



2011
Corporate
Presentation

ChinaNet-Online Holdings, Inc.

NASDAQ: CNET

2011 Corporate Presentation

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Today Agenda

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COMPANY OVERVIEW

ChinaNet Financial Highlights

Ticker Symbol	NASDAQ: CNET
Fiscal Year	December 31
Stock Price (5/2/11)	\$3.20
Shares Outstanding- common shares (2/23/11) ⁽¹⁾	17.1M
Market Capitalization (5/2/11)	\$54.7M
Management Ownership	44.0%
Revenue 2010 (audited)	\$41.6M
Adjusted Net Income 2010 ⁽²⁾ (audited)	\$14.7M
As of Dec 30 th , 2010 – REVENUE	\$41.6 M ▲10%
As of Dec 30 th , 2010 – Adjusted NET INCOME ⁽³⁾	\$14.7M ▲75%
As of Dec 30 th , 2010 – Adjusted EPS (diluted)	\$0.70 ▲50%
2011 Revenue Guidance	\$50M-54M ▲25-30%
2011 Net Income Guidance	\$17.5-18.2MM ▲22-25%

(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 2009 excludes \$4.4M non cash charge associated with changes in fair value of warrants in accordance US GAAP

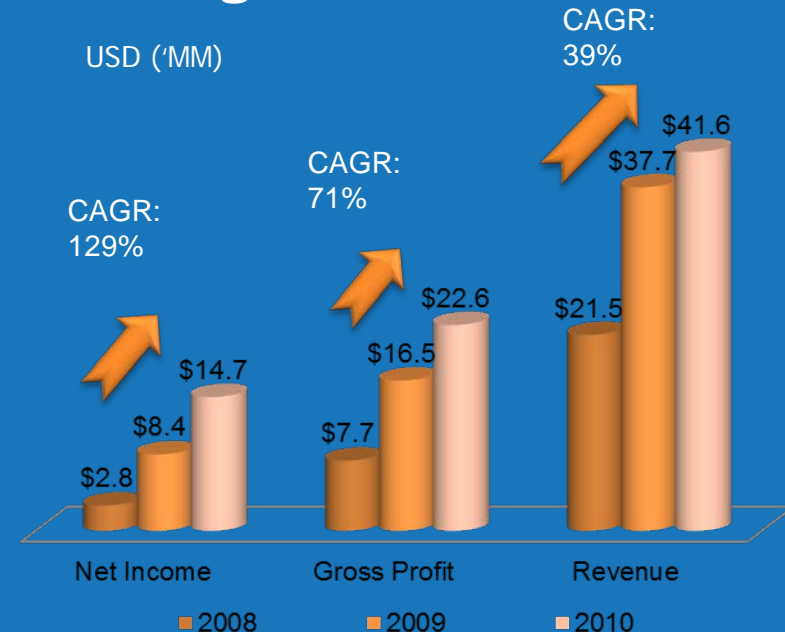
(3) 1H 2010 adjusted net income excludes \$1.9M non cash gains associated with fair value of warrants

ChinaNet Overview

Key Summary

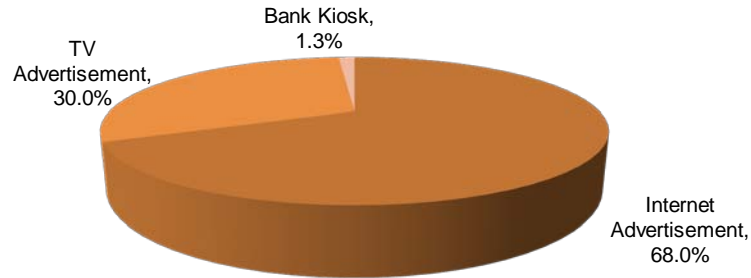
- #1 B2B website (28.com and liangsoo.com) for advertising small and medium enterprise franchisor needs for sales channel expansion in China
 - Brand management & sales channel expansion solutions
- A leading market consolidator with first mover advantage & top-tier household brand
- Fully integrated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

