to the exercise of any employee share option or otherwise as consideration for services.

In addition, this summary does not discuss the Medicare tax on net investment income or any United States federal estate or gift, non-United States, state, or local tax considerations.

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

- a citizen or individual resident of the United States;

- a corporation (or other entity taxable as a corporation) organized under the laws of the United States, any State thereof or the District of Columbia;

- an estate whose income is subject to United States federal income taxation regardless of its source; or

- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial trust decisions or (2) has a valid election in effect to be treated as a U.S. person under the Code.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) is a beneficial owner of our ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner of a partnership holding our ordinary shares, such U.S. Holder is urged to consult its tax advisor regarding an investment in our ordinary shares.

Each U.S. Holder is urged to consult its tax advisor regarding the United States federal, state, local, and non-United States income and other tax considerations of an investment in our ordinary shares.

Taxation of Dividends and Other Distributions on the Ordinary Shares

Subject to the PFIC rules discussed below, the gross amount of any distribution of property, including any distribution of Weibo shares (including the amount of any PRC tax withheld if we are deemed to be a resident enterprise under PRC tax law) paid on our ordinary shares out of our current or accumulated earnings and profits, as determined under United States federal income tax principles, will generally be includible in your gross income as dividend income on the day actually or constructively received by you. Because we do not intend to determine our earnings and profits on the basis of United States federal income tax principles, you should assume that any distribution paid will generally be treated as a dividend for United States federal income tax purposes. Any dividend from us will not be eligible for the dividends-received deduction generally allowed to corporations in respect of dividends received from United States corporations.

Individuals and other non-corporate recipients will be subject to tax at the lower capital gain tax rate applicable to qualified dividend income, provided that certain conditions are satisfied, including that (1) our ordinary shares are readily tradable on an established securities market in the United States, or, in the event that we are deemed to be a resident enterprise under the PRC tax law, we are eligible for the benefit of the United States-PRC income tax treaty (the Treaty), (2) we are neither a PFIC nor treated as such with respect to a U.S. Holder (as discussed below) for the taxable year in which the dividend was paid and for the preceding taxable year, and (3) certain holding period requirements are met. United States Treasury guidance indicates that common or ordinary shares are considered for the purpose of clause (1) above to be readily tradable on an established securities market in the United States if they are listed on the Nasdaq Global Select Market, as are our ordinary shares. Moreover, if we are treated as a resident enterprise for PRC tax purposes under its EIT Law, we may be eligible for the benefits of the income tax treaty between the United States and the PRC. You should consult your tax adviser regarding the availability of the lower capital gains rate applicable to qualified dividend income for dividends paid with respect to the ordinary shares (including rules relating to foreign tax credit limitations).

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

Sale or Other Taxable Disposition of Ordinary Shares

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

You are urged to consult your tax advisor regarding the United States federal income tax considerations if a foreign tax is imposed on a disposition of our ordinary shares, including the availability of the foreign tax credit under your particular circumstances.

Passive Foreign Investment Company Considerations

A non-United States corporation, such as our company, will be classified as a PFIC for United States federal income tax purposes for any taxable year, if either (i) at least 75% of its gross income is passive income or (ii) at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce, or are held for the production of, passive income (the asset test).

Although we do not believe that we should be treated as a PFIC for United States federal income tax purposes for our taxable year ended December 31, 2018, there can be no assurance in this regard. Additionally, depending on how we deploy our passive assets in our operations or for other active purposes and the value of our gross assets, we may or may not be classified as a PFIC for the current taxable year. Because the value of our assets and the amount of our active goodwill will generally be determined by reference to the market price of our ADSs and ordinary shares for purposes of the asset test, recent fluctuations in market price of our ADSs or ordinary shares may put us at risk of being classified as a PFIC. Consequently, we cannot assure you of our PFIC status for our current taxable year ending December 31, 2019, or for any future taxable year. The application of the PFIC rules is subject to ambiguity in several respects and, in addition, we must make a separate determination each year as to whether we are a PFIC (after the close of each taxable year).

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

If we are a PFIC for any year during which you hold ordinary shares, we will continue to be treated as a PFIC for all succeeding years during which you hold ordinary shares. However, if we cease to be a PFIC, provided that you have not made a mark-to-market election, as described below, you may avoid some of the adverse effects of the PFIC regime by making a deemed sale election with respect to the ordinary shares.

Although the law in this regard is not entirely clear, we treat our VIEs as being owned by us for United States federal income tax purposes because we control their management decisions and we are entitled to substantially all of their economic benefits and, as a result, we consolidate their results of operations in our consolidated United States GAAP financial statements. If it were determined, however, that we are not the owner of our VIEs for United States federal income tax purposes, we would likely be treated as a PFIC for our taxable year ended December 31, 2018 and for subsequent taxable years, generally without regard to whether we reduce our cash holdings.

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

- the excess distribution or gain will be allocated ratably over your holding period for the ordinary shares,

- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we became a PFIC, will be treated as ordinary income, and

- the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for you for such year and will be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to each such other taxable year.

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

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

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

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

A U.S. Holder that holds our ordinary shares in any year in which we are classified as a PFIC may make a deemed sale election with respect to such ordinary shares in a subsequent taxable year in which we are not classified as a PFIC. If you make a valid deemed sale election with respect to such ordinary shares, you would be treated as having sold all of your ordinary shares for their fair market value on the last day of the last taxable year in which we were a PFIC and such ordinary shares will no longer be treated as PFIC stock. Additionally, you would recognize gain (but not loss), which would be subject to tax as an excess distribution received on the last day of the last taxable year in which we were a PFIC. Your basis in the ordinary shares would be increased to reflect gain recognized, and your holding period would begin on the day after we ceased to be a PFIC.

The deemed sale election is only relevant to U.S. Holders that hold ordinary shares during a taxable year in which we are a PFIC, regardless of whether we were a PFIC in any prior taxable year. U.S. Holders are urged to consult their tax advisors regarding the advisability of making a deemed sale election and the considerations thereof in light of the U.S. Holder s individual circumstances.

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

If you own our ordinary shares during any taxable year that we are a PFIC, you are generally required to file IRS Form 8621, and the failure so to file may result in certain adverse United States federal income tax considerations to you.

You should consult your tax advisor concerning the United States federal income tax considerations of purchasing, holding and disposing of our ADSs or ordinary shares, including the possibility of making a mark-to-market election and the unavailability of the qualified electing fund election.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

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

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate and Security Market Risk

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

Our exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits. In 2018, our interest income was $83.2 million. As of December 31, 2018, we had approximately $2.3 billion in cash, cash equivalents and short-term investments held by financial institutions in China, Hong Kong, Taiwan, Singapore and the United States. Interest-earning instruments carry a degree of interest rate risk and fluctuations of interest rates for RMB and U.S. dollars bank deposits can impact our financial results.

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Foreign Currency Exchange Rate Risk

The majority of our revenues derived and expenses and liabilities incurred are in RMB with a relatively small amount in New Taiwan dollars, Hong Kong dollars and U.S. dollars. Thus, our revenues and operating results may be impacted by exchange rate fluctuations in the currencies of China, Taiwan and Hong Kong. See Item 3. Key Information D. Risk Factors Risks Related to Doing Business in China Fluctuation in the value of the RMB and restrictions on currency exchange may have a material adverse effect on the value of your investment. We have not reduced our exposure to exchange rate fluctuations by using hedging transactions. While we may choose to do so in the future, the availability and effectiveness of any hedging transactions may be limited and we may not be able to successfully hedge our exchange rate risks. Accordingly, we may experience economic losses and negative impacts on earnings and equity as a result of foreign exchange rate fluctuations. In 2018, the foreign currency translation adjustments to our comprehensive income were a loss of $119.6 million and net currency transaction income of $0.8 million, respectively. Below is a sensitivity analysis on the impact of a change in the value of the RMB against the U.S. dollar assuming: (1) projected net income from operation in China equal to the net income of 2018, (2) projected net assets of the operation in China equal to the balances in RMB and U.S. dollar as of December 31, 2018 and (3) currency fluctuation occurs proportionately over the period:

Change in the Value of RMB Against the U.S. Dollar	Translation Adjustments to Comprehensive Income	Transaction Gain (Loss)
	(in $ thousands)	
Appreciate 2%	49,604	(299)
Appreciate 5%	124,211	(749)
Depreciate 2%	(49,493)	299
Depreciate 5%	(123,517)	749

Investment Risk

As of December 31, 2018, our investments totaled $1.9 billion. We adopted ASU 2016-1, Classification and Measurement of Financial Instruments, beginning January 1, 2018. After the adoption of this new accounting update, we measure investments other than those investments accounted for under the equity method 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 (referred to as the alternative measurement). Changes in the basis of these investments are reported in current earnings. We recognized net gain of $96.5 million in upward adjustment for fair value changes on investments for the year ended December 31, 2018.

Our investments other than equity method are subject to a wide variety of market related risks that could substantially reduce or increase the fair value of our holdings. Securities with readily determinable fair values (except for equity investments in private equity funds which were qualified as NAV) are publicly traded stocks, which are subject to market price volatility, and represent $93.3 million of our investments as of December 31, 2018. A hypothetical adverse price change of 10%, which could be experienced in the near term, would decrease the fair value of our marketable equity securities by $9.3 million. Equity securities using alternative measurement methods are investments in privately held companies. Valuations of our investments in private companies are inherently more complex due to the lack of readily available market data. The fair value is measured at the time of the observable transaction, which is not necessarily an indication of the current fair value as of the balance sheet date. These investments, especially those in the early stages, are inherently risky because the technologies or products these companies have under development are typically in the early phases and may never materialize and they may experience deterioration in financial condition, which could result in a loss of a substantial part of our investment in these companies. The success of our investment in any private company is also dependent on the likelihood of our ability to realize value in our investments through liquidity events such as public offerings, acquisitions, private sales or other favorable market events reflecting appreciation to the cost of our initial investment. Volatility in the global economic climate and financial markets could also result in a significant impairment charge on our non-marketable equity securities. As

of December 31, 2018, the carrying value of our investments using alternative measurement method was $1.3 billion.

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The carrying values of our equity method investments generally do not fluctuate due to market price changes, however these investments could be impaired if the carrying value exceeds the fair value.

We periodically review our investments for impairment. Factors we consider to make such determination include the duration and severity of the impairment, the reason for the decline in value, the potential recovery period, and our intent to sell, or whether it is more likely than not that we will be required to sell, the investment before recovery. In 2018, we provided $61.0 million of impairment charges on our investments in equity securities. We are unable to control these factors and an impairment charge recognized by us will unfavorably impact our operating results and financial position.

Our short-term investments as of December 31, 2018 totaled $0.8 billion, which were composed of bank time deposits over three months but within one year.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Material Modifications to the Rights of Security Holders

See Item 10.B. Additional Information Memorandum and Articles of Association for a description of the rights of securities holders under our currently effective amended and restated memorandum and articles of association, which were adopted by our shareholders during our 2018 annual general meeting.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this annual report on Form 20-F. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2018.

Management s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934, as amended). Our management evaluated the effectiveness of our internal control over financial reporting based on criteria established in the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2018.

Our management has excluded the live streaming business, Yizhibo, from our assessment of internal control over financial reporting as of December 31, 2018 because it was acquired by us in a purchase business combination during 2018. Yizhibo is a division of a consolidated variable interest entity and Yizhibo s total assets and total revenues excluded from management s assessment represented 0.6% and 1.3%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2018.

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

Attestation Report of the Registered Public Accounting Firm

PricewaterhouseCoopers Zhong Tian LLP has audited the effectiveness of our internal control over financial reporting as of December 31, 2018 as stated in its report, which appears on page F-2 of this annual report on Form 20-F.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) during 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

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

ITEM 16B. CODE OF ETHICS

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

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees billed by PricewaterhouseCoopers Zhong Tian LLP (PwC) and its affiliates, our independent auditor and principal accountant for 2017 and 2018:

	2017	2018
Audit Fees(1)	$ 3,143,948	$ 3,131,734
Audit Related Fees(2)	891,381	709,817
Tax Fees(3)	23,000	28,000
All Other Fees(4)	1,800	1,800

(1) Audit fees means the aggregate fees incurred in each of the fiscal years listed for professional services rendered by our principal auditors for the audit of our annual financial statements and assistance with and review of documents filed with the SEC. In 2017 and 2018, the audit refers to financial audit.

(2) Audit-related fees primarily consists of fees related to the issuance of comfort letter in the offering of convertible notes by Weibo in 2017 and other audit-related services.

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(3) Tax fees consist of fees incurred for professional services related to tax advice and assistance with tax reporting.

(4) All other fees consist of $1,800 subscription fee for accounting rules and materials.

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

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

In February 2016, our board of directors approved a share repurchase program, whereby we are authorized to repurchase our ordinary shares with an aggregate value of up to $500 million for a period through the end of June 2017. The share repurchase program was publicly announced on March 2, 2016. In 2017, our board of directors approved an extension of share repurchase plan through the end of June 2018. The extension was publicly announced on August 9, 2017. We have completed this share repurchase program on June 30, 2018.

In August 2018, our board of directors approved a new share repurchase program, whereby we are authorized to repurchase our ordinary shares with an aggregate value of $500 million for a period through the end of December 2019. The table below sets forth a summary of the ordinary shares repurchased by us as of December 31, 2018.

Period	Total Number of Ordinary Shares Purchased	Average Price Paid Per Share (US$)	Total Number of Ordinary Shares Purchased as Part of Publicly Announced Plan	Approximate Dollar Value of Ordinary Shares that May Yet Be Purchased Under the Plan (US$)
October 2018	342,889	59.39	342,889	479,634,836

Total	342,889	59.39	342,889	479,634,836

ITEM 16F. **CHANGE IN REGISTRANT S CERTIFYING ACCOUNTANT**

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

ITEM 16G. **CORPORATE GOVERNANCE**

As a foreign private issuer whose securities are listed on the Nasdaq Global Select Market, we are permitted to follow certain home country corporate governance practices instead of the requirements of the Nasdaq Marketplace Rules (the Nasdaq Rules) pursuant to Nasdaq Rule 5615, which provides for such exemption to compliance with the Nasdaq Rule 5600 Series. We intend to rely on the exemption available to foreign private issuers for the requirements in terms of:

- the minimum number requirement of audit committee members under Nasdaq Rule 5605(c)(2)(A);

- shareholder approval for the issuance of securities when the issuance will result in a change of control of the company under Nasdaq Rule 5635(b);

- shareholder approval for share incentive plans under Nasdaq Rule 5635(c); and

- shareholder approval for the issuance of securities, other than in a public offering, equal to 20% or more of the voting power outstanding before the issuance for less than the greater of book or market value of the stock under Nasdaq Rule 5635(d).

We are not required to and will not voluntarily meet these requirements. As a result of our use of the foreign private issuer exemption, our investors will not have the same protection afforded to shareholders of companies that are subject to all of Nasdaq s corporate governance requirements. Other than the home country practice disclosed above, we have followed and intend to continue to follow the applicable corporate governance standards under the Nasdaq Rules.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

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

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of Sina Corporation and its subsidiaries are included at the end of this annual report.

ITEM 19. EXHIBITS

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

Exhibit Number	**Description**
1.1*	Amended and Restated Memorandum and Articles of Association of Sina Corporation
2.1	Rights Agreement dated as of April 23, 2015 between Sina Corporation and American Stock Transfer & Trust Company, as Rights Agent (Filed as Exhibit 1 to the Registrant s Registration Statement on Form 8-A12B (No. 001-37361) filed on April 28, 2015, and incorporated herein by reference)

2.2	Amendment No. 1 to Rights Agreement dated as of June 22, 2015 between Sina Corporation and American Stock Transfer & Trust Company, as Rights Agent (Filed as Exhibit 2 to the Amendment No. 1 to the Registrant s the Registrant s Registration Statement on Form 8-A12B (No. 001-37361) filed on November 27, 2015, and incorporated herein by reference)
2.3	Indenture, dated November 20, 2013 between Sina Corporation and The Bank of New York Mellon, as trustee (Filed as Exhibit 2.7 to the Registrant s Annual Report on Form 20-F filed on April 29, 2014, and incorporated herein by reference)
2.4	144A 1.00% Convertible Senior Notes due 2018 (Filed as Exhibit 2.8 to the Registrant s Annual Report on Form 20-F filed on April 29, 2014, and incorporated herein by reference)
2.5	Indenture, dated as of October 30, 2017, between Weibo Corporation and Deutsche Bank Trust Company Americas, as trustee (Filed as Exhibit 2.5 to the Registrant s Report on Form 20-F filed on April 26, 2018, and incorporated herein by reference)
4.1	Form of Indemnification Agreement between SINA.COM (currently known as Sina Corporation) and each of its officers and directors (Filed as Exhibit 10.1 to the Registrant s Registration Statement on Form F-1, Registration No. 333-11718, filed on March 27, 2000, as amended, and incorporated herein by reference)
4.2	Translation of Share Pledge Agreements by and between the Registrant s wholly owned subsidiaries and individual shareholders of the Registrant s VIEs (Filed as Exhibit 4.2 to the Registrant s Report on Form 20-F filed on April 26, 2018, and incorporated herein by reference)
4.3	Translation of Loan Agreements by and between the Registrant s wholly owned subsidiaries and individual shareholders of the Registrant s VIEs (Filed as Exhibit 4.3 to the Registrant s Report on Form 20-F filed on April 26, 2018, and incorporated herein by reference)
4.4	Translation of Agreements on Authorization to Exercise Shareholder s Voting Power by and between the Registrant s wholly owned subsidiaries and individual shareholders of the Registrant s VIEs (Filed as Exhibit 4.4 to the Registrant s Report on Form 20-F filed on April 26, 2018, and incorporated herein by reference)
4.5	Translation of Form Loan Repayment Agreement by and between Registrant s wholly owned subsidiaries and individual shareholders of Registrant s VIEs (Filed as Exhibit 4.13 to the Registrant s Report on Form 20-F filed on April 27, 2012, and incorporated herein by reference)
4.6	Translation of Form Share Transfer Agreement by and between Registrant s wholly owned subsidiaries and individual shareholders of Registrant s VIEs (Filed as Exhibit 4.14 to the Registrant s Report on Form 20-F filed on April 27, 2012, and incorporated herein by reference).
4.7	Translation of Form Exclusive Technical Services Agreement by and between Registrant s wholly owned subsidiaries and Registrant s VIEs (Filed as Exhibit 4.15 to the Registrant s Report on Form 20-F filed on April 27, 2012, and incorporated herein by reference).
4.8	Translation of Form Exclusive Sales Agency Agreement by and between Registrant s wholly owned subsidiaries and Registrant s VIEs (Filed as Exhibit 4.16 to the Registrant s Report on Form 20-F filed on April 27, 2012, and incorporated herein by reference).
4.9	Translation of Form Trademark License Agreement by and between Registrant s wholly owned subsidiaries and Registrant s VIEs (Filed as Exhibit 4.17 to the Registrant s Report on Form 20-F filed on April 27, 2012, and incorporated herein by reference).
4.10	Change of Control Agreement dated February 1, 2001 with Charles Chao (Filed as Exhibit 10.48 to the Registrant s Report on Form 10-Q for the three month period ended March 31, 2001, and incorporated herein by reference).

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4.11	Amended and Restated 2007 Share Incentive Plan (Filed as Exhibit 4.1 to the Registrant s Report on Form S-8 filed on September 3, 2010, and incorporated herein by reference).
4.12	Form of share option agreement for non-employee directors (Filed as Exhibit 4.44 to the Registrant s Report on Form 20-F filed on June 30, 2008, and incorporated herein by reference).
4.13	Form of restricted share unit agreement for existing service providers (Filed as Exhibit 4.45 to the Registrant s Report on Form 20-F filed on June 30, 2008, and incorporated herein by reference).
4.14	Form of performance restricted share unit agreement (Filed as Exhibit 4.46 to the Registrant s Report on Form 20-F filed on June 30, 2008, and incorporated herein by reference).
4.15	Form of share option agreement for existing service providers (Filed as Exhibit 4.47 to the Registrant s Report on Form 20-F filed on June 30, 2008, and incorporated herein by reference).
4.16	Form of restricted share unit agreement for existing service providers (Filed as Exhibit 4.40 to the Registrant s Report on Form 20-F filed on June 29, 2009, and incorporated herein by reference).
4.17	Form of restricted share unit agreement for existing service providers (Filed as Exhibit 4.41 to the Registrant s Report on Form 20-F filed on June 29, 2009, and incorporated herein by reference).
4.18	Amended and Restated Shareholders Agreement between Sina Corporation, Ali WB Investment Holding Limited and Weibo Corporation and the amendments thereto (Filed as Exhibit 4.31 to the Registrant s Report on Form 20-F filed on April 29, 2014, and incorporated herein by reference).
4.19	Master Transaction Agreement between Sina Corporation and Weibo Corporation (Filed as Exhibit 4.32 to the Registrant s Report on Form 20-F filed on April 29, 2014, and incorporated herein by reference).
4.20	Transitional Services Agreement between Sina Corporation and Weibo Corporation (Filed as Exhibit 4.33 to the Registrant s Report on Form 20-F filed on April 29, 2014, and incorporated herein by reference).
4.21	Non-Competition Agreement between Sina Corporation and Weibo Corporation (Filed as Exhibit 4.34 to the Registrant s Report on Form 20-F filed on April 29, 2014, and incorporated herein by reference).
4.22	Sales and Marketing Services Agreement between Sina Corporation and Weibo Corporation (Filed as Exhibit 4.35 to the Registrant s Report on Form 20-F filed on April 29, 2014, and incorporated herein by reference).
4.23	Intellectual Property License Agreement between Sina Corporation and Weibo Corporation (Filed as Exhibit 4.36 to the Registrant s Report on Form 20-F filed on April 29, 2014, and incorporated herein by reference).
4.24	Subscription Agreement between Sina Corporation and Mr. Charles Chao dated as of June 1, 2015 (Filed as Exhibit B to the Schedule 13D filed jointly by Mr. Charles Chao and New Wave MMXV Limited on November 16, 2015, and incorporated herein by reference).
4.25	Registration Rights Agreement between Sina Corporation and New Wave MMXV Limited dated as of November 6, 2015 (Filed as Exhibit E to the Schedule 13D filed jointly by Mr. Charles Chao and New Wave MMXV Limited on November 16, 2015, and incorporated herein by reference).

4.26	2015 Share Incentive Plan (Filed as Exhibit 4.39 to the Registrant s Report on Form 20-F filed on April 28, 2016, and incorporated herein by reference).
4.27	Series A-16 Preferred Share Purchase Agreement between our subsidiary WB Online Investment Limited and Xiaoju Kuaizhi Inc. (Filed as Exhibit 4.22 to Weibo Corporation s annual report on Form 20-F filed on April 28, 2016, and incorporated herein by reference).
4.28	Registration Rights Agreement dated March 21, 2017 between Sina Corporation and Leju Holdings Limited (Filed as Exhibit 4.42 to Leju Holdings Limited s annual report on Form 20-F filed on April 21, 2017, and incorporated herein by reference)
4.29	Subscription Agreement between Sina Corporation and New Wave XXMV Limited dated as of November 6, 2017 (Filed as Exhibit F to the Schedule 13D/A filed jointly by Mr. Charles Chao and New Wave MMXV Limited on November 15, 2017, and incorporated herein by reference)
8.1*	List of Subsidiaries and Variable Interest Entities.
12.1*	Certificate of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2*	Certificate of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1**	Certificate of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2**	Certificate of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1*	Consent of Independent Registered Public Accounting Firm.
15.2*	Consent of TransAsia Lawyers.
15.3*	Consent of Maples and Calder (Hong Kong) LLP.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.

