

VIE Structure

The Pioneer of Chinese
Internet Companies



About SINA

“一切由你開始”





**Parent
Company**



Subsidiaries

The Founders

姜豐年



- UT-Austin - Master in Political Economy
- CEO of 華淵資訊

王志東



- Peking University - Master in Computer Tech
- Co-Founder of 四通利方

汪延



- University of Paris - Bachelor in Law
- Co-Founder of Inimedia

The History

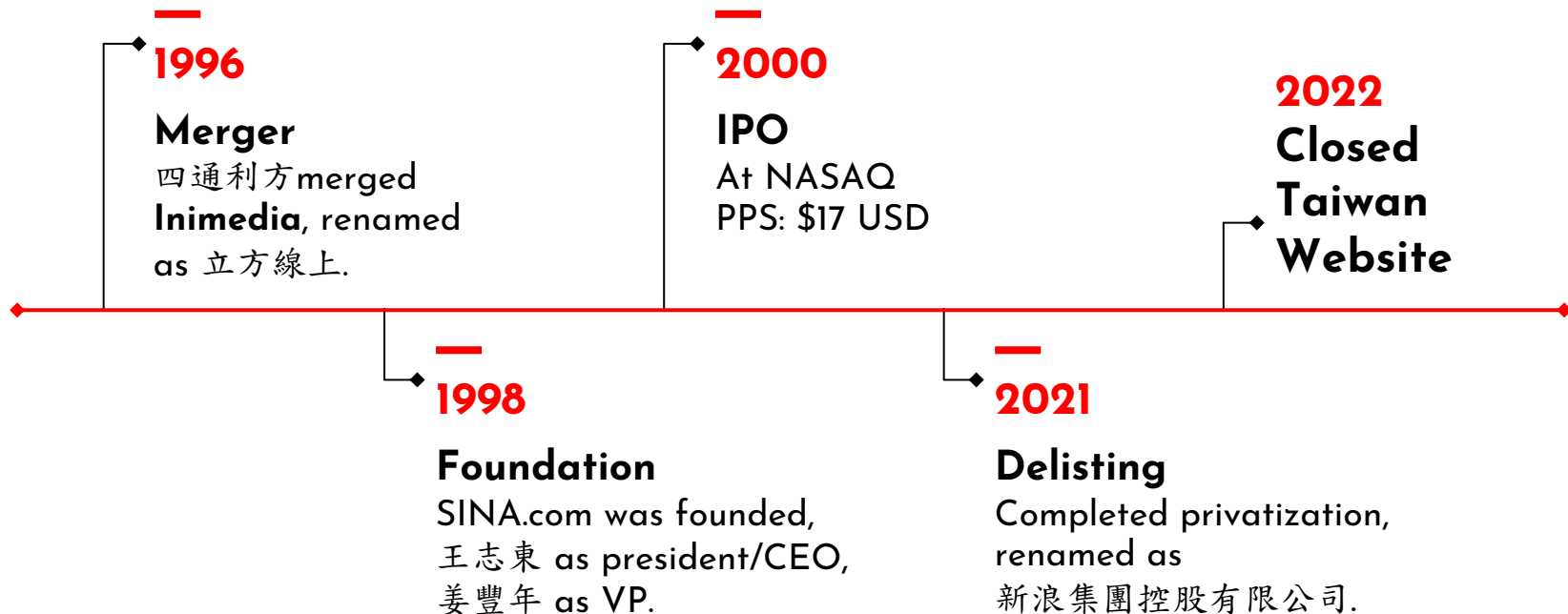




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next?

