

China Finance Online Co. LTD

Form 424B1

October 15, 2004

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Prospectus

Filed Pursuant to Rule 424(b)(1)

Registration No. 333-119166

***6,200,000 American Depositary Shares
representing 31,000,000 Ordinary Shares***

China Finance Online Co. Limited

This is an initial public offering of American Depositary Shares, or ADSs, representing ordinary shares of China Finance Online Co. Limited. We are selling 5,000,000 ADSs and the selling shareholders identified in this prospectus are offering an additional 1,200,000 ADSs. Each ADS will represent the right to receive five ordinary shares, par value HK\$0.001 (US\$0.00013) per share. The ADSs are evidenced by American Depositary Receipts, or ADRs. We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.

The ADSs have been approved for listing on the Nasdaq National Market under the symbol JRJC.

	Per ADS	Total
Initial public offering price	\$ 13.00	\$ 80,600,000
Underwriting discounts and commissions	\$ 0.91	\$ 5,642,000
Proceeds to us, before expenses	\$ 12.09	\$ 60,450,000
Proceeds to selling shareholders, before expenses	\$ 12.09	\$ 14,508,000

The selling shareholders have granted the underwriters an option for a period of 30 days from the date of this prospectus to purchase from the selling shareholders up to 930,000 ADSs solely to cover over-allotments.

Investing in the ADSs involves a high degree of risk. See Risk factors beginning on page 12.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

JPMorgan

Jefferies Broadview

WR Hambrecht + Co

October 15, 2004

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Conventions which apply to this prospectus

Unless we indicate otherwise, all information in this prospectus reflects the following:

no exercise by the underwriters of their option to purchase up to an additional 930,000 ADSs representing 4,650,000 ordinary shares;

conversion of all outstanding preference shares to ordinary shares upon the closing of this offering; and

none of the outstanding stock options has been exercised.

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

we, us, our company and our refer to China Finance Online Co. Limited, or CFO Hong Kong, its subsidiary, China Finance Online (Beijing) Co., Ltd., or CFO Beijing, and in the context of describing our operations, also include our PRC-incorporated affiliate, Fuhua Innovation Technology Development Co., Ltd., or Fuhua;

China or PRC refers to the People's Republic of China, excluding Taiwan, Hong Kong and Macau;

Hong Kong refers to the Hong Kong Special Administrative Region of the People's Republic of China; 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 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.

This prospectus contains translations of Renminbi amounts into U.S. dollars at specified rates. Unless otherwise noted, all translations from Renminbi to U.S. dollars and from Hong Kong dollars to U.S. dollars were made at the noon buying rates in The City of New York for cable transfers in Renminbi per U.S. dollar and in Hong Kong dollars per U.S. dollar as certified for customs purposes by the Federal Reserve Bank of New York, or the noon buying rates, as of June 30, 2004, which were RMB8.2766 to US\$1.00 and HK\$7.8000 to US\$1.00. We make no representation that the Renminbi and the Hong Kong dollar amounts referred to in this prospectus could have been or could be converted into U.S. dollars at any particular rate or at all. On October 13, 2004, the noon buying rates were RMB8.2765 to US\$1.00 and HK\$7.7946 to US\$1.00.

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Prospectus summary

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in the ADSs discussed under Risk factors, before deciding whether to buy our ADSs.

Our business

We believe we are one of the leading companies that specialize in providing online financial and listed company data and information in China in terms of popularity among Internet users that invest in stocks and access online financial information, as measured by their frequency of visits and user spending. According to a survey conducted by Taylor Nelson Sofres, an independent market intelligence provider:

our website at www.jrj.com.cn was one of the most frequently visited websites that specialize in providing financial data and information in China during the six month period ended May 31, 2004 among a total of 47 websites identified by the participants in the survey that also specialize in providing financial data and information; and

during the twelve month period ended December 31, 2003, Internet users in China spent more money purchasing financial products and services offered through our website than any other website in China that also specializes in providing financial data and information. We commissioned this survey, which was conducted independently by Taylor Nelson Sofres using its own survey methodologies, in part to support our belief stated in this prospectus that we are one of the leading companies that specialize in providing online financial and listed company data and information in China. Among the approximately 120,000 random telephone calls made by Taylor Nelson Sofres, during the period from June 10 to July 15, 2004, in six major cities throughout China, 270 individuals identified themselves as both Internet users and stock investors that used websites that specialize in providing financial data and information, and participated in the survey.