** Furnished herewith.

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SIGNATURES

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

Sina Corporation

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

Date: April 30, 2019

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Sina Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Sina Corporation and its subsidiaries (the Company) as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of shareholders equity and of cash flows for each of the three years in the period ended December 31, 2018, including the related notes (collectively referred to as the consolidated financial statements). We also have audited the Company s internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Change in Accounting Principles

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for revenues from contracts with customers and the manner in which it accounts for investments in equity securities in 2018.

Basis for Opinions

The Company s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Annual Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company s consolidated financial statements and on the Company s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management s Annual Report on Internal Control over Financial Reporting, management has excluded its live streaming business (Yizhibo) from its assessment of internal control over financial reporting as of December 31, 2018 because it was acquired by the Company in a purchase business combination during 2018. We have also excluded Yizhibo from our audit of internal control over financial reporting. Yizhibo is a division of a consolidated variable interest entity and Yizhibo s total assets and total revenues excluded from management s assessment and our audit of internal control over financial reporting represent 0.6% and 1.3%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2018.

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/PricewaterhouseCoopers Zhong Tian LLP
PricewaterhouseCoopers Zhong Tian LLP

Beijing, the People s Republic of China

April 30, 2019

We have served as the Company s auditor since 2002.

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SINA CORPORATION

CONSOLIDATED BALANCE SHEETS

(In thousands, except for share and par value)

	As of December 31,			
		2017		**2018**
ASSETS				
Current assets:				
Cash and cash equivalents	$	1,990,552	$	1,545,800
Short-term investments		1,381,991		799,534
Restricted cash		216,151		97,032
Accounts receivable, net of allowances for doubtful accounts of $20,214 and $27,964, respectively (including due from related parties of $75,037 and $189,522 as of December 31, 2017 and 2018, respectively, Note 9)		285,681		527,897
Prepaid expenses and other current assets (including prepayment and receivables from related parties of $40,506 and $115,976 as of December 31, 2017 and 2018, respectively, Note 9)		228,238		362,435
Total current assets		4,102,613		3,332,698
Property and equipment, net (Note 9)		262,676		262,846
Long-term investments, net (Note 4)		1,288,816		1,889,843
Intangible assets, net (Note 6)		22,811		225,335
Goodwill (Note 6)		81,396		94,240
Other assets (Note 9)		57,082		81,127
Total assets	$	5,815,394	$	5,886,089
LIABILITIES AND SHAREHOLDERS EQUITY				
Current liabilities (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of $671,205 and $627,037 as of December 31, 2017 and 2018, respectively. Note 2):				
Accounts payable (including due to related parties of $20,660 and $50,678 as of December 31, 2017 and 2018, respectively, Note 10)	$	130,431	$	172,562
Amount due to customers		216,151		97,032
Accrued expenses and other current liabilities (including due to related parties of $5,681 and $14,763 as of December 31, 2017 and 2018, respectively, Note 9)		446,779		540,807
Short-term bank loans		89,309		78,229
Income taxes payable		102,458		115,725
Deferred revenues (including deferred revenue from related parties of $14,666 and $12,883 as of December 31, 2017 and 2018, respectively, Note 10)		134,580		139,306
Convertible debt (Note 18)		153,092		
Total current liabilities		1,272,800		1,143,661
Long-term liabilities (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of $6,483 and $51,002 as of December 31, 2017 and 2018, respectively, Note 2):				
Convertible debt (Note 18)		879,983		884,123
Deferred revenues from related parties (Note 10)		54,372		43,652
Other long-term liabilities		8,510		51,781
Total long-term liabilities		942,865		979,556
Total liabilities		2,215,665		2,123,217
Commitments and contingencies (Note 19)				
Shareholders equity:				
SINA shareholders equity:				
Preferred shares: $1.00 par value; 3,750,000 and 3,750,000 shares authorized; 7,150 shares issued and outstanding as of December 31, 2017 and 2018 (Note 15)		7		7
		10,838		10,961

Ordinary shares: $0.133 par value; 150,000,000 and 150,000,000 shares authorized; 81,489,677 shares issued and 71,409,729 shares outstanding as of December 31, 2017; 82,410,842 shares issued and 69,368,140 shares outstanding as of December 31, 2018.				
Treasury stock (10,079,948 and 13,042,702 shares as of December 31, 2017 and 2018, respectively, Note 18)		(484,442)		(733,705)
Additional paid-in capital		3,192,073		3,261,795
Accumulated other comprehensive income (loss)		90,696		(33,223)
Retained earnings		37,670		211,956
Total SINA shareholders equity		2,846,842		2,717,791
Non-controlling interests (Note 8)		752,887		1,045,081
Total shareholders equity		3,599,729		3,762,872
Total liabilities and shareholders equity	$	5,815,394	$	5,886,089

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

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SINA CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands, except per share data)

	Years Ended December 31, 2016	2017	2018
Net revenues:			
Advertising			
Third parties	$ 732,724	$ 1,131,500	$ 1,505,690
Related parties	138,463	180,366	283,595
	871,187	1,311,866	1,789,285
Non-advertising (including amortization of deferred revenues related to the license to Leju of $10,435, $10,435 and $10,435 for 2016, 2017 and 2018, respectively)	159,749	272,018	319,042
	1,030,936	1,583,884	2,108,327
Costs of revenues:			
Advertising	288,044	325,494	341,153
Non-advertising	66,652	88,643	110,887
	354,696	414,137	452,040
Gross profit	676,240	1,169,747	1,656,287
Operating expenses:			
Sales and marketing	247,068	408,856	699,962
Product development	216,228	267,392	345,942
General and administrative	99,474	104,923	120,184
Goodwill and acquired intangibles impairment (Note 6)	40,194		23,245
Total operating expenses	602,964	781,171	1,189,333
Income from operations	73,276	388,576	466,954
Interest and other income, net	26,213	42,696	69,355
Change in fair value of option liability (Note 4)	(28,456)		
Income (loss) from equity method investments, net	(11,766)	(16,070)	1,120
Realized gain on investments	289,693	132,007	2,729
Fair value changes through earnings on investments, net (Note 4)			96,533
Investment related impairment	(44,433)	(122,970)	(81,281)
Income before income tax expense	304,527	424,239	555,410
Income tax expense (Note 11)	(27,219)	(74,676)	(129,084)
Net income	277,308	349,563	426,326
Less: Net income attributable to the non-controlling interests	52,221	192,994	300,764
Net income attributable to SINA s ordinary shareholders	$ 225,087	$ 156,569	$ 125,562
Net income	277,308	349,563	426,326
Other comprehensive income (loss)			
Available-for-sale investments:			
Change in unrealized gain (net of tax of nil, nil, and nil for 2016, 2017 and 2018 respectively)	11,845	55,575	
Less: reclassification adjustment for net gain included in net income (net of tax of nil, nil, and nil for 2016, 2017 and 2018, respectively)	92,640	91,182	
Net change in unrealized loss, net of tax	(80,795)	(35,607)	
Currency translation adjustments	(72,399)	87,258	(119,647)
Total other comprehensive income (loss)	$ (153,194)	$ 51,651	$ (119,647)
Total comprehensive income	124,114	401,214	306,679
Less: Comprehensive income attributable to non-controlling interests	43,536	214,354	266,326

Comprehensive income attributable to SINA s ordinary shareholders	$	80,578	$	186,860	$	40,353
Basic net income per share	$	3.20	$	2.20	$	1.79
Shares used in computing basic net income per share		70,301		71,284		70,296
Diluted net income per share	$	3.01	$	2.09	$	1.70
Shares used in computing diluted net income per share		77,511		73,931		72,375

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

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SINA CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

(In thousands)

	SINA Shareholders Equity										
	Ordinary Shares		Preferred Shares		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings	Non-controlling Interests	Total Shareholders Equity
	Shares	Amount	Shares	Amount	Shares	Amount					
Balances at January 1, 2016	79,115	$ 10,522		$	(9,275)	$ (410,693)	$ 2,211,901	$ 204,914	$ 548,628	$ 311,396	$ 2,876,668
Issuance of ordinary shares pursuant to stock plans	1,429	191					31,667				31,858
Non-cash stock-based compensation expenses							36,926			36,902	73,828
Repurchase of ordinary shares (Note 18)					(332)	(26,125)					(26,125)
In-kind distribution of Weibo s shares (Note 15)							316,650		(338,598)	21,948	
Sale (Purchase) of subsidiaries shares to/from non-controlling interests							1,093			5,557	6,650
Settlement of stock-based awards in a subsidiary							11,936			(7,950)	3,986
Net income									225,087	52,221	277,308
Unrealized gain (loss) on available-for-sale securities (Note 4)								(82,050)		1,255	(80,795)
Currency translation adjustments								(62,459)		(9,940)	(72,399)
Balances at December 31, 2016	80,544	$ 10,713		$	(9,607)	$ (436,818)	$ 2,610,173	$ 60,405	$ 435,117	$ 411,389	$ 3,090,979
Issuance of ordinary shares pursuant to stock plans	946	125					808				933
Issuance of preferred shares to New Wave (Note 15)			7	7							7
Non-cash stock-based compensation expenses							43,011			48,376	91,387
Repurchase of ordinary shares (Note 18)					(473)	(47,624)					(47,624)
In-kind distribution of Weibo s shares (Note 15)							522,271		(554,016)	31,745	
Non-controlling interests arising from business acquisitions (Note 5)										43,112	43,112
Sale (Purchase) of subsidiaries shares to/from non-controlling interests							(1,868)			19,382	17,514
Settlement of stock-based awards in							17,678			(15,471)	2,207

a subsidiary											
Net income									156,569	192,994	349,563
Unrealized loss on available-for-sale securities (Note 4)								(35,075)		(532)	(35,607)
Currency translation adjustments								65,366		21,892	87,258
Balances at December 31, 2017	81,490	$ 10,838	7	$ 7	(10,080)	$ (484,442)	$ 3,192,073	$ 90,696	$ 37,670	$ 752,887	$ 3,599,729
Issuance of ordinary shares pursuant to stock plans	921	123					1,401				1,524
Issuance of ordinary shares pursuant to convertible debt conversion (Note 18)							7				7
Non-cash stock-based compensation expenses							51,548			43,521	95,069
Impact of adoption of new revenue guidance (Note 2)									(253)	(324)	(577)
Impact of adoption of new guidance for investments in equity securities (Note 4)								(38,710)	38,710		
Impact of adoption of new guidance for private equity fund investments (Note 4)									10,267		10,267
Repurchase of ordinary shares (Note 18)					(2,963)	(249,263)					(249,263)
Sale (Purchase) of subsidiaries shares to/from non-controlling interests										(1,341)	(1,341)
Settlement of stock-based awards in a subsidiary							16,766			(15,988)	778
Net income									125,562	300,764	426,326
Currency translation adjustments								(85,209)		(34,438)	(119,647)
Balances at December 31, 2018	82,411	$ 10,961	7	$ 7	(13,043)	$ (733,705)	$ 3,261,795	$ (33,223)	$ 211,956	$ 1,045,081	$ 3,762,872

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

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SINA CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Years Ended December 31,		
	2016	**2017**	**2018**
Cash flows from operating activities:			
Net income	$ 277,308	$ 349,563	$ 426,326
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property and equipment	26,560	28,642	32,122
Amortization of intangible assets	1,908	4,560	9,110
Amortization of convertible debt issuance cost (Note 18)	4,266	690	4,140
Stock-based compensation	73,828	91,387	95,069
Provision for allowance for doubtful accounts	14,621	8,465	15,424
Deferred tax (benefits) provision	(5,470)	(3,214)	33,560
Loss (income) from equity method investments, net	11,766	16,070	(1,120)
Fair value changes through earnings on investments, net (Note 4)			(96,533)
Dividends received from equity method investments	3,103	7,680	4,236
Realized gain on investments	(289,693)	(132,007)	(2,729)
Investment related impairment	44,433	122,970	81,281
Goodwill and acquired intangibles impairment (Note 6)	40,194		23,245
Foreign exchange loss			32
Loss (gain) on disposal of property and equipment	57	(178)	(249)
Change in fair value of option liability (Note 4)	28,456		
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	(12,601)	(61,339)	(281,955)
Prepaid expenses and other current assets	(18,160)	(15,578)	(39,127)
Other assets	2,554	(1,008)	(9,440)
Accounts payable	14,329	15,963	49,649
Amount due to customers	100,654	(25,155)	(119,119)
Accrued expenses and other current liabilities	90,075	113,983	68,590
Income taxes payable	24,913	58,825	17,029
Deferred revenues	10,557	15,973	1,495
Others	(9)	(2)	1
Net cash provided by operating activities	443,649	596,290	311,037
Cash flows from investing activities:			
Purchases of short-term investments	(1,116,340)	(2,140,946)	(2,357,346)
Maturities of short-term investments	2,153,181	1,166,184	2,933,641
Cash paid for business combination, net of cash acquired (Note 5)		242	(47,042)
Purchases of property and equipment	(37,688)	(44,907)	(46,451)
Purchases of land use rights			(216,050)
Cash paid (including prepayments) on long-term investments	(862,848)	(150,448)	(1,008,444)
RMB deposit received from (repaid to) E-House (Note 4)	128,153	(135,386)	
Consideration received from E-House for share exchange with Leju (Note 4)		127,600	
Repayment from a third party		21,000	
Proceeds from disposal of investments/ refund of prepayment on long-term investments	680,381	168,486	293,459
Others	959	228	324
Net cash provided by (used in) investing activities	945,798	(987,947)	(447,909)
Cash flows from financing activities:			
Proceeds from issuance of ordinary shares pursuant to stock plans	36,045	3,220	2,305
Proceeds from issuance of shares to New Wave, a related party (Note 15)		7	
Proceeds received from non-controlling interests shareholders	127	20,330	
Cash paid for purchase of non-controlling interests in subsidiary	(3,273)	(1,844)	(1,792)
Proceeds from issuance of Weibo convertible senior notes, net of issuance cost (Note 18)		879,293	
Repayment of senior convertible notes of SINA (Note 18)	(646,908)		(153,085)

Repurchase of ordinary shares (Note 18)		(26,125)		(47,624)		(249,263)
Proceeds from short-term bank loans		103,951		87,560		143,873
Repayment of short-term bank loans		(68,113)		(33,733)		(150,552)
Proceeds from third-party loans		22,485				
Repayment of third-party loans		(21,599)		(20,239)		
Net cash provided by (used in) financing activities		(603,410)		886,970		(408,514)
Effect of exchange rate change on cash, cash equivalents and restricted cash		(41,197)		62,459		(18,485)
Net increase (decrease) in cash and cash equivalents and restricted cash		744,840		557,772		(563,871)
Cash, cash equivalents and restricted cash at the beginning of the year		904,091		1,648,931		2,206,703
Cash, cash equivalents and restricted cash at the end of the year	$	1,648,931	$	2,206,703	$	1,642,832
Supplemental disclosures:						
Cash paid for income taxes	$	(8,210)	$	(17,313)	$	(77,937)
Cash paid for interest, net of amounts capitalized	$	(8,330)	$	(1,987)	$	(16,836)
Non-cash investing and financing activities						
Exchanges of long-term investments in E-House and Leju (Note 4)		322,726				
In-kind distribution of Weibo s shares (Note 15)		338,598		554,016		
Unpaid consideration for acquisitions				5,704		10,055
Changes in account payable related to property and equipment addition	$	19,923	$	(12,369)	$	(395)

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

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SINA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Operations

Sina Corporation (SINA, we or the Company) is an online media company serving China and the global Chinese communities. The Company s digital media network of SINA.com (portal), SINA mobile (mobile portal and mobile apps) and Weibo (social media) enables Internet users to access professional media and user generated content (UGC) in multi-media formats from desktop personal computers and mobile devices and share their interests with friends and acquaintances. SINA.com offers distinct and targeted professional content on each of its region specific websites and a full range of complementary offerings. SINA mobile provides news information and entertainment content from SINA.com customized for mobile users in WAP (mobile browser) format, SINA.cn and mobile application format. Weibo is a leading social media for people to create, share and discover Chinese-language content. By providing an unprecedented and simple way for people and organizations to publicly express themselves in real time, interact with others on a massive global platform and stay connected with the world, Weibo has had a profound social impact in China. Through these properties and other product lines, the Company offers an array of online media and social media services to users to create a rich canvas for businesses and advertisers to effectively connect and engage with their targeted audiences. The Company generates the majority of its revenues from online advertising and marketing services, and, to a lesser degree, from fee-based services.

On April 17, 2014, Weibo completed its initial public offering (IPO) on the Nasdaq Global Select Market. After Weibo s offering, SINA continues to control Weibo and consolidates Weibo as its controlling shareholder, but recognizes non-controlling interest reflecting the shares held by the shareholders other than SINA in the consolidated financial statements.

2. Significant Accounting Policies

Basis of presentation and use of estimates

The preparation of the Company s consolidated financial statements is in conformity with Generally Accepted Accounting Principles in the United States (US GAAP), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the periods reported. Actual results may differ materially from such estimates. The Company believes the basis of consolidation, fair value, the recognition of non-controlling interests, revenue recognition, taxation, business combination, net income (loss) per share, goodwill and other long-lived assets, allowances for doubtful accounts, long-term investments, stock-based compensation and foreign currency represent critical accounting policies that reflect the more significant judgments and estimates used in the preparation of its consolidated financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued, ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The Company adopted new revenue guidance since January 1, 2018 using the modified retrospective method. Results for reporting periods beginning on or after January 1, 2018 are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Company s historic accounting method under ASC 605. The main impacts are a) the presentation of value added tax recognized in revenue from gross to net , which results in equal decrease of revenues and cost of revenues, and b) the recognition of revenues and expenses at fair value for advertising barter transactions, which mainly results in the increase of revenue and advertising expenses. The cumulative-effect adjustment on the retained earnings as of January 1, 2018 related to the initial application of the new revenue standard was immaterial.

In January 2016, the FASB issued an updated guidance, ASU 2016-1, Classification and Measurement of Financial Instruments, which intended to improve the recognition and measurement of financial instruments. The Company adopted the guidance as of the beginning of the fiscal year of 2018. After the adoption of this new accounting update in the first quarter of 2018, the Company measures equity investments other than equity method investments at fair value through earnings, which could vary significantly quarter to quarter. For those investments without readily determinable fair values, the Company elects 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 starting from January 1, 2018. The cumulative effects of initially applying the guidance mainly related to the reclassification of unrealized gain of $38.7 million from accumulated other comprehensive income to retained earnings in relation to the available-for-sale securities on January 1, 2018, the date of initially applying the guidance (Refer to Note 4 for details).

Consolidation

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

To comply with PRC laws and regulations, the Company provides substantially all of its Internet content, online payment services and mobile value added service (MVAS) in China via its VIEs, which hold critical operating licenses that enable the Company to do business in China. Substantially all of the Company s revenues, costs and net income (loss) in China are directly or indirectly generated through these VIEs. The Company has signed various agreements with its VIEs and legal shareholders of the VIEs to allow the transfer of economic benefits from the VIEs to the Company and to direct the activities of the VIEs.

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The Company s VIEs are wholly or partially owned by nominee shareholders of the Company. The capital for the VIEs is funded by the Company and recorded as interest-free loans to these nominee shareholders. These loans were eliminated with the capital of the VIEs during consolidation. Under various contractual agreements, nominee shareholders of the VIEs are required to transfer their ownership in these entities to the Company s subsidiaries in China when permitted by PRC laws and regulations or to designees of the Company at any time for the amount of loans outstanding. All voting rights of the VIEs are assigned to the Company, and the Company has the right to appoint all directors and senior management personnel of the VIEs. The Company has also entered into exclusive technical service agreements with the VIEs, under which the Company provided technical and other services to the VIEs. In addition, nominee shareholders of the VIEs have pledged their shares in the VIEs as collateral for the non-payment of loans or for the technical and other services fees due to the Company. As of December 31, 2017 and 2018, the total amount of interest-free loans to these nominee shareholders was $262.2 million and $294.9 million, respectively. The aggregate accumulated loss of all VIEs were approximately $34.9 million as of December 31, 2017 and the aggregate accumulated income were approximately $32.2 million as of December 31, 2018, which have been included in the consolidated financial statements.

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

	As of December 31,	
	2017	2018
	(In thousands)	
Total assets	$ 1,007,355	$ 1,142,515
Total liabilities	$ 689,459	$ 748,354

	Year Ended December 31,		
	2016	2017	2018
	(In thousands)		
Net revenues	$ 893,010	$ 1,372,419	$ 1,842,602
Net income (loss)	$ (26,627)	$ 35,649	$ 67,063

	Year Ended December 31,		
	2016	2017	2018
	(In thousands)		
Net cash provided by (used in) operating activities	$ 139,225	$ (78,813)	$ (84,961)
Net cash used in investing activities	(152,719)	(70,971)	(443,588)
Net cash provided by financing activities	37,021	128,730	399,182
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 23,527	$ (21,054)	$ (129,367)

As of December 31, 2017 and 2018, the total assets for the consolidated VIEs were $1,007.4 million and $1,142.5 million, respectively, which mainly comprised of $187.4 million and $184.6 million in cash, cash equivalents and short-term investments, $216.2 million and $97.0 million in restricted cash and the remaining balances include goodwill, intangible assets, accounts receivable, long-term investments and property and equipment. As of December 31, 2017 and 2018, total liabilities for the consolidated VIEs were $689.5 million and $748.4 million, respectively, which mainly included $327.1 million and $400.7 million in accrued expenses and other current liabilities, $216.2 million

and $97.0 million in amounts due to customers related to SINA Pay, $29.0 million and $31.5 million in income taxes payable, $99.0 million and $97.8 million in deferred revenues, and nil and $59.2 million in short-term bank loan, respectively.

Under the contractual arrangements with the VIEs, the Company has the power to direct activities of the VIEs and can have assets transferred freely out of the VIEs without restrictions. Therefore, the Company considers that there is no asset of VIEs that can only be used to settle obligations of the respective VIEs, except for registered capital and PRC statutory reserves of VIEs amounting to a total of $336.8 million and $374.2 million as of December 31, 2017 and 2018, respectively. Since the VIEs are incorporated as limited liability companies under the PRC Company Law, creditors of the VIEs do not have recourse to the general credit of the Company. There is currently no contractual arrangement that would require the Company to provide additional financial support to the VIEs. As the Company is conducting certain businesses mainly through its VIEs, the Company may provide such support on a discretionary basis in the future, which could expose the Company to a loss.

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The following is a summary of the Company s major VIEs and subsidiary of VIEs as of December 31, 2018:

- Beijing SINA Internet Information Service Co., Ltd. (the ICP Company), a Chinese company controlled through business agreements, is responsible for operating www.sina.com and www.sina.cn in connection with its Internet content company license, sell online advertising and provide MVAS with its Value-Added Telecommunication Services Operating License via third-party operators in China. It is owned by four nominee shareholders of the Company. The register capital of the ICP Company is $121.7 million.