01 What is VIE?

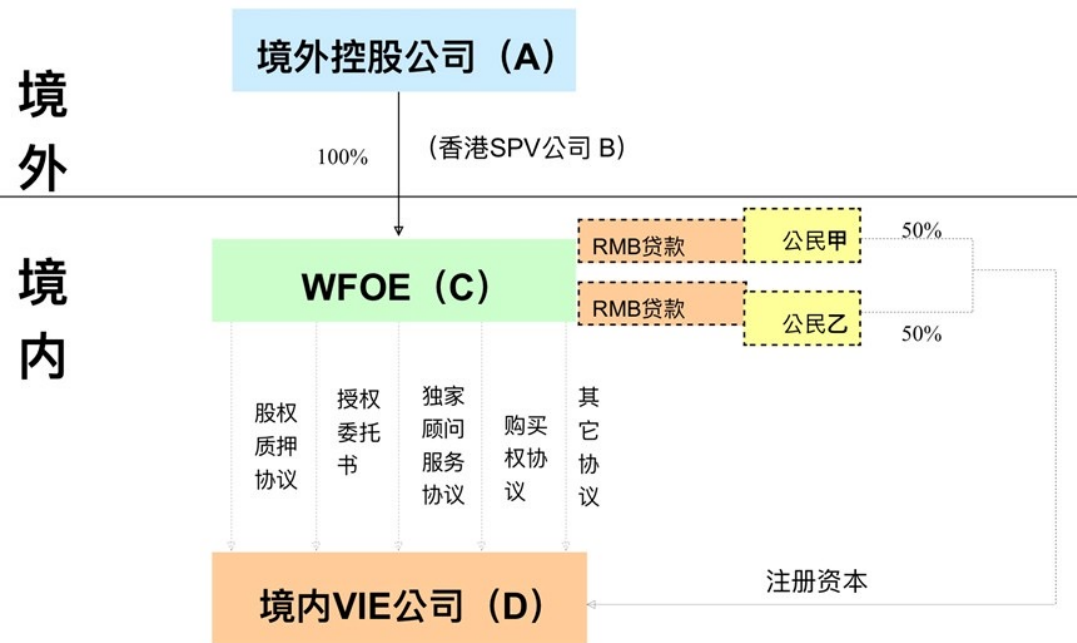
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VIE: Variable Interest Entity

Because China doesn't allow foreign investments in domestic Internet/Technology companies, SINA invented ***VIE structure***(also known as ***SINA Mode*** or ***SINA structure***)

VIE Structure



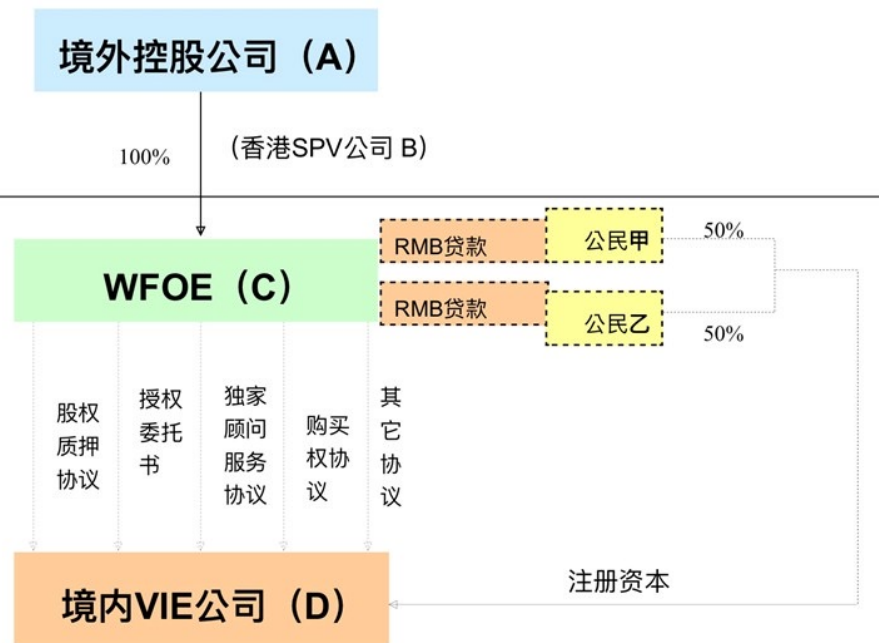
Offshore Company(A):
Tax Avoidance, usually at
Cayman Islands
SPV(B)

Special Purpose Vehicle, usually at
Hong Kong
WFOE(C):

Wholly Foreign Owned Enterprise
VIE Company(D):
Founders A and B must have
Chinese citizenship

VIE Structure

境外
境内



Special Purpose Vehicle

A subsidiary company that is formed to undertake a specific business purpose or activity:

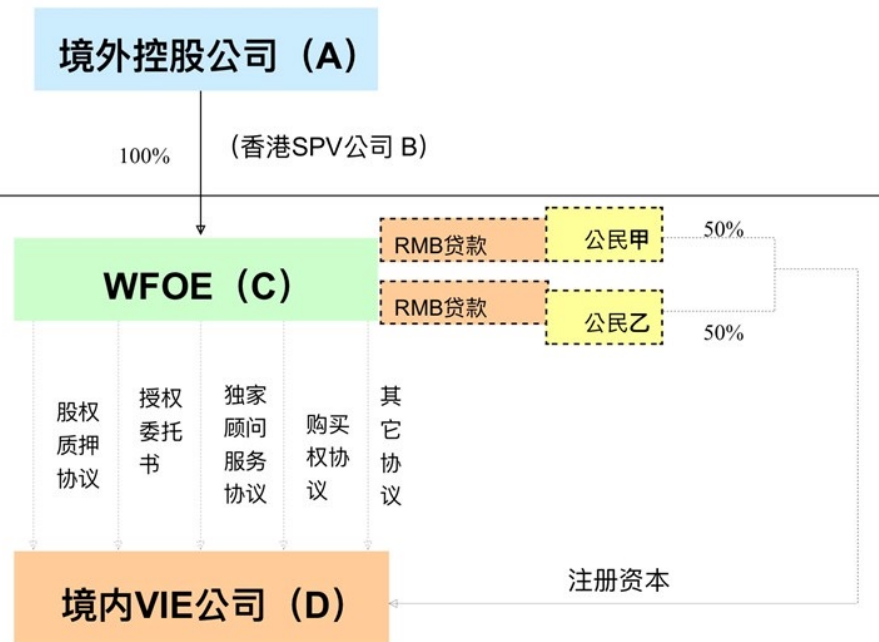
- Isolate Financial Statement
- Secure Debt
- Hide Financial risks

Why a SPV in HK?

- According to CEPA, there's a possibility to have tax benefits when capital gains are returned to HK
- The notary fees and time costs of HK co. are lower than Cayman co. (WFOE)
- Have rights to trade shares at HK market while delisting domestic investments.

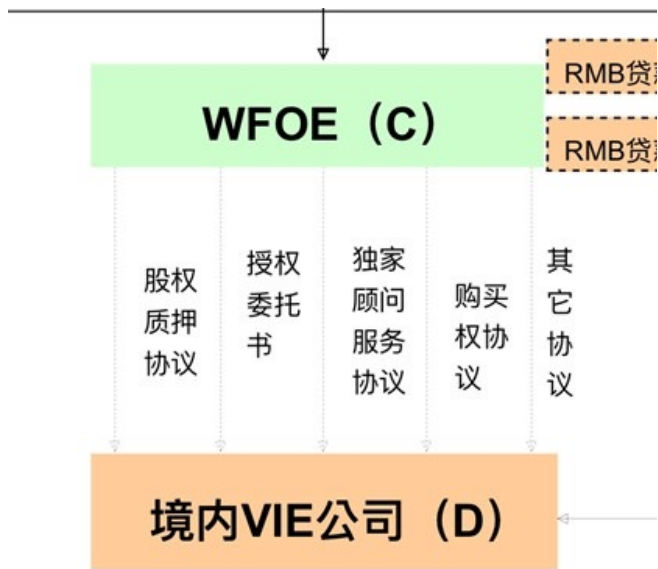
VIE Structure

境外
境内



Wholly Foreign-Owned Enterprise:
An investment vehicle for foreigners want to establish a company in China. Founders A and B then found **VIE Company(D).**

VIE Structure



股權質押協議

Based on the agreement, the VIE equity holders pledge all the VIE equity they hold to the WFOE, and the WFOE has the right to dispose of the VIE equity and enjoy preferential compensation when the VIE equity holder violates the agreement and regulations.

