

ChinaNet Online Holdings, Inc.  
Form 10-Q  
May 21, 2012

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

FORM 10-Q

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

For the quarterly period ended March 31, 2012

or

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

For the transition period from \_\_\_\_ to \_\_\_\_

Commission File Number: 000-52672

ChinaNet Online Holdings, Inc.  
(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of incorporation or organization)

20-4672080  
(I.R.S. 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) (Zip Code)

+86-10-5160-0828  
(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer (Do not check if a smaller reporting company)   
Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  
o No x

As of May 21, 2012 the registrant had 22,186,540 shares of common stock outstanding.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

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

	March 31, 2012 (US \$) (Unaudited)	December 31, 2011 (US \$)
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,964	\$ 10,695
Accounts receivable, net	7,623	4,444
Other receivables, net	5,844	3,631
Prepayment and deposit 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	-
Total current assets	36,962	34,742
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
Total Assets	\$ 59,154	\$ 57,282
Liabilities and Equity		
Current liabilities:		
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
Dividend payable	-	5
Total current liabilities	9,623	7,698

CHINANET ONLINE HOLDINGS, INC.  
CONSOLIDATED BALANCE SHEETS (CONTINUED)  
(In thousands, except for number of shares and per share data)

	March 31, 2012 (US \$) (Unaudited)	December 31, 2011 (US \$)
Long-term liabilities:		
Deferred tax liability-non current *	1,850	1,893
Long-term borrowing from director	138	137
<b>Total Liabilities</b>	<b>11,611</b>	<b>9,728</b>
<b>Commitments and contingencies</b>		
<b>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 Online Holdings, Inc.'s stockholders' equity</b>	<b>41,583</b>	<b>41,706</b>
Noncontrolling interests	5,960	5,848
<b>Total equity</b>	<b>47,543</b>	<b>47,554</b>
<b>Total Liabilities and Equity</b>	<b>\$ 59,154</b>	<b>\$ 57,282</b>

\*All of the VIEs' assets can be used to settle obligations of its primary beneficiary. Liabilities recognized as a result of consolidating these VIEs do not represent additional claims on the Company's general assets (Note 2).

See notes to consolidated financial statements

CHINANET ONLINE HOLDINGS, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS)/INCOME  
(In thousands)

Three Months Ended March 31,

2012  
(US \$)  
(Unaudited)

2011  
(US \$)  
(Unaudited)

Sales