- Beijing Star-Village Online Cultural Development Co., Ltd. (StarVI), formerly Beijing Star-Village.com Cultural Development Co., Ltd, a Chinese company controlled through business agreements, mainly is responsible for providing online advertising services through SINA News APP and www.sina.cn since April 2017. Before this, Star VI mainly provided MVAS in China via third-party operators under its Value-Added Telecommunication Services Operating License. It is owned by three nominee shareholders of the Company. The registered capital of the StarVI is $1.2 million.

- Jinzhuo Hengbang Technology (Beijing) Co., Ltd. (the IAD Company), formerly Beijing SINA Infinity Advertising Co., Ltd., is an advertising agency in China controlled through business agreements and approved for the design, production, issuance and serving as an agency of advertisements. It is owned by two nominee shareholders of the Company. The registered capital of the IAD Company is $24.8 million.

- Beijing Weimeng Technology Co., Ltd (Weimeng), a Chinese company controlled through business agreement, is responsible for operating www.weibo.com and www.weibo.cn in connection with its Internet content company license and providing MVAS in China via third-party operators under its Value-Added Telecommunication Services Operating License. It is owned by four nominee shareholders of the Company. The registered capital of Weimeng is $84.9 million.

- Beijing Weibo Interactive Internet Technology Co., Ltd. (Weibo Interactive), an online-game platform company, was acquired by the IAD Company in May 2013. All of the equity interest in Weibo Interactive was transferred to Weimeng in December 2013. The registered capital of Weibo Interactive is $8.7 million.

- Beijing Sina Payment Technology Co., Ltd. (SINA Pay), an online payment service company wholly owned by the ICP Company. The registered capital of SINA Pay is $15.7 million.

- Beijing Weiju Future Technology Co. Ltd. (Weiju), a lending related service company, was acquired by the

Company in July 2017. The registered capital of Weiju is $3.7 million.

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Unrecognized revenue-producing assets held by the VIEs mainly include licenses, such as the Internet Content Provision License, the Value-Added Telecommunication Services Operating License, the Online Culture Operating Permit, Payment Service License and trademarks, patents, copy rights and the domain names. Recognized revenue-producing assets held by the VIEs include core technology, vendor-relationship contracts, trademarks, domain names, customer lists relating to game-related services, lending-related service, living streaming and online payment platform technology, arising from acquisitions. Unrecognized revenue-producing assets, held by the Wholly Foreign Owned Enterprises (WFOEs), include customer lists relating to advertising and marketing services, game-related services, Weibo VIP memberships and data licensing, as well as trademarks.

The following is a summary of the VIE agreements between our wholly owned subsidiary, Sina.com Technology (China) Co., Ltd. (STC), our VIE ICP Company and ICP Company s shareholders:

Loan Agreements. STC has granted interest-free loans to the shareholders of the VIEs with the sole purpose of providing funds necessary for the capital injection into the VIEs. The terms of the loans in general are for 10 years. STC, at its own discretion, has the right to shorten or extend the terms of the loans if necessary. These loans were eliminated with the capital of the VIEs during consolidation.

Share Transfer Agreements. Each shareholder of the ICP Company has granted STC an option to purchase his/her shares in the respective VIEs at a purchase price equal to the amount of capital injection. STC may exercise such option at any time until it has acquired all shares of such VIE, subject to applicable PRC laws. The options will be effective until the earlier of (i) the shareholders of the ICP Company and STC have fully performed their obligations under this agreement, or (ii) the respective shareholders of the ICP Company and STC agree to terminate the share transfer agreement in writing.

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

Share Pledge Agreements. Each shareholder of the ICP Company has pledged all of his/her shares in ICP Company and all other rights relevant to the share rights to STC, as a collateral security for his/her obligations to pay off all debts to STC under the loan agreement and for the payment obligations of the ICP Company under the trademark license agreement and the technical services agreement. In the event of default of any payment obligations, STC will be entitled to certain rights, including transferring the pledged shares to itself and disposing of the pledged shares through a sale or auction. During the term of each agreement, STC is entitled to receive all dividends and distributions paid on the pledged shares. The pledges will be effective until the earlier of (i) the three-year anniversary of the due date of the last guaranteed debt, (ii) the ICP Company and its shareholders have fully performed their obligations under the above-referred agreements, or (iii) STC has unilaterally consented to terminate the respective share pledge agreement.

Loan Repayment Agreements. Each shareholder of the ICP Company has agreed that the interest-free loans under the loan agreements shall only be repaid through share transfer. Once the share transfers are completed, the purchase price for the share transfer will be offset against the loan repayment. The loan repayment agreements will be effective until the earlier of (i) the shareholders of the ICP Company and STC have fully performed their obligations under the respective agreement, and (ii) the respective shareholders of the ICP Company and STC agree to terminate the share transfer agreement in writing.

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Exclusive Technical Services Agreements. Each shareholder of the ICP Company below has entered into an exclusive technical services agreement with STC pursuant to which STC is engaged to provide certain technical services to the ICP Company. The exclusive technical services agreement can only be prematurely terminated by STC and will not expire until the ICP Company dissolves, and the service fees are adjusted annually through written agreements. Due to its control over the respective VIEs, the Company s wholly owned subsidiaries have the right to determine the service fees to be charged to the respective VIEs by considering, among others, the technical complexity of the services, the actual costs that may be incurred for providing the services, the operations of each VIE, applicable tax rates, planned capital expenditures and business strategies.

The ICP Company has engaged STC to provide technical services for its (i) online advertising and other related businesses, and (ii) value-added telecommunication and other related businesses. The ICP Company is obligated to pay service fees to STC.

Exclusive Sales Agency Agreements. The ICP Company has granted STC the exclusive right to distribute, sell and provide agency services for all the products and services provided by the ICP Company. These exclusive sale agency agreements will not expire until the ICP Company is dissolved. The Exclusive Sales Agency Agreements enable us to collect sales agency fees from the ICP Company if we decide to do so.

Trademark License Agreements. STC has granted the ICP Company trademark licenses to use the trademarks held by STC, in specific areas, and the ICP Company is obligated to pay license fees to STC. The terms of these agreements are for one year and are automatically renewed provided that there is no objection from STC. In addition, only STC can terminate its trade license agreement prematurely.

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(i) STC, our VIE IAD Company and IAD Company s shareholders, (ii) our subsidiary Starshining Mobile Technology (China) Ltd. (Star Shining), our VIE StarVI and StarVI s shareholders, and (iii) our subsidiary Weibo Internet Technology (China) Ltd. (Weibo Technology), our VIE Weimeng and Weimeng s shareholders have also entered into VIE agreements in substantially the same form as described above, except for the below specific services provided under the exclusive technical services agreement.

The IAD Company has engaged STC to provide technical services for its (i) online advertising and other related businesses, and (ii) value-added telecommunication and other related businesses. Pursuant to changes in applicable PRC laws in 2008, SINA established two wholly owned subsidiaries to engage directly in online advertising and related businesses.

StarVI has engaged Star Shining to provide technical services for its Internet information service, and Star Shining has the sole right to appoint any company or companies at its discretion to perform such technical services.

Weimeng has engaged Weibo Technology to provide technical services for its online advertising and other related businesses.

The service fees that the Company s wholly owned subsidiaries charged to the major VIEs amounted to $467.6 million, $784.8 million and $985.6 million, respectively, for the fiscal years ended December 31, 2016, 2017 and 2018, respectively.

The Company believes that the contractual arrangements among its subsidiaries, the VIEs and its shareholders are in compliance with the current PRC laws and legally enforceable. However, uncertainties in the interpretation and enforcement of the PRC laws, regulations and policies could limit the Company s ability to enforce these contractual arrangements. As a result, the Company may be unable to consolidate the VIEs and its subsidiary in the consolidated financial statements. The Company s ability to control its VIEs also depends on the authorization by the shareholders of the VIEs to exercise voting rights on all matters requiring shareholders approval in the VIEs. The Company believes that the agreements on authorization to exercise shareholder s voting power are legally enforceable. In addition, if the legal structure and contractual arrangements with its VIEs were found to be in violation of any future PRC laws and regulations, the Company may be subject to fines or other actions. The Company believes the possibility that it will no longer be able to control and consolidate its VIEs as a result of the aforementioned risks and uncertainties is remote.

Non-controlling interests

For the Company s majority-owned subsidiaries and VIEs, non-controlling interests are recognized to reflect the portion of their equity that are not attributable, directly or indirectly, to the Company as the controlling shareholders. The majority of the Company s non-controlling interests relate to Weibo Corporation and its subsidiaries. To reflect the economic interest in Weibo held by non-controlling shareholders, Weibo s net income (loss) attributable to the non-controlling ordinary shareholders is

recorded as non-controlling interests in the Company s consolidated statements of comprehensive income (loss). Non-controlling interests are classified as a separate line item in the equity section of the Company s consolidated balance sheets and have been separately disclosed in the Company s consolidated financial statements to distinguish the interests from that of the Company.

Fair value

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

The Company remeasures the equity method investments at fair value on a non-recurring basis only if an impairment charge were to be recognized. For those investments without readily determinable fair value, the Company measures them at fair value when observable price changes or impairments are identified. The fair values of the Company s privately held investments as disclosed are determined based on the discounted cash flow model using the discount curve of market interest rates or based on the similar transaction price in the market directly. The fair values of the Company s equity investments in the equity securities of publicly listed companies are measured using quoted market prices. The fair values of the Company s investments in private equity funds are measured using net asset value per share as a practical expedient, provided certain criteria are met. The Company s non-financial assets, such as intangible assets, goodwill and fixed assets, would be measured at fair value only if they were determined to be impaired.

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

- Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

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

- Level 3 applies to asset or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company uses significant unobservable inputs to measure the fair value of guarantee liabilities. Guarantee liabilities are categorized in the Level 3 valuation hierarchy based on the significance of unobservable factors. The carrying amount of cash and cash equivalents, short-term investments, restricted cash, accounts receivable and other current assets, accounts payable, amount due to customers and accrued expenses and other current liabilities (excluded for guarantee liabilities) approximates fair value.

Net income (loss) per share

Basic net income (loss) per share is computed using the weighted average number of ordinary shares outstanding during the period. Options to purchase ordinary shares and restricted share units are not considered outstanding in computation of basic earnings per share. Diluted net income (loss) per share is computed using the weighted average number of ordinary shares and potential ordinary shares outstanding during the period, which include options to purchase ordinary shares, restricted share units and conversion of the convertible debt. The computation of diluted net income (loss) per share does not assume conversion, exercise, or contingent issuance of securities that would have an anti-dilutive effect (i.e. an increase in earnings per share amounts or a decrease in loss per share amounts) on net income (loss) per share. Additionally, the Company takes into account the effect on consolidated net income (loss) per share of dilutive shares of entities in which the Company holds equity interests and interest expenses along with relevant amortized issuance costs of convertible debt under certain circumstances. The dilutive impact from equity interests mainly include long-term investments accounted for using the equity method and the consolidated subsidiaries, such as Weibo.

Cash equivalents

The Company considers all highly liquid investments with original maturities of three months or less as cash equivalents. Cash equivalents are comprised of investments in time deposits that mature within three months, which are stated at cost plus accrued interest, and money market funds are stated at fair market value.

Restricted cash and amount due to customers

The restricted cash primarily represents the cash balances temporarily held on account for the merchant customers of the Company through the SINA Pay online payment platform and is considered legally restricted with the release of Measures for Online Payment Business of Non-financial Institutions by the People s Bank of China (PBOC) in December 2015. The Company can only use segregated bank accounts for such customer amounts and the cash in the segregated accounts can only be used for the online payment business as designated by the customers.

Amount due to customers represents the balances that are payable on demand to customers and therefore reflected as current liability on the consolidated balance sheets. The SINA Pay customer accounts are used to facilitate payments to online merchants or third party banks and are deemed as pass through accounts between the payor and the online merchant. The balances are in-transit to customers and the payments are normally made within the normal trade settlement dates. The changes in amount due to customers are presented within operating activities in the consolidated statements of cash flows.

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Short-term bank loans

Short-term bank loans as of December 31, 2017 and 2018 amounted to $89.3 million and $78.2 million, respectively, which consisted of several bank borrowings denominated in RMB. All of these bank borrowings were repayable within one year. The effective interest rate for the outstanding borrowings for 2017 and 2018 ranged from approximately 4.6% and 4.8% per annum.

Business combination

Business combinations are recorded using the purchase method of accounting, and the cost of an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred, and equity instruments issued as well as the contingent considerations and all contractual contingencies as of the acquisition date. The costs directly attributable to the acquisition are expensed as incurred. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date, irrespective of the extent of any non-controlling interests. The excess of the (i) the total of consideration of acquisition, fair value of the non-controlling interests and acquisition date fair value of any previously held equity interest in the subsidiary acquired over (ii) the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the consideration of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statements of comprehensive income (loss).

In a business combination achieved in stages, the Company remeasures its previously held equity interest in the acquiree immediately before obtaining control at its acquisition-date fair value and the re-measurement gain or loss, if any, is recognized in earnings. The determination and allocation of fair values to the identifiable assets acquired, liabilities assumed and non-controlling interests is based on various assumptions and valuation methodologies requiring considerable judgment from management. The most significant variables in these valuations are discount rates, terminal values, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to determine the cash inflows and outflows. The Company determines discount rates to be used based on the risk inherent in the related activity s current business model and industry comparisons. Terminal values are based on the expected life of assets, forecasted life cycle and forecasted cash flows over that period.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired as a result of the Company s acquisitions of interests in its subsidiaries and consolidated VIEs. The Company assesses goodwill for impairment in accordance with ASC subtopic 350-20 (ASC 350-20), Intangibles - Goodwill and Other: Goodwill, which requires that goodwill be tested for impairment at the reporting unit level at least annually and more frequently upon the occurrence of certain events, as defined by ASC 350-20. US GAAP provides the option to apply the qualitative assessment first and then the quantitative assessment, if necessary, or to apply the quantitative assessment directly. The qualitative approach starts the goodwill impairment test by assessing qualitative factors by taking into consideration of macroeconomics, overall financial performance, industry and market conditions and the share price of the Company, to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If so, the quantitative impairment test is performed; otherwise, no further testing is required. When the Company performs the quantitative impairment test, the Company firstly determines whether it is more likely than not that the fair value of a reporting

unit is less than its carrying amount. For those reporting units where it is determined that it is more likely than not that their fair values are less than the units carrying amounts, the Company performs the second step of a two-step quantitative goodwill impairment test to allocate the fair value of reporting units to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination. Application of a goodwill impairment test requires significant management judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit. The judgment in estimating the fair value of reporting units includes estimating future cash flows, determining appropriate discount rates and making other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit.

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Long-lived assets

Intangible assets mainly include land use rights and certain intangible assets arising from acquisitions. Land use rights represent the land use rights acquired for the purpose of constructing offices, which is being amortized on a straight-line basis over the term of the land use right period, approximately 50 years. The acquisition related intangible assets are recognized at fair value upon acquisition and amortized on a straight-line basis over their estimated useful lives, generally from one to ten years. The amortization of intangible assets was $1.9 million, $4.6 million and $9.1 million for 2016, 2017 and 2018, respectively.

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Office building	- 45 years
Office building related facilities	- 20 years
Furniture and fixtures	- 5 years
Computers and equipment	- 3 to 4 years
Leasehold improvements	- over the shorter of the estimated useful lives of the assets or the remaining lease term

Depreciation expenses were $26.6 million, $28.6 million and $32.1 million for 2016, 2017 and 2018, respectively.

All direct and indirect costs that are related to the construction of fixed assets and incurred before the assets are ready for their intended use are capitalized as prepayment for office building in other assets. Prepayment for office building is transferred to specific fixed assets items and depreciation of these assets commences when they are ready for their intended use.

Long-lived assets and certain identifiable intangible assets other than goodwill to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of any impairment loss for long-lived assets and certain identifiable intangible assets that management expects to hold or use is based on the amount by which the carrying value exceeds the fair value of the asset. The impairment charges of intangible assets for the years ended December 31, 2016, 2017 and 2018 was $3.5 million, nil and $12.7 million, respectively (Note 6).

Long-term investments

Long-term investments are comprised of investments in publicly traded companies, privately-held companies and limited partnerships.

Equity Securities Accounting For Under the Equity Method

The Company uses the equity method to account for common-stock-equivalent equity investments and limited-partnership investments in entities over which it has significant influence but does not own a majority equity interest or otherwise control.

Equity Securities Other Than Equity Method Investments Prior To 2018

Before adopting ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, for long-term investments over which the Company does not have significant influence, the cost method accounting is used. For long-term investments in shares that are not ordinary shares or in-substance ordinary shares and that do not have readily determinable fair value, the cost method accounting is used. Investments in limited partnerships over whose operating and financing policies the Company has virtually no influence are accounted for using the cost method.

Marketable equity securities were reported at fair value, classified and accounted for as available-for-sale securities prior to 2018 and its changes in fair value were previously reported in other comprehensive income. The Company assessed its available-for-sale securities for other-than-temporary impairment by considering factors including, but not limited to, its ability and intent to hold the individual security, severity of the impairment, expected duration of the impairment and forecasted recovery of fair value. Investments classified as available-for-sale securities are reported at fair value with unrealized gains or losses, if any, recorded in accumulated other comprehensive income in shareholders equity. If the Company determined a decline in fair value is other-than-temporary, the cost basis of the individual security was written down to fair value as a new cost basis and the amount of the write-down was accounted for as a realized loss charged to the consolidated statements of comprehensive income. The fair value of the investment would then become the new cost basis of the investment and are not adjusted for subsequent recoveries in fair value.

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Adoption of ASU 2016-01

Beginning January 1, 2018, the Company measures equity investments other than equity method investments at fair value through earnings. For those equity investments without readily determinable fair values, the Company elects to record these investments at cost, less impairment, and plus or minus subsequent adjustments for observable price changes. Under this measurement alternative, changes in the carrying value of the equity investment will be required to be made whenever there are observable price changes in orderly transactions for the identical or similar investment of the same issuer. The Company makes reasonable efforts to identify price changes that are known or that can reasonably be known.

The marketable equity securities were reclassified as investment with readily determinable fair values beginning January 1, 2018. There will no longer be an available-for-sale classification for equity securities.

Prior to the adoption of ASU 2016-01,the Company recorded investments in private equity funds without significant influence exerted by the Company under cost method. Under the new guidance, investments in private equity funds using the Net Asset Value (NAV) practical expedient under ASC 820 are required to be measured at fair value on a recurring basis.

Pursuant to ASC 321, for equity investments measured at fair value with changes in fair value recorded in earnings, the Company does not assess whether those securities are impaired. For those equity investments that the Company elects to use the measurement alternative, the Company makes a qualitative assessment of whether the investment is impaired at each reporting date. If a qualitative assessment indicates that the investment is impaired, the Company has to estimate the investment s fair value in accordance with the principles of ASC 820. If the fair value is less than the investment s carrying value, the Company has to recognize an impairment loss in net income equal to the difference between the carrying value and fair value. Prior to 2018, these securities were classified as available-for-sale securities and measured and recorded at fair value with unrealized changes in fair value recorded through other comprehensive income.

Investments in entities which the Company can exercise significant influence and holds an investment in voting common shares or in-substance common shares (or both) of the investee but does not own a majority equity interest or control are accounted for using the equity method of accounting in accordance with ASC topic 323 (ASC 323), Investment Equity Method and Joint Ventures. Under the equity method, the Company initially records its investments at cost and the difference between the cost of the equity investee and the fair value of the underlying equity in the net assets of the equity investee is recognized as equity method goodwill, which is included in the equity method investment on the consolidated balance sheets. The Company subsequently adjusts the carrying amount of the investments to recognize the Company s proportionate share of each equity investee s net income or loss into earnings after the date of investment. The Company evaluates the equity method investments for impairment under ASC 323. An impairment loss on the equity method investments is recognized in earnings when the decline in value is determined to be other-than-temporary.

Convertible debt

The Company determines the appropriate accounting treatment of its convertible debts in accordance with the terms in relation to the conversion feature, call and put option, and beneficial conversion feature. After considering the impact of such features, the Company may account for such instrument as a liability in its entirety, or separate the instrument into debt and equity components following the guidance described under ASC 815 Derivatives and Hedging and ASC 470 Debt.

The debt discount, if any, together with related issuance cost are subsequently amortized as interest expense over the period from the issuance date to the earliest conversion date. The Company presented the issuance cost of debt in the balance sheet as a direct deduction from the related debt.

Treasury stock

The Company accounted for those shares repurchased and no longer outstanding as treasury stock at cost.

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Revenue recognition

The Company adopted the new revenue guidance as of January 1, 2018 using the modified retrospective method. Results for reporting periods beginning on or after January 1, 2018 are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Company s historic accounting method under ASC 605.

Impact on Adoption of New Revenue Recognition

Pursuant to the adoption of ASC606, the main impacts are a) the presentation of VAT recognized in revenue from gross to net , which results in equal decreases of revenues and cost of revenues, and b) the recognition of revenues and expenses at fair value for advertising barter transactions (Barter Transaction), which mainly results in the increase of revenue and advertising expenses.

Under the previous guidance of ASC 605, advertising barter transactions for which the fair value of the advertising services was not determinable was recorded at the carrying amount of the advertising surrendered since the Company did not settle such barter transactions with the counterparties in cash. Under the new guidance of ASC 606, advertising barter transactions are recorded at the fair value of the advertising received by reference to the fair value of advertising services provided to other customers.

The Company recorded a net reduction to opening retained earnings of $0.3 million resulting from Barter Transactions as of January 1, 2018 due to the cumulative impact of adopting ASC 606.

Adoption of the standards related to revenue recognition which impacted the Company s current period reported results are as follows:

	Year Ended December 31, 2018			
		Adjustments		
	ASC 605	VAT	Barter Transaction	ASC 606
	(In thousands, except for percentage)			
Net revenues	$ 2,113,954	$ (118,006)	$ 112,379	$ 2,108,327
- Advertising	1,776,944	(100,038)	112,379	1,789,285
- Non-advertising	337,010	(17,968)		319,042
Cost of revenues	570,046	(118,006)		452,040
Operating expenses	1,076,520		112,813	1,189,333
- Sales and marketing	587,149		112,813	699,962
Income from operations	$ 467,388	$	$ (434)	$ 466,954
Gross margin	73.0%			78.6%
Operating margin	22.1%			22.1%

No other material impacts on the consolidated financial statements of 2018 arising from the adjustments on VAT and Barter Transaction. Other than the above, the Company s revenue recognition under ASC 606 did not change from that under ASC 605.

Under ASC 606, revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. The Company identifies its contracts with customers and all performance obligations within those contracts. The Company then determines the transaction price and allocates the transaction price to the performance obligations within the Company s contracts with customers, recognizing revenue when, or as, the Company satisfies its performance obligations when control of the promised goods or services transferred to the customers.

Certain customers may receive sales rebates, which are accounted for as variable consideration. The Company estimates annual expected revenue volume of each individual agent with reference to their historical results. The Company recognizes revenue for the amount of fees it receives from its advertisers, after deducting sales rebates and net of value-added tax (VAT) under ASC 606. The Company believes that there will not be significant changes to its estimates of variable consideration.

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The following table presents our revenues disaggregated by revenue source.