授權委託書

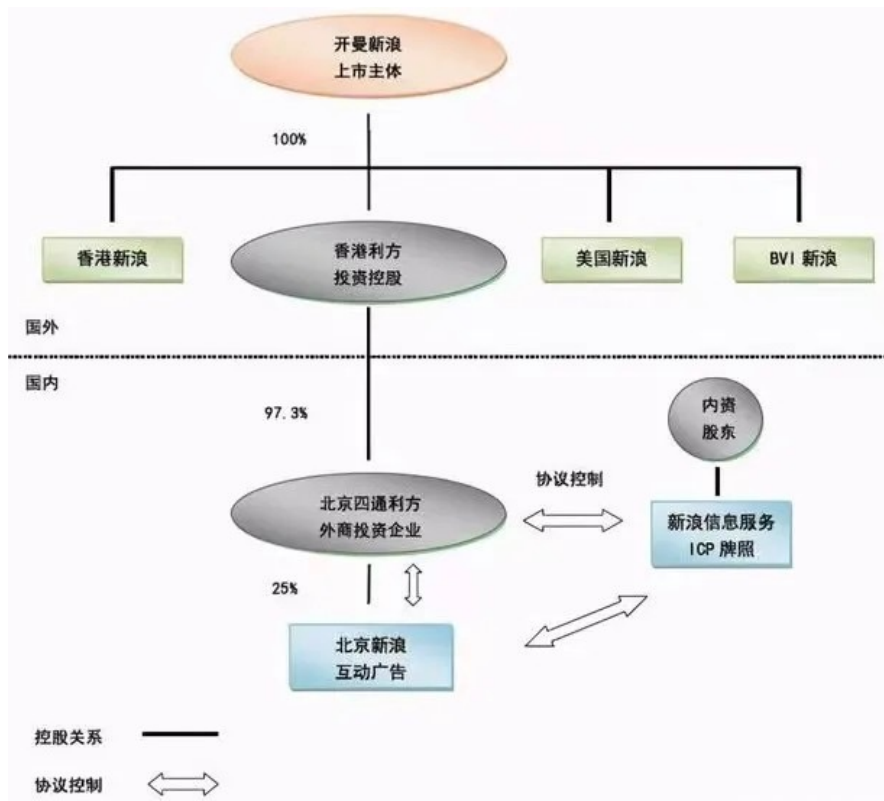
VIE holders shall not have voting rights on major matters based on the agreement, such as the right to attend and vote at shareholders' meetings, etc.

獨家顧問服務協議、購買協議權

Based on this agreement, the VIE equity holders grant WFOE the exclusive right to purchase, and WFOE or its designated entity may acquire the VIE equity at the lowest price permitted by the VIE registered capital or Chinese laws. Based on the agreement, VIE equity holders give up all VIE benefits and transfer all profits back to WFOE.

