

ChinaNet Online Holdings, Inc.
Form 10-Q
May 15, 2015

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, 2015

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: 001-34647

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

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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

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

As of May 15, 2015, the registrant had 29,230,130 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Interim Financial Statements

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

	March 31, 2015 (US \$) (Unaudited)	December 31, 2014 (US \$)
Assets		
Current assets:		
Cash and cash equivalents	\$2,184	\$5,037
Term deposit	3,452	3,465
Accounts receivable, net	2,660	2,407
Other receivables, net	8,160	8,392
Prepayment and deposit to suppliers	10,235	8,092
Due from related parties	59	51
Other current assets	177	61
Deferred tax assets-current	291	176
Total current assets	27,218	27,681
Long-term investments	1,089	909
Property and equipment, net	853	943
Intangible assets, net	8,847	9,238
Deposit and prepayment for purchasing of software technology	847	850
Goodwill	6,746	6,772
Deferred tax assets-non current	1,106	1,037
Total Assets	\$46,706	\$47,430
Liabilities and Equity		
Current liabilities:		
Short-term bank loan *	\$814	\$817
Accounts payable *	741	782
Advances from customers *	2,108	832
Accrued payroll and other accruals *	512	585
Due to noncontrolling interest of VIE *	636	638
Payable for purchasing of software technology *	2,489	2,826
Taxes payable *	3,294	3,332
Other payables *	626	602
Total current liabilities	11,220	10,414

CHINANET ONLINE HOLDINGS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)

(In thousands, except for number of shares and per share data)

	March 31, 2015 (US \$) (Unaudited)	December 31, 2014 (US \$)
Long-term liabilities:		
Deferred tax liability-non current *	922	964
Long-term borrowing from director	142	143
Total Liabilities	12,284	11,521
Commitments and contingencies		
Equity:		
ChinaNet Online Holdings, Inc.'s stockholders' equity		
Common stock (US\$0.001 par value; authorized 50,000,000 shares; issued and outstanding 29,080,130 shares and 29,030,130 shares at March 31, 2015 and December 31, 2014, respectively)	29	29
Additional paid-in capital	25,158	24,703
Statutory reserves	2,607	2,607
Retained earnings	3,434	5,222
Accumulated other comprehensive income	3,504	3,625
Total ChinaNet Online Holdings, Inc.'s stockholders' equity	34,732	36,186
Noncontrolling interests	(310)	(277)
Total equity	34,422	35,909
Total Liabilities and Equity	\$46,706	\$47,430

*All of the VIEs' assets can be used to settle obligations of their 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 condensed consolidated financial statements

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CHINANET ONLINE HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(In thousands)

	Three Months Ended March 31,	
	2015	2014
	(US \$)	(US \$)
	(Unaudited)	(Unaudited)
Sales		
From unrelated parties	\$5,785	\$5,182
From related parties	63	1
	5,848	