	Year Ended December 31, 2016	2017	2018
	(In thousands)		
Portal advertising	$ 304,090	$ 320,473	$ 290,215
Weibo advertising	570,982	996,745	1,499,180
Elimination	(3,885)	(5,352)	(110)
Advertising revenues	871,187	1,311,866	1,789,285
Portal non-advertising	74,931	122,535	111,412
Weibo value added services (VAS)	84,818	153,309	219,338
Elimination		(3,826)	(11,708)
Non-advertising revenues	159,749	272,018	319,042
Net revenue	$ 1,030,936	$ 1,583,884	$ 2,108,327

Advertising Revenues

The Company generates revenues primarily by delivering advertising on the Company s portal properties and Weibo s social media s properties. Advertising revenues are derived principally from online advertising and marketing, including display advertising and promoted marketing, and, to a lesser extent, sponsorship arrangements. The majority of the Company s revenue transactions are based on standard business terms and conditions, which are recognized net of agency rebates.

Display advertising arrangements allow advertisers to place advertisements on particular areas of the Company s websites or platform, in particular formats and over particular periods of time. Advertising revenues from display advertising arrangements are recognized ratably over the contract period of display, when the collectability is reasonably assured. The Company enters into cost per day (CPD) advertising arrangements with customers, under which the Company recognizes revenues ratably over the contract period. The Company also enters into cost per mille (CPM), or cost per thousand impressions, advertising arrangements with the customers. Promoted marketing arrangements are primarily priced based on CPM. Under the CPM model, customers are obligated to pay when the advertisement is displayed and the Company recognizes revenues based on the number of times that the advertisement has been displayed.

Sponsorship arrangements allow advertisers to sponsor a particular area on its websites in exchange for a fixed payment over the contract period. Advertising revenues from sponsorship are recognized ratably over the contract period. Advertising revenues derived from the design, coordination and integration of online advertising and sponsorship arrangements to be placed on the Company s websites are recognized ratably over the term of such arrangements.

The Company s contracts with customers may include multiple performance obligations, which primarily consist of combination of services to allow customer to place advertisements on different areas of the Company s websites or platform. For such arrangements, advertising arrangements involving multiple deliverables are broken down into single-element arrangements based on their stand-alone selling price for revenue recognition purposes. For the deliverables that have not been sold separately, the best estimate of the stand-alone selling price is taken into consideration of the pricing of advertisings of the Company s platform with similar characteristics and advertisements with similar formats and quoted prices from competitors and other market conditions. Revenues recognized with reference to best estimates of selling price were immaterial for all periods presented. Most of such contracts have all performance obligations completed within one year.

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Non-advertising Revenue

Portal non-advertising services

Loan facilitation services

The Company provides lending related services through which the Company matches lenders to borrowers and facilitates the execution of loan agreements between the lenders and the borrowers, with the terms of loan generally within one year. The Company is obligated to recommends borrowers to the lenders from certain mobile platform and to provide a credit assessment on the potential borrowers to facilitate the lenders in making their own investment decision. In light of the above, the Company determined that the Company is not the legal lender and does not record loans receivable and payable arising from the loan. The Company earns loan matching servicing fees and the post origination services from the borrowers base on an agreed fixed percentage of loan amount. The Company also provides guarantee on the principal, interest payment and penalty fee of the defaulted loans to the lenders. Although the Company did not sell these services separately, the Company determined that all deliverables have standalone value. The Company determined that the financial guarantee is within the scope of ASC 460-10 Guarantees and recognized it as a separate liability at inception, with the remaining consideration recognized as revenues under ASC 606-25. The value of guarantee liability is estimated taking into consideration discounting expected future payouts, net expected loss rates and incorporating a markup margin. Subsequent to the inception of the loan, the guarantee liability initially recognized is reassessed in each period end of financial statements as the Company is released from risk under the guarantee either through expiry or cash out. Upon the occurrence of any triggering event or condition under the guarantee, the Company compensates the lenders for their principal and interest losses and obtains the recourse rights from the lender to recover the amounts paid under the guarantee.

The Company considers the loan matching services and the post origination services as a multiple element revenue arrangement, and first allocates the consideration to the guarantee liability equaling to the fair value of the guarantee liability. Then the remaining consideration is allocated to the loan matching services and post-origination services using their relative estimated selling prices under ASC 606. The revenue from loan matching service is recognized when the facilitation obligation is completed, which is generally at the loan inception date. Post-origination revenue is recognized when service is provided.

Online payment services

The Company provides online payment service for Internet merchants and earns transaction fees from fund transfer transactions. Revenues resulting from these transactions are recognized when transactions are completed. Transaction fee is charged based on certain criteria (such as account type and volume of payments) for funds they receive.

Weibo VAS

Weibo fee-based services allow the Company s users to subscribe to services on its websites or platform, mainly including Weibo VIP membership, living stream and game-related service. Revenues from these services are recognized when control of the

promised services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services.

Weibo VIP membership

Weibo VIP membership is a service package consisting of one performance obligation of providing user certification and preferential benefits, such as daily priority listings and higher quota for following user accounts. Prepaid VIP membership fees are recorded as deferred revenue and recognized as revenue ratably over the contract period of the membership service.

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Live streaming

Live streaming generates revenue from sales of virtual items in the Yizhibo platform. Users can access the platform and view the live streaming content and interact with the broadcasters for free.

The Company designs, creates and offers various virtual items for sales to users with pre-determined selling price. Each virtual item is considered as a distinctive performance obligation. Sales proceeds are recorded as deferred revenue and recognized as revenue based on the consumption of the virtual items. Users can purchase and present virtual items to broadcasters to show support for their favorite ones. Under the arrangements with broadcasters or broadcaster agencies, the Company shares with them a portion of the revenues derived from the consumption of virtual items. Revenues derived from the sale of virtual items are recorded on a gross basis as the Company has determined that it acts as the principal to fulfill all obligations related to the live streaming services. The portion paid to broadcasters and/or broadcaster agencies is recognized as cost of revenues. The Company does not have further obligations to the user after the virtual items are consumed.

Game related services

The majority of the game related service revenues are generated from purchasing of virtual items through its game platform. Each virtual item is considered as a distinctive performance obligation. The Company collects payments from the game players in connection with the sale of virtual currency, which are converted into in-game credits (game tokens) that can be used to purchase virtual items in the third party developed games. The Company remits certain predetermined percentages of the proceeds to the game developers when the virtual currency is converted into in-game credits.

The Company has determined that the game developers are the primary obligors for the web game services, based on whether the game developers are responsible for developing, maintaining and updating the game related services and have reasonable latitude to establish the prices of virtual items for which in-game credits are used. Revenue is recorded on a gross basis for games when the Company is acting as the principal in fulfilling all obligations related to the games and revenue is recorded net of predetermined revenue sharing with the game developers for games. The Company s primary responsibility is to promote the games of the developers, provide virtual currency exchange service, maintain the platform for game players to easily access the games and offer customer support to resolve registration, log-in, currency exchange and other related issues.

Virtual currencies in general are not refundable once they have been sold unless there are unused in-game credits at the time a game is discontinued. Sale of virtual items are recognized as revenues over the estimated consumption period of in-game virtual items, which is typically from a few days to one month after the purchase of in-game credits.

Contract Balances

The Company enters into contracts with its customers, which may give rise to contract assets (unbilled revenue) or contract liabilities (deferred revenue). The payment terms and conditions within the Company s contracts vary by the type and location of its customer and products or services purchased, the substantial majority of which are due in less than one year. No material impact on the contract assets was arising from the new guidance of revenue recognition.

Deferred revenue related to unsatisfied performance obligations at the end of the period and consist of a) the unamortized balance of license fees, which are mostly derived from a licensing agreement to Leju, a subsidiary of E-House (China) Holdings Limited (E-House) and b) the unamortized balance of service fee paid by third parties, which are mainly received from the customer advance of advertising and marketing services and online gaming business. The deferred revenues are amortized on a straight-line basis through the service period. Due to the generally short-term duration of the contracts, the majority of the performance obligations are satisfied in the following reporting period. The amount of revenue recognized that was included in the deferred revenue balance at the beginning of the period was $106.7 million for the year ended December 31, 2018.

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Practical Expedients and Exemptions

The Company generally expenses sales commissions when incurred because the amortization periods are generally one year or less. These costs are recorded within sales and marketing expenses.

Allowance for doubtful accounts

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

Cost of revenues

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

Non-advertising. Costs of non-advertising revenues mainly consist of fees or royalties paid to third-party content and service providers, costs of revenue shared with third parties, costs for providing the enterprise services and employee related cost for non-advertising business.

Prior to January 1, 2018, the Company presents taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction on a gross basis in the financial statements. The Company is subject to 6.7% Value-Added Tax (VAT or turnover tax) and surcharges for its revenues and an additional 3% cultural business construction fees for its advertising and marketing revenues. Pursuant to the adoption of ASC 606 effectively beginning January 1, 2018, the Company changed the presentation of the VAT from gross basis to net against revenue, which results in equal decrease of revenues and cost of revenues. The total amounts of such taxes for 2016, 2017 and 2018 were $88.1 million, $138.3 million and $65.7 million, respectively, with VAT excluded from the cost of sales since 2018.

Advertising expenses

Advertising expenses consist primarily of costs for the promotion of corporate image, marketing expenses related to advertising barter transaction, product marketing and direct marketing. The Company expenses all advertising costs as incurred and classifies these costs under sales and marketing expenses. The Company expenses all such direct marketing expenses. Advertising expenses for 2016, 2017 and 2018 were $123.4 million, $268.3 million and $521.4 million, respectively.

Product development expenses

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

Operating leases

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

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Stock-based compensation

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

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock options. The determination of the estimated fair value of stock-based payment awards on the grant date using an option pricing model is affected by the Company s stock price as well as assumptions regarding a number of complex and subjective variables. These variables include the Company s expected stock price volatility over the expected term of the awards, actual and projected employee stock option exercise behaviors, a risk-free interest rate and any expected dividends. Shares of the Company s subsidiary, which do not have quoted market prices before they were publicly listed, were valued based on the income approach, if a revenue model had been established, or valued based on the market approach, if information from comparable companies had been available or a weighted blend of these approaches if more than one is applicable.

The Company recognizes the estimated compensation cost of service-based restricted share units based on the fair value of its ordinary shares on the date of the grant. The Company recognizes the compensation cost, net of estimated forfeitures, over a vesting term of generally four years.

For service-based restricted stock awards and performance-based restricted stock awards, the Company recognizes the compensation expense only when it is probable that those awards will meet the performance and service vesting condition on a straight-line basis over the requisite service period.

Forfeitures are estimated at the time of grant and revised in subsequent periods if actual forfeitures differ from those estimates. The Company uses historical data to estimate pre-vesting option and restricted share units forfeitures and records stock-based compensation expense only for those awards that are expected to vest. See Note 15 for further discussion on stock-based compensation.

Taxation

Income taxes

Income taxes are accounted for using the asset and liability approach. Under this approach, income tax expense is recognized for the amount of taxes payable or refundable for the current year. In addition, deferred tax assets and liabilities are recognized for expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carry-forwards. The Company records a valuation allowance against the amount of deferred tax assets that it determines is not more-likely-than-not to be realized.

Uncertain tax positions

To assess uncertain tax positions, the Company applies a more likely than not threshold and a two-step approach for the tax position measurement and financial statement recognition. Under the two-step approach, the first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement.

Foreign currency

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

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

Foreign currency translation adjustments included in the Company s comprehensive income were losses of $72.4 million and $119.6 million for 2016 and 2018, respectively, and an income of $87.3 million for 2017. The Company recorded a net foreign currency transaction income of $0.3 million and $0.8 million in 2016 and 2018, respectively, and net losses of $2.0 million in 2017, which is recorded in the interest and other income, net in the consolidated statements of comprehensive income.

Comprehensive income (loss)

Comprehensive income (loss) is defined as the change in equity of a company during a period from transactions and other events and circumstances excluding transactions resulting from investments from owners and distributions to owners. Comprehensive income (loss) for the periods presented includes net income (loss), net change in unrealized gains (losses) on marketable securities classified as available-for-sale (net of tax), foreign currency translation adjustments, and share of change in other comprehensive income of equity investments one quarter in arrears. On January 1, 2018, the date of initially applying ASU 2016-1, an unrealized gains of $38.7 million on marketable securities previously classified as available-for-sale was reclassified from accumulated other comprehensive income to retained earnings. Subsequently all the fair value changes arising from marketable securities will be recognized in the earnings.

Recent accounting pronouncements

In February 2016, the FASB issued a new standard on leases, ASU 2016-2, which requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize a liability to make lease payments (the Lease Liability) and a right-of use representing its right to use the underlying asset for the lease term in the statements of financial position. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In July 2018, the FASB issued an amendment on leases, ASU 2018-11, which provides another transition method in addition to the existing transition methods by allowing entities to initially apply the new leases standard at the effective date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company will adopt the new lease standard beginning the first quarter of fiscal year 2019 using the transition method provided by ASU 2018-11 and will not retrospectively adjust the prior comparative periods. The impact of initially applying the guidance on the opening balance of 2019 is estimated mainly to be recognition of approximately $35 million to $40 million of leasing related assets and liabilities that arise from operating leases, respectively.

In June 2016, the FASB issued of ASU No. 2016-13, Financial Instruments Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments , which will be effective for the Company in the fiscal year of 2020. The guidance replaces the incurred loss impairment methodology with an expected credit loss model for which an entity recognizes an allowance based on the estimate of expected credit loss. In November 2018, the FASB issued an amendment of Topic 326, ASU No. 2018-19, which clarifies that receivables arising from operating leases are not within the scope of Subtopic 326-20 and should be accounted for in accordance with Topic 842, Leases. The Company is currently evaluating the impact of adopting ASU No. 2016-13 on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The amendments in this ASU simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. Under the amendments, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying value, which eliminates the current requirement to calculate a goodwill impairment charge by comparing the implied fair value of goodwill with its carrying amount. The amendments will be effective beginning the first quarter of fiscal year 2020. The Company will early adopt the guidance in 2019 on a prospective basis and no impact is expected from the amendments.

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3. Cash, Cash Equivalents, Restricted Cash and Short-term Investments

Cash, cash equivalents and restricted cash consisted of the following:

	As of December 31,	
	2017	2018
	(In thousands)	
Cash and cash equivalents:		
Cash	$ 1,766,927	$ 1,383,610
Cash equivalents:		
Bank time deposits (maturing within 3 months)	24,966	75,367
Money market funds	198,659	86,823
	223,625	162,190
	1,990,552	1,545,800
Restricted cash	216,151	97,032
Total cash, cash equivalents and restricted cash	$ 2,206,703	$ 1,642,832
Short-term investments:		
Bank time deposits	$ 1,381,991	$ 799,534

The carrying amounts of cash, cash equivalents, restricted cash and short-term investments approximate fair values. Interest income for the years ended December 31, 2016, 2017 and 2018 was $38.0 million, $43.2 million and $83.2 million, respectively. The maturity dates of the bank time deposits are within one year.

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4. Long-term Investments

Long-term investments comprised investments in publicly traded companies, privately held companies and limited partnerships. The following sets forth the changes in the Company s long-term investments.

	Equity Method			Available for Sale Securities/ Equity Securities Readily Determinable Fair Values	Cost Method/ Equity Securities Without Readily Determinable Fair Values	
	(E-House)	(Leju)	(Others)			Total
	(In thousands)					
Balance at January1, 2016	**$ 210,461**	**$ 4,344**	**$ 131,417**	**$ 311,497**	**$ 554,921**	**$ 1,212,640**
New investments/transferred from prepayments	139,953	195,126	56,160	52,449	331,949	775,637
Income (loss) from investments	(3,760)	308	(8,314)			(11,766)
Investment impairment			(2,455)	(4,822)	(29,032)	(36,309)
Unrealized loss, net				(80,795)		(80,795)
Disposal/dilution of investments	(341,052)		10,902	(124,040)	(67,658)	(521,848)
Dividend received			(3,103)			(3,103)
Others*	(5,602)	(116)	(2,642)		(7,889)	(16,249)
Balance at December 31, 2016	**$**	**$ 199,662**	**$ 181,965**	**$ 154,289**	**$ 782,291**	**$ 1,318,207**
New investments/transferred from prepayments			26,204	10,000	132,079	168,283
Income (loss) from investments		(30,796)	14,726			(16,070)
Investment impairment		(113,103)	(1,207)	(1,275)	(6,513)	(122,098)
Unrealized loss, net				(35,607)		(35,607)
Disposal/dilution/refund of investments			19,112	(22,248)	(10,410)	(13,546)
Changes from cost method to consolidation (Note 5)					(29,071)	(29,071)
Changes from cost method to equity method			19,121		(19,121)	
Changes from cost method to available-for-sale securities				2,213	(2,213)	
Dividend received/entitled			(7,829)			(7,829)
Others*		1,646	5,330		19,571	26,547
Balance at December 31, 2017	**$**	**$ 57,409**	**$ 257,422**	**$ 107,372**	**$ 866,613**	**$ 1,288,816**
Impact of adoption of new investment guidance **				37,686	(27,419)	10,267
New investments/transferred from prepayments			140,379	149,140	382,031	671,550

Income (loss) from equity method investments		(9,080)	10,200			1,120
Investment impairment			(5,699)		(55,289)	(60,988)
Disposal/dilution/refund of investments			3,235	(87,351)		(84,116)
Changes from investments without readily determinable fair value to readily determinable fair value				30,000	(30,000)	
Fair value change through earnings (including adjustment of subsequent observable price changes)				(70,020)	166,553	96,533
Dividend received/entitled			(4,087)			(4,087)
Others*		(186)	(8,235)	(891)	(19,940)	(29,252)
Balance at December 31, 2018	**$**	**$ 48,143**	**$ 393,215**	**$ 165,936**	**$ 1,282,549**	**$ 1,889,843**

* Others mainly represents the impacts from foreign exchange change. For equity method investments, others represents the equity pick-up of other comprehensive income (loss) of investees caused by foreign exchange change.

** Upon the adoption of ASU 2016-01, $27.4 million of investments in private equity funds were adjusted to their NAV of $37.7 million and reclassified from cost method to equity investments with readily determinable fair value on January 1, 2018.

Equity Method

As of December 31, 2018, investments accounted for under the equity method totaled $441.4 million, which included a $48.1 million investment in Leju Holdings Limited (Leju) and a $110.1 million investment in Tian Ge Interactive Holding Limited (Tian Ge) ($57.4 million in Leju and $98.1 million in Tian Ge as of December 31, 2017, respectively). Investments are accounted for under the equity method when the Company has significant influence in the investment and the investment is considered as in substance ordinary shares. Investments in limited partnerships, whose operating and financial policies the Company had significant influence over were also accounted for using the equity method.

On April 15, 2016, E-House entered into a definitive agreement and plan of merger, or the Merger Agreement, with E-House Holdings Ltd., or Parent. Pursuant to the Merger Agreement, Parent acquired E-House for a cash consideration equal to US$6.85 per ordinary share, and upon the closing of the merger, E-House continued as the surviving corporation and a wholly owned subsidiary of Parent. In connection with the transaction contemplated by the Merger Agreement, the Company made an equity contribution of approximately $140 million to Parent in August 2016 to subscribe newly issued shares of Parent. At the same time, the shares of E-House held by the Company were also rolled over and converted into the shares of Parent. On August 12, 2016, or the closing date, the Company held 49,764,809 ordinary shares of Parent, which represented 43% of Parent s then total outstanding shares and had a cost basis then to the Company of $340.7 million. The Company also entered into a Shareholders Agreement with Parent and certain other shareholders of Parent on the closing date, under which the Company granted an option (E-House Option) to Parent to repurchase all the equity interest held by the Company in Parent during the 18-month period following the closing date for a consideration consisting of (i) 30% of the total outstanding ordinary shares of Leju at the time of the repurchase, and (ii) certain cash payment. In accordance with ASC Subtopic 815-10, the option is deemed legally detachable and separately exercisable from the repurchase of ordinary shares of Leju and, thus, accounted for as a freestanding instrument. The option was initially recognized as an option liability valued at $ 3.1 million on the basis of its fair value at the grant date, together with its subsequent changes in fair value were reflected in the fair value change in option liability. The fair value of option liability was determined by i) the number of Leju shares the Company received in this transaction, ii) the difference between the designated unit price of Leju shares agreed in the Shareholders Agreement by transaction parties and the fair value of unit price of Leju in the open market at each period end and iii) time value of the option liability. Immediately prior to the exercise of the option, the fair value of the investor option liability was approximately $28.5 million.

On December 30, 2016, Parent exercised such option right and repurchased 49,764,809 of its ordinary shares from the Company, for the aggregate consideration comprised of 40,651,187 shares of Leju with a fair value of $195.1 million and approximately $127.6 million in cash. As a result, together with Leju Dividend Shares received in 2014 by the Company, on December 31, 2016, the Company totally held 42,117,874 Leju shares with a fair value of $202.2 million, which represented 31.1% of Leju s then total outstanding shares, and ceased to hold any beneficial ownership in Parent. The Company used the equity method to account for the investment in Leju. During 2017, the U.S. dollar cash consideration was received from Parent, and an equivalent RMB deposit received in 2016 to ensure the later payment of cash consideration in U.S. dollar was repaid to the Parent. As a result of the share exchange, the Company recognized a one-time gain of $4.6 million, which was the difference between all the considerations received and the carrying value of the investment in E-House on the transaction date, after offsetting the cumulative currency translation adjustments previously recorded for E-House as other comprehensive loss. Earning/(loss) from Parent for the period from October 1, 2016 to December 30, 2016 was included in the disposal gain of $4.6 million from this transaction. For the year ended December 31, 2016, a loss of $28.5 million was recognized as fair value change in option liability when marked to market in the Company s consolidated statements of comprehensive income. In 2017, the Company recorded a $30.8 million of loss and a $113.1 million of other- than-temporary impairment loss on its investments in Leju related to changes in the government policy in real estate industry in China and to the decline of

Leju s stock price after the investment. In 2018, the Company recorded a $9.1 million of loss. The closing price of Leju as of December 31, 2018 was $1.4 per ADS/share, higher than its carrying amount per share (approximately $1.14). The aggregate market value of the Company s investment in Leju is approximately $59.0 million.

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On July 9, 2014, Tian Ge, an equity method investee of the Company, completed its initial public offering on the Main Board of The Stock Exchange of Hong Kong Limited with the new issuance of 349.9 million ordinary shares (Tian Ge IPO). Immediately after the Tian Ge IPO, the Company s equity interest in Tian Ge was diluted from 36% to 25% and the Company in substance disposed part of its interest in Tian Ge. The closing price of Tian Ge as of December 31, 2018 was HK$3.06 (equivalent to $0.39) per ADS/share, as compared to the carrying amount per share of approximately $0.37. The aggregate market value of the Company s investment in Tian Ge was approximately $117.2 million.

The Company made an investment in an investing fund of $48.0 million in 2018, which was accounted for under equity method. Other investments under equity method made during the presented periods were individually immaterial.

None of the Company s equity method investments meets the SEC s definition of a significant subsidiary for the years ended December 31, 2016, 2017 and 2018. The Company summarizes the condensed financial information of the Company s equity investments as a group below in accordance with Rule 4-08 of Regulation S-X.

