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

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported): November 14, 2011

ChinaNet Online Holdings, Inc.
(Exact Name of Registrant as Specified in Charter)

| | (I | Exact Name of Registrant as Specified in Chart | er) |
|-----|--|---|---|
| | Nevada | 000-52672 | 90-0617940 |
| (St | tate or Other Jurisdiction of Incorporation) | (Commission File Number) | (IRS Employer Identification No.) |
| | (Addr Registrant's | No.3 Min Zhuang Road, Building 6, Hui Gu Tuspark, Haidian District, Beijing, PR ess of Principal Executive Offices and Zip Cod telephone number, including area code: +86-1 | e) 0-51600828 |
| | eck the appropriate box below if the Form 8-K filing visions (see General Instruction A.2. below): | is intended to simultaneously satisfy the filing | g obligation of the registrant under any of the following |
| | Written communications pursuant to Rule 425 un | der the Securities Act (17 CFR 230.425) | |
| | Soliciting material pursuant to Rule 14a-12 under | the Exchange Act (17 CFR 240.14a-12) | |
| | Pre-commencement communications pursuant to l | Rule 14d-2(b) under the Exchange Act (17 CFF | R 240.14d-2(b)) |
| | Pre-commencement communications pursuant to | Rule 13e-4(c) under the Exchange Act (17 CFR | 240.13e-4(c)) |
| | | | |

Item 8.01. Other Events.

Attached is a slideshow presentation presented by ChinaNet Online Holdings, Inc. (the "Company") at meetings with various investors, which includes information about the Company's business and financial information, which the Registrant has made available.

Item 9.01. Financial Statements and Exhibits.

Exhibits: (d)

<u>**No.**</u> 99.1 **Description**

Slideshow Presentation

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: November 15, 2011 ChinaNet Online Holdings, Inc.

By: /s/ Handong Cheng

Name: Handong Cheng Title: Chief Executive Officer **Exhibit No.** 99.1

DescriptionSlideshow Presentation

ChinaNet Online Holdings, Inc.

(Nasdaq: CNET)

2011 Corporate Presentation



Index

- Executive Summary
- Financial Overview
- · Business Model
- Company Overview
- Growing Factors
- Competitive Analysis
- Sample Clients
- Conclusion

ChinaNet Online

EXECUTIVE SUMMARY

CHINANET-ONLINE HOLDINGS, INC.



Executive Summary

- The world's first B2B Internet technology company providing O2O (online to offline) sales channels expansion services for SMEs and entrepreneurs;
- Our core competence is the integration of existing media resources by means of technology, then
 we combine them to the Internet. With the Internet, we conduct sales channel marketing and
 promotion by means of (CPL, CPB & CPS) and also establish offline sales channels building for
 customers. Our technology and database will evolve to create competitive advantages with entry
 barriers, and hence, make long-term growing and incurring income;
- Simple business and revenue model while providing brand management sales channel building services to domestic and foreign SMEs in China;
- China's national economic policy and its demands of SME transformation are growth drivers for ChinaNet;
- Founded the "Entrepreneurship Fund for Chinese College Students", supported by six government agencies in China, which will make resources available to directly attract future successful entrepreneurs as well as SMEs.



FINANCIAL INFORMATION AND SHAREHOLDER STRUCTURE

BASIC INFORMATION



ChinaNet Basic Information



Head office: Zhongguancun Beijing

Founded: 2003

The US Legal Counsel: Loeb & Loeb

The Chinese Lawyer: Han Kun Law

Auditor: Marcum Bernstein & Pinchuk

Website: www.chinanet-online.com



Financial Highlights

| Ticker Symbol | NASDAQ: CNET |
|--|---------------|
| Fiscal Year | December 31 |
| Stock Price (20110721) | \$1.04 |
| Shares Outstanding- common shares (1) | 20.03M |
| Market Capitalization (20111113) | \$20.12M |
| Management Ownership | 43.0% |
| Revenue 2010 (audited) | \$41.6M |
| Adjusted Net Income 2010 (2) (audited) | \$14.7M |
| As of June 30th, 2011 – REVENUE | \$16.1 M -28% |
| As of June 30, 2011 – Adjusted NET INCOME (3) | \$5.3 M -8% |
| As of June 30 th , 2011 – Adjusted EPS (diluted) ⁽³⁾ | \$0.27 -40% |
| 2011 Revenue Guidance (USD) | 26.5 M-28.5M |

