

China Finance Online Co. LTD
Form 20-F
April 29, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended December 31, 2012

OR

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

OR

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

Date of event requiring this shell company report

Commission file number: 000-50975

CHINA FINANCE ONLINE CO. LIMITED
(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

Hong Kong
(Jurisdiction of incorporation or organization)

9th Floor of Tower C, Corporate Square
NO.35 Financial Street, Xicheng District
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(Address of principal executive offices)

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Beijing 100033, China

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class
None

Name of each exchange on which registered
None

Securities registered or to be registered pursuant to Section 12(g) of the Act.

American Depositary Shares, each representing 5 ordinary shares,
par value HK\$0.001 per share *

(Title of Class)

*Not for trading, but only in connection with the listing on the NASDAQ Global Market of American Depositary Shares each representing 5 ordinary shares pursuant to the requirements of the Securities and Exchange Commission

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.
None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 110,955,383 ordinary shares, par value HK\$0.001 per share.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transaction report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark 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 registration 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, or a non-accelerated filer.

Large accelerated filer Accelerated filer Non-accelerated filer

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Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in the filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

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CHINA FINANCE ONLINE CO. LIMITED

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INTRODUCTION

Except where the context otherwise requires and for purposes of this annual report only:

- “we,” “us,” “our company,” “the company,” “our”, refer to China Finance Online Co. Limited, or CFO Hong Kong and subsidiaries, and, in the context of describing our operations include consolidated affiliates in China, Hong Kong or British Virgin Islands;
- “shares” and “ordinary shares” refer to our ordinary shares, “preferred shares” refers to our preferred shares, all of which were converted into our ordinary shares upon the completion of our initial public offering on October 20, 2004. “ADSs” refers to our American depositary shares, each of which represents five ordinary shares, and “ADRs” refers to the American depositary receipts which evidence our ADSs;
- “China” or “PRC” refers to the People’s Republic of China, and solely for the purpose of this annual report, excluding Taiwan, Hong Kong and Macau;
 - “Hong Kong” refers to the Hong Kong Special Administrative Region of the People’s Republic of China;
 - “U.S. GAAP” refers to generally accepted accounting principles in the United States; and
- all references to “Renminbi,” “RMB” or “yuan” are to the legal currency of China, all references to “U.S. dollars,” “dollars,” or “US\$” are to the legal currency of the United States and all references to “Hong Kong dollars” or “HK\$” are to the legal currency of Hong Kong. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

We and certain selling shareholders of our company completed the initial public offering of 6,200,000 American depositary shares, each representing five of our ordinary shares, par value HK\$0.001 per share on October 20, 2004. On October 15, 2004, we listed our ADSs on the NASDAQ Global Market (known as the Nasdaq National Market prior to July 1, 2006), or Nasdaq, under the symbol “JRJC”. Effective from January 3, 2011, our ADSs were elevated to trade on the NASDAQ Global Select Market.

FORWARD-LOOKING INFORMATION

This annual report on Form 20-F contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about us and our industry. All statements other than statements of historical fact in this annual report are forward-looking statements. These forward-looking statements can be identified by words or phrases such as “may,” “will,” “expect,” “anticipate,” “estimate,” “intend,” “plan,” “believe,” “is /are likely to” or similar expressions. The forward-looking statements included in this annual report relate to, among others:

- our goals and new strategies, including how we effect our goals and new strategies;
- our future business developments, business prospects, financial condition and results of operations;
- our future pricing strategies or policies;

- our plans to expand our service offerings and upgrade our business strategies;
- our plans to use acquisitions and investments as part of our corporate strategy;
 - our strategic transformation initiative;
- cost-cutting initiatives and their effect on efficiency and operational performance;
- competition in the PRC financial data and information services industry, securities investment advisory and wealth management services industry;
 - the market prospect of the online financial data and information services market;
 - the market prospect of the securities investment advisory and wealth management services markets;
- the market prospect and competition in other business areas that we have expanded or ventured into, including without limitation, futures brokerage business;
 - performance of China’s securities markets, Hong Kong’s securities markets and global financial markets;
 - global macroeconomic uncertainties;
 - wavering investor confidence that could impact our business;
 - our ability to retain key personnel and attract new talents;
- possible non-cash goodwill, intangible assets and investment impairment may adversely affect our net income;
 - PRC and Hong Kong governmental policies relating to taxes and how they will impact our business;
 - PRC governmental policies relating to the Internet and Internet content providers;
- PRC governmental policies relating to securities investment advisory companies to provide advisory services on securities and related products;
 - PRC governmental policies relating to wealth management services;
- PRC governmental policies relating to the distribution of content, especially the distribution of financial content over the Internet; and
 - PRC governmental policies relating to mobile value-added services.

These forward-looking statements involve various risks, assumptions and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, we cannot assure investors that our expectations will turn out to be correct. Our actual results could be materially different from and worse than our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in Item 3.D of this annual report, “Key Information — Risk factors” and elsewhere in this annual report.

The failure of these markets to grow at the projected rates may have a material adverse effect on our business and the market price of our ADSs. In addition, the relatively new and rapidly changing nature of the online financial data and information services industry and securities investment advisory and wealth management services industry subjects any projections or estimates relating to the growth prospects or future condition of our markets to significant uncertainties. Furthermore, if any one or more of the assumptions underlying the market data turn out to be incorrect, actual results may differ from the projections based on these assumptions.

The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. You should not place undue reliance on these forward-looking statements and you should read these statements in conjunction with the risk factors disclosed in Item 3.D of this annual report, “Key Information — Risk factors.” We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements are made or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not Applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

ITEM 3. KEY INFORMATION

A. Selected financial data.

The selected historical consolidated financial statement of operations data for the years ended December 31, 2010, 2011 and 2012 and the selected historical consolidated balance sheet data as of December 31, 2011 and 2012 set forth below are derived from our audited historical consolidated financial statements included elsewhere in this annual report. The selected historical consolidated statement of operations data for the years ended December 31, 2008 and 2009 and the selected historical consolidated balance sheet data as of December 31, 2008, 2009 and 2010 set forth below are derived from our audited historical consolidated financial statements, which are not included in this annual report. This data may not be indicative of our future condition or results of operations and should be read in conjunction with “Operating and Financial Review and Prospects” and the consolidated financial statements and accompanying notes.

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(in thousands of U.S. dollars, except per share or per ADS data)

	2008	2009	2010	2011	2012
	For the year ended December 31,				
Consolidated statement of comprehensive income (loss) data:					
Net revenues	\$56,243	\$53,606	\$59,716	\$53,008	\$29,599
Cost of revenues	(9,367)	(8,147)	(8,497)	(8,771)	(8,090)
Gross profit	46,876	45,459	51,219	44,237	21,509
Operating expenses:					
General and administrative	(15,371)	(16,982)	(13,208)	(11,228)	(11,387)
Product development	(5,635)	(10,754)	(13,028)	(13,314)	(10,736)
Sales and marketing	(13,521)	(26,095)	(26,991)	(21,337)	(13,072)
Loss from impairment of intangible assets	-	-	-	(4,078)	-
Loss from impairment of goodwill	-	-	-	(13,463)	-
Total operating expenses	(34,527)	(53,831)	(53,227)	(63,420)	(35,195)
Government subsidies	437	567	514	265	76
Income (loss) from operations	12,786	(7,805)	(1,494)	(18,918)	(13,609)