Strong Growth

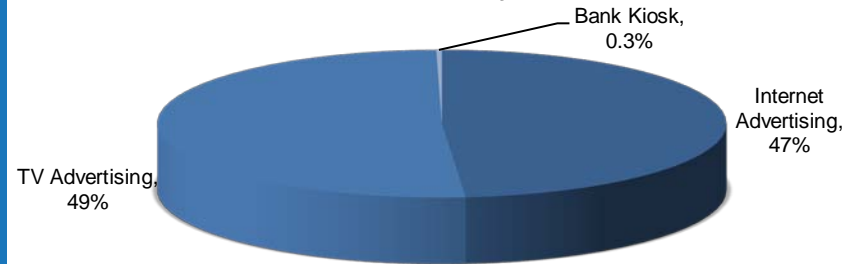


ChinaNet 2010 vs. 2009

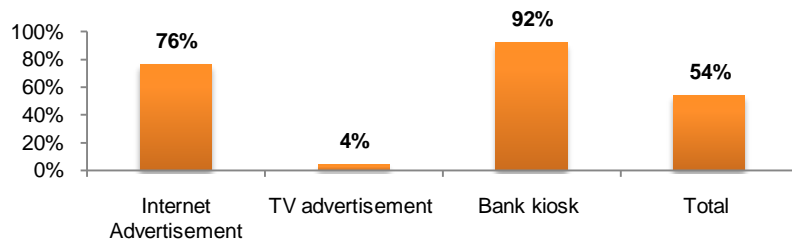
2010 Revenue Breakdown By Business Unit



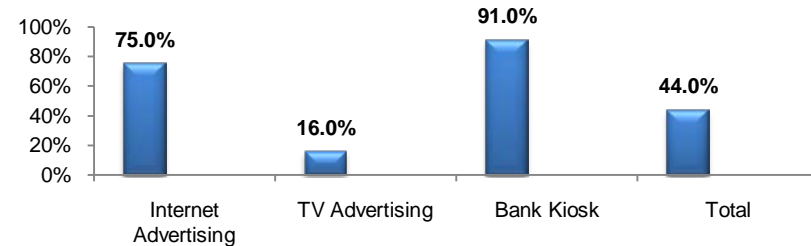
2009 Revenue Breakdown By Business Unit



2010 Gross Margin Breakdown



2009 Gross Margin Breakdown





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MACRO OVERVIEW

Chinese Small and Medium Enterprise (SME) Market

Approximately 3,000 franchise enterprises and 260,000 chain stores in China in 2007, and are expected to grow to 4,800 and 450,000, respectively by 2012.

SMEs in China are responsible for:

- Approximately 60% of industrial output and 75% of urban employment
- 99% of Chinese enterprises are SMEs which contribute 60% of the country's GDP

SMEs are driven by:

- Former state-owned employees
- Educated young professionals
- Committed and experienced entrepreneurs