We offer subscription-based services based on a single information platform that integrates data and information from multiple sources with features and functions such as data and information search, retrieval, delivery, storage and analysis. We deliver these features and functions using software tools we have developed, which we refer to as research tools. Our research tools combine:

financial analysis tools which permit users to calculate and analyze quantitatively financial data;

current and historical financial data and information for China's listed company stocks, bonds and mutual funds;

categorized news and research reports; and

online forums and bulletin boards, and, together with our screen layout and menu options, display them in a manner designed for ease of use. The content and technology comprising our integrated information platform is also designed to be adaptable so that as we develop new research tools and adopt new

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content and features, these new research tools, content and features can be easily integrated with our existing platform. Our service offerings permit users to subscribe to one or more of the six service packages we currently offer. Each service package contains one or more research tools. Our research tools include a number of features and functions that, we believe, are innovative and are not widely available in financial markets outside of China. Our service offerings can be accessed using our research tools and through our website at www.jrj.com.cn. JRJ is the abbreviation of Jin Rong Jie, which means financial industry in Chinese. As of June 30, 2004, we had a total of approximately 1.7 million registered users, and during the twelve months ended June 30, 2004, we had approximately 26,400 new subscribers and 11,400 repeat subscribers. Our registered users are Internet users who maintain a registered account with our website, and our subscribers are our registered users who also subscribe to one or more of our subscription-based services for a fee. New subscribers for a specified period are subscribers who subscribed to any of our service packages during that period who were not subscribers at the beginning of that period. Repeat subscribers for a specified period are subscribers who either have purchased more than one service package from us during that period, or have purchased our service packages in the past and have purchased at least one service package during that period.

Our service offerings are used by and targeted at a broad range of investors in China, from individual investors managing their own money to professional investors, which consist of institutional investors managing large sums of money on behalf of their clients and high net worth individuals. In addition, our service offerings are targeted at other financial professionals such as investment bankers, stock analysts and financial reporters. Our research tools are designed for and tailored toward investors in China, allowing them to make informed investment decisions with respect to all of China's listed company stocks, bonds and mutual funds according to specifications and analyses determined by them.

Our website users are not charged for visiting our website and obtaining basic financial information from our website, including real-time stock quotes and historical financial information for all of China's listed company stocks, bonds and mutual funds, financial news and research reports. Our integrated information platform, which allows users to select from a range of downloadable and web-based research tools, is available only through subscription. Our service offerings are designed to enhance our users' and subscribers' experience based on a number of factors:

Comprehensive. We offer a broad range of data and information regarding China's listed company stocks, bonds and mutual funds, including basic financial data such as price and trading information, breaking economic and financial news, detailed historical data and information, financial analysis tools, market coverage and listed company analysis and online forums that facilitate our subscribers' investment analysis efforts.

Integrated. Our information platform integrates all of the research tools, data and other information we have developed or gathered, and displays them in a manner designed for ease of use. The content and technology comprising our integrated information platform is also designed to be adaptable so that as we develop new research tools, content and features, these new research tools, content and features can be easily integrated with our existing platform.

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Interactive. We have established online bulletin boards and discussion forums and have introduced stock alert services that send messages to our users' mobile phones, allowing our users to extend their experience with our services beyond the Internet.

Timely. We provide our subscribers and users access to real-time stock quotes, breaking financial news and updated research reports to allow them to stay current with the latest market developments.

Unbiased. Our website presents third-party content, analysis and commentary, and computer generated quantitative analyses to provide our subscribers and users with a broad view of the financial markets in China. Because we do not formulate or publish any of our own views on this content, analysis or commentary, we believe that our subscribers and users view us as an unbiased provider of financial information.

Easy to use. Our research tools and our website are designed with a screen layout, menu options and displays that we believe any user familiar with a computer will find easy to use. Research results are also displayed in a manner we designed for ease of use. Our website is designed to accommodate low bandwidth access to the Internet.

We attract our users and subscribers through establishing and maintaining sponsorship arrangements with high-traffic Chinese Internet portals such as those operated by NetEase.com, Inc., Yahoo! Inc., Century Dragon Information Network Company Limited, Sohu.com Inc. and Sichuan Public Information Industry Company Limited (*netease.com*, *yahoo.com.cn*, *21cn.com*, *sohu.com* and *tfol.com*), search engines such as those operated by Baidu.com, Inc. and Beijing 3721 Technology Co. Ltd. (*baidu.com* and *3721.com*), online stock brokerage websites and news and financial information websites. Through these sponsorship arrangements, we place our website link on the financial web pages of our sponsors. In some cases, our website content is directly presented on their web pages. When users click for additional information on these financial web pages, they are redirected to our website. We believe that, as we develop brand awareness of our website and service offerings, we will be able to increasingly attract users directly to our website.