其他協議

Other Agreements



SINA KY LISTING:
Capital Operations, Financing, Listing

SINA HK, US, BVI, 利方HK: SPV

四通利方北京(WFOE):
Software Development, Tech Patent, IP

新浪信息(VIE):
Internet Content Provider (**ICP**),
Media, Internet Service

北京新浪互动广告:
Advertising Executive

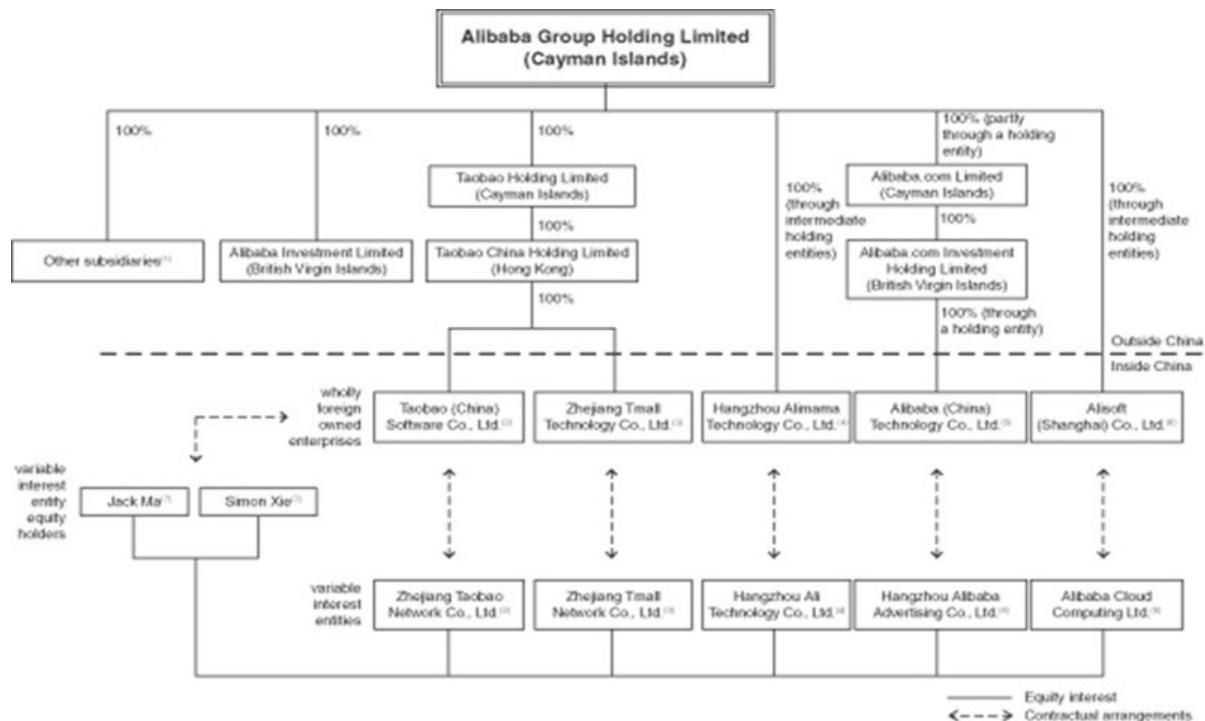


02

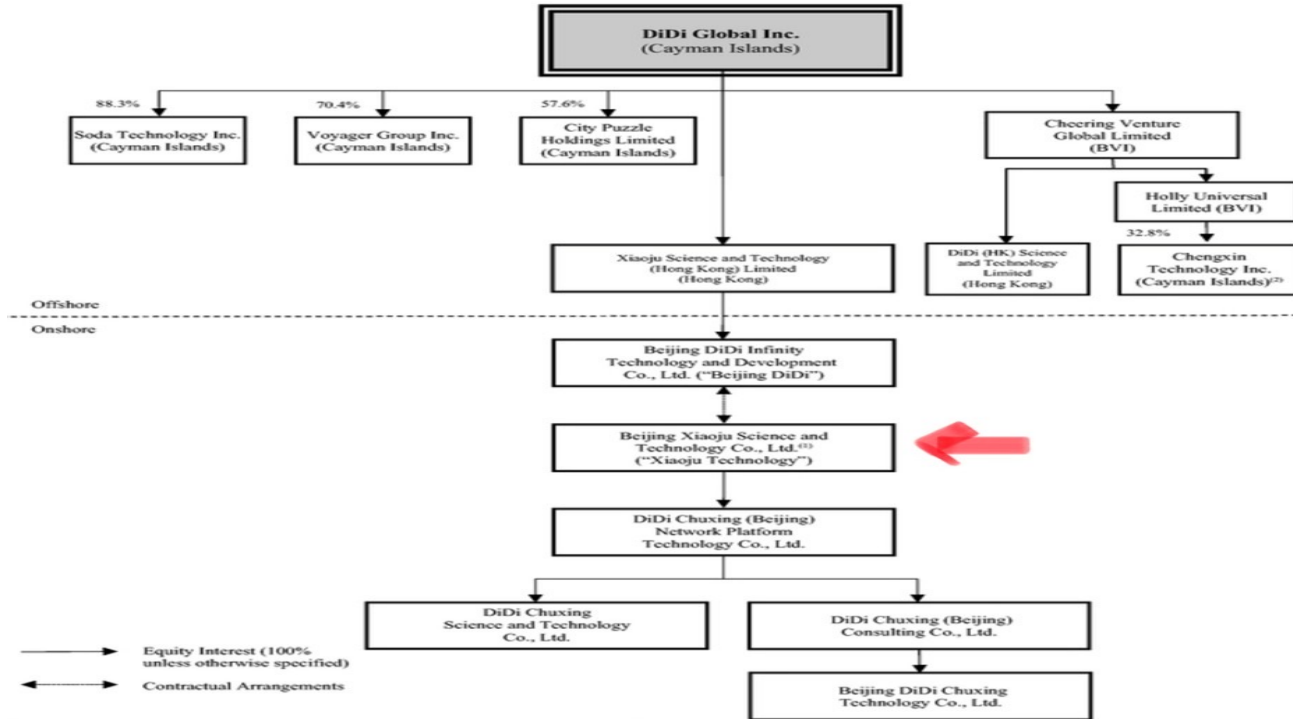
Impact

Another Companies

Alibaba Group



DiDi Global



03

Pros & Cons

Risks?



Pros

Investments
from foreign
VCs/PEs.



Listing
overseas is not
subject to
approval by
Chinese
government
regulators.