- (1) Weighted share count will differ quarterly due to GAAP Treasury Method for 4.8 M warrants outstanding with an average strike price of \$3.13
- (2) Adjusted net income excludes non cash charges associated with charges in fair value of warrants in accordance US GAAP
- (3) Adjusted net income and EPS excludes \$0.2 million non-cash gain on deconsolidation of a subsidiary and \$1.9 million non-cash gain related to changes in fair value of warrants for the six month periods ended June 30, 2011.



Balance Sheet

| | 2007 US\$('000) | 2008 US\$('000) | 2009 US\$('000) | 2010 US\$('000) | 20111H US\$('000) |
|---|--------------------|--------------------|--------------------|--------------------|----------------------|
| Cash and cash equivalents | 317 | 2,679 | 13,917 | 15,590 | 16,447 |
| Accounts receivable, net | 211 | 978 | 3,173 | 4,319 | 6,685 |
| Other receivables | 190 | - | 2,636 | 7,811 | 6,645 |
| Prepayment and deposit to suppliers | 419 | 4,072 | 4,111 | 3,325 | 3,596 |
| Investment in and advance to unconsolidated investee | - | - | - | 7,162 | 7,840 |
| Property and equipment, net | 164 | 678 | 1,355 | 2,010 | 1,945 |
| Intangible assets and prepayment for intangibles, net | 1 | - | - | 51 | 3,281 |
| Goodwill | - | - | - | - | 1,931 |
| Totalassets | 2,242 | 8,813 | 25,764 | 41,996 | 49,203 |
| | 8 | | | | ChinaNet Online |

Balance Sheet

| | 2007 US\$(*000) | 2008 US\$(*000) | 2009 US\$(*000) | 2010 US\$('000) | 2011 1H US\$('000) |
|--|--------------------|--------------------|--------------------|--------------------|-----------------------|
| Total liabilities | 1,821 | 5,423 | 14,631 | 6,285 | 6,855 |
| Preferred stock and Common Stock | - | 10 | 20 | 20 | 20 |
| Additional paid-in capital | 515 | 603 | 10,574 | 18,614 | 18,724 |
| Statutory reserves | 67 | 304 | 372 | 1,587 | 1,587 |
| Retained earnings | (193) | 2,370 | 50 | 14,630 | 20,114 |
| Accumulated other comprehensive income | 32 | 103 | 117 | 930 | 1,651 |
| Noncontrolling interest | - | - | - | (70) | 252 |
| Total equity | 421 | 3,390 | 11,133 | 35,711 | 42,348 |



Income Statement

| | 4yr CGAR | 2007* US\$(*000) | 2008* US\$('000) | 2009* US\$(*000) | 2010* US\$('000) | 2011 1H* US\$('000) |
|--|-------------|---------------------|---------------------|---------------------|---------------------|------------------------|
| Sales Revenue | 53% | 7,570 | 21,508 | 37,724 | 41,587 | 16,093 |
| COGS | 42% | (4,674) | (13,786) | (21,233) | (18,970) | (5,458) |
| Gross Profit | 67% | 2,896 | 7,722 | 16,491 | 22,617 | 10,635 |
| Total Operating Exp. | 31% | (2,648) | (3,948) | (7,082) | (7,770) | (4,209) |
| Net Income from Total Operation | 178% | 248 | 3,774 | 9,409 | 14,847 | 6,426 |
| Other Income (Exp.) | | (59) | (12) | (4,510) | 1,880 | 134 |
| Net Income before tax and Non- controlling interest | 207% | 189 | 3,762 | 4,899 | 16,727 | 6,560 |
| Income Tax | | (405) | (962) | (880) | (352) | (751) |
| Net Income (GAAP) | 196% | (216) | 2,800 | 4,019 | 16,589 | 5,806 |
| Net Income (Non-GAAP) | 187% | (216) | 2,800 | 8,444 | 14,728 | 5,576 |