To assist us in the delivery of comprehensive, timely and easy to use service offerings, we have developed a technology platform that utilizes the capabilities of the Internet. Our technology platform allows us to retrieve real-time stock quotes from both the Shanghai and Shenzhen Stock Exchanges, historical financial data and information on listed companies, bonds and mutual funds from data providers, research reports from 42 securities advisory companies and 36 securities brokerage companies each licensed to provide securities advisory services, commentaries from approximately 160 licensed individual securities advisors and news feeds from 267 news publishers and media companies.

Our subscribers pay us an annual subscription fee ranging from RMB99 (US\$12) for our most basic service package to RMB12,000 (US\$1,450) for our most comprehensive service package, depending on the service package and features selected by the subscriber. Our subscription price for each of our six current service packages varies between these amounts. Substantially all of our revenue is derived from annual subscription fees for our service offerings. We receive subscription fees at the beginning of the subscribers' subscription periods. We recognize these subscription fees as revenues ratably over a twelve month period.

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Our industry

We are in China's financial data and information services industry. We offer our services through downloadable and web-based research tools and over the Internet. We believe that, if China's financial markets grow in the future, our base of users and subscribers will increase. We also believe the Internet is rapidly establishing itself as an effective channel for investors to manage their portfolios, research investments and trade securities in China. It is our view that the immediacy and interactive nature of the Internet, when combined with in-depth but easy-to-use analytical tools, can deliver to investors the information they need, on a timely basis, to help them with their specific investment needs.

The Internet industry in China has experienced rapid growth during the past several years and is expected to continue to expand at a fast rate over the next few years. According to the China Internet Network Information Center, or CNNIC, the Chinese government body in charge of China's Internet infrastructure and domain names, in its 5th Statistical Survey on the Internet Development in China (January 2000) and 14th Statistical Survey on the Internet Development in China (July 2004), the number of Internet users in China has grown from approximately 9 million users in December 1999 to approximately 87 million on June 30, 2004, making China the second largest Internet market in the world in terms of total number of Internet users as of June 30, 2004. As a result of the Internet's growing popularity, we believe more people in China are looking beyond traditional media to the Internet as a source of information.

We believe the prospect of long-term growth in China's financial markets and the need of investors for timely and trustworthy data and information, as well as the proliferation in the use of the Internet to search and process data and information, define our opportunity and will act as drivers of growth for our business.

Our strengths and strategies

Our goal is to become the leading provider of comprehensive financial data and information relating to securities and other financial instruments in China. Our success to date has been achieved by establishing and capitalizing on the following competitive strengths:

We believe we have built a comprehensive database of historical financial data and information on China's listed companies, bonds and mutual funds with data and information dating back to December 1990, when the Shanghai and Shenzhen Stock Exchanges first opened for trading.

Our service offerings are based on a single integrated information platform, which enables our subscribers to access and utilize a combination of financial analysis tools, real-time and historical data and information, news, research reports and online forums.

The interactive nature of our website and service offerings allows our users and subscribers to personalize the information they access and analyze and, through our active monitoring, allows us to better understand their behavior and needs.

We have brought together a management team with diverse experiences that we believe enables us to approach problems innovatively and creatively.

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In order to achieve our long-term goal and to increase our subscriber base, we intend to pursue the following strategies:

increase our growing base of high-end subscribers, determined by us as subscribers who pay us an annual subscription fee of RMB2,400 (US\$290) or more, by developing additional research tools, content and features targeted at their needs and by creating a sales and marketing team dedicated to them;

expand our service offerings to additional financial products by developing research tools, features and content relating to other financial instruments such as currencies, futures and commodities, as these instruments become established in China's financial markets;

continue to enhance our subscribers' experience by expanding the amount and sources of information available to our subscribers, such as by adding new stock research sources and additional news feeds, and by introducing new and innovative research tools;

strengthen our brand name recognition by maintaining and expanding our sponsorship arrangements with China's top Internet portals such as those operated by NetEase.com, Inc. and Yahoo! Inc. (*netease.com* and *yahoo.com.cn*), and by enhancing our existing format, content and service offerings, and utilize our brand name and user base to increase our online advertising revenues; and

accelerate the introduction of new service offerings and add capabilities that we do not currently have through partnerships, joint ventures and acquisitions.