Maintain
operations in
China, and
build up
Chinese
Market.





Cons/Risks

Chinese
Government &
Laws.



Protocols &
Agreements.



传内地拟收紧中概股海外上市监管 VIE架构或须中国证监会批准

2021-07-08 07:00

中国对中资企业海外上市带来的数据安全风险和境外监管约束日益重视。日前，有外媒引述消息指，未来中资公司，包括离岸实体在内的海外上市行为，都将纳入中国证监会的监管。

知情人士向彭博透露指，中国准备要求所有红筹VIE企业境外上市前，都必须获得中国证监会的批准，而中国证监会目前正牵头研究修订现行的1994年生效的相关规定。换言之，一旦新规出台，VIE架构企业赴美国或香港上市，均需寻求中国证监会的批准。人士表示，新规最终还需要得到国务院的批准，而中国证监会已准备就有关变动与投行进行沟通。

Chinese Government
“Turn a blind eye.”

Tudou.com

王微

- Founder/CEO of Tudou
- INSEAD MBA



楊蕾

- Host of OTV
- Communication University of China

Quan Toodou Network Science and Technology(VIE):

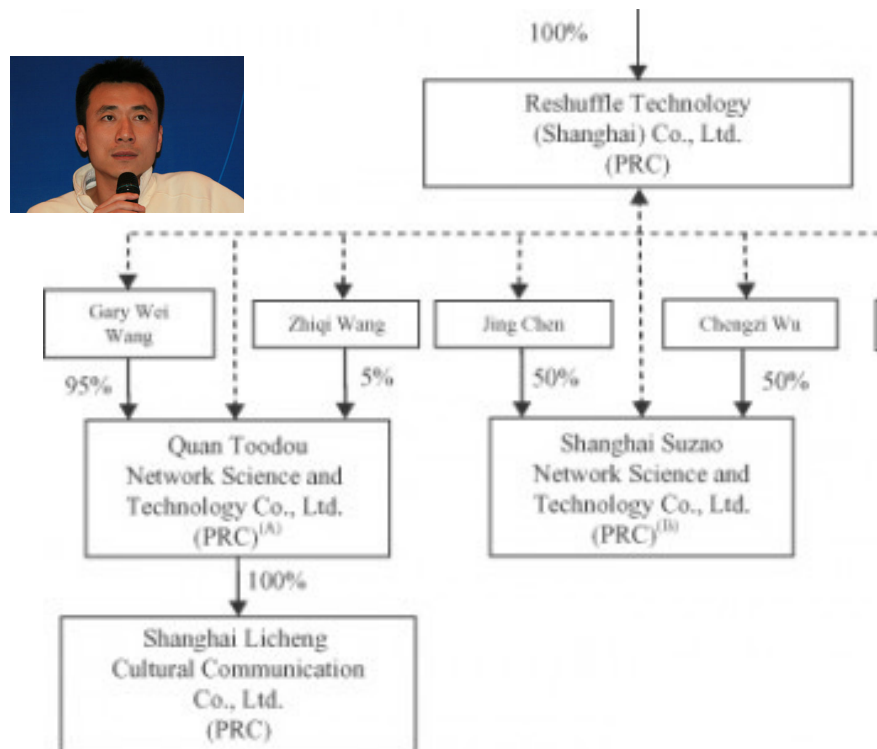
Owns ICP

王微 Share Percentage: 95%

Reshuffle Technology(WFOE)