*2007, 2008, 2009 and 2010 are audited financial number 1H 2011 is unaudited



Cash Flow

| | 2007* US\$('00 0) | 2008* US\$('00 0) | 2009* US\$('00 0) | 2010* US\$('000) | A STATE OF THE PARTY OF THE PAR | 2011 1H US\$('000) |
|--|-------------------------|-------------------------|-------------------------|---------------------|--|-----------------------|
| Net cash from Total Operation Activities | 557 | 821 | 4,617 | 11,582 | | 4,097 |
| Net cash from Investing Activities | (103) | (497) | (930) | (9,373) | | (3,376) |
| Net cash from Financing Activities | (238) | 1,981 | 7,544 | (767) | | (59) |
| Effect of exchange rates changes | 14 | 57 | 7 | 231 | | 195 |
| Net Change in Cash & Cash Equivalents | 230 | 2,362 | 11,238 | 1,673 | | 857 |



BUSINESS MODEL
EXPERTS IN BUILDING AND EXPANDING SALES CHANNELS IN CHINA



Sales Channel Expansion? Sales Channels in China?

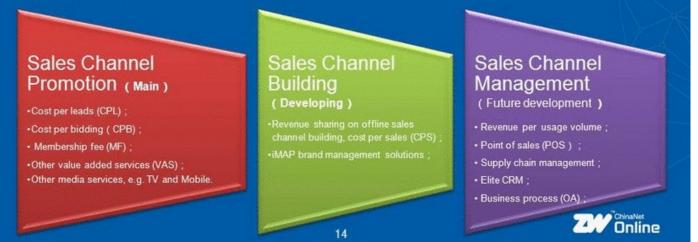
- Sales Channel Expansion including :
 - Sales Channel Promotion
 - Sales Channel Building
 - Sales Channel Management

- Sales Channels in China including :
 - Franchise Sales Channel
 - Distribution Sales Channel
 - Dealer/Agent Sales Channel
 - Retail Sales Channel
 - Internet Sales Channel
 - TV Sales Channel
 - Mobile Sales Channel



Revenue Model

We have an addressable market of more than 4 million macro to small and to medium sized enterprises who need internet based sales channel expansion solutions. Three primary revenue drivers:



Company Overview



ChinaNet

ChinaNet focuses on the Internet with four service platforms built on cloud-based technology to help SMEs with sales channel promotion, building and management. We provide a turn key solution that is cost and time efficient.

Sales Channel
Promotion

Sales Channel
Building

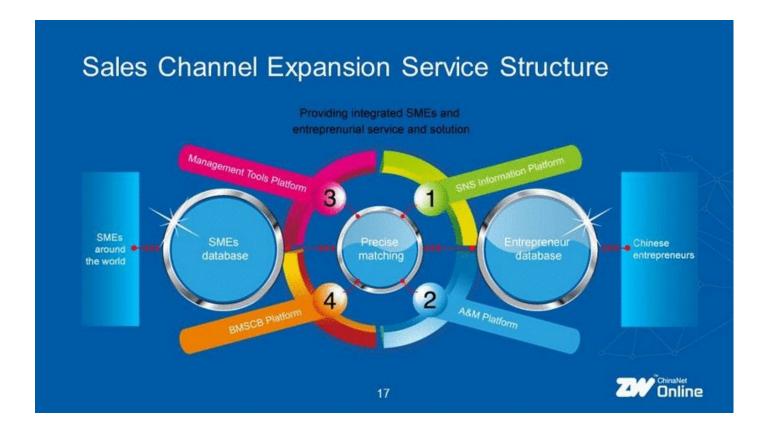
Sales Channel
Management

Management

Management Tools
Platform

Platform

ZW ChinaNet Online



Products and Services Building Sales Channel Promotion Management SNS information A&M **BMSCB** Shang 招商客 ち 连锁网 LianSue.com 「項目大全 创业网 zhaoshangke.com liansuo.com chuangye.com **IMAP** HEN AND LOUIS Flying Cloud 品牌谘询 (in November) 28.com

ZV ChinaNet Online

Chuangye.com: SNS Community of Entrepreneurs



www.chuangye.com

A platform that mainly focuses on providing services to entrepreneurs. Social Network Services Information Platform's core purpose is to serve the entrepreneurs and provide business information for owners of small to medium business. The network covers the users of all business stages. They can share their opinions, thoughts, entrepreneurial experience, resources as well as success among the communication and so on. It is the result of the power of entrepreneurship and social networking. Through information exchange, we aim to create an honest business platform, gathering the most and the best business entrepreneurs in China.