		Year Ended December 31,				
		2016		2017		2018
				(In thousands)		
Operating data:						
Revenue	$	1,884,793	$	626,402	$	926,219
Gross profit	$	1,385,828	$	470,681	$	550,181
Loss from operations	$	(21,238)	$	(128,034)	$	(2,014)
Net loss	$	(57,894)	$	(34,455)	$	(41,682)
Net loss attributable to the investees	$	(27,895)	$	(33,053)	$	(39,600)

		As of December 31,		
		2017		2018
		(In thousands)		
Balance sheet data:				
Current assets	$	918,942	$	946,459
Long-term assets	$	733,487	$	1,402,989
Current liabilities	$	257,650	$	283,495
Long-term liabilities	$	24,875	$	33,148
Non-controlling interests	$	(1,445)	$	(572)

The investment in Leju was accounted for using the equity method with the cost allocated as follows:

		As of December 31,		
		2017		2018
		(In thousands)		
Carrying value of investment in Leju	$	57,409	$	48,143
Proportionate share of Leju s net tangible and intangible assets *		80,753		75,723
	$	(23,344)	$	(27,580)

Carrying value of investment less proportionate share of Leju s net tangible and intangible assets				
The difference above has been primarily assigned to:				
Goodwill and amortizable intangible assets *	$	(23,344)	$	(27,580)
Deferred tax liabilities				
	$	(23,344)	$	(27,580)
Cumulative loss in equity interest	$	(30,243)	$	(39,323)

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* The weighted average remaining life of the intangible assets recorded in Leju s financial statements was 5 years, and the intangible assets not included in Leju s financial statements was fully impaired in the end of June 2017. The negative basis difference mainly arising from intangible assets is being amortized over 5 years, the weighted average remaining lives of primary assets.

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Equity Securities with Readily Determinable Fair Values

Equity securities with readily determinable fair values include i) marketable equity securities, which are publicly traded stocks or funds measured at fair value and ii) private equity funds, which are qualified NAV under ASC 820.

Prior to January 1, 2018, the Company accounted for the marketable equity securities at fair value with unrealized gains and losses recognized in accumulated other comprehensive income. Upon the adoption of ASU 2016-01, the Company measures equity securities with readily determinable fair values at fair value through earnings. Due to the initial application of the ASU 2016-01, The Company reclassified a cumulative unrealized gain of $38.7 million in accumulated other comprehensive income arising from marketable securities to the retained earnings and also recognized a cumulative-effect adjustment of $10.3 million to increase its carrying amount for the investments qualified for NAV and credited to the retained earnings as of January 1, 2018.

The following table shows the carrying amount and fair value of equity securities with readily determinable fair values and private equity funds:

		Cost Basis		Gross Unrealized Gains		Gross Unrealized Losses		Fair Value
				(In thousands)				
Jupai	$	23,068		44,107				67,175
Other equity securities		45,594		10,163		(15,560)		40,197
December 31, 2017	$	68,662	$	54,270	$	(15,560)	$	107,372
Jupai	$	23,068	$		$	(7,119)	$	15,949
Pintec		30,000				(2,776)		27,224
Other equity securities		74,844		4,562		(29,317)		50,089
Private equity funds		58,246		16,277		(1,849)		72,674
December 31, 2018	$	186,158	$	20,839	$	(41,061)	$	165,936

The Company invested Jupai Holding Limited (JP) with a total cost of $7.8 million under cost method since 2014. In July 2015, JP completed its listing on the New York Stock Exchange (JP IPO) and the investment was transferred to marketable securities which measures at fair value. As of December 31, 2018, the Company had an unrealized loss of $7.1 million in relation to the investment in JP. In June 2018, the Company invested Pintec Technology Holding Limited (Pintec) with a total cost of $30 million, which was initially recorded under the investment without readily determinable fair value. In October 2018, Pintec completed its listing on the NASDQ Stock Exchange (Pintec IPO) and the investment was transferred to marketable securities which measures at fair value from marked to market. As of December 31, 2018, the Company had the unrealized loss of $2.8 million. The marketable securities are valued using the market approach based on the quoted prices in active markets at the reporting date. The Company classifies the valuation techniques that use these inputs as Level 1 of fair value measurements.

Private equity funds pursue various investment strategies, including event driven and multi-strategy. Investments in private equity generally are not redeemable due to the closed-ended nature of these funds. Instead, distributions from each fund will be received as the underlying investments of the funds are disposed and monetized. As of December 31, 2018, the unfunded commitments related to

investments in private equity funds was $53.5 million. Investments in private equity funds may be subject to lock-up period, which is usually from 5 to 10 years and restricts an investor from withdrawing from the fund during the investment period.

As of December 31, 2018, equity securities with readily determinable fair values were $165.9 million. In 2018, the Company recognized a net loss of $74.2 million from the fair value change of marketable equity securities, which substantially was unrealized. The Company also recognized unrealized gain of $ 4.2 million for the equity investments qualified NAV in 2018.

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Equity Securities without Readily Determinable Fair Values

Prior to January 1, 2018, the Company accounted for equity securities under cost method at cost less impairment. As of December 31, 2017, the equity securities previously accounted for under the cost method had a carrying value of $866.6 million. Started from January 1, 2018, the Company elected measurement alternative and recorded equity investments without readily determinable fair values at cost, less impairment, adjusted for subsequent observable price changes. $27.4 million of investment in private equity funds were adjusted to their fair values of $37.7 million and reclassified from cost method to equity securities with readily determinable fair value. Based on ASU 2016-01, entities that elect the measurement alternative will report changes in the carrying value of the equity investments in current earnings. If this measurement alternative is elected, changes in the carrying value of the equity investment will be required to be made whenever there are observable price changes in orderly transactions for the identical or similar investment of the same issuer. The implementation guidance notes that an entity should make a reasonable efforts to identify price changes that are known or that can reasonably be known.

In 2016, the Company further invested $120 million in the preference shares of a private company, which primarily focus on developing social applications. In 2018, the Company invested in a) preference shares of two private companies in Fintech industry, which primarily focus on the insurance business and Fintech services, with the consideration of $96.4 million and $91.5 million, respectively; and b) preference shares of a private company, which primarily focus on developing artificial intelligence of automobile, with the consideration of $90.0 million. Other investments without readily determinable fair values made during the presented periods were individually immaterial.

In 2018, the Company recognized $55.3 million impairment related to investments without readily determinable fair value and no other downward adjustment was related to investments without readily determinable fair value. These impairments were primarily driven by revised projections of future operating results reflecting unfavorable macroeconomic conditions and performance of the investees. The fair value of each of these investments was derived using discounted cash flow analysis based on Level 3 inputs.

As of December 31, 2018, investments accounted for without readily determinable fair values were $1,282.5 million. During 2018, the Company recorded $166.6 million gains from upward adjustments, mainly from two investments, which were based on identified observable price changes indicated by new issuance of identical securities of the same investee or transaction of identical securities between other existing shareholders. The Company did not dispose any interests of these investments and all of gains were unrealized as of December 31, 2018. The Company classifies the valuation techniques on those investments that use similar identifiable transaction prices as Level 2 of fair value measurements.

The following table summarizes the total carrying value of the equity securities accounted for alternative measures as of December 31, 2018 including cumulative unrealized upward and downward adjustments made to the initial cost basis of the securities (in thousands):

Initial cost basis	$	1,191,225
Upward adjustments		166,553
Impairment		(55,289)
Foreign currency translation		(19,940)
Total carrying value at the end of the period	$	1,282,549

Subsequently, in the first quarter of 2019, the Company noted impairment indicators for two equity investments without readily determinable fair value, as the respective investees suffered significant performance deterioration caused by loss of certain significant cooperation agreement and financing difficulties coupled with investment losses that all occurred in the first quarter of 2019. As a result, the investees made business plan changes and scaled down their operations and employees. The Company expects to recognize $75.2 million impairment for these two

equity investments in the first quarter of 2019. The Company also expects to recognize $163.3 million gains from upward adjustment of fair value for one equity investment, as the identical shares of the same investee were listed for the first quarter of 2019 on the Shenzhen Stock Exchange in China.

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5. Acquisitions

The Company accounts for business combinations using the purchase method of accounting, which requires the acquisition cost be allocated to the assets and liabilities of the Company acquired, including separately identifiable intangible assets, based on their estimated fair values. The Company makes estimates and judgments in determining the fair value of the acquired assets and liabilities based on independent appraisal reports as well as its experience with similar assets and liabilities in similar industries. If different judgments or assumptions were used, the amounts assigned to the individual acquired assets or liabilities could be materially different.

Yizhibo

On October 1, 2018(Acquisition Date), Weibo entered into a series of business and asset transfer agreements with Yixia Tech Co., Ltd. (Yixia Tech) to acquire the whole live streaming business of Yizhibo, which was previously operated by Yixia Tech. The acquisition included the Yizhibo APP and related assets/technology, employees and business contracts with a cash consideration of US$50.0 million. As of December 31, 2018, Weibo had paid $40.0 million to Yixia Tech, with the remaining $10.0 million scheduled to be paid in 2019. Weibo engaged an independent valuation firm to help its management determine the value of assets and liabilities from the acquisition. Total identifiable intangible assets acquired on acquisition date included supplier-relationship of $9.7 million with estimated useful life of five years, core technology of $6.6 million with estimated useful life of eight years, and trademark and domain name of $5.6 million with estimated useful life of ten years. The acquisition mentioned above resulted in an increase of $28.0 million to revenue and an immaterial impact to net income for 2018.

The consideration of acquisition of Yizhibo was allocated based on their fair value of the assets acquired and the liabilities assumed as follows:

		As of October 1, 2018 (In thousands)
Consideration	$	50,000
Property and equipment, net		466
Identifiable intangible assets acquired		21,942
Other tangible assets		2,874
Liabilities assumed		(2,434)
Goodwill		27,152
Total	$	50,000

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Weihui

Prior to 2017, the Company held a 45% equity interest of Weihui, which is primarily engaged in providing technology service for financial service platforms, including design and develop online platform, payment system integration, etc. Pursuant to the investment agreement, the Company had contingent redemption right on its investment in Weihui, so the interest held by the Company did not meet the definition of in-substance common shares under ASC 323-10-15. As there was no readily determinable fair value for the Company s investment in Weihui, it was accounted for an investment under the cost method prior to 2017. The carrying amount of the investment in Weihui prior to the acquisition was $29.1 million.

In April 2017, the Company entered into a new share purchase agreement and purchased additional 10% equity interest of Weihui with consideration of $12.2 million and obtained control, holding aggregate 55% of Weihui s equity interest with contingent redemption rights upon the completion of the transaction. In accordance with ASC 805 accounting for step-up acquisition, the Company s previously held 45% equity interest was re-measured to fair value at the acquisition date, which was valued with the assistance of an independent valuation firm and a re-measurement gain of $6.0 million was recognized. The Company began to consolidate Weihui s financial statements from April 2017 and the remaining 45% of its common shares without any preference right was recognized as non-controlling interests on the balance sheet. Total identifiable intangible assets acquired upon acquisition mainly included core technology of $15.9 million valued by the excess earnings method, customer relationships of $3.8 million, which have an estimated useful life of five years. Consideration for Weihui was allocated on the acquisition date based on their fair value of the assets acquired and the liabilities assumed as follows:

		As of acquisition date (In thousands)
Consideration	$	12,222
Fair value of previously held 45% equity interest		35,119
Non-controlling interests		24,707
Total		72,048
Cash and cash equivalents		12,078
Other tangible assets		1,602
Identifiable intangible assets acquired		19,748
Liabilities assumed		(2,687)
Goodwill		41,307
Total	$	72,048

Weiju

In July 2017, the Company acquired 60% equity interest of Weiju, which primarily provides online loan facilitation services to the borrowers, with total consideration of $36.4 million, including $5.5 million paid to selling shareholders and $30.9 million paid to Weiju for its newly issued shares. Total consideration was paid by the Company in March 2018. The Company began to consolidate Weiju s financial statements from July 2017 and the remaining 40% equity interest of Weiju was recognized as non-controlling interests on the balance sheet. Total identifiable intangible

assets acquired upon acquisition mainly included core technology of $5.3 million, which have an estimated useful life of five years. The Company has engaged an independent valuer to assist management in assessing the enterprise value of Weiju and preparing the purchase price allocation as follows:

		As of acquisition date (In thousands)
Consideration	$	36,405
Non-controlling interests		18,405
Total		54,810
Tangible assets		27,423
Identifiable intangible assets acquired		5,278
Liabilities assumed		(1,319)
Goodwill		23,428
Total	$	54,810

The acquisitions above did not have a material impact on the Company s consolidated financial statements, and, therefore, pro forma disclosures have not been presented. In 2017 and 2018, no other significant acquisition has material impact on the Company s consolidated financial statements. No acquisition incurred in 2016.

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6. Goodwill and Intangible Assets

Goodwill

The changes in the carrying value of goodwill by segment are as follows (in thousands):

	Portal Advertising	Weibo	Others	Total
Balance as of January 1, 2016	41,745	11,117		52,862
Impairment provided in 2016	(36,726)			(36,726)
Foreign exchange impact	(5,019)	(851)		(5,870)
Balance as of December 31, 2016	$	$ 10,266	$	$ 10,266
New acquisitions (Note 5)		2,318	64,735	67,053
Foreign exchange impact		836	3,241	4,077
Balance as of December 31, 2017	$	$ 13,420	$ 67,976	$ 81,396
New acquisitions (Note 5)		27,152	652	27,804
Impairment provided in 2018		(10,554)		(10,554)
Foreign exchange impact		(672)	(3,734)	(4,406)
Balance as of December 31, 2018	$	$ 29,346	$ 64,894	$ 94,240

The Company tests goodwill for impairment at the reporting unit level on an annual basis as of December 31 and between annual tests when an event occurs or circumstances change that could indicate that the asset might be impaired. The Company s goodwill as of December 31, 2017 and 2018 was $81.4 million and $94.2 million respectively. No new acquisition incurred in 2016.

For the portal advertising segment, the Company witnessed a decrease trend in revenue in 2016, which was mainly caused by an increasingly competitive online advertising market landscape. This led to a shift of advertising budget of brand advertisers, the largest customer segment in terms of revenue contribution for portal advertising business, from portal to APPs. As of December 31, 2016, the Company performed a quantitative analysis for the reporting unit under portal advertising business, with the assistance of an independent third party valuer to determine the fair value of reporting units and the implied fair value of their goodwill. Based on the assessment, the Company provided a full impairment charges of $36.7 million for the goodwill arising from the acquisitions made under portal advertising segment as of December 31, 2016.

As to Weibo, no impairment provision was made in 2016 and 2017. In 2018, the Company also performed a quantitative analysis on its reporting units considering the fact of under expectation performance and decreased revenue. The Company estimated the fair value by using the income approach or market approach. The income approach considered a number of factors, which included, but were not limited to, expected future cash flows, growth rates, discount rates, and comparable multiples from publicly traded companies in the industry and required the Company to make certain assumptions and estimates regarding industry economic factors and future profitability of the Company s business. Based on the assessment, the Company provided $10.6 million of impairment charge on goodwill related to Weibo VAS business as of December 31, 2018.

For other reporting units, the Company performed a qualitative analysis by taking into consideration the macroeconomics, overall financial performance, industry and market conditions and the share price of the Company, on the goodwill arising from newly acquired businesses, in addition to other entity specific factors. Based on the assessment, the Company determined that it was not necessary to perform a quantitative

goodwill impairment test and concluded that no impairment indicators on its goodwill were noted as of December 31, 2017. In 2018, considering the strict government policy in Fintech industry in China and the increasing market competition, the Company performed a quantitative analysis on the reporting unit as of December 31, 2018, with the assistance of an independent third party valuer to determine the fair value of reporting unit and concluded that there was no impairment.

Intangible assets

The following table summarizes the Company s intangible assets arising from acquisitions and land use rights:

	As of December 31, 2017				As of December 31, 2018			
	Cost	Accumulated Amortization	Accumulated Impairment	Net	Cost	Accumulated Amortization	Accumulated Impairment	Net
		(In thousands)				(In thousands)		
Land use rights	$	$	$	$	$ 202,340	$ (2,341)	$	$ 199,999
Technology	38,547	(18,582)	(1,243)	18,722	44,342	(22,747)	(11,598)	9,997
Supplier-relationship					9,738	(495)		9,243
Trademark and Domain name					5,623	(147)		5,476
Software	1,861	(1,861)			1,859	(1,859)		
Others	12,090	(5,776)	(2,225)	4,089	11,275	(5,998)	(4,657)	620
Total	$ 52,498	$ (26,219)	$ (3,468)	$ 22,811	$ 275,177	$ (33,587) $	$ (16,255)	$ 225,335

Land use rights represent the land rights acquired for the purpose of constructing offices. In 2018, the Company obtained the land use rights from local authorities with cash consideration, which was amortized on a straight-line basis over the term of the land use right period, approximately 50 years. Amortization expense related to land use rights for the year ended December 31, 2018 was $2.4 million.

Other intangible assets mainly include technology arising from acquisition, which are amortized over the estimated useful lives ranging from one to ten years.

Amortization expense related to intangible assets for the years ended December 31, 2016, 2017 and 2018 was $1.9 million, $4.6 million and $9.1 million, respectively. In 2016, the Company recognized $3.5 million impairment loss of acquired intangible assets, which is related to the All Sure business acquired in 2013, as a result of the management s assessment that the impairment existed based on its conclusion that All Sure was unable to provide expected synergies with the portal business. The impaired intangible assets consisted primarily of core technology, trademark and domain names. No impairment on acquired intangible assets was made for the year ended December 31, 2017. In 2018, the Company recognized $12.7 million impairment loss of acquired intangible assets, which is related to Weihui business acquired in April 2017, as a result of the management s assessment that the impairment existed based on the under expectation performance of Weihui and its conclusion that Weihui was unable to provide expected synergies with the Company s Fintech business. The impaired intangible assets consisted primarily of core technology and customer list.

As of December 31, 2018, estimated amortization expenses for future periods are expected to be as follows:

Year Ended December 31,	**(In thousands)**
2019	$ 8,491
2020	8,487

2021		8,447
2022		7,931
2023 and thereafter		191,443
Total expected amortization expense*	$	224,799

* The table above excludes $0.5 million of indefinite lived intangible assets which was included in the category of Others.

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7. Investment in Weibo

In April 2014, Weibo completed an initial public offering (the IPO) with the new issuance of 19,320,000 Class A ordinary shares, of which 6,000,000 Class A ordinary shares were allotted to Alibaba Group. Prior to the completion of the IPO, a wholly owned subsidiary of Alibaba Group Holding Limited (Alibaba) invested $585.8 million to purchase 30.0 million of preferred shares and 4.8 million of ordinary shares of Weibo, representing an ownership interest of 18% on a fully diluted basis. With the completion of the IPO, all the ordinary shares held by SINA were converted into an equal number of the Class B ordinary shares, all the ordinary shares held by other shareholders were converted into an equal number of the Class A ordinary shares, and all of its outstanding preferred shares were automatically converted into 30,046,154 Class A ordinary shares. Concurrent with the IPO, Alibaba Group further acquired an additional 2,923,478 Class A ordinary shares of Weibo in a private placement and 21,067,300 Class A ordinary shares from the Company. Each Class A ordinary share is entitled to one vote per share and each Class B ordinary share is entitled to three votes per share. Each Class B ordinary share can be converted into one Class A ordinary share at any time, while Class A ordinary shares cannot be converted into Class B ordinary shares.

Share Ownership

As of December 31, 2018, the share ownership of Weibo was as follows:

Shareholder Name	Shares Type	Ownership Percentage	Voting Power*
SINA	Class B Ordinary shares	45.3%	71.3%
Alibaba	Class A Ordinary shares	30.2%	15.8%
Others	Class A Ordinary shares	24.5%	12.9%
Total		100.0%	100.0%

The Company has been the controlling shareholder of Weibo from inception and has consolidated Weibo s financial results for the periods presented.

* Class A ordinary shares are entitled to one vote per share and Class B ordinary shares, which the Company holds, are entitled to three votes per share.

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8. Non-controlling interests

The following table summarizes the Company s non-controlling interests:

	As of December 31, 2017	As of December 31, 2018
	(In thousands)	
Weibo	$ 666,141	$ 969,803
Others	86,746	75,278
Total	$ 752,887	$ 1,045,081

Non-controlling interests related to Weibo mainly represent Weibo s cumulative results of operations and changes in equity (deficit) attributable to non-controlling shareholders, along with non-controlling shareholders original investments for the ordinary and preferred shares issued by Weibo. The increase in non-controlling interests related to Weibo both for 2017 and 2018 mainly resulted from a) the pick-up of Weibo s results of operations and changes in equity attributable to non-controlling shareholders (Note 7 Investment in Weibo), and b) the declaration of in-kind dividend to SINA s shareholders in 2017, which resulted in an increase of non-controlling interests based on the change in equity interest held by the Company in Weibo as of the declaration date (Note 15 Shareholders Equity In-kind Distribution).

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9. Other Balance Sheet Components

	As of December 31,		
	2016	2017	2018
		(In thousands)	
Accounts receivable, net:			
Accounts receivable		$ 305,895	$ 555,861
Allowance for doubtful accounts:			
Balance at the beginning of year	$ (14,980)	(14,068)	(20,214)
Additional provision charged to expenses	(14,621)	(8,465)	(15,424)
Write-off	15,533	2,319	7,674
Balance at the end of year	$ (14,068)	$ (20,214)	$ (27,964)
		$ 285,681	$ 527,897
Prepaid expenses and other current assets:			
Prepayments and loan to investees1(including prepayment and receivables from related parties of $40,506 and $115,976 as of December 31, 2017 and 2018)		$ 62,172	$ 190,444
Secured loan to a founder of a related party2		80,000	80,000
Rental and other operation deposits		30,191	9,842
Amounts deposited by Weibo users3		25,277	30,631
Content fees and revenue share		12,013	14,769
Advertising and marketing fees		2,926	4,742
Deductible value added tax			10,304
Others		15,659	21,703
		$ 228,238	$ 362,435
Property and equipment, net:			
Office building		$ 208,731	$ 197,337
Office building related facilities		3,499	3,308
Computers and equipment		214,644	217,335
Leasehold improvements		14,258	17,328
Furniture and fixtures		11,355	11,558
Other		2,473	2,996
		454,960	449,862
Less: Accumulated depreciation		(192,284)	(187,016)
		$ 262,676	$ 262,846
Other assets:			
Investment related deposits		$ 38,897	$ 46,777
Deferred tax assets		16,158	23,213
Deposits for land use rights			6,321
Others		2,027	4,816
		$ 57,082	$ 81,127
Accrued expenses and other current liabilities:			
Accrued sales rebates		$ 104,117	$ 149,371
Accrued payroll related expenses (including sales commission)		141,129	117,562
Advertising and marketing expenses		88,614	83,893
Guarantee liabilities (Note 17)		10,143	10,952
Deposit for secured loan2			43,614
Turnover tax		32,367	44,280
Amounts due to Weibo users3		25,277	30,631
Employee reimbursement		8,055	8,934
Professional fee		9,253	10,014
Unpaid consideration for acquisitions		5,704	10,055
Others		22,120	31,501
		$ 446,779	$ 540,807

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[1] Prepayment and loan balance to investees as of December 31, 2017 and 2018 were individually immaterial. The Company recognized $8.1 million, $0.9 million and $20.3 million of impairment on the prepayment of investments as a result of the deterioration of the investees operation for the year ended December 31, 2016, 2017 and 2018, respectively.

[2] The Company issued a one-year loan of $100 million to a founder of a related party in August 2016 with an annual interest rate of 5%. $20 million was repaid as of December 31, 2017 and the remaining were extended to August 15, 2018 and then August 15, 2019, with an annual interest rate of 7.5%, and secured by an RMB deposits included in accrued expenses and other current liabilities (equivalent to $43.6 million) and mortgaged shares of the related party provided by its founder as of December 31, 2018. Subsequently, as of March 31, 2019, all the loan amount was fully secured by RMB deposits received by the Company.

