

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): May 22, 2012

**CHINANET ONLINE HOLDINGS, INC.**  
(Exact Name of Registrant as Specified in Charter)

**Nevada**  
(State or Other Jurisdiction of  
Incorporation)

**000-52672**  
(Commission File Number)

**20-4672080**  
(IRS Employer Identification No.)

**No.3 Min Zhuang Road, Building 6,  
Yu Quan Hui Gu Tuspark, Haidian District, Beijing, PRC 100195**  
(Address of Principal Executive Offices and Zip Code)

**+86-10-51600828**  
(Registrant's telephone number, including area code)

**N/A**  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under 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 Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

On May 22, 2012, ChinaNet Online Holdings, Inc., a Nevada corporation (the “Company”), issued a press release containing certain financial results for its first fiscal quarter of 2012. A copy of the press release is attached to this Current Report on Form 8-K as Exhibit 99.1.

As provided in General Instruction B.2 of SEC Form 8-K, such information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and it shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or under the Exchange Act, whether made before or after the date hereof, except as expressly set forth by specific reference in such filing to this Current Report on Form 8-K.

**Item 8.01. Other Events.**

Attached as Exhibit 99.2 is a slideshow presentation containing information about the Company’s business and certain other financial information that will be made available to investors participating in the Company’s conference call being held on May 22, 2012.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits:

<u>No.</u>	<u>Description</u>
99.1	Press Release dated May 22, 2012
99.2	Corporate Presentation

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**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: May 22, 2012

**CHINANET ONLINE HOLDINGS, INC.**

By: /s/ Handong Cheng

Name: Handong Cheng

Title: Chief Executive Officer

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## Exhibit Index

<u>No.</u>	<u>Description</u>
99.1	Press Release dated May 22, 2012
99.2	Corporate Presentation

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## ChinaNet Online Holdings Reports First Quarter 2012 Financial Results

Provides FY2012 revenue and net income guidance of \$42 million and \$2.8 million, respectively

Management to host Conference call on Tuesday, May 22<sup>nd</sup> at 8:30amET

BEIJING, May 22, 2012 -- ChinaNet Online Holdings, Inc. ("ChinaNet" or the "Company"), (Nasdaq: CNET), a leading B2B (business to business) Internet technology company providing online-to-offline ("O2O") sales channel expansion services for small and medium-sized enterprises ("SMEs") and entrepreneurial management and networking services for entrepreneurs in the People's Republic of China, today announced financial results for the first quarter 2012.

### Summary Financials

First Quarter 2012 Results (USD) (Unaudited)			
	Q1 2012	Q1 2011	CHANGE
Sales	\$14.9 million	\$7.0 million	+113%
Gross Profit	\$2.4 million	\$5.0 million	-52%
Gross Margin	16%	71%	-77%
Net (Loss)/Income Attributable to Common Stockholders	(\$0.4 million)	\$2.6 million	-115%
EPS (Diluted)	(\$0.02)	\$0.14	-114%

### First Quarter 2012 Financial Results

Revenues for the first quarter of 2012 increased by 113% to \$14.9 million from \$7.0 million in the first quarter of 2011, primarily due to an increase in revenues from the sale of TV and internet advertising and marketing services on the Company's web portals. TV advertising revenue increased significantly to \$10.4 million for the three months ended March 31, 2012 from \$0.7 million in the same period in 2011. TV advertising revenues were generated by selling approximately 10,396 minutes of advertising time purchased from provincial TV stations as compared with approximately 835 minutes of advertising time that we sold in the same period in 2011. Revenue from internet advertising and marketing increased by 50% to \$4.3 million, as compared to the first quarter of 2011 due to the addition of Sooe.cn and increasing the number of clients on Liansuo.com.