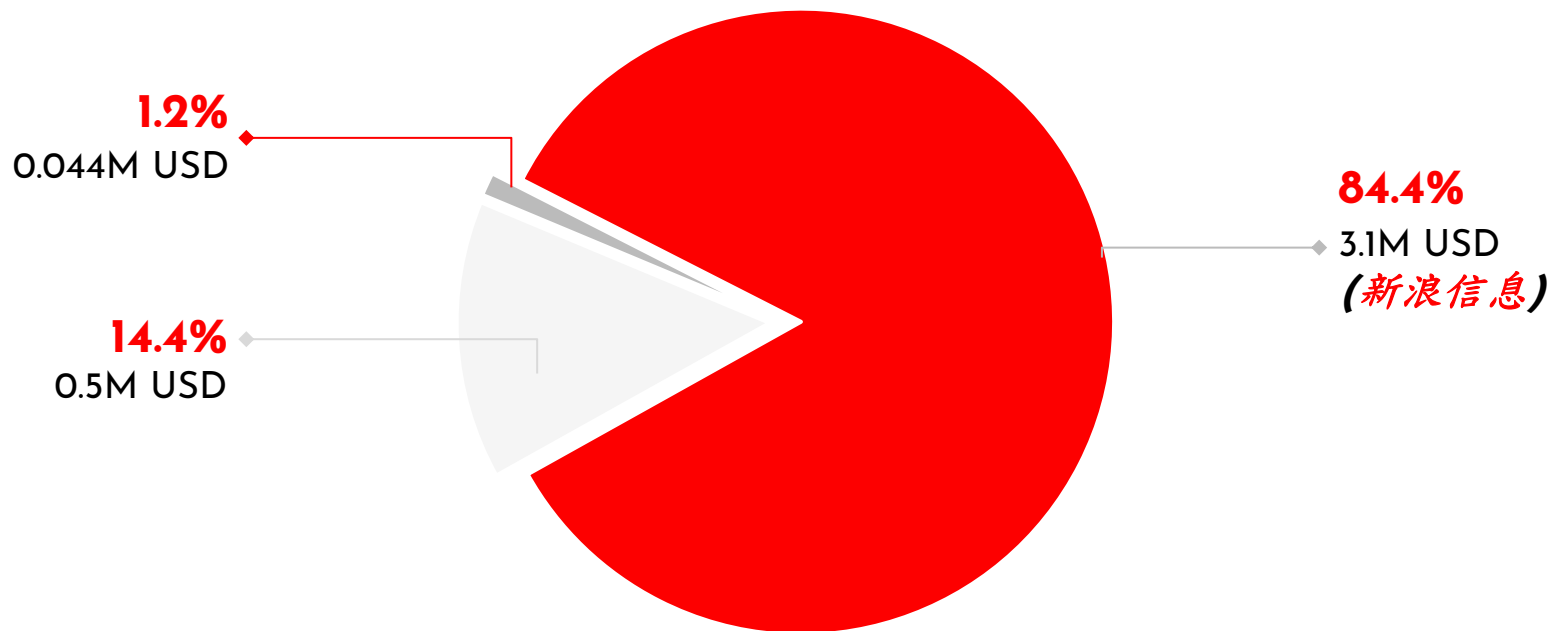
王微 and 楊蕾 divorced in 2009.

However, based on China's
"Community Property" law, 76% of
王微's 95% equity is the joint property
of husband and wife.



SINA 2020 Q1 Revenue

3.645M USD





04

Forecast

Into the Future



Numbers (2022/8/31)



1.051B

Scale of Internet Users



74.4%

Internet Penetration



29.5hrs

Time Spent on Internet
per week



99.6%

Proportion using Smart
Phones to surf the Net

Estimated Market



2019-2023年 电商类广告市场规模预测

营销之美

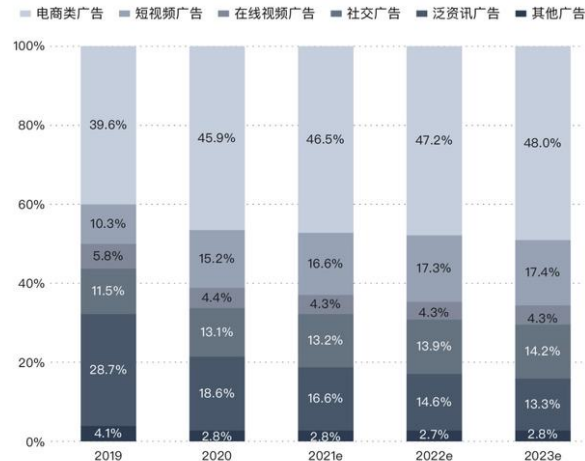


数据来源: QuestMobile TRUTH 中国移动互联网数据库,
营销研究院 2021年12月



2019-2023年中国互联网典型媒介类型
广告市场份额分布

营销之美



数据来源: QuestMobile TRUTH 中国移动互联网数据库,
AD INSIGHT广告洞察数据库, 营销研究院 2021年12月





Based on the information above, the Chinese Government will **NOT** ban or prohibit VIE soon, **BUT** there will be stricter restrictions.



Thanks!

Do you have any questions?

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