Chuangye.com: SNS

Screenshot of Chuangye.com home page





20

Chuangye.com: SNS

Screenshot of Chuangye.com Channel pages







Liansuo.com: A&M

Premier (Small-medium to Medium-large) Franchise/Business Listing



www.liansuo.com

Premier Franchise Ventures Listing

Liansuo.com is a web portal, under A&M platform, collecting premier franchise or similar business opportunity globally. We echo our premier management ideas for SMEs on a membership service basis, while providing entrepreneurs convenient methods to find their suitable franchise or other business opportunity.

Our premier franchise or other forms of business opportunity include companies with State Franchise Certificate, Member of China Chain Store & Franchise Association, International franchise, Taiwan franchise, public company franchise and some new franchise. Together, they are an encyclopedia with a variety of high-quality of business opportunities. Users can divide and research different elite business opportunities according to its specialties and start business with certainty.



Liansuo.com: Sales Channel Promotion

Screenshot of Liansuo.com home page





Liansuo.com: A&M Screenshot of Liansuo.com Channel page







28.com: A&M

Small to Small-Medium Franchise/Business Opportunity Listing



Small to Small-Medium Franchise/Business Listing

28.com core product includes Gold Digging (taojin) list and other value added services: news/media marketing, media leveraging, internet information management, SEM (also available to other portals) and others to assist small and medium to expand their business national wide in China, with an average independent daily IP visit of 200K, 3700th ranking by Alexa globally and 430 domestically, while generating over 10,000 qualified sales leads (CPL) daily.



28.com: A&M

Screenshot of Gold Digger Zone



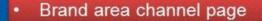


28.com: A&M

Screenshot of 28.com Channel Pages











One-stopped Sales Channel Building Service ChinaNet to help expanding the sales channel for SMEs



iMAP-professional brand management and promotion team

To help SMEs build brand channel

Zhaoshangke-Expert of building sales channel in China

Through business matching platform data, to help entrepreneurs find a good business opportunity, but also to help SMEs creating the success rate of channel construction

Flying Cloud-Cloud channel management system

To help SMEs manage the sales data, material supplier data, and through the system to promote the brand across the terminal joint promotional campaign.

Online

28

Zhaoshangke → Experts in building sales channel

- 1 Advertising & Marketing on A & M Platform
- 2 Telephone and Online Promotion Consulting
- 3 Professional Business Sales Consultant
- Data Matching with Entrepreneur Information

BMSCB

You only need to pay us at the agreed commission rate upon the success of the agreed results.



Brand Management and Sales Channel Building (BMSCB) Platform-Zhaoshangke

1,600 square meters of Franchise/Business Expo Center

- 500 square meters of office area
 - Brand franchise office
 - Zhaoshangke's office
- 1,100 square meters of exhibition area
 - A. Food area
 - B. Cloth area
 - C. Accessory area
 - D. House Decoration area
 - E. building materials area
 - F. environmental protection machines area
 - G. education network area
 - H. Health and Beauty area
 - Car area







TV Advertising









Through the national satellite television, ChinaNet TV have 610 million viewers





































Featuring in 14 satellite TV stations













Increasingly International and Highly Educated Team



- Total number of employees : 412
- 95% with a bachelor degree
- 20% a master degree or above



Multi-professional team

Business Strategy. Brand Design. Creative Promotion. Investment Promotion. Management Technology



















GROWING FACTORS

MACRO ECONOMIC ENVIRONMENTAND THE CHARACTERISTICS



Three Macro Growing Factors

- China economic transition (tertiary industry): the pace of urbanization continues with the franchise/distribution/dealership industry entering into high-growth period.
- Chinese overall economic growth leads to SMEs continuing to increase (at least 2 to 3 times). Business demands are constantly growing (the characteristics of the Chinese people).
- The rapidly increasing internet penetration rate drives growth in the internet advertising & marketing industry.