### Q1 2012 Revenue Breakdown by Business Unit (USD in thousands)

	Q1 2012	%	Q1 2011	%	% Change
Internet Advertisement	\$ 4,306	28.8%	\$ 2,874	40.9%	+49.8%
Technical Services	\$ 39	0.3%	\$ 3,212	45.7%	-98.8%
TV Advertisement	\$ 10,369	69.4%	\$ 726	10.3%	+1328%
Bank Kiosk	\$ 71	0.5%	\$ 137	2.0%	-48.1%
Brand Mgmt. & Sales Channel Expansion	\$ 150	1.0%	\$ 75	1.1%	+100%

Total cost of sales for the first quarter of 2012 was \$12.5 million, compared to \$2.0 million for the same period in 2011. Gross profit was \$2.4 million for the first quarter of 2012, representing gross margin of 16.0%, compared to \$5.0 million of gross profit and gross margin of 71% in the first quarter of 2011. The decrease in gross margin is due to the percentage of sales from the Company's lower margin TV advertising revenue, which accounted for approximately 69% of total revenues as well as increasing in resource cost.

Operating expenses for the three months ended March 31, 2012 were approximately \$2.3 million, up 15.7% from \$2.0 million in the comparable period of 2011. General and administrative expenses increased \$0.4 million to \$1.2 million. Research and development expenses dropped 6.2% year-over-year to \$0.3 million.

The Company had an operating income of \$0.13 million in the first quarter of 2012 compared to \$3.0 million operating income in the first quarter of 2011.

Net loss attributable to common stockholders for the first quarter of 2012 was \$0.4 million and loss per share was \$0.02 compared to \$2.6 million net income attributable to common stockholders and \$0.14 earnings per share in the first quarter of 2011, respectively.

#### **Balance Sheet and Cash Flow**

The Company had \$9.0 million in cash and cash equivalents as of March 31, 2012, compared to \$10.7 million as of December 31, 2011, working capital of \$27.3 million, compared to \$27.0 million as of December 31, 2011, and a current ratio of 3.8 to 1 compared 4.5 to 1 as of December 31, 2011.

The Company had cash inflow from operations of \$0.4 million for the three months ended March 31, 2012. Total shareholders' equity of ChinaNet was \$41.6 million at March 31, 2012, compared to \$41.7 million at December 31, 2011.

#### **Guidance for 2012**

Management forecasts full year 2012 revenues to be at least \$42 million and net income of at least \$2.8 million.

#### **Business Updates**

ChinaNet is focused on strategically expanding its client base of over 6,000 current customers by continuing to grow its internet advertising and marketing services business. Currently, 28.com, which connects SME franchisors with new franchisees, generates the majority of revenues. ChinaNet will continue to invest in new technology and expects to increase its market share to over 55% by the end of the third quarter 2012.

As previously announced, management is focused on several new growth and management initiatives to help offset short-term economic challenges on 28.com. Below are additional initiatives:

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- Improving internal management with cost reduction plan, expect to increase net profit margin by 2%-5%;
- Addition of Sooe.cn with commercialization expected in Q3 2012;
- Sales campaign with China Business Journal to attract better quality and larger clients in Q3 2012, further extending Liansuo.com's client base by 20% or more;
- Launching Weibo (like Twister) related value-added marketing service to existing or larger branded customers in Q3 2012 with 3<sup>rd</sup> party alliance;
- Launching of Zhifuwan.com, an integrated SEM and e-Commerce marketing service as additional value-added services to all other web portals, helping SMEs to further market their Taobao B2C sites by means of technology in Q3 2012.
- With the complexity of additional features, the commercial launch of flying cloud ([www.feitengyun.com](http://www.feitengyun.com)) has been re-scheduled to occur by the end of October 2012.

With these initiatives, management expects ChinaNet to return to profitability in Q2 2012 based on current and improving economic conditions.

#### **Conference Call**

Date: Tuesday, May 22, 2012  
Time: 8:30 am Eastern Time  
Conference Line (U.S.): 1-877-317-6776  
International Dial-In: 1-412-317-6776  
Conference ID: 10014350  
Webcast: <http://webcast.mzvaluemonitor.com/Home/Login/3b108b0d-3f0e-43ef-b58a-c0e8c22a56a1>

Please dial in at least 10-minutes before the call to ensure timely participation.