We intend to use the net proceeds from this offering to implement our strategies outlined above, including by acquisitions and investments and by enhancing our existing operations. While as of the date of this prospectus, we have not allocated any specific portion of the net proceeds from this offering for any particular purpose, we expect to consider a number of factors for our use of proceeds, including our changing business needs, market developments, the availability of acquisition and investment opportunities and our ability to utilize funds from other sources, including our operating profits.

Our challenges

Our ability to realize our business objectives and execute our strategies is subject to certain risks and uncertainties, including the following:

our business and our results of operations' high dependency on the performance of China's securities markets. If China's securities markets were to decline, investors' interest in China's securities markets could dampen, which could materially and adversely affect our revenue and profitability;

potential competition from present and future competitors due to few substantial barriers to entry to China's online financial data and information services market, including potential competition from websites we currently maintain sponsorship arrangements with;

the possibility that the PRC government could determine that the agreements that establish our operating structure do not comply with PRC government restrictions on foreign investment in the Internet industry, which could potentially subject us to severe penalties;

the possibility that the PRC government could find that our current business operations do not comply with PRC regulations on securities advisory service providers, which could potentially subject us to severe penalties;

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our limited operating history, as our service offerings have only been commercially available since April 2001, and the challenge our limited operating history presents in evaluating our business and prospects;

our dependence on the Shanghai and Shenzhen Stock Exchanges for real-time stock quotes and our dependence on other historical data providers for historical information;

a significant portion of our gross revenues is generated from subscription fees for our more comprehensive service packages such as Grand Reference. For example, for the six months ended June 30, 2004, fees generated from sales of Grand Reference, our most comprehensive service package, were \$2.8 million, representing 68.3% of our total subscription fees during the same period. Our future revenue growth depends on our ability to attract sufficient numbers of new and repeat subscribers to our more comprehensive service packages; and

our dependence on our ability to develop or introduce new features and new research tools and the possibility that these new features and research tools may not be accepted by users.

Our corporate structure

Since we commercially launched our service offerings in April 2001, we have conducted substantially all of our operations in China through our wholly-owned subsidiary, CFO Beijing. As a wholly foreign-owned enterprise, CFO Beijing is not permitted under PRC law to provide Internet information content, which requires special licenses from the Ministry of Information Industry or its local branches. In addition, CFO Beijing, as a wholly foreign-owned enterprise, does not have the necessary licenses and permits under PRC law to operate an online advertising business. In order to comply with foreign ownership restrictions, we operate our website in China through Fuhua, which holds the licenses required to be an Internet content provider under the relevant PRC laws. Fuhua also holds the licenses and approvals required to operate our online advertising business. Wu Chen, a financial manager at International Data Group China, Ltd., a PRC company affiliated with IDG Technology Venture Investment, Inc. and IDG Technology Venture Investments, LP, two of our principal shareholders, and Jun Ning, our chairman and chief executive officer, hold 55% and 45% of the equity interests in Fuhua, respectively. We have entered into exclusive strategic alliance and servicing agreements with Fuhua in connection with the delivery of our financial data and information content through our website, www.jrj.com.cn, hosted by Fuhua. These exclusive agreements include agreements relating to the promotion of our service offerings through our website hosted by Fuhua, the license of our domain name to Fuhua, the lease of our equipment to Fuhua, the provision by us of technical support to Fuhua for the maintenance of servers and networks as well as other arrangements, providing us with the substantial ability to control Fuhua. We have been and are expected to continue to be dependent on Fuhua to host our website.

We made a loan to each of Wu Chen and Jun Ning solely for purposes of capitalizing Fuhua. Pursuant to the loan agreements, Wu Chen and Jun Ning can only repay these loans by transferring all of their interests in Fuhua to us or a third party designated by us. In addition, we have entered into an option agreement with Wu Chen and Jun Ning pursuant to which we have been granted an exclusive option to purchase all of the equity of Fuhua if not prohibited from doing so by PRC laws. If and when the PRC government lifts current restrictions on foreign ownership of Internet content providers, we will exercise our right to purchase all of the equity interests in Fuhua, and to cancel the loans made to Wu Chen and Jun Ning in connection with that purchase. Messrs. Ning and Chen are not deriving any material personal benefits from these arrangements and will not receive any consideration, other than

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cancellation of the existing loans, upon future transfer of their entire equity interests in, or all of the assets of, Fuhua to us. When Jun Ning and Wu Chen transfer their interests in Fuhua to us or our designee, if the actual transfer price is higher than the principal amount of the loans, the amount exceeding the principal amount of the loans will be deemed as interest accrued on such loans and repaid by Jun Ning and Wu Chen to us. While Hong Kong law limits the maximum interest payment chargeable under a loan to 60% of the outstanding principal amount per annum, we do not believe this limitation will have a material effect on our business and operations, or will result in a material amount being paid to the shareholders of Fuhua if and when they are permitted to transfer their interests in Fuhua to us.