Macro Driver #1

- China is gradually transforming into the tertiary industry: service and franchise demands will rapidly grow. CAGR will be 10-12% in the next five years.
- Urbanization is accelerating; CAGR will be 4% for the next 7 years and every 1% increase would trigger USD23 billion domestic consumption. This will improve the demand of standardized management for franchise services.
- The Chinese domestic supply channels are modernizing with CAGR of 10-12% in the next 5 years



Macro Driver #2

- The overall number of SMEs are still expecting to grow by 7% in average, because of the favorable macroeconomic conditions;
 - Entrepreneurs in China are growing at a rapid pace
 - There are at least 55 million of potential entrepreneurial families in China
- The SME sector still has at least 2.3 to 3.8 times of growth in the next 7 years
- The franchising results of the clothes and food industries are among the best and both industries are still growing.
 - For now, the traditional sales channel expansion are still full of attractiveness;
 - Case study: COFCO. Not only SMEs, but large enterprises are also expanding sales channel by franchising, especially in fast-moving consumer goods(FMCG).
- There are at least 3.5 million franchisees, representing 350 billion business opportunities



Macro Driver #3

- In 2010, Chinese internet penetration rate is only 34.8%, which ranked the lowest in advanced regions in Asia.
 - The average penetration rate of the top five countries was 75.2%;
 - The future penetration rate will increase by a CAGR of 10.2% in China;
 - Each additional 1% increase represents 7 million new Internet users;
 - 10% represents 70 million new Internet users.;
- DICC forecasted the internet advertising market will grow 27.4% from 2010
- · Marketing for vertical portals will grow by at least 20% from 2010



The Conclusion of Total Market Size

 Target customer base is over 400,000 SMEs. Over the next five-years the consolidated CAGR will increase by more than 15% or more:

-- These 400,000 customers have an average annual sales of over \$1 million. If they paid \$15,385 (per year) to do channel marketing promotion on the internet per year (2% of total sales), the target market size to ChinaNet would be approximately:

US\$6 billion (2011) White US\$12 billion (2016)

\$15,358 is assuming revenues from sales channels promotion services

Only ChinaNet is focusing on SMEs



COMPETITIVE ANALYSIS



Competitors and Their Associated Websites

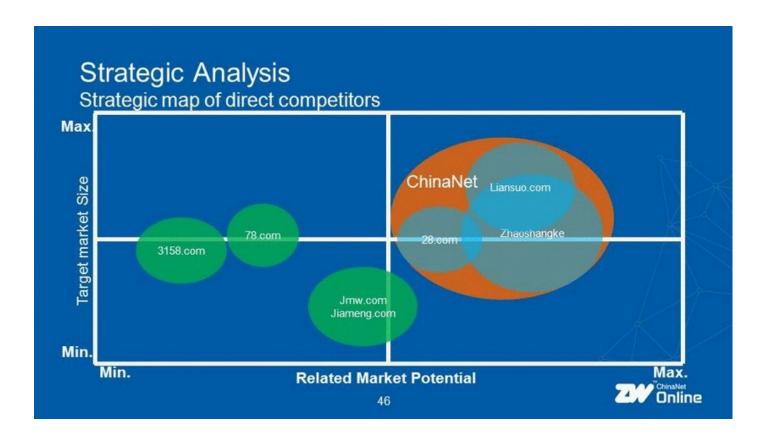
| Classification | Web portal | IP (Daily avg.) | PV (Daily avg.) | ALEX Ranking | Baidu Index | Attraction Index |
|----------------|-----------------------|----------------------|----------------------|-----------------|----------------|---------------------|
| | 28.com (2003) | 192,000 | 2,188,800 | 3,421 | 4092 | 11.4 |
| ChinaNet | Liansuo.com (2011) | 73,800 | 1,136,520 | 9,396 | 82 | 15.4 |
| | Chuangye.com (2011) | 75,000 | 1,200,000 | 9,776 | 5,594 | 16 |
| | 78.cn | 141,600 | 1,047,840 | 4,554 | 175 | 7.4 |
| | 3158.com | 121,200 | 484,800 | 5,910 | 912 | 4.0 |
| Direct | Sooe.cn | 138,600 | 1,841,300 | 5,251 | 110 | 133 |
| Competitor | Jiameng.com | 66,600 | 699,300 | 10,924 | 470 | 10.5 |
| | Jmw.com | 72,600 | 638,880 | 17,918 | 927 | 8.8 |
| | 51jam.com | 37,200 | 215,760 | 24,625 | 213 | 5.8 |
| Potential | Entrepreneur | 180,600 | 794,640 | 4,820 | 905 | 4.4 |
| Competitor | Alibaba(entrepreneur) | 6,162,000 | 68,891,161 | 80 | 117995 | 11.2 |