A playback of the call will be available until 9:00 am ET on May 29, 2012. To listen, call 1-877-344-7529 within the United States or 1-412-317-0088 when calling internationally. Please use the replay pin number 10014350.

#### **About ChinaNet Online Holdings, Inc.**

The Company, a parent company of ChinaNet Online Media Group Ltd., incorporated in the BVI ("ChinaNet"), a leading business to business Internet technology company focusing on providing online-to-offline sales channel expansion service for small and medium-sized enterprises and entrepreneurial management and networking service for entrepreneurs in China. Founded in 2003 and based in Beijing, PRC, the Company's services include its 28.com portal to connect SME franchisors with new franchisees, Internet advertising and marketing with other value-added communication channels, brand management & sales channel solutions, and cloud-computing based management tools, to be officially commercialized in 2012. Website: <http://www.chinanet-online.com>.

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**Safe Harbor**

This release contains certain "forward-looking statements" relating to the business of ChinaNet Online Holdings, Inc., which can be identified by the use of forward-looking terminology such as "believes," "expects," "anticipates," "estimates" or similar expressions. Such forward-looking statements involve known and unknown risks and uncertainties, including business uncertainties relating to government regulation of our industry, market demand, reliance on key personnel, future capital requirements, competition in general and other factors that may cause actual results to be materially different from those described herein as anticipated, believed, estimated or expected. Certain of these risks and uncertainties are or will be described in greater detail in our filings with the Securities and Exchange Commission. These forward-looking statements are based on ChinaNet's current expectations and beliefs concerning future developments and their potential effects on the company. There can be no assurance that future developments affecting ChinaNet will be those anticipated by ChinaNet. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond the control of the Company) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by such forward-looking statements. ChinaNet undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

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-- FINANCIAL TABLES --

**CHINANET ONLINE HOLDINGS, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands)

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
	<b>(US \$'000)</b>	<b>(US \$'000)</b>
	<b>(unaudited)</b>	
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 8,964	\$ 10,695
Accounts receivable, net	7,623	4,444
Other receivables	5,844	3,631
Prepayment and deposits to suppliers	13,718	15,360
Due from related parties	278	324
Contingent consideration receivables	160	159
Other current assets	153	129
Deferred tax assets-current	222	-
<b>Total current assets</b>	<b>36,962</b>	<b>34,742</b>
Investment in and advance to equity investment affiliates	1,212	1,396
Property and equipment, net	1,775	1,902
Intangible assets, net	7,941	8,151
Goodwill	11,068	10,999
Deferred tax assets-non current	196	92
	<b>\$ 59,154</b>	<b>\$ 57,282</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 214	\$ 268
Advances from customers	1,890	724
Accrued payroll and other accruals	485	616
Due to equity investment affiliate	538	220
Due to related parties	84	161
Payable for acquisition	553	550
Taxes payable	5,701	5,040
Other payables	158	114
Dividends payable	-	5
<b>Total current liabilities</b>	<b>9,623</b>	<b>7,698</b>
Deferred tax liability-non current	1,850	1,893
Long-term borrowing from director	138	137
	<b>11,611</b>	<b>9,728</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' equity:</b>		
Common stock (US\$0.001 par value; authorized 50,000,000 shares; issued and outstanding 22,186,540 shares and 22,146,540 shares at March 31, 2012 and December 31, 2011, respectively)	22	22
Additional paid-in capital	20,764	20,747
Statutory reserves	2,117	2,117
Retained earnings	16,322	16,688
Accumulated other comprehensive income	2,358	2,132
<b>Total ChinaNet's Online Holdings, Inc.'s stockholders' equity</b>	<b>41,583</b>	<b>41,706</b>
Noncontrolling interest	5,960	5,848
<b>Total stockholders' equity</b>	<b>47,543</b>	<b>47,554</b>
	<b>\$ 59,154</b>	<b>\$ 57,282</b>

**CHINANET ONLINE HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS)/INCOME**  
(In thousands, except for number of shares and per share data)