In May 2004, we repaid \$60,000 to Jun Ning and Wu Chen for funds advanced by Jun Ning and Wu Chen, on our behalf, to capitalize Fuhua when Fuhua was initially incorporated in December 2000.

Our offices

Our principal executive office is located at Room 610B, 6/F Ping'an Mansion, No. 23 Financial Street, Xicheng District, Beijing, 100032, China, and our telephone number is (86-10) 6621-0631. Our website address is www.jrj.com.cn. The information on our website is not a part of this prospectus.

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The offering

The following assumes that the underwriters do not exercise their option to purchase additional ADSs in the offering, unless otherwise indicated.

ADSs offered by China Finance Online 5,000,000 ADSs

ADSs offered by the selling
shareholders 1,200,000 ADSs

ADSs outstanding after the offering 6,200,000 ADSs

Ordinary shares outstanding after the
offering 99,329,933 shares

ADS to ordinary share ratio 1:5

Nasdaq National Market symbol JRJC

The ADSs Each ADS represents five ordinary shares, par value HK\$0.001 (US\$0.00013) per share. The ADSs will be evidenced by American Depositary Receipts, or ADRs.

The depositary will be the holder of the ordinary shares underlying your ADSs and you will have rights as provided in the deposit agreement.

Although we do not expect to pay dividends in the foreseeable future, in the event we declare dividends on our ordinary shares, the depositary will pay you the cash dividends and other distributions it receives on our ordinary shares, after deducting its fees for exchanges.

You may turn in your ADSs to the depositary in exchange for ordinary shares underlying your ADSs. The depositary will charge you fees for exchanges.

We may amend or terminate the deposit agreement without your consent, and if you continue to hold your ADSs, you agree to be bound by the deposit agreement as amended.

You should carefully read the section in this prospectus entitled "Description of American Depositary Shares" to better understand the terms of the ADSs. You should also read the deposit agreement, which is an exhibit to the registration statement that includes this prospectus.

Depositary JPMorgan Chase Bank

Over-allotment option The selling shareholders have granted the underwriters an option, exercisable within 30 days from the date of this prospectus, to purchase up to an additional 930,000 ADSs.

Timing and settlement for ADSs The ADSs are expected to be delivered against payment on October 20, 2004. The ADRs evidencing the ADSs will be deposited with a custodian for, and registered in the name of a nominee of, The Depositary Trust Company, or

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DTC, in New York, New York. In general, beneficial interests in the ADSs will be shown on, and transfers of these beneficial interests will be effected only through, records maintained by DTC and its direct and indirect participants.

Use of proceeds

Our net proceeds from this offering are expected to be approximately \$58.2 million. We anticipate using approximately \$30.0 million for acquisitions or investments in businesses, products or technologies, and the balance of approximately \$28.2 million for the enhancement of our existing business and operations and for general corporate purposes.

We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.

Risk factors

See **Risk factors** and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in the ADSs.

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The following summary consolidated financial information has been derived from our consolidated financial statements. Our consolidated financial statements are prepared and presented in accordance with generally accepted accounting principles in the United States, or U.S. GAAP. Our statements of operations and comprehensive income (loss) for the years ended December 31, 2001, 2002 and 2003 and our balance sheets as of December 31, 2001, 2002 and 2003 derived from our audited financial statements which have been audited by Deloitte Touche Tohmatsu Certified Public Accountants Ltd., an independent registered public accounting firm. The report of Deloitte Touche Tohmatsu Certified Public Accountants Ltd. on those financial statements is included elsewhere in this prospectus. Our summary consolidated financial information for each of the six month period ended June 30, 2003 and 2004 and as of June 30, 2003 and 2004 have been derived from our unaudited consolidated financial statements which are included in the prospectus and which have been prepared on substantially the same basis as our audited consolidated financial statements and contain normal recurring adjustments which are, in the opinion of our management, necessary for a fair