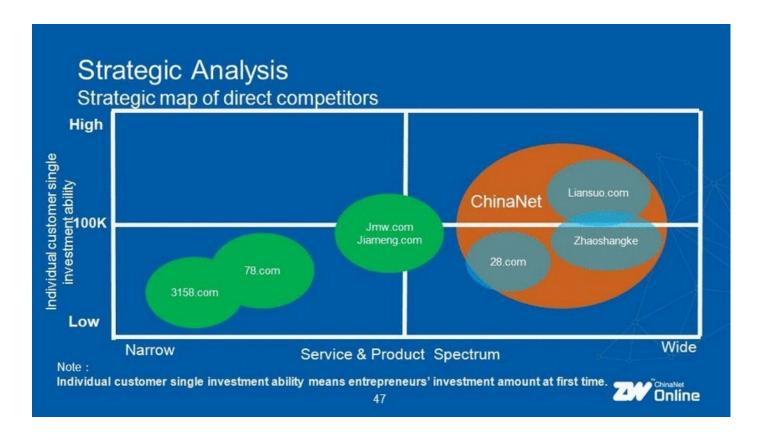
Note: The IP and PV of Alibaba is consolidated, including entrepreneurial channels



The Competitor Positioning and Revenue Model

| Туре | Website | Revenue Model | Positioning or target | |
|-----------------------|---------------------|--|---|--|
| | 28.com | Advertising, contest price promotion | AD exhibition platform | |
| ChinaNet | Liansuo.com | Advertising, member ship, contest price promotion | Quality SMEs internet marketing and advertising portal Entrepreneurial SNS Expert of building channel | |
| | Chuangye.com | TBD | | |
| | Zhaoshangke | Outsourcing investment | | |
| | 78.com | Advertising | Investment Ad and Information Corner | |
| | 3158.com | Advertising | Ad exhibition platform | |
| Direct | Sooe.cn | Advertising | Franchise portal | |
| competitors | Jiameng.com | Advertising | Franchise portal | |
| | Jmw.com | Advertising | Franchise portal | |
| | 51jam.com | Advertising | Franchise portal | |
| Potential competitors | <u>Entrepreneur</u> | Magazine, activities, advertising | Entrepreneur and VC's information platform | |
| | <u>Alibaba</u> | Advertising, collaboration with other entrepreneur sites | Entrepreneur platform | |
| | <u>Alibaba</u> | Advertising, collaboration | Entrepreneur platform | |





The Conclusion of Competitors

- Competitors only do websites and advertising
- We are providing a one stop solution for sales channel expansion
- We are concerned about the demands and affordability of SMEs
- · Technology-based, global leader



CHINANET SAMPLE CLIENTS CLIENT CASE STUDY



Sample Clients



KENJMI Leather Goods



Toe Dance Slipper Retail Store



YiShiKang eye care



SUPWAVE Car Care



Fei Ku Wu Rao Men's Clothing



Tidynet mineral water

50



LEERKANG wardrobe

卡地斯帕 家庭温泉

KADISIPA home spring



Index Description in Cooperation with ChinaNet

| Business/Franchise | Industry | Independent IP Visit/month | Message/Month | Yrs of Operation | Yrs of Cooperation |
|---------------------|-------------------|-------------------------------|---------------|------------------|-----------------------|
| Supwave | Car Service | 60605 | 656 | 13 | 4 0 |
| Fei Ku Wu Rao | Men wear | 50124 | 604 | 3 | 3 |
| Leerkang Smart Shoe | Home Furnishing | 91246 | 926 | 3 | 3 |
| Kadisipa | Water Recycling | 77799 | 816 | 7 | 7 |
| FengBoZhuang | Themed Restaurant | 30229 | 336 | 10 | 5 |
| DaBieShan Goose | Themed Restaurant | 18249 | 220 | 6 | 4 |
| KENJMI | Woman Apparels | 100730 | 1165 | 7 | 6 |
| Yierkang | Optic Care | 88342 | 434 | 5 | 5 |