	<b>Three Months Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
	<b>(US \$'000)</b>	<b>(US \$'000)</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Sales		
To unrelated parties	\$ 14,920	\$ 6,834
To related parties	15	190
	<u>14,935</u>	<u>7,024</u>
Cost of sales	12,538	2,030
<b>Gross margin</b>	<b><u>2,397</u></b>	<b><u>4,994</u></b>
<b>Operating expenses</b>		
Selling expenses	689	713
General and administrative expenses	1,243	890
Research and development expenses	331	353
	<u>2,263</u>	<u>1,956</u>
<b>Income from operations</b>	<b>134</b>	<b>3,038</b>
<b>Other income (expense):</b>		
Interest income	5	1
Gain on deconsolidation of subsidiaries	-	229
Other(expenses)/ income	(1)	6
	<u>4</u>	<u>236</u>
<b>Income before income tax expense, equity method investments and noncontrolling interests</b>	<b>138</b>	<b>3,274</b>
Income tax expense	236	431
<b>(Loss)/income before equity method investments and noncontrolling interests</b>	<b>(98)</b>	<b>2,843</b>
Share of losses in equity investment affiliates	(193)	(47)
<b>Net (loss)/income</b>	<b>(291)</b>	<b>2,796</b>
Net (income)/loss attributable to noncontrolling interests	(75)	16
<b>Net (loss)/income attributable to ChinaNet Online Holdings, Inc.</b>	<b>(366)</b>	<b>2,812</b>
Dividend of Series A convertible preferred stock	-	(169)
<b>Net (loss)/income attributable to common shareholders of ChinaNet Online Holdings, Inc.</b>	<b>\$ (366)</b>	<b>\$ 2,643</b>
<b>(Loss)/earnings per share</b>		
(Loss)/earnings per common share		
Basic	<u>\$ (0.02)</u>	<u>\$ 0.15</u>
Diluted	<u>\$ (0.02)</u>	<u>\$ 0.14</u>
<b>Weighted average number of common shares outstanding:</b>		
Basic	<u>22,182,584</u>	<u>17,244,315</u>
Diluted	<u>22,182,584</u>	<u>20,819,982</u>

**CHINANET ONLINE HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

	<b>Three Months Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
	<b>(US \$'000)</b> <b>(unaudited)</b>	<b>(US \$'000)</b> <b>(unaudited)</b>
<b>Cash flows from operating activities</b>		
Net (loss)/income	\$ (291)	\$ 2,796
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
Depreciation and amortization	409	199
Share-based compensation expenses	17	107
Share of losses in equity investment affiliates	193	47
Gain on deconsolidation of subsidiaries	-	(229)
Gain on disposal of property and equipment	-	(3)
Deferred taxes	(381)	(15)
<b>Changes in operating assets and liabilities</b>		
Accounts receivable	(3,154)	(1,302)
Other receivables	261	3,691
Prepayments and deposits to suppliers	1,740	(162)
Due from equity investment affiliate	-	(8)
Due from related parties	48	(190)
Other current assets	(22)	(19)
Accounts payable	(56)	336
Advances from customers	1,162	(1,263)
Accrued payroll and other accruals	(133)	(60)
Due to director	-	(403)
Due to related parties	(78)	(137)
Other payables	18	39
Taxes payable	630	397
<b>Net cash provided by operating activities</b>	<b>363</b>	<b>3,821</b>
<b>Cash flows from investing activities</b>		
Purchases of vehicles and office equipment	(9)	(57)
Purchases of intangible assets	-	(11)
Project development deposit to a third party	(2,452)	-
Cash from acquisition of VIEs	-	24
Cash effect on deconsolidation of VIEs	-	(181)
Long-term investment in and advance to equity investment affiliates	-	(1,518)
<b>Net cash used in investing activities</b>	<b>(2,461)</b>	<b>(1,743)</b>
<b>Cash flows from financing activities</b>		
Cash investment contributed by noncontrolling interest	-	74
Dividend paid to convertible preferred stockholders	(5)	(171)
Short-term loan borrowed from equity investment affiliate	316	-
<b>Net cash provided by (used in) financing activities</b>	<b>311</b>	<b>(97)</b>
Effect of exchange rate fluctuation on cash and cash equivalents	56	59
<b>Net (decreased) increase in cash and cash equivalents</b>	<b>(1,731)</b>	<b>2,040</b>
Cash and cash equivalents at beginning of year	10,695	15,590
Cash and cash equivalents at end of period	<b>\$ 8,964</b>	<b>\$ 17,630</b>