[3] Weibo wallet enables Weibo users to conduct hobby-oriented activities on Weibo, such as handing out red envelops and coupons to users. Weibo wallet also enables users to purchase different types of products and services on Weibo, including those offered by the Company, such as marketing services and VIP membership, and those offered by the Company s platform partners, such as e-commerce merchandises, financial products and virtual gifts. The amounts deposited by users primarily represent the receivables temporarily held on account for Weibo wallet users through a third party online payment platform. Amounts due to users represent the balances that are payable on demand to Weibo wallet users and therefore are reflected as current liability on the consolidated balance sheets.

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10. Related Party Transactions

The following sets forth significant related parties and their relationships with the Company:

Name of related parties	Relationship with the Company
Leju and its subsidiaries (Leju)	An investee of the Company
Alibaba and its subsidiaries (Alibaba)	Strategic partner and significant shareholder of Weibo
New Wave MMXV Limited (New Wave)	An entity controlled by Mr. Charles Chao

(a) Service provided to related parties

The Company entered into the following transactions with related parties:

Transactions		2016		Year ended December 31, 2017 (In thousands)		2018
Revenues:						
License revenue from Leju[1]	$	10,435	$	10,435	$	10,435
Agency and advertising service earned from Leju[1]		9,265		16,091		20,754
Promotion and advertising service to Alibaba[2]		82,021		91,724		126,882
Others[3]		47,809		94,107		160,184
	$	149,530	$	212,357	$	318,255

Other related parties mainly include investee companies over on which the Company has significant influence. These investees are mainly high-tech companies operating in different internet-related industries, such as short video applications, social and new media marketing services and so on.

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[1] The amended and restated advertising agency agreement, the domain name and content license agreement, the trademark license agreement and the software license and support services agreement (License Agreements) were entered into with Leju, a subsidiary of E-House, and such amount allocated to the fair value of the License Agreements was $187.4 million, which represents the difference between the total consideration and the fair value of equity interests disposed. This amount was recorded as deferred revenues and amortized over ten years prior to March 2014, when the License Agreement was extended for another ten years. Accordingly, the remaining deferred revenue balance as of March 2014 will be amortized prospectively under the straight-line method until 2024. For the years ended December 31, 2016, 2017 and 2018, the Company recorded $10.4 million revenue from License Agreements from such deferred revenue account, respectively. As of December 31, 2017 and 2018, the total amount of deferred revenue from Leju was $64.5 million and $54.1 million, respectively, which includes $54.1 million and $43.7 million of non-current portion of deferred revenue, respectively. Based on the amended and restated advertising agency agreements with Leju, agency fees and advertising revenue earned from Leju for 2016, 2017 and 2018, generated from the sales of advertising through SINA were amounting to $9.3 million, $16.1 million and $20.8

million, respectively.

2 On April 29, 2013, affiliated entities of the Company formed a strategic alliance with affiliated entities of Alibaba to jointly explore social commerce and develop marketing solutions to enable merchants on Alibaba e-commerce platforms to better connect and build relationships with Weibo s users. Alibaba purchased advertising from the Company and continued to do so subsequently. The Company has continued to keep strategic collaboration and work with Alibaba in the area of social commerce and other areas after the expiration of the strategic framework agreement in January 2016 and recorded $82.0 million, $91.6 million and $126.7 million in advertising and marketing revenues from Alibaba in 2016, 2017 and 2018, respectively.

3 Within other related parties, one related party that is an equity investee in the short video business contributed $53.9 million of advertising and marketing revenues in 2018 and represented $80.9 million of accounts receivable due from other related parties at December 31, 2018.

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(b) Balances with related parties

The Company had the following balances with related parties:

	As of December 31,			
	2017		2018	
	(In thousands)			
Accounts receivable from Leju	$	1,513	$	4,905
Accounts receivable from Alibaba		43,676		53,480
Accounts receivable from other related parties3		29,848		131,137
	$	75,037	$	189,522
Deferred revenues in relation to License Agreement with Leju	$	64,521	$	54,087
Account payable to related parties	$	20,660	$	50,678
Accrued and other liabilities to related parties	$	5,681	$	14,763

(c) Shares Issuance to Management

On November 6, 2015, the Company completed an issuance of 11,000,000 ordinary shares to New Wave, a holding company that holds ordinary shares on behalf of our senior management and controlled by Mr. Charles Chao, Chairman and chief executive officer (CEO) of the Company, for an aggregate price of $456,390,000 pursuant to a legally binding subscription agreement signed in June 2015. The shares acquired in this transaction are subject to a contractual lock-up restriction for six months after the closing on November 6, 2015. The per share purchase price of US$41.49 represents the average closing trading price of SINA s ordinary shares for the 30 trading days ended May 29, 2015, the last trading day before the signing of the subscription agreement. No stock-based compensation expenses arose from this placement.

On November 6, 2017, the Company entered into a share subscription agreement with New Wave, which held 7,944,386 ordinary shares of the Company then. Pursuant to the agreement, the Company issued to New Wave 7,150 newly created class A preference shares with 10,000 votes per share initially (the Class A Preference Shares), at par value of US$1.00 per share. Immediately following the share issuance, New Wave s aggregate voting power in the Company increased from approximately 11.1% to approximately 55.5%. The Class A Preference Shares have no economic rights and no participant rights to any dividend, and as a result, the Company concluded that the transfer of economic benefits from the Company or shareholders to New Wave and the fair value of these Class A Preferred Shares was immaterial.

See Note 15 to Consolidated Financial statements Shares Issuance to Management.

(d) Other transactions with related parties

Transactions with related parties included in cost and operating expenses represented 4.4%, 4.4%, and 4.1% of total cost and operating expenses for 2016, 2017 and 2018, respectively. The Company believes that the terms of the agreements with the related parties are comparable to the terms of market rate transactions with third-party customers and vendors.

Other than the transactions disclosed above or elsewhere in the consolidated financial statements, the Company had no material loan and interest income /expense with related parties for the years ended December 31, 2016, 2017 and 2018.

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11. Income Taxes

The Company is registered in the Cayman Islands and has operations in four tax jurisdictions the PRC, the U.S., Hong Kong and Taiwan. The operations in Taiwan represent a branch office of the subsidiary in the U.S. For operations in the U.S., Hong Kong and Taiwan, the Company has incurred net accumulated operating losses for income tax purposes. The Company believes that it is more likely than not that these net accumulated operating losses will not be utilized in the future. Therefore, the Company has provided full valuation allowance for the deferred tax assets arising from the losses at these locations as of December 31, 2017 and 2018.

The components of income before income taxes are as follows:

	Year Ended December 31,		
	2016	2017	2018
	(In thousands, except percentage)		
Income before income tax expense	$ 304,527	$ 424,239	$ 555,410
Income (loss) from non-China operations	$ 125,064	$ (79,945)	$ (143,680)
Income from China operations	$ 179,463	$ 504,184	$ 699,090
Income tax expense applicable to China operations	$ 11,985	$ 73,165	$ 129,406
Effective tax rate for China operations	7%	15%	19%

The Company has recorded income tax provisions from its PRC operations for the years ended December 31, 2016, 2017 and 2018. The income (loss) from non-China operation mainly resulted from the disposal/dilution gain (loss) or impairment loss related to overseas investments, stock-based compensation and fair value change in option liability, etc. In 2016, the Company s non-China operations recorded (i) aggregated gains of $156.4 million from disposing a series of investments under cost method (ii) a gain of $44.2 million related to disposal of its partial investment in Alibaba, (iii) a gain of $34.5 million related to disposal of its remaining investment in Youku Tudou due to its privatization and (iv) a loss of $28.5 million in change in fair value of option liability related to E-House. A portion of the non-China operations in 2016 resulted in the recognition of non-China income tax expense. In 2017, the Company s non-China operations recorded (i) a gain of $92.3 million related to disposal of its investment in Alibaba, offset by (ii) impairment of $113.1 million provided in Leju investment and (iii) stock based compensation expenses recognized in the financial statements. In 2018, the Company s non-China operations recorded (i) an aggregated loss of $66.3 million in fair value change on overseas investments and (ii) stock based compensation expenses recognized in the financial statements.

Cayman Islands

Under the current tax laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed. As such, the significant income from the disposition gain of Alibaba and certain private foreign entity s shares are not subject to tax.

U.S.

As of December 31, 2018, the Company s subsidiary in the U.S. had approximately $88.8 million of federal and $7.9 million of state net operating loss carryforwards available to offset future taxable income. The federal net operating loss carryforwards will expire, if unused, in the years ending June 30, 2019 through December 31, 2038, and the state net operating loss carryforwards will expire, if unused, in the years ending December 31, 2028 through December 31, 2038. Included in the net operating loss carryforwards were $40.4 million and $4.2 million of federal and state net operating loss carryforwards relating to employee stock options, the benefit of which will be credited to equity when realized. The Tax Reform Act of 1986 limits the use of net operating loss and tax credit carryforwards in certain situations when changes occur in the stock ownership of a company. In the event the Company has a change in ownership, utilization of carryforwards could be restricted. The deferred tax assets for the U.S. subsidiary as at December 31, 2018 consisted mainly of net operating loss carryforwards, for which a full valuation allowance has been provided, as management believes it is more likely than not that these assets will not be realized in the future.

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

	As of December 31, 2017		As of December 31, 2018	
	(In thousands)			
Deferred tax assets:				
Net operating loss carry-forwards	$	30,557	$	30,484
Other tax credits, allowances for doubtful accounts, accruals and other liabilities		563		539
Total deferred tax assets		31,120		31,023
Less: valuation allowance		(31,120)		(31,023)
Deferred tax assets, net	$		$	

Hong Kong

As of December 31, 2018, the Company s Hong Kong subsidiaries had approximately $36.5 million of net operating loss carryforwards which can be carried forward indefinitely to offset future taxable income. As of December 31, 2018, the deferred tax assets for the Hong Kong subsidiary, consist mainly of net operating loss carryforwards, for which a full valuation allowance has been provided. Management believes it is more likely than not that these assets will not be realized in the future.

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

	As of December 31, 2017		As of December 31, 2018	
	(In thousands)			
Deferred tax assets:				
Net operating loss carry-forwards	$	5,776	$	6,023
Less: valuation allowance		(5,776)		(6,023)
Deferred tax assets	$		$	

China

Effective January 1, 2008, the Enterprise Income Tax Law (the EIT Law) in China unifies the enterprise income tax rate for the entities incorporated in China at 25% if they are not eligible for any preferential tax treatment. High and new technology enterprises enjoy a preferential tax rate of 15% under the EIT Law. As of December 31, 2018, some of the Company s subsidiaries in China, such as SINA.com Technology (China) Co., Ltd., SINA Technology (China) Co., Ltd., Beijing New Media Information Technology Co., Ltd., and Sina (Shanghai) Management Co., Ltd., were qualified as high and new technology enterprises and enjoyed a preferential tax rate of 15% under the new EIT Law.

On February 22, 2008, relevant governmental regulatory authorities released qualification criteria, application procedures and assessment processes for software enterprise , which were updated in April 2013. An entity qualified as a software enterprise, may enjoy an income tax exemption for two years beginning with its first profit making year and a reduced tax at a rate of 12.5% for the subsequent three years. Weibo Technology, qualified as software enterprises, started to enjoy the relevant tax holiday from its first accumulative profitable year in 2015 and has been subject to a reduced enterprise income tax rate of 12.5% since 2017. In late 2018, Weibo Technology was approved to be qualified as a key software enterprise for 2017 and thus entitled to enjoy a further reduced preferential tax rate of 10% for 2017. Weibo Technology used the tax credit of its key software enterprise status of 2017 and recognized $10.8 million of tax credit related to 2017 in 2018.

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The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose de facto management body is located in the PRC should be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The Implementing Rules of the EIT Law merely define the location of the de facto management body as the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, properties, etc., of a non-PRC company is located. Based on a review of surrounding facts and circumstances, the Company does not believe that it is likely that its operations outside of the PRC should be considered a resident enterprise for PRC tax purposes. However, due to limited guidance and implementation history of the EIT Law, should SINA be treated as a resident enterprise for PRC tax purposes, the Company has accrued PRC tax on worldwide income at a uniform tax rate of 25% retroactive to January 1, 2008.

The EIT Law also imposes a withholding income tax of 10% on dividends distributed by an FIE to its immediate holding company outside of China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company s jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. Such withholding income tax was exempted under the Previous EIT Law. The Cayman Islands, where the Company is incorporated, does not have such tax treaty with China. According to the arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by an FIE in China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% (if the foreign investor owns directly at least 25% of the shares of the FIE). The State Administration of Taxation further promulgated Circular 601 on October 27, 2009, which provides that tax treaty benefits will be denied to conduit or shell companies without business substance and that a beneficial ownership analysis will be used based on a substance-over-form principle to determine whether or not to grant the tax treaty benefits.

A majority of the Company s FIEs operations in China are invested and held by Hong Kong registered entities. If the Company is regarded as a non-resident enterprise and our Hong Kong subsidiaries are regarded as resident enterprises, then our Hong Kong subsidiaries may be required to pay a 10% withholding tax on any dividends payable to us. If our Hong Kong entities are regarded as non-resident enterprises, then the Company s PRC subsidiaries may be required to pay a 5% withholding tax for any dividends payable to our Hong Kong subsidiaries. However, it is still unclear at this stage whether Circular 601 applies to dividends from the Company s PRC subsidiaries paid to our Hong Kong subsidiaries and if our Hong Kong subsidiaries were not considered as beneficial owners of any dividends from their PRC subsidiaries, the dividends payable to our Hong Kong subsidiaries would be subject to withholding tax at a rate of 10%. In accordance with accounting guidance, all undistributed earnings are presumed to be transferred to the parent company and are subject to the withholding taxes. Based on the subsequently issued interpretation of the EIT, Article 4 of Cai Shui (2008) Circular No. 1, dividends on earnings prior to 2008 but distributed after 2008 are not subject to withholding income tax. The Company decided that its foreign invested enterprises will not distribute PRC earnings made since 2008 beyond to their immediate foreign holding companies and will maintain such cash onshore to reinvest in its PRC operations. As of December 31, 2017 and 2018, the Company did not record any withholding tax on the retained earnings of its FIEs in the PRC as the Company intends to reinvest all earnings in China since 2008 to further expand its business in China, and its FIEs do not intend to declare dividends on the retained earnings made since 2008 to their immediate foreign holding companies.

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

The Company did not recognize any amount of unrecognized tax benefits and related interest and penalties in its financial statement during the presented periods in accordance with ASC740-10. Included in the long-term liabilities as of December 31, 2017 and 2018, there was both

approximately $0.6 million unrecognized tax liability, respectively, arising from transferring pricing arrangements between subsidiaries and VIEs in previous periods, which is immaterial to the consolidated financial statements for all periods presented. The Company also did not expect any significant increase or decrease in this unrecognized tax liability within 12 months following the reporting date. In general, the PRC tax authorities have up to five years to review a company s tax filings. Accordingly, tax filings of the Company s PRC subsidiaries and VIEs for tax years 2014 through 2018 remain subject to the review by the relevant PRC tax authorities. In the case of a transferring pricing related adjustment, the statute of limitation is ten years, which indicates that such arrangement will open for examination by PRC tax authorities.

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In December 2009, the State Administration of Tax (SAT) in China issued a circular on strengthening the management of proceeds from equity transfers by non-China tax resident enterprises and requires foreign entities to report indirect sales of China tax resident enterprises. If the existence of the overseas intermediary holding company is disregarded due to lack of reasonable business purpose or substance, gains on such sale are subject to PRC withholding tax. In February 2015, SAT issued the Circular on Several Issues Related to Enterprise Income Tax for Indirect Asset Transfer by Non-PRC Resident Enterprises , or SAT Circular 7, if a non-resident enterprise transfers the equity interests of or similar rights or interests in overseas companies which directly or indirectly own PRC taxable assets through an arrangement without a reasonable commercial purpose, but rather to avoid PRC corporate income tax, the transaction will be re-characterized and treated as a direct transfer of PRC taxable assets subject to PRC corporate income tax. SAT Circular 7 specifies certain factors that should be considered in determining whether an indirect transfer has a reasonable commercial purpose. However, as SAT Circular 7 is newly issued, there is uncertainty as to the application of SAT Circular 7 and the interpretation of the term reasonable commercial purpose. SAT Circular 7 became effective on February 2015, but it also applies to indirect transfers which occurred before its issuance but have not received assessment from the tax authorities. Although the Company believes that it is more likely than not all the transactions made by the Company during all the presented periods would be determined to have reasonable commercial purpose, should this not be the case, the Company would be subject to a significant withholding tax that could materially and adversely impact its financial position, results of operations and cash flows.

Composition of income tax expenses for China operations

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

	Year Ended December 31,		
	2016	2017	2018
		(In thousands)	
Current tax provision	$ 17,455	$ 76,379	$ 95,846
Deferred tax (benefits) provision	(5,470)	(3,214)	33,560
Income tax expense	$ 11,985	$ 73,165	$ 129,406

The deferred tax provision in 2018 mainly consisted of $40.8 million deferred tax provision for those gains recognized from fair value changes on investments with the adoption of the new guidance on accounting for investment in equity securities starting from 2018, and deferred tax benefits in relation to the increase in deferred tax assets.

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

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

	Year Ended December 31,		
	2016	2017	2018
Statutory EIT rate	25%	25%	25%
Effect on tax holiday and preferential tax rate1	(29)%	(11)%	(11)%
Permanent differences	(1)%	(1)%	1%
Change in valuation allowance	12%	2%	4%
Effective tax rate for China operations	7%	15%	19%

1 Included the impact of Weibo Technology s preferential tax treatment of key software enterprise status of 2017 in 2018

The provisions for income taxes for the years ended December 31, 2016, 2017 and 2018 differ from the amounts computed by applying the EIT primarily due to the tax holidays and the preferential tax rate enjoyed by certain of the Company s entities in the PRC. The increase in effective tax rate for China operations in 2017 as compared to 2016 was mainly due to the change in tax status of Weibo Technology in 2017 from being fully tax exempted to being subject to a reduced enterprise income tax rate of 12.5%. The increase in effective tax rate for China operations in 2018 as compared to 2017 was mainly due to higher impact from the change of valuation allowance and permanent differences, which was offset in part by the preferential tax rate effect of Weibo Technology s key software enterprise qualification obtained in 2018.

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

	Year Ended December 31,		
	2016	2017	2018
	(In thousands, except per share amount)		
Tax holiday effect	$ 51,829	$ 56,377	$ 76,246
Basic net income per share effect	$ 0.74	$ 0.79	$ 1.08
Diluted net income per share effect	$ 0.67	$ 0.76	$ 1.05

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

	As of December 31,	
	2017	2018
	(In thousands)	
Deferred tax assets:		
Allowances for doubtful accounts	$ 21,454	$ 24,267
Net operating loss carry forwards	14,913	31,016
Accruals	17,330	21,989
Depreciation and other liabilities	23,294	33,020
Total deferred tax assets	76,991	110,292
Less: valuation allowance	(60,833)	(87,079)
Net deferred tax assets	$ 16,158	$ 23,213
Deferred tax liabilities:		
Depreciation	$ (650)	$ (821)
Investment gain		(40,781)
Acquired intangible assets	(3,836)	(3,213)
Others	(3,274)	(6,278)
Total deferred tax liabilities	$ (7,760)	$ (51,093)

A valuation allowance is provided against deferred tax assets when the Company determines that it is more likely than not that the deferred tax assets will not be utilized in the future. In making such determination, the Company considered factors including (i) future reversals of existing taxable temporary differences; (ii) future taxable income exclusive of reversing temporary differences and carry-forwards; and (iii) tax planning strategies. Historically, deferred tax assets were valued using the previous statutory rate of 25% or applicable preferential rates.

As of December 31, 2017 and 2018, the Company provided a full valuation allowance of the deferred tax assets for China operations mainly related to the allowance for doubtful accounts. Given that the Company has been unsuccessful in getting approval from the relevant tax authorities for the deduction of the tax allowance on bad debt in recent years, the Company believes it is more likely than not that these deferred tax assets will not be utilized.

As of December 31, 2017 and 2018, the Company had net operating loss carry forwards for China operations totaling $70.5 million and $149.9 million to offset against future net profit for income tax purposes, resulting in $14.9 million and $31.0 million deferred tax assets. The Company anticipates that it is more likely than not that these net operating

losses may not be fully utilized based on its estimate of the operation performance of these PRC entities; therefore, deferred tax assets generated from net operating losses were offset by a valuation allowance of $14.8 million and $29.8 million, respectively.

The deferred tax liabilities arising from investments was related to the deferred tax provision on the fair value changes of investments since the adoption of new investment guidance starting from 2018.

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12. Net Income (Loss) Per Share

Basic net income (loss) per share is computed using the weighted average number of the ordinary shares outstanding during the period. Restricted share units are not considered outstanding in the computation of basic earnings per share (EPS). Diluted EPS is computed using the weighted average number of ordinary shares and potential ordinary shares outstanding during the period. The computation of diluted EPS does not assume conversion, exercise, or contingent issuance of securities that would have an anti-dilutive effect (i.e. an increase in EPS amounts or a decrease in loss per share amounts) on net income per share. For the years ended December 31, 2016, 2017 and 2018, the interest expenses and amortized issuance costs of $10.8 million, $1.5 million and $1.4 million, respectively, as well as the number of if converted shares related to convertible debt were recognized as dilutive factors and included in the calculation of diluted net income per share. For the years ended December 31, 2016, 2017 and 2018, stock options and unvested restricted share units that were anti-dilutive and excluded from the calculation of diluted net income per share were immaterial on a weighted average basis.

In calculating the Company s consolidated basic and diluted EPS, the numerator include SINA s share of income (loss) from Weibo based on Weibo s basic and diluted EPS, respectively, multiplied by the number of Weibo shares held by SINA. In 2016, 2017 and 2018, the effect on consolidated net income per share of dilutive shares from Weibo was $2.1 million, $3.6 million and $3.3 million, respectively. The Company also believes that it is not necessary to make any allocation to the preferred shareholders when applying the two class method of calculating EPS in accordance with ASC 260, because the preferred shares are not participant securities (see Note 15- preferred shares for details)

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

	Year Ended December 31,		
	2016	2017	2018
	(In thousands, except per share amounts)		
Basic net income per share calculation:			
Numerator:			
Net income attributable to SINA s ordinary shareholders	$ 225,087	$ 156,569	$ 125,562
Denominator:			
Weighted average ordinary shares outstanding	70,301	71,284	70,296
Basic net income per share	$ 3.20	$ 2.20	$ 1.79
Diluted net income per share calculation:			
Numerator:			
Net income attributable to SINA s ordinary shareholders	$ 225,087	$ 156,569	$ 125,562
Less: Effect on consolidated net income per share of dilutive shares of the Company s equity interests	2,275	3,915	3,699
Add: Effect on interest expenses and amortized issuance cost of convertible debt	10,831	1,531	1,403
Net income attributable for calculating diluted net income per share	233,643	154,185	123,266
Denominator:			
Weighted average ordinary shares outstanding	70,301	71,284	70,296
Weighted average ordinary shares equivalents:			
Effects of dilutive securities			
Stock options	112	94	87
Unvested restricted share units	958	1,172	683
Convertible debt	6,140	1,381	1,309

Shares used in computing diluted net income per share attributable to SINA		77,511		73,931		72,375
Diluted net income per share	$	3.01	$	2.09	$	1.70

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13. Employee Benefit Plans

China Contribution Plan

The Company s subsidiaries and VIEs in China participate in a government-mandated, multi-employer, defined contribution plan, pursuant to which certain retirement, medical, housing and other welfare benefits are provided to employees. Chinese labor laws require the Company s subsidiaries to pay to the local labor bureau a monthly contribution at a stated contribution rate based on the monthly basic compensation of qualified employees. The local labor bureau is responsible for meeting all retirement benefit obligations; the Company has no further commitments beyond its monthly contribution. For the years ended December 31, 2016, 2017 and 2018, the Company contributed a total of $59.7 million, $69.9 million and $93.8 million to the government funds, respectively.