Note: The above independent IP Visits and stock of massage are provided by Background Management System of ChinaNet



Case Study: Supwave SUPWAVE Car Care

Founded: 2007 www.supwave.com





| Years of operation | 3 | | |
|---|---|--|--|
| Franchise Positioning | SOP for car wash and cleaning services | | |
| Target Market | Middle Class Car owners | | |
| Product Price Range | Touch up Paint - more than \$16.50 Car Wash - \$6.80 | | |
| Initial investment amount for franchise (USD) | \$7,600-\$30,300 | | |
| # of Employees | 80 | | |
| # of senior management personnel | 3 | | |
| Years of owner's management experience | 10 | | |
| Annual Sales Revenue | \$2,727,000 | | |
| Annual Profit | \$455,000 | | |



Business Performance with Supwave

| Online AD | | TV | Other | Revenue/month (\$USD) | | | A CONTRACTOR OF THE PARTY OF TH | |
|-----------|----|------|-------|-----------------------|-------|--------|--|-----------------------|
| Client | AD | NEWS | AD | AD | Min | Max | Avg | # of months of client |
| | | | | | 5,500 | 11,000 | 7,600 | 24 |

| Client for 24 months | March 2009 | After cooperating with ZWOnline | Growth rate |
|--|------------|---------------------------------|-------------|
| Monthly franchise Revenue(\$USD) | 160,000 | 230,000 | 140% |
| # of franchised stores | 70 | 200 | 567% |
| Monthly avg. of in-person inquiry by ChinaNet | 9 | 23 | 44% |
| Monthly avg. of new contract- signing by ChinaNet | 5 | 12 | 140% |

| Monthly IP visits | 60000 |
|------------------------------------|-------|
| Avg. leads per month | 750 |
| % of clicks that leave a message | 1.3% |
| % of new signings from ChinaNet | 20% |



CONCLUSION

THE FIRST ENTERPRISE PROVIDING ONE-STOP SALES CHANNEL EXPANSION SERVICE IN THE WORLD



Our Vision

The largest e-commerce service provider for entrepreneurship in Asia

Our Mission

To help entrepreneurs succeed in China

Our Objective

Connecting dreams for success

Our Purpose

Help entrepreneurs and SMEs create the future with mutual trust and win-win services, realize the business with sustainable development



ChinaNet Overview

Key Summary

- #1 B2B website (28.com and Liansuo.com) for advertising small to medium-large enterprises' needs for sales channel expansion in China
 - Brand management & sales channel expansion solutions
- A leading market consolidator with first mover advantage & toptier household brand
- Fully integrated multichannel advertising provider, one-stop service with Internet, TV, Mobile, Print & Database
- · Recurring and high margin revenue
- · Comprehensive sales networks
- New platform launched to capture mobile advertising market
- · New cloud based platform offers enhanced services