# ChinaNet Online Holdings, Inc.

(Nasdaq: CNET)

2012 Q1 Corporate Presentation



# Safe Harbor

This release contains certain "forward-looking statements" relating to the business of ChinaNet Online Holdings, Inc. ("ChinaNet" or the "Company"), which can be identified by the use of forward-looking terminology such as "believes," "expects," "anticipates," "estimates" or similar expressions. Such forward-looking statements involve known and unknown risks and uncertainties, including business uncertainties relating to government regulation of our industry, market demand, reliance on key personnel, future capital requirements, competition in general and other factors that may cause actual results to be materially different from those described herein as anticipated, believed, estimated or expected. Certain of these risks and uncertainties are or will be described in greater detail in our filings with the Securities and Exchange Commission. These forward-looking statements are based on ChinaNet's current expectations and beliefs concerning future developments and their potential effects on the company. There can be no assurance that future developments affecting ChinaNet will be those anticipated by ChinaNet. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond the control of the Company) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by such forward-looking statements. ChinaNet undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

# Index

- 2012 Q1 Results
- Business Operations Update
- Full Year Forecast and Future Initiatives



# 2012 Q1 Results

CHINANET ONLINE HOLDINGS, INC.



# Financial Highlights

Ticker Symbol	NASDAQ: CNET
Fiscal Year	December 31
Stock Price (as of market close on May 18, 2012)	\$0.73
Shares Outstanding- common shares	22.19M
Market Capitalization (as of market close on May 18, 2012)	\$16.20M
Management Ownership	35.3%
Revenue 1Q 2012(unaudited)	\$14.94M
Net Income/(Loss) attributable to ChinaNet Online Holdings, Inc. 1Q 2012 (unaudited)	(\$0.37M)
Weighted average common shares outstanding <sup>(1)</sup>	22.18M

(1) Weighted average share count will vary from quarter-to-quarter due to GAAP Treasury Method accounting for warrants and options outstanding. As of March 31, 2012, the Company had 3 M warrants outstanding with a weighted average exercise price of \$3.41 and 0.9 M options outstanding with a weighted average exercise price of \$1.42.

# Balance Sheet

	As of December 31,					As of March 31,
	2007 US\$('000)	2008 US\$('000)	2009 US\$('000)	2010 US\$('000)	2011 US\$('000)	2012 US\$('000) (unaudited)
Cash and cash equivalents	317	2,679	13,917	15,590	10,695	8,964
Accounts receivable, net	211	978	3,173	4,319	4,444	7,623
Other receivables, net	190	-	2,636	7,811	3,631	5,844
Prepayment and deposit to suppliers	419	4,072	4,111	3,325	15,360	13,718
Investment in and advance to equity investment affiliates	-	-	-	7,162	1,396	1,212
Property and equipment, net	164	678	1,355	2,010	1,902	1,775
Intangible assets, net	1	-	-	51	8,151	7,941
Goodwill	-	-	-	-	10,999	11,068
<b>Total assets</b>	2,242	8,813	25,764	41,996	57,282	59,154

# Balance Sheet

	As of December 31,					As of March 31,
	2007 US\$('000)	2008 US\$('000)	2009 US\$('000)	2010 US\$('000)	2011 US\$('000)	2012 US\$('000) (unaudited)
<b>Total liabilities</b>	1,821	5,423	14,631	6,285	9,728	11,611
Preferred stock and Common Stock	-	10	20	20	22	22
Additional paid-in capital	515	603	10,574	18,614	20,747	20,764
Statutory reserves	67	304	372	1,587	2,117	2,117
Retained earnings	(193)	2,370	50	14,630	16,888	16,322
Accumulated other comprehensive income	32	103	117	930	2,132	2,358
Noncontrolling interest	-	-	-	(70)	5,848	5,960
<b>Total equity</b>	421	3,390	11,133	35,711	47,554	47,543