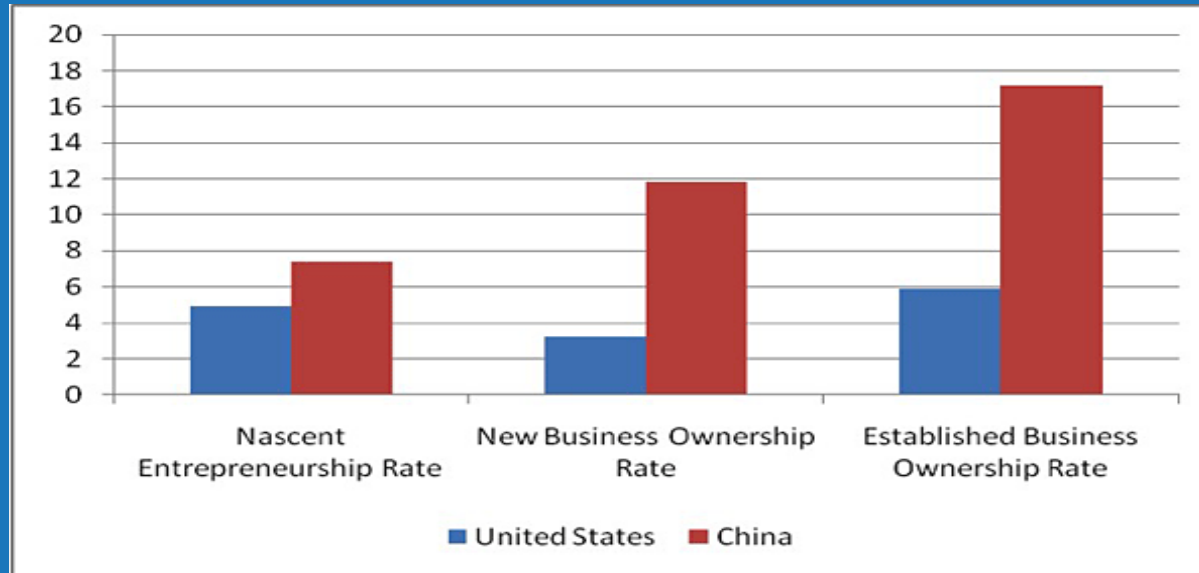
Series of laws and regulations in China to protect and promote SMEs

- SMEs benefit from the central government's desire to increase consumer demand to create a balanced economy

The Chinese SME market has sustainable growth characteristics

- The majority of SMEs are small, less-developed brands
- Low start-up costs (typically between \$1,000 and \$15,000)
- Sales and distribution networks are undeveloped and open to new participants