401(k) Savings Plan

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

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14. Profit Appropriation

Relevant PRC laws and regulations permit PRC companies to pay dividends only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The Company s subsidiaries and VIEs in China are required to make appropriations to certain non-distributable reserve funds. In accordance with the laws applicable to China s Foreign-Invested Enterprises (FIEs), its subsidiaries have to make appropriations from its after-tax profit (as determined under Generally Accepted Accounting Principles in the PRC (PRC GAAP) to non-distributable reserve funds including the (i) general reserve fund, (ii) enterprise expansion fund and (iii) staff bonus and welfare fund. General reserve fund is at least 10% of the after-tax profits calculated in accordance with the PRC GAAP. Appropriation is not required if the reserve fund has reached 50% of the registered capital of the respective company. The appropriation of the other two reserve funds is at the Company s discretion. At the same time, the Company s VIEs, in accordance with the China Company Laws, must make appropriations from its after-tax profit (as determined under the PRC GAAP) to non-distributable reserve funds including (i) statutory surplus fund and (ii) discretionary surplus fund. Statutory surplus fund is at least 10% of the after-tax profits calculated in accordance with the PRC GAAP. Appropriation is not required if the reserve fund has reached 50% of the registered capital of the respective company.

General reserve fund and statutory surplus fund are restricted for setting off against losses, expansion of production and operation or increase in register capital of the respective company. As a result of these PRC laws and regulations, the general reserve, statutory surplus and registered capital of PRC subsidiaries and VIEs are restricted in terms of being transferred to the Company either in the form of dividends, loans or advances. The balance of restricted net assets was $514.6 million or 18.9% of the Company s total consolidated net assets as of December 31, 2018. Except for the above, there is no other restriction on the use of proceeds generated by the Company s subsidiaries and VIEs to satisfy any obligations of the Company.

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15. Shareholders Equity

Stockholder Rights Plan

In 2005, the Company adopted a Rights Plan (the 2005 Rights Plan) to protect the best interests of all shareholders. The 2005 Rights Plan expired on February 22, 2015. In order to continue to protect the best interests of our shareholders, the Company s board of directors approved a continuation of the 2005 Rights Plan (the 2015 Rights Plan) in April 2015. In general, the 2015 Rights Plan has substantially the same terms as the 2005 Rights Plan. Pursuant to the 2015 Rights Plan, stockholders of SINA have rights to purchase ordinary shares of the Company at a substantial discount from those securities fair market value upon a person or group acquiring, without the approval of the Board of Directors, more than 10% of the Company s ordinary shares. Any person or group who triggers the purchase right distribution becomes ineligible to participate in the Plan, causing substantial dilution of such person or group s holdings. The 2015 Rights Plan has a record date of May 4, 2015 and will expire on April 23, 2025 unless extended by the Company s board of directors before then.

In addition, the Company s Board of Directors has the authority, without further action by its shareholders, to issue up to 3,750,000 preference shares in one or more series and to fix the powers and rights of these shares, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with its ordinary shares. Preference shares could thus be issued quickly with terms calculated to delay or prevent a change in control or make removal of management more difficult. Similarly, the Board of Directors may approve the issuance of debentures convertible into voting shares, which may limit the ability of others to acquire control of the Company.

Shares Issuance to Management

Preferred Shares

On November 6, 2017, the Company entered into the Share Subscription Agreement with New Wave, which held 7,944,386 ordinary shares of the Company then. Pursuant to the agreement, the Company issued to New Wave 7,150 newly created the Class A Preference Shares with 10,000 votes per share initially, at par value of US$1.00 per share. Immediately following the share issuance, New Wave s aggregate voting power in the Company increased from approximately 11.1% to approximately 55.5%.

The following is a summary of the key terms of the Class A Preference Shares:

- The Class A Preference Shares have no economic rights nor any right to any dividend or other distribution by the Company.

- The Class A Preference Shares are entitled to vote on all matters submitted to a general meeting of the Company. When New Wave sells or otherwise transfers any number of Ordinary Shares held by it to a third party which is not an affiliate of New Wave, the number of votes that each Class A Preference Share is entitled to will be reduced proportionally.

- On any resolution to elect a director where the nominee is an executive officer of the Company, the votes attaching to the Class A Preference Shares on such resolution shall not be counted if a majority of the votes cast by the holders of the Company s ordinary shares is against the appointment of such nominee.

- For all matters that are required to be subject to shareholder approval under Rule 5635 of the Nasdaq Stock Market Rules, New Wave shall vote the Class A Preference Shares in accordance with the Board s recommendation to the extent the board determines to submit any such matter to shareholder approval.

- If New Wave transfers the Class A Preference Shares to a third party which is not an affiliate of New Wave, or when New Wave ceases to be controlled by any person holding executive office in the Company, the Class A Preference Shares shall cease to have any voting right.

The Class A Preference Shares have no economic rights and no participant rights to any dividend, and as a result, the Company concluded that the transfer of economic benefits from the Company or shareholders to New Wave and the fair value of these Class A Preferred Shares was immaterial.

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In-kind Distribution

On August 31, 2016 and May 26, 2017, the Company announced its planned distribution of shares of Weibo to SINA s shareholders as of the record date on a pro rata basis, or one Weibo Share for each ten outstanding SINA ordinary shares, respectively (the 2016 Distribution and the 2017 Distribution). As of distribution date, the Company has distributed Class A ordinary shares of Weibo, based on the ordinary shares of SINA outstanding as of the record date.

Distribution	Record Date	Distribution Date	Distributed Share	SINA s Ordinary Shares
2016 Distribution	September 12, 2016	October 14, 2016	7,088,116	70,881,168
2017 Distribution	June 7, 2017	July 10, 2017	7,142,148	71,421,480

The 2016 Distribution resulted in a decrease of $338.6 million in retained earnings, which was equal to the fair value of Weibo shares distributed and also led an increase of $21.9 million in the non-controlling interests related to Weibo, which represented the change in the underlying net assets related to the equity interest held by the Company in Weibo as of the declaration date. The 2017 Distribution resulted in a decrease of $554.0 million in retained earnings, which was equal to the fair value of Weibo shares distributed and also led an increase of $31.7 million in the non-controlling interests related to Weibo, which represented the change in the underlying net assets related to the equity interest held by the Company in Weibo as of the declaration date. The remaining difference has been reflected as an increase in additional paid-in capital in 2016 and 2017, respectively. As of December 31, 2018, the Company held 45.3% economic interest and 71.3% voting interest in Weibo.

2015 Share Incentive Plan

On June 29, 2007, the Company adopted the 2007 Share Incentive Plan (the 2007 Plan), which plan was amended and restated on August 2, 2010 (the Amended and Restated 2007 Plan). The Amended and Restated 2007 Plan permits the granting of share options, share appreciation rights, restricted share units and restricted shares. The Amended and Restated 2007 Plan terminated on August 1, 2015. Under the 2007 Plan, a total of 10,000,000 ordinary shares of the Company are available for issuance. As of December 31, 2018, there were 155,000 options and 92,000 restricted share units outstanding under the Amended and Restated 2007 Plan.

In July, 2015, the Company adopted the 2015 Share Incentive Plan (the 2015 Plan), which permits the granting of share options, share appreciation rights, restricted share units and restricted shares. Under the 2015 Plan, a total of 6,000,000 ordinary shares of the Company is available for issuance. The maximum number of ordinary shares available for issuance will be reduced by one share for every one share issued pursuant to a share option or share appreciation right and by 1.75 share for every one share issued as restricted shares or pursuant to a restricted shares unit. The maximum number of ordinary shares that may be granted subject to awards under the 2015 Plan during any given fiscal year will be limited to 3% of the total outstanding shares of the Company as of the end of the immediately preceding fiscal year, plus any shares remaining available under the share pool for the immediately preceding fiscal year. Share options and share appreciation rights must be granted with an exercise price of at least 110% of the fair market value

on the date of grant.

Upon adoption, the 2015 Plan replaced the existing 2007 Plan and, as a result, no additional awards could be granted under the 2007 Plan. As of December 31, 2018, there were nil options and 2,065,000 restricted share units outstanding under the 2015 Plan.

Stock-Based Compensation

The following table sets stock-based compensation included in each of the accounts, including amount arising from Weibo s incentive plan:

	Year Ended December 31,		
	2016	2017	2018
	(In thousands)		
Costs of revenues	$ 7,742	$ 9,257	$ 10,128
Sales and marketing	15,496	20,790	21,942
Product development	20,793	29,163	30,830
General and administrative	29,797	32,177	32,169
	$ 73,828	$ 91,387	$ 95,069

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

	Shares Available (In thousands)
January 1, 2016	5,728
Granted*	(2,456)
Cancelled/forfeited	353
Expired	(279)
December 31, 2016	3,346
Granted*	(673)
Cancelled/forfeited	320
Expired	(85)
December 31, 2017	2,908
Granted*	(2,456)
Cancelled/forfeited	128
Expired	(13)
December 31, 2018	567

* In 2016, 2017 and 2018, 1,403,000, 385,000 and 1,404,000, restricted shares units, or 2,456,000, 673,000 and 2,456,000 equivalent option shares, respectively, were granted.

Stock Option

No options were granted during the presented periods under 2015 Incentive Plan.

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

	Options Outstanding (In thousands)		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In years)		Aggregate Intrinsic Value (In thousands)
January 1, 2016	923	$	44.83	3.37	$	5,208
Exercised	(674)	$	47.26			
Cancelled/expired/forfeited	(15)	$	35.69			
December 31, 2016	234	$	38.41	3.63	$	5,226
Exercised	(26)	$	35.69			
Cancelled/expired/forfeited	(18)	$	37.61			
December 31, 2017	190	$	38.86	2.56	$	11,693
Exercised	(34)	$	43.85			
Cancelled/expired/forfeited	(1)	$	35.69			
December 31, 2018	155	$	37.75	1.93	$	2,467
Vested and expected to vest as of December 31, 2017	190	$	38.86	2.56	$	11,693

Exercisable as of December 31, 2017	117	$	39.74	2.31	$	7,063
Vested and expected to vest as of December 31, 2018	155	$	37.75	1.93	$	2,467
Exercisable as of December 31, 2018	153	$	37.77	1.93	$	2,435

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The total intrinsic value of options exercised during 2016, 2017 and 2018 was $22.0 million, $1.6 million and $1.5 million, respectively. The intrinsic value is calculated as the difference between the market value on the date of exercise and the exercise price of the shares. Cash received from the exercises of stock option of the Company during 2016, 2017 and 2018 was $31.9 million, $0.9 million and $1.5 million. As reported by the NASDAQ Global Selected Market, the Company s ending stock price as of December 31, 2017 and 2018 was $100.31 and $53.64, respectively.

As of December 31, 2017 and 2018, there was $1.2 million and $0.02 million of unrecognized compensation cost, adjusted for estimated forfeitures, related to non-vested stock options granted to the Company s employees and directors, respectively. Total unrecognized compensation cost is expected to be recognized over a weighted-average period of 0.04 years as of December 31, 2018. Total unrecognized compensation cost may be adjusted for future changes in estimated forfeitures.

Information regarding the stock options outstanding as of December 31, 2017 and 2018 are summarized below:

Range of Exercise Prices	Options Outstanding (In thousands)	Weighted Average Exercise Price	Options Exercisable (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In years)
As of December 31, 2017					
$35.69 - $35.69	36	$ 35.69	13	$ 35.69	3.04
$38.27 - $38.27	124	$ 38.27	74	$ 38.27	2.90
$45.13 - $45.13	30	$ 45.13	30	$ 45.13	0.55
	190	$ 38.86	117	$ 39.74	2.56
As of December 31, 2018					
$35.69 - $35.69	31	$ 35.69	29	$ 35.69	2.04
$38.27 - $38.27	124	$ 38.27	124	$ 38.27	1.90
	155	$ 37.75	153	$ 37.77	1.93

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Restricted Share Units

Summary of Service-Based Restricted Share Units

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

	Shares Granted (In thousands)		Weighted-Average Grant Date Fair Value
January1, 2016	1,967	$	40.85
Awarded*	1,384	$	49.89
Vested	(754)	$	42.91
Cancelled/forfeited	(192)	$	40.10
December 31, 2016	2,405	$	45.47
Awarded*	365	$	75.05
Vested	(905)	$	45.45
Cancelled/forfeited	(165)	$	44.57
December 31, 2017	1,700	$	51.92
Awarded*	1,383	$	77.67
Vested	(874)	$	48.44
Cancelled/forfeited	(64)	$	57.78
December 31, 2018	2,145	$	69.76

*24,000, 20,000 and 25,000 RSUs were granted to non-employee directors in 2016, 2017 and 2018, respectively.

As of December 31, 2017 and 2018, there was $77.5 million and $118.2 million of unrecognized compensation cost, adjusted for estimated forfeitures, related to non-vested, service-based RSUs granted to the Company s employees and non-employee directors, which is expected to be recognized over a weighted-average period of 2.3 years and 3.0 years respectively. The total fair value based on the respective vesting dates of the restricted share units vested was $43.6 million, $92.2 million and $69.7 million during the years ended December 31, 2016, 2017 and 2018, respectively.

The following table sets forth a summary of performance-based RSU activities for the years ended December 31, 2016, 2017 and 2018:

	Shares Granted (In thousands)		Weighted-Average Grant Date Fair Value
January 1, 2016		$	
Awarded	19	$	47.47
Cancelled/forfeited	(1)	$	47.47

December 31, 2016	18	$	47.47
Awarded	19	$	65.18
Vested	(15)	$	47.47
Cancelled/forfeited	(8)	$	58.51
December 31, 2017	14	$	65.18
Awarded	21	$	102.88
Vested	(12)	$	65.18
Cancelled/forfeited	(11)	$	98.10
December 31, 2018	12	$	101.86

As of December 31, 2016, 2017 and 2018, all performance-based restricted shares granted but not cancelled had been fully vested.

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Weibo s Stock-Based Compensation

In August 2010, the Company s subsidiary Weibo Corporation adopted the 2010 Share Incentive Plan (the 2010 Weibo Incentive Plan), which has a term of ten years and permits the granting of options, share appreciation rights, restricted share units and restricted shares of Weibo to employees, directors and consultants of Weibo and its affiliates. Under the plan, a total of 35 million ordinary shares were initially reserved for issuance. The maximum number of ordinary shares available for issuance will be reduced by one share for every one share issued pursuant to a share option or share appreciation right and by 1.75 share for every one share issued as restricted share or pursuant to a restricted share unit. No options were granted during the periods presented. In March 2014, Weibo s shareholders adopted the 2014 Share Incentive Plan (the 2014 Plan), which has a term of ten years. At the same time, the 2010 Weibo Incentive Plan was terminated and all remaining shares were forwarded to the 2014 Plan. Initially, the 2014 Plan were funded by the remaining 4,647,872 shares from the 2010 Share Incentive Plan and another 1,000,000 new added shares and by 1 share for every one share issued as restricted share or pursuant to a restricted share unit. On January 1, 2015, shares in the 2014 Plan was allowed a one-time increase in the amount equal to 10% of the total number of Weibo shares issued and outstanding on a fully-diluted basis as of December 31, 2014 (One-time Addition). The ordinary shares for issuance under the 2014 plan are on one-for-one basis for each share issued as restricted shares or pursuant to a restricted share unit. Weibo intends to use such share incentive plan to attract and retain employee talent.

The following table sets forth the stock-based compensation included in each of the relevant accounts arising from Weibo s incentive plan:

	Year Ended December 31,		
	2016	2017	2018
	(In thousands)		
Cost of revenues	$ 2,616	$ 3,716	$ 3,522
Sales and marketing	5,357	8,264	6,837
Product development	15,076	21,879	21,187
General and administrative	13,853	14,178	9,465
	$ 36,902	$ 48,037	$ 41,011

Stock compensation expenses related to the grants for Weibo were $36.9 million, $48.0 million and $41.0 million in 2016, 2017 and 2018, respectively, which were amortized over four years on a straight-line basis.

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The following table sets forth a summary of the number of shares available for issuance under Weibo s incentive plan:

	Shares Available (In thousands)
January 1, 2016	20,217
Granted	(1,917)
Cancelled/expired/forfeited	578
December 31, 2016	18,878
Granted	(736)
Cancelled/expired/forfeited	398
December 31, 2017	18,540
Granted	(1,597)
Cancelled/expired/forfeited	350
December 31, 2018	17,293

The following table sets forth a summary of option activities under Weibo stock option program:

	Options Outstanding (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In years)	Aggregate Intrinsic Value (In thousands)
January 1, 2016	6,303	$ 1.26	2.4	$ 114,975
Exercise	(3,625)	$ 1.10		
Cancelled/expired/forfeited	(91)	$ 3.37		
December 31, 2016	2,587	$ 1.41	1.6	$ 101,403
Exercise	(2,122)	$ 1.04		
Cancelled/expired/forfeited	(28)	$ 0.68		
December 31, 2017	437	$ 3.24	2.0	$ 43,800
Exercise	(248)	$ 3.14		
Cancelled/expired/forfeited	(5)	$ 1.16		
December 31, 2018	184	$ 3.45	1.5	$ 10,089
Vested and expected to vest as of December 31, 2017	437	$ 3.24	2.0	$ 43,800
Exercisable as of December 31, 2017	437	$ 3.24	2.0	$ 43,800
Vested and expected to vest as of December 31, 2018	184	$ 3.45	1.5	$ 10,089
Exercisable as of December 31, 2018	184	$ 3.45	1.5	$ 10,089

No options were granted in the years ended December 31, 2016, 2017 and 2018. The total intrinsic value of options exercised for the years ended December 31, 2016, 2017 and 2018 was $129.3 million, $135.2 million and $25.6 million, respectively. The intrinsic value is calculated as the difference between the market value on the date of exercise and the exercise price of the shares. Cash received from the exercises of stock option for Weibo during the years ended December 31, 2016, 2017 and 2018 was $4.2 million, $2.3 million and $0.8 million, respectively. As reported by the NASDAQ Global Selected Market, the Company s ending stock price as of December 31, 2017 and 2018 was $103.46 and $58.43, respectively.

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All unrecognized compensation cost, adjusted for estimated forfeitures, related to non-vested stock options granted to Weibo s employees and directors has been fully amortized in 2017.

Information regarding stock options of Weibo outstanding is summarized below:

Range of Exercise Prices	Options Outstanding (In thousands)	Weighted Average Exercise Price	Options Exercisable (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In years)
As of December 31, 2017					
$ 0.96 - $1.80	31	$ 0.97	31	$ 0.97	0.2
$ 3.25 - $3.36	179	$ 3.33	179	$ 3.33	1.4
$ 3.43 - $3.50	227	$ 3.48	227	$ 3.48	2.6
	437	$ 3.24	437	$ 3.24	2.0
As of December 31, 2018					
$ 3.25 - $3.36	32	$ 3.30	32	$ 3.30	0.8
$ 3.43 - $3.50	152	$ 3.48	152	$ 3.48	1.7
	184	$ 3.45	184	$ 3.45	1.5

Weibo s Restricted Share Units

The following table sets forth the summary of service-based restricted share unit activities for Weibo:

	Shares Granted (In thousands)	Weighted-Average Grant Date Fair Value
As at January 1, 2016	6,501	$ 13.98
Awarded	1,806	$ 24.94
Vested	(2,274)	$ 14.73
Cancelled/forfeited	(575)	$ 14.58
As at December 31, 2016	5,458	$ 17.23
Awarded	581	$ 62.87
Vested	(2,406)	$ 17.01
Cancelled/forfeited	(366)	$ 17.72
As at December 31, 2017	3,267	$ 25.45
Awarded	1,406	$ 68.18
Vested	(1,757)	$ 21.59
Cancelled/forfeited	(160)	$ 44.00
As at December 31, 2018	2,756	$ 48.62

As of December 31, 2018, unrecognized compensation cost, adjusted for estimated forfeitures and related to non-vested, service-based restricted share units granted to Weibo s employees and directors, was $112.5 million. The unrecognized compensation cost is expected to be recognized over a weighted-average period of 3.5 years. The total fair value based

on the vesting date of the restricted share units vested was $33.5 million, $40.9 million and $37.9 million during the years ended December 31, 2016, 2017 and 2018, respectively.

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Weibo s Summary of Performance-Based RSUs

The following table sets forth a summary of Weibo s performance-based RSU activities for the year ended December 31, 2016, 2017 and 2018:

	Shares Granted (In thousands)		Weighted-Average Grant Date Fair Value
January 1, 2016		$	
Awarded	111	$	27.00
Cancelled/forfeited	(3)	$	27.00
December 31, 2016	108	$	27.00
Awarded	155	$	50.45
Vested	(102)	$	27.00
Cancelled/forfeited	(32)	$	46.42
December 31, 2017	129	$	50.32
Awarded	191	$	86.63
Vested	(126)	$	50.32
Cancelled/forfeited	(190)	$	86.90
December 31, 2018	4	$	87.14

As of December 31, 2017 and 2018, there was $0.7 million and $0.02 million unrecognized compensation cost related to performance-based restricted share units granted to Weibo s employees, respectively.

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16. Segment Information

The Company currently operates in three principal business segments globally Portal advertising, Weibo and Others. Information regarding the business segments provided to the Company s chief operating decision makers (CODM) are at the revenue or gross margin level. The Company currently does not allocate operating expenses or assets to its segments, as its CODM does not use such information to allocate resources or evaluate the performance of the operating segments of Portal advertising and Others. The Company currently does not allocate other long-lived assets to the geographic operations, except for property and equipment.

With the increased revenues arising from Fintech business, mainly include online payment service and newly acquired loan facilitation service, the CODM started to evaluate the performance of Fintech business. However, the Fintech business was not deemed to be significant enough to qualify as a separate reportable segment, therefore together with other non-reportable segments it was included in Others .