# Income Statement

	Year Ended December 31,					Three Months Ended March 31,	
	2007 US\$('000)	2008 US\$('000)	2009 US\$('000)	2010 US\$('000)	2011 US\$('000)	2012 US\$('000) (unaudited)	2011 US\$('000) (unaudited)
Sales Revenue	7,570	21,508	37,724	41,587	28,731	14,935	7,024
COGS	(4,674)	(13,786)	(21,233)	(18,970)	(12,027)	(12,538)	(2,030)
Gross Profit	2,896	7,722	16,491	22,617	16,704	2,397	4,994
Total Operating Exp.	(2,648)	(3,948)	(7,082)	(7,770)	(13,542)	(2,263)	(1,956)
Net Income from Total Operation	248	3,774	9,409	14,847	3,162	134	3,038
Other Income (Exp.)	(59)	(12)	(4,510)	1,880	873	4	236
Income before income tax expense, equity method investment and non- controlling interest	189	3,762	4,899	16,727	4,035	138	3,274
Income Tax	(405)	(962)	(880)	(352)	(1,035)	(236)	(431)
Net Income attributable to ChinaNet Online Holdings, Inc. (GAAP)	(216)	2,800	4,019	16,589	2,995	(366)	2,812
Net Income attributable to ChinaNet Online Holdings, Inc. (Non-GAAP)	(216)	2,800	8,444	14,728	4,955	(366)	2,583

# Cash flows Statement

	Year ended December 31,					Three Months Ended March 31,	
	2007 US\$('000)	2008 US\$('000)	2009 US\$('000)	2010 US\$('000)	2011 US\$('000)	2012 US\$('000) (unaudited)	2011 US\$('000) (unaudited)
Net cash provided by (used in) Operation Activities	557	821	4,617	11,582	(603)	363	3,821
Net cash provided by (used in) Investing Activities	(103)	(497)	(930)	(9,373)	(6,084)	(2,461)	(1,743)
Net cash provided by (used in) Financing Activities	(238)	1,981	7,544	(767)	1,482	311	(97)
Effect of exchange rates changes	14	57	7	231	310	56	59
Net Change in Cash & Cash Equivalents	230	2,362	11,238	1,673	(4,895)	(1,731)	2,040

# BUSINESS OPERATIONS UPDATE

CHINANET ONLINE HOLDINGS, INC.



## 2012Q1 Update

- Resources costs are increasing and economy has been stagnant without any strong sign of recovery;
- Management is in the process of implementing:
  - Internal resource integration and reallocation program:
    - to increase operational efficiency and effectiveness;
  - Cost reduction plan:
    - to increase cashflow;
  - Operational and management excellence:
    - to improve management skills for better sales performance;
  - Expected to be completed in September 2012 and increase profitability by 2%-5% or higher in Q3;
- Update of Flying cloud: [www.feitengyun.com](http://www.feitengyun.com);
- Expected to return to profitability in Q2;



# 2012 Full Year Forecast and Future Initiatives

CHINANET ONLINE HOLDINGS, INC.



**ZW** ChinaNet  
Online



## 2012 Full Year Guidance with Future Initiatives

	2012 (Estimated)
Revenues	42 million
Net Income*	2.8 million

\* Non-GAAP net income attributable to ChinaNet Online Holdings, Inc.

- Improving internal management with cost reduction plan, expect to increase net profit margin by 2%-5%;
- Addition of Sooe.cn and full integration of sales and operation, expected to be completed in Q3 2012;
- Sales campaign with China Business Journal to attract better quality and larger clients in Q3 2012, further extending liansuo.com's client base by on expected 20% or more;
- Launching Weibo (like Twister) related value-added marketing service to existing or larger branded customers in Q3 2012 with 3<sup>rd</sup> party alliance;
- Launching Zhifuwan.com, an integrated SEM and e-Commerce marketing service as additional value-added services, helping SMEs to further market their Taobao B2C sites by means of technology in Q3 2012.

Thank you