56

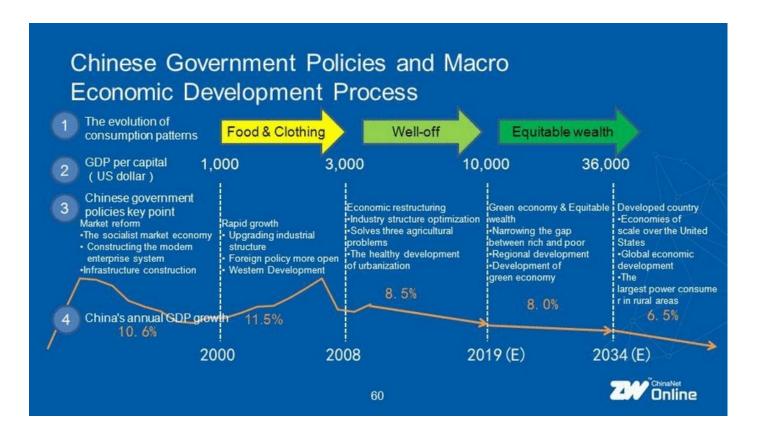


ChinaNet Management Team Thank you



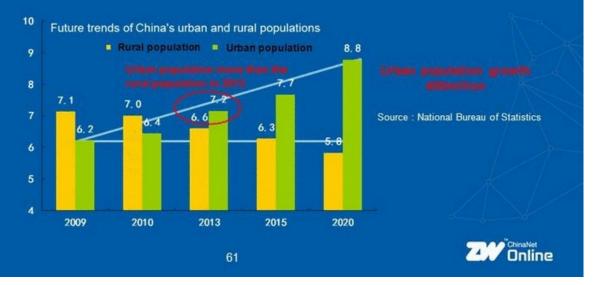
58





1% increase of urbanization rate would trigger 150 billion of domestic consumption and 585 billion housing consumption.

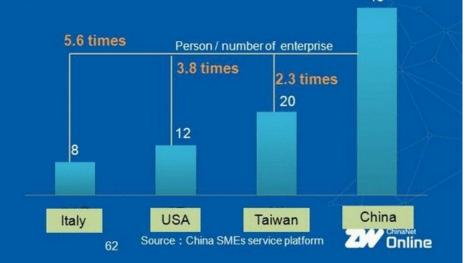
To meet the consumer demands need standardized management franchise services



The Growth of Franchise Industry in China

Compared: 2.3 times growing space with Taiwan, more than 3.8 times with U.S., 5.6 times with Italy, we estimated that SMEs industry has at least 2.3-5.6 times growing space.

- Italy is known as developed SMEs in the world. In Italy, every 8 people has 1 SME.
- In U.S.A, every 12 people have 1 SME.
- 3. In Taiwan, every 20 people have 1 SME.
- In China, every 45 people have 1 SME.

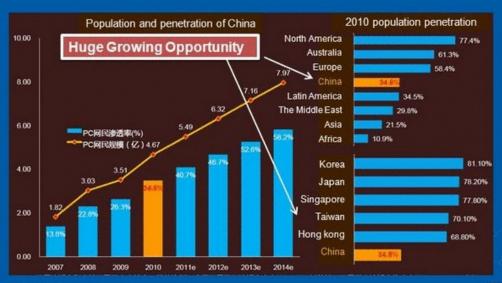


The Number of Entrepreneurs in China in Next Decade About 3.56 million people want to open Franchisees , and the potential

investment is about USD5.6 billion.

| Number | Estimated condition | Calculation Formula | | | |
|---|--|--|--|--|--|
| Potential Entrepreneurs: 166 MM people | 55.46 MM entrepreneurial families, 3 people per family | 55,460,000*3=166,380,000 | | | |
| Aged 30-35 potential entrepreneurs: 50 MM people | Based on ChinaNet database , Aged 30-35 counted for 30% | 166,380,000*30%=49,914,000 | | | |
| Aged 36-40 potential entrepreneurs 71.54 MM people | Based on ChinaNet database , Aged 36-40 counted for 43% | 166,380,000*43%=71,543,400 | | | |
| Actual entrepreneurs happening in each year: 8.5 MM people | Based on 7% growth rate of SMEs, applying to aged 30-40 people | (49,914,000+71,543,400)*7% =8,502,018 | | | |
| Actual entrepreneurs participate a franchise 3.56 MM people | 82.24% of new SMEs is in retail and service industries and within it, 52.13% is in related franchise industry. | 8,502,018*80.24%*52.13% =3,556,318 | | | |
| Market size of potential franchising industry: USD\$ 5.6 B | Every franchise with min, initial investment of 100,000 RMB | 3,556,318*100,000 =355,631,800,000 | | | |
| One business opportunity per 283 people | Only 30,000 franchise option available in China | 8,502,018/30,000=283 | | | |
| 63 | | | | | |

The Penetration and Population of China Internet Users



Source: DCCI China internet research 2011

64