The following tables present summary information by segment:

For the Year Ended December 31, 2016:

	Portal advertising	Others	Portal advertising & Others	Weibo	Elimination*	Total
	(In thousands, except percentages)					
Net revenues	$ 304,090	$ 74,931	$ 379,021	$ 655,800	$ (3,885)	$ 1,030,936
- Advertising	304,090		304,090	570,982	(3,885)	871,187
- Non-advertising		74,931	74,931	84,818		159,749
Costs of revenues	136,196	47,555	183,751	171,231	(286)	354,696
Gross margin	55%	37%	52%	74%		66%
Operating expenses:						
Sales and marketing			$ 102,384	$ 148,283	$ (3,599)	$ 247,068
Product development			62,140	154,088		216,228
General and administrative			58,256	41,218		99,474
Goodwill and acquired intangibles impairment			40,194			40,194
Total operating expenses			$ 262,974	$ 343,589	$ (3,599)	$ 602,964
Income (loss) from operations			(67,704)	140,980		73,276
Interest and other income, net			17,456	8,757		26,213
Change in fair value of option liability			(28,456)			(28,456)
Loss from equity method investments, net			(11,636)	(130)		(11,766)
Realized gain on long-term investments			289,159	534		289,693
Investment related impairment			(4,272)	(40,161)		(44,433)
Income before income tax expense			194,547	109,980		304,527

Income tax expense		(22,903)		(4,316)		(27,219)
Net income	$	171,644	$	105,664	$	277,308

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For the Year Ended December 31, 2017:

	Portal advertising	Others	Portal advertising & Others	Weibo	Elimination*	Total
	(In thousands, except percentages)					
Net revenues	$ 320,473	$ 122,535	$ 443,008	$ 1,150,054	$ (9,178)	$ 1,583,884
- Advertising	320,473		320,473	996,745	(5,352)	1,311,866
- Non-advertising		122,535	122,535	153,309	(3,826)	272,018
Costs of revenues	121,278	65,733	187,011	231,255	(4,129)	414,137
Gross margin	62%	46%	58%	80%		74%
Operating expenses:						
Sales and marketing			$ 138,368	$ 275,537	$ (5,049)	$ 408,856
Product development			73,999	193,393		267,392
General and administrative			62,608	42,315		104,923
Total operating expenses			$ 274,975	$ 511,245	$ (5,049)	$ 781,171
Income (loss) from operations			(18,978)	407,554		388,576
Interest and other income, net			29,436	13,260		42,696
Income (loss) from equity method investments, net			(17,100)	1,030		(16,070)
Realized gain on long-term investments			131,993	14		132,007
Investment related impairment			(118,223)	(4,747)		(122,970)
Income before income tax expense			7,128	417,111		424,239
Income tax expense			(7,930)	(66,746)		(74,676)
Net income (loss)			$ (802)	$ 350,365		$ 349,563

For the Year Ended December 31, 2018:

	Portal advertising	Others	Portal advertising & Others	Weibo	Elimination*	Total
	(In thousands, except percentages)					
Net revenues	$ 290,215	$ 111,412	$ 401,627	$ 1,718,518	$ (11,818)	$ 2,108,327
- Advertising	290,215		290,215	1,499,180	(110)	1,789,285
- Non-advertising		111,412	111,412	219,338	(11,708)	319,042
Costs of revenues	117,600	68,500	186,100	277,648	(11,708)	452,040
Gross margin	59%	39%	54%	84%		79%
Operating expenses:						
Sales and marketing			$ 172,648	$ 527,424	$ (110)	$ 699,962
Product development			96,069	249,873		345,942
General and administrative			76,429	43,755		120,184
Goodwill and acquired intangibles impairment			12,691	10,554		23,245
Total operating expenses			$ 357,837	$ 831,606	$ (110)	$ 1,189,333
Income (loss) from operations			(142,310)	609,264		466,954
			25,547	43,808		69,355

Interest and other income, net					
Income (loss) from equity method investments, net		1,063		57		1,120
Realized gain (loss) on long-term investments		3,016		(287)		2,729
Fair value changes through earnings on investments, net		56,459		40,074		96,533
Investment related impairment		(57,207)		(24,074)		(81,281)
Income (loss) before income tax expense		(113,432)		668,842		555,410
Income tax expense		(32,862)		(96,222)		(129,084)
Net income (loss)	$	(146,294)	$	572,620	$	426,326

* Weibo has provided advertising service to portal advertising business since 2016 and started to provide channel service to other business since 2017. The related revenue, cost of revenue and expenses were eliminated at the consolidation level.

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

	PRC	International (In thousands)	Total
Year ended and as of December 31, 2016:			
Net revenues	$ 1,016,210	$ 14,726	$ 1,030,936
Long-lived assets	$ 243,288	$ 234	$ 243,522
Year ended and as of December 31, 2017:			
Net revenues	$ 1,571,035	$ 12,849	$ 1,583,884
Long-lived assets	$ 285,208	$ 279	$ 285,487
Year ended and as of December 31, 2018:			
Net revenues	$ 2,096,179	$ 12,148	$ 2,108,327
Long-lived assets	$ 487,844	$ 337	$ 488,181

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

17. Financial Instruments

Fair Value

The following table sets forth the major financial instruments, measured at fair value, by level within the fair value hierarchy as of December 31, 2017 and 2018:

		Fair Value Measurements (In thousands)		
	Total	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2017				
Assets				
Money market funds*	$ 198,659	$ 198,659	$	$
Bank time deposits**	1,406,957		1,406,957	
Available for sale securities***	107,372	107,372		
Total	$ 1,712,988	$ 306,031	$ 1,406,957	$
Liabilities				
Guarantee liabilities	$ 10,143	$	$	$ 10,143
As of December 31, 2018				
Assets				
Money market funds*	$ 86,823	$ 86,823	$	$
Bank time deposits**	874,901		874,901	
Equity securities with readily determinable fair value ***	93,262	93,262		

Total	$	1,054,986	$	180,085	$	874,901	$	
Liabilities								
Guarantee liabilities	$	10,952	$		$		$	10,952

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* Included in cash and cash equivalents on the Company s consolidated balance sheets.

** Included in cash and cash equivalents and short-term investments on the Company s consolidated balance sheets.

*** Included in long-term investments on the Company s consolidated balance sheets.

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Recurring

The Company measures money market funds, bank time deposits and marketable securities with readily determinable fair value on a recurring basis.

The fair values of the Company s money market funds and equity securities with readily determinable fair value are determined based on the quoted market price (Level 1). The fair value of the Company s bank time deposits are determined based on the quoted market price for similar products (Level 2).

The Company reviews its equity securities investments regularly to determine if an investment is other-than-temporarily impaired due to changes in quoted market price or other impairment indicators prior to 2018. In 2016 and 2017, the Company recognized an impairment charge of $4.8 million and $1.3 million on equity securities investments. With the adoption of new investment guidance under ASC 820, the available-for-sale securities were reclassified as investment with readily determinable fair values beginning January 1, 2018 with their fair value change recognized in earnings immediately. The fair values of the Company s equity investments in the equity securities are measured using quoted market prices.

Non-recurring

For those investments without readily determinable fair value, the Company measures them at fair value when observable price changes are identified or impairment charge were recognized. The fair values of the Company s privately held investments as disclosed are determined based on the discounted cash flow model using the discount curve of market interest rates or based on the similar transaction price in the market directly. The Company classifies the valuation techniques on those investments that use similar identifiable transaction prices as Level 2 of fair value measurements.

The Company also measures equity investments without readily determinable fair values at fair value on a non-recurring basis when an impairment charge were to be recognized. As of December 31, 2017 and 2018, certain investments were measured using significant unobservable inputs (Level 3) and written down from their respective carrying values to fair values, considering the stage of development, the business plan, the financial condition, the sufficiency of funding and the operating performance of the investee companies and strategic collaboration with and the prospects of the investee companies, with impairment charges incurred and recorded in earnings for the years then ended. The Company recognized an impairment charge of $31.5 million and $120.8 million for those investments under cost method and equity method in 2016 and 2017, respectively. The Company recognized an impairment charge of $61.0 million for those investments without readily determinable fair values and equity method investments in 2018. The fair value of the privately held investments is valued based on the discounted cash flow model with unobservable inputs including the discount curve of market interest rates, which ranges from 12% to 33%.

The Company s non-financial assets, such as intangible assets, goodwill and fixed assets, would be measured at fair value only if they were determined to be impaired.

The Company reviews the long-lived assets and certain identifiable intangible assets other than goodwill for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. For the years ended December 31, 2016, 2017 and 2018, the Company provided $3.5 million, nil and $12.7 million of impairment on the acquired intangible assets based on management s assessment. The Company has a policy to perform impairment assessment of its goodwill on an annual basis as of the balance sheet date, or when facts and circumstances warrant a review. Based on the assessment of declined revenue and near-term outlook, considering a number of factors, which include, but are not limited to, expected future cash flows, growth rates, discount rates, and comparable multiples from publicly traded companies in the industry, the Company performed goodwill impairment assessment at the reporting unit level. With the assistance of an independent valuation firm, the Company recognized a goodwill impairment of $36.7 million, nil and $10.6 million for the years ended December 31, 2016, 2017 and 2018, respectively and the remaining carrying values were zero after the impairment for the respective reporting units. The fair value of reporting units were determined using Level 3 inputs.

The Company measures its guarantee liabilities at inception at fair value and estimates the fair value of the guarantee liabilities by estimating with the consideration of discounting expected future payouts, accumulative expected loss rates and incorporating a markup margin. The expected net accumulative expected loss rates applied in the valuation models which ranged from 2.0% to 3.7% at inception. These inputs in isolation can cause significant increases or decreases in fair value. Guarantee liabilities are categorized in the Level 3 valuation hierarchy based on the significance of unobservable factors in the overall fair value measurement.

The following table sets forth the Company s guarantee liabilities movement activities for the period from the acquisition date to December 31, 2017 and the year ended December 31, 2018.

	For the period from the acquisition date to December 31, 2017	For the year ended December 31, 2018
	(In thousands)	
Balance at the beginning of year/period	$	$ 10,143
Addition in the opening balance at the acquisition date (Note 5)	2,227	
Provision at the inception of new loans	16,013	39,291
Payment for the guarantee	(13,166)	(37,082)
Subsequent adjustments to the provisions[1]	4,812	(792)
Foreign exchange impacts	257	(608)
Balance at the end of the year	$ 10,143	$ 10,952

[1] The subsequent adjustment to the provisions in 2017 was to reflect an increased default rate at the end of 2017, as a result of certain borrower s reaction to a government regulation release in December 2017 over the cash loan business.

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Concentration of Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash and cash equivalents, short-term investments and accounts receivable. In addition, with the majority of its operations in China, the Company is subject to RMB currency risk and offshore remittance risk, both of which have been difficult to hedge and the Company has not done so. The Company limits its exposure to credit loss by depositing its cash and cash equivalents with financial institutions in the U.S., the PRC, Hong Kong, Singapore and Taiwan, which are among the largest and most respected with high ratings from internationally-recognized rating agencies, that management believes are of high credit quality. The Company periodically reviews these institutions reputations, track records and reported reserves.

As of December 31, 2017 and 2018, the Company had $3.0 billion and $2.2 billion in cash and bank deposits, such as time deposits (with terms generally up to twelve months), with large domestic banks in China, respectively. Historically, deposits in Chinese banks were secure due to the state policy on protecting depositors interests. However, China promulgated a new Bankruptcy Law that came into effect on June 1, 2007, which contains a separate article expressly stating that the State Council may promulgate implementation measures for the bankruptcy of Chinese banks based on the Bankruptcy Law. Under the new Bankruptcy Law, a Chinese bank may go bankrupt. In addition, since China s concession to WTO, foreign banks have been gradually permitted to operate in China and have become significant competitors to Chinese banks in many aspects, especially since the opening of RMB business to foreign banks in late 2006. Therefore, the risk of bankruptcy on Chinese banks in which the Company holds cash and bank deposits has increased. In the event that a Chinese bank that holds the Company s deposits goes bankrupt, the Company is unlikely to claim its deposits back in full, since it is unlikely to be classified as a secured creditor to the bank under the PRC laws.

Accounts receivable consist primarily of advertising agencies, direct advertising customers and mobile operators. As of December 31, 2017 and 2018, substantially all accounts receivable have been derived from the Company s China operations.

No customer accounted for more than 10% of the Company s total net revenues in 2016, 2017 and 2018. Only three customers accounted for more than 10% of the Company s net accounts receivable as of December 31, 2017 and 2018 as follows:

	As of December 31, 2017	As of December 31, 2018
Customer		
Customer A	15%	10%
Customer B	15%	13%
Customer C	*	15%

The majority of the Company s net operating income was derived from China. The operations in China are carried out by the subsidiaries and VIEs. The Company depends on dividend payments from its subsidiaries in China after these subsidiaries receive payments from VIEs in China under various services and other arrangements. In addition, under Chinese law, its subsidiaries are only allowed to pay dividends to the Company out of their accumulated profits, if any, as determined in accordance with Chinese accounting standards and regulations. Moreover,

these Chinese subsidiaries are required to set aside at least 10% of their respective accumulated profits, if any, up to 50% of their registered capital to fund certain mandated reserve funds that are not payable or distributable as cash dividends. The appropriation to mandated reserve funds are assessed annually.

In 2016, 2017 and 2018, the majority of the Company s revenues derived and expenses incurred were in RMB. As of December 31, 2017 and 2018, the Company s cash, cash equivalents and short-term investments balance denominated in RMB was $1.2 billion and $1.1 billion, accounting for 34.5% and 47.2% of the Company s total cash, cash equivalents and short-term investments balance, respectively. As of December 31, 2017 and 2018, the Company s accounts receivable balance denominated in RMB was $284.5 million and $527.9 million, which accounted for almost all of its net accounts receivable balance, respectively. As of December 31, 2017 and 2018, the Company s current liabilities balance denominated in RMB was $1,074.6 million and $1,091.9 million, which accounted for 84% and 95% of its total current liabilities balance, respectively. Accordingly, the Company may experience economic losses and negative impacts on earnings and equity as a result of exchange rate fluctuations of RMB. Moreover, the Chinese government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC. The Company may experience difficulties in completing the administrative procedures necessary to obtain and remit foreign currency.

The Company performed a test on the restricted net assets of consolidated subsidiaries and VIEs (the Restricted Net Assets) in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (e) (3), General Notes to Financial Statements and concluded that the restricted net assets did not exceed 25% of the consolidated net assets of the Company as of December 31, 2018 (Note 14).

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18. Convertible Debt and Treasury Stock

	As of December 31, 2017	As of December 31, 2018
Convertible Debt		
Current Liabilities		
2018 1% Convertible Senior Notes (the 2018 Notes)	$ 153,092	$
Long-term liabilities		
*2022 1.25% Weibo Convertible Senior Notes (*the 2022 Notes)	900,000	900,000
Less: Issuance costs	(20,017)	(15,877)
Total	$ 879,983	$ 884,123

Description of 2018 Convertible Senior Notes

In November 2013, the Company issued $800 million in aggregate principal amount of 1.00% coupon interest convertible senior notes due on December 1, 2018 (the 2018 Notes) at par. The Notes were convertible into ordinary shares of the Company proceeding December 1, 2018 in $1,000 principal amount or an integral multiple of $1,000 in excess thereof, at the option of the holder, at an initial conversion price of approximately $123.70 per ordinary share, subject to adjustment. The conversion rate may be adjusted under certain circumstances, such as distribution of dividends and stock splits. In addition, upon a make-whole fundamental change, the Company will, under certain circumstances, increase the applicable conversion rate for a holder that elects to convert its notes in connection with such make-whole fundamental change. The Company believes that the likelihood of occurrence of events considered a fundamental change is remote.

The net proceeds to the Company from the issuance of the 2018 Notes were $783.2 million, net of issuance cost of $16.8 million. Concurrently, the Company repurchased its shares of $100.0 million from the open market. The Company pays cash interest at an annual rate of 1.00% on the 2018 Notes, payable semiannually in arrears in cash on June 1 and December 1 of each year, beginning June 1, 2014. The issuance costs of the 2018 Notes are being amortized to interest expense to the earliest redemption date of the 2018 Notes (December 1, 2016).

Concurrently with the issuance of the Notes, the Company offered a put option (the Put Option) to the holders of the Notes, which enable the holders to have the right to require the Company to repurchase for cash all or part of the Notes at a price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest to the repurchase date (December 1, 2016). If a fundamental change (as defined in the Indenture) occurs prior to the maturity date, the 2018 Notes holders may require the Company to purchase for cash all or any portion of the Notes at a purchase price equal to 100% of the principal amount of the Notes to be purchased plus accrued and unpaid interest, if any, to, but excluding, the fundamental change purchase date.

On December 1, 2016, the Company repurchased $646.9 million principal amount of convertible debt upon the exercise of the put option by the holders of 2018 Notes. Upon the election of notes holder, the Company converted $7,000 principal amount of convertible debt into ordinary shares in 2018 and the remaining notes were repaid in December 2018.

In accordance with ASC 815-10-15, the Put Option related to the 2018 Notes is considered clearly and closely related to its debt host and does not meet the requirement for bifurcation as the 2018 Notes holders can only recover its initial investment upon exercise of its option, there are no interest rate scenarios under which the embedded derivative would at least double the investor s initial rate of return. Therefore, the 2018 Notes and the embedded put option should be accounted for as a single instrument in accordance with the accounting rule.

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Description of 2022 Weibo Convertible Senior Notes

In October 2017, Weibo, a subsidiary of the Company, issued $900 million in aggregate principal amount of 1.25% coupon interest convertible senior notes due on November 15, 2022 (the 2022 Notes) at par. The Notes may be converted into ADSs of Weibo proceeding November 15, 2022 in $1,000 principal amount or an integral multiple of $1,000 in excess thereof, at the option of the holder, at an initial conversion price of approximately $133.27 per ADS, subject to adjustment. The conversion rate may be adjusted under certain circumstances, such as distribution of dividends and stock splits. In addition, upon a make-whole fundamental change, Weibo will, under certain circumstances, increase the applicable conversion rate for a holder that elects to convert its notes in connection with such make-whole fundamental change. As of November 15, 2022, unless earlier converted, Weibo is required to redeem the notes.

The net proceeds to the Company from the issuance of the 2022 Notes were $879.3 million, net of issuance cost of $20.7 million. The Company pays cash interest at an annual rate of 1.25% on the 2022 Notes, payable semiannually in arrears in cash on May 15 and November 15 of each year, beginning May 15, 2018. The issuance costs of the 2022 Notes are being amortized to interest expense over the contractual period to the maturity date of the 2022 Notes (November 15, 2022).

Accounting assessment

The Company assessed the accounting for 2018 Notes and 2022 Notes (collectively as Notes) in accordance with ASC 470 and concluded that:

- The bifurcation of the conversion feature from the debt host, the Notes, is not required as the conversion option is considered indexed to the entity s own stock and classified in stockholders equity, and therefore meets the scope exception prescribed in ASC 815-10-15;

- There is no beneficial conversion feature noted at the issuance date as the conversion price of the Notes is greater than the stock price of the offering company at the date of issuance.

Therefore, the Company has accounted for the respective Notes as a single instruments in accordance with ASC 470, and classified them as a long-term debt. The issuance cost were recorded as reduction to convertible notes balance, and are amortized as interest expenses over the period from the issuance date to the earliest conversion date. The Company recognized total interest expenses related to the Notes of $10.8 million, $4.2 million and $16.8 million for the year ended December 31, 2016, 2017 and 2018.

Treasury Stock

In February 2016, the board of directors of the Company approved a new share repurchase plan whereby the Company is authorized to repurchase its own ordinary shares with an aggregate value of up to $500 million for a period through the end of June 2017 (the 2016 Program). In 2017, the 2016 Program was extended to be effective until June 30, 2018. Up to the expiration date, approximately 3.4 million shares were repurchased for approximately $302.6 million in cash under the 2016 Program.

Following the expiration of the 2016 Program, the board of directors approved a new share repurchase plan whereby the Company was authorized to repurchase its own ordinary shares with an aggregate value of up to $500 million for a period through the end of December 2019 (the 2018 Program). As of December 31, 2018, approximately 0.3 million shares were repurchased for approximately $20.4 million in cash under the 2018 Program.

All the ordinary shares repurchased above are no longer outstanding and pending for cancellation and are included as treasury stock.

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19. Commitments and Contingencies

Operating lease commitments include the commitments under the lease agreements for the Company s office premises. The Company leases its office facilities under non-cancelable operating leases with various expiration dates through 2023. For the years ended December 31, 2016, 2017, and 2018, rental expense was $24.5 million, $13.7 million and $17.9 million, respectively. Based on the current rental lease agreements, future minimum rental payments required as of December 31, 2018 were as follows:

	Total	Less than One Year	One to Three Years	Three to Five Years	More than Five Years
			(In thousands)		
Operating lease commitments	$ 45,873	$ 16,692	$ 25,607	$ 3,574	$

Purchase commitments mainly include minimum commitments for Internet connection, content and services related to website operation, and marketing activities. Capital commitment was primarily related to commitments on the purchase of fixed assets and the payment on leasehold improvements

Purchase commitments as of December 31, 2018 were as follows:

	Total	Less than One Year	One to Three Years	Three to Five Years	More than Five Years
			(In thousands)		
Purchase commitments	$ 675,510	$ 651,333	$ 23,950	$ 227	$
Capital commitments	$ 12,817	$ 12,715	$ 102	$	$

Other commitment represents future maximum commitment relating to the principal amount and interests in connection with a) the issuance of $900 million in aggregate principle amount of 1.25% coupon interest convertible senior notes by Weibo, which will due in 2022 b) the principal amount and interests of short-term bank loans c) commitment on equity investment. Other commitments as of December 31, 2018 were as follows:

	Total	Less than One Year	One to Three Years	Three to Five Years	More than Five Years
			(In thousands)		
2022 Notes	945,000	12,750	22,500	909,750	
Short-term bank loans	79,434	79,434			
Equity investments	167,633	167,633			
Total other commitments	$ 1,192,067	$ 259,817	$ 22,500	$ 909,750	$

There are uncertainties regarding the legal basis of the Company s ability to operate an Internet business and telecommunication value-added services in China as of December 31, 2018. Although China has implemented a wide range of market-oriented economic reforms, the telecommunication, information and media industries remain highly regulated. Not only are such

restrictions currently in place, but in addition regulations are unclear as to in which specific segments of these industries companies with foreign investors, including the Company, may operate. Therefore, the Company might be required to limit the scope of its operations in China, and this could have a material adverse effect on its financial position, results of operations and cash flows.

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In June and August 2017, Weibo and certain of its current and former directors and officers were named as defendants in two putative securities class actions filed in the United States District Court for the District of New Jersey, respectively. The actions - purportedly brought on behalf of a class of persons who allegedly suffered damages as a result of their trading in Weibo s ADSs between April 27 and June 22, 2017 or between April 28, 2016 and June 19, 2017, allege that Weibo s public filings contained material misstatements and omissions in violation of the U.S. federal securities laws. On September 28, 2017, the court entered an order appointing a lead plaintiff and consolidating the two cases. On November 27, 2017, the lead plaintiff filed a consolidated class action complaint. On January 26, 2018, Weibo and one individual defendant filed a motion to dismiss the amended complaint. On June 7, 2018, the court granted the motion to dismiss the class action complaint in its entirety with prejudice.

The Company and a few of its subsidiaries have been named as respondents in an arbitration initiated with the Netherlands Arbitrage Institute and China International Economic and Trade Arbitration Commission in which the claimant claimed damages amount based on the alleged use by the respondents of certain intellectual property of the claimants in breach of certain license agreements. The Company is currently unable to estimate the possible loss or a range of reasonably possible loss, if any.

As of December 31, 2018, there are no other claims, lawsuits, investigations and proceedings, including unasserted claims that are probable to be assessed, that have in the recent past had, or to the Company s knowledge, are reasonably possible to have, a material effect on the Company s financial position, results of operations or cash flows.

20. Subsequent Events

The Company has performed an evaluation of subsequent events through the date of this report, which is the date the financial statements were issued. Except for the events mentioned in Note 4 regarding potential impairments and upward adjustments for certain equity investments without readily determinable fair value, there is no other material events or transactions needing recognition or disclosure.