

Weibo seeks to raise at least US\$340m in US IPO

NEW YORK, USA: The microblogging service Weibo - often described as China's version of Twitter - will raise at least US\$340m in its US stock offering according to figures released over the weekend.



Weibo's initial public offering is likely to raise US\$340m for the company. Image: Annakri [Free Digital Photos](#)

The updated plan suggests a tighter relationship with Chinese e-commerce giant Alibaba as Weibo spins off from the Internet firm Sina, another major company in China.

The filing by Weibo scales back the amount indicated last month of up to US\$500m.

The initial public offering (IPO) will include 20 million shares, with an option for three million additional shares if there is enough demand.

The price per share was set at a range of US\$17 to US\$19 in the updated filing with the US Securities and Exchange Commission. The date of the market debut has not announced.

Sina remains majority shareholder

The document said a unit of Alibaba had agreed to buy three million shares in the IPO and had an option to increase its stake to 30% of the total capital of the company, up from the current level of 18%.

The Alibaba unit Ali WB could obtain up to 32% of the ordinary shares, which would give it 15% of the voting power. Funds from Alibaba will be used to repay loans from Sina, according to the filing.

But Sina would still hold 56.9% of the capital after the IPO, down from its current level of 79.9%.

The filing omits some financial information usually included with a filing because it is an "emerging growth company" with more lenient reporting requirements for companies with less than US\$1bn in revenues.

The latest filing indicates a corporate structure that will see Weibo registered in the Cayman Islands, and owned by a Hong Kong corporation which is in turn owned by Chinese entities.

Weibo was launched in August 2009 with a business model reminiscent of that of Twitter - which is banned in China.

Weibo reported revenues for 2013 of US\$188m, triple the level of 2012, but has continually lost money, like its US counterpart, with accumulated losses of US\$274.9m at the end of December last year.

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

Source: AFP via I-Net Bridge

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