Market Data on Entrepreneurship



Data Source : Babson College 2009 Global Entrepreneurship Monitor Report

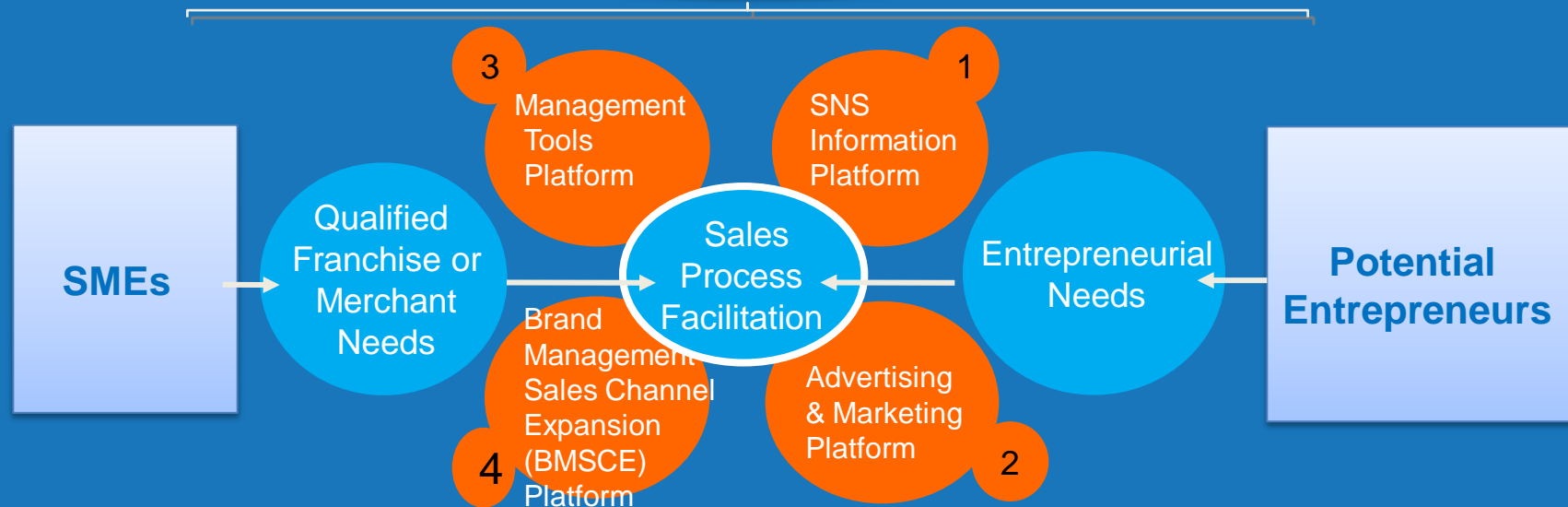


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BUSINESS PORTFOLIO

Business Portfolio

Full Service Platform



Internet Advertising & Marketing



28.com (A Premier Internet Property)

- #1 B2B website for advertising franchises and other forms of business ventures in China
- #1 market leader in online advertising for SMEs in China
- #1 host of 1200+ franchises mini-sites
- Most comprehensive business categories:
 - 8+ major business segments with 50+ business categories in total

Internet Advertising & Marketing

Offers additional exposure for clients through:

- Print Advertising – Newspapers and Magazines
- Radio
- TV
 - Partner with CCTV and 12 other major provincial TV broadcasting stations throughout China
 - An integrated production chain with content and delivery that complements customer offerings
 - TV production team with 10 years of experience





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CLIENT CASE STUDIES

ChinaNet Internet Clients

Clients are SME franchisors and businesses seeking to expand their footprint; also benefit from additional advertising and business management tools

Total clients:

Basic Clients: 600 (USD\$180 - \$230/month)

Receive:

Simple profile page to advertise the business

Active Clients: 900 (USD\$3,050 - \$3,800/month)

Receive:

Designed profile pages with messaging page + Mini-sites with online consultant + SEM + SEO + IIM + other additional marketing channels (TV, Mobile, Printing etc., need to pay extra)

Branded Clients: 32 (USD\$27,500 – \$33,550/month)

Receive:

Above + Brand management solutions + Sales channel rapid expansion solutions

Customer Retention Rate > 60%

ChinaNet Sample Clients



KENJMI Leather Goods



**SUPWAVE
Car Care**



FengBoZhuang Restaurant



**Liqing DaBieShan Goose
Hotpot Restaurant**



**Toe Dance Slipper
Retail Store**

Client Case Study – Active Client



SUPWAVE Car Care
Founded: Beijing 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
2010 Sales Revenue (USD)	\$2,727,000
2010 Net Profit (USD)	\$455,000

Business Performance



Company-owned stores	4
Annual average revenue per company-owned store (USD)	\$120,000-\$150,000
Annual profit per company-owned store (before tax) (USD)	\$45,000-\$76,000
Franchise stores	200
Annual revenue per franchised store	\$90,000-\$150,000
Annual gross profit per franchised store	\$38,000-\$69,000

(USD)	Product Sales Revenue	Franchise Revenue	Dealers Revenue	Total Revenue	Total Marketing Exp
2010	\$1,090,000	\$1,640,000	NA	\$2,730,000	\$273,000
% to total revenue	39.9%	60.1%	0%	100%	10%

Business with ChinaNet



Client	Online AD		TV	Other	Revenue/month (\$USD)			# of months of client
	AD	NEWS	AD	AD	Min	Max	Avg	
	*				\$5,500	\$11,000	\$7,600	24

Client for 24 months	March 2009	After cooperating with ZWOnline	Growth rate	Monthly IP visits	60000
Monthly franchise Revenue(\$USD)	\$160,000	\$230,000	140%	Avg. leads per month	750
# of franchised stores	70	200	567%	% of clicks that leave a message	1.3%
Monthly avg. of in-person inquiry	9	23	44%	% of new signings from ZW Online	20%
Monthly avg. of new contract-signing	5	12	140%		



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COMPETITIVE ADVANTAGES

Competitive Advantages

- First Mover Advantage: Premier vertical internet advertising website in China focusing on franchise or dealerships business opportunities
- In-depth Industry Experience: Over 4 years of operations as multichannel ad portal across Internet, TV, Mobile and Kiosk.
- Established Database: Accumulated database of over 1M potential entrepreneurs
- Advanced Market Share: Company maintains a >30% market share position
- Building Entry Barrier: building the four product service platforms with more advanced technology

Proprietary Technology

- Real-time and Interactive SEO and SEM Tools
 - Information & Content Management Tools
 - Internet Usage Monitoring & Analysis Engine
 - Advanced Campaign Tracking & Monitoring Engine
 - PFP Monitoring Engine Platform v2.0
- Management Tools (POS, Inventory Management, etc.) based on cloud computing framework
 - AD effectiveness Monitoring & Analysis Platform v2.0
 - Message for Business Monitoring & Analysis Platform v2.0
- Real-time AD kiosk content management system with one-to-many focused content delivery function



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EXPANSION STRATEGY

2011 Growth Strategy

- Increase market share in rapidly growing franchise industry through organic growth and M&A
- Monetizing customer base by offering an integrated solution across 4 cloud-based platforms generating recurring revenue
- Expand to top 10% of non-franchised SMEs in China: 4 millions enterprises
- Launch Liansuo.com and Chuanye.com
- Acquire branded customers and international business
- Buy vs. Build M&A – leverage strong balance sheet to target technology and/or sales channel opportunities to add enhanced services
- Add key hires to support expansion and new business units

2011-2015 Future Sales Network



In 5 provinces now: Fujian,
Guangzhou, Shanghai,
Wuhan and Zhejiang

Expand to more than 12
major cities in 3-5 years

Financial Statement Summary

Year ended Dec 31 (mill's)	2010	2009	% Change
Net Sales	\$41.6	\$37.7	+10.3%
Gross Profit	\$22.6	\$16.5	+34.5%
Gross Margin	54%	43.8%	+30.0%
Adj. Net Income ⁽¹⁾	\$14.7	\$8.4	+75.0%
Adj. Diluted EPS ⁽¹⁾	0.70	0.50	+50%
Weighted Shares Outstanding	16,788,176	14,825,125	+13.24%
Cash Flows from Operations	\$11.6	\$4.6	+152%

Non-GAAP net income and EPS excludes non-cash gain of 1.9 million related to changes in fair value of warrants for the three month period ended Sep 30th, 2010 and non-cash loss of \$1.3 million for the three month ended Sep 30th, 2009.

Management Team

Handong Cheng, Chairman & CEO

Mr. Cheng is Co-founder of ChinaNet and oversees daily operations. A pioneer in online media and marketing services, Mr. Cheng was awarded “Network Creative person of China” in 2006. BA of Law from Wuhan University. Executive MBA, Peking University. Mr. Cheng has extensive franchisor experience, and has founded numerous franchises including a chain of car washes as well as the largest office building window cleaning chain in China.

George K. Chu, COO

Mr. George Chu is responsible for the overall operations of 28.com. He is experienced in management and operational excellence. BBA of Accounting & MIS from Simon Fraser University BC, Canada, DLP & Executive Education from Harvard Business School and Executive MBA, Peking University.

Zhige Zhang, CFO

Mr. Zhang is Co-founder of ChinaNet. He previously served as the Secretary of the President of KONKA Group Worldwide as well as the General Manager and Director of KONKA Group Beijing. Prior to KONKA he served as manager of PRECOM and has experience in software development and internet ad technology. BA from Guilin University of Electronic Technology in 1997.

Key Investment Highlights

- 28.Com is a premier Internet property in the China SME community and the largest merchant marketplace for franchise opportunity seekers in China
- A proprietary, integrated business service model which generates high-margin, recurring revenues from a growing client base
- Strong balance sheet and cash flow to fund growth
- Innovative cloud technology will expand service offering and enhance customer retention
- Experienced management with industry expertise and significant ownership position



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ChinaNet Management Team

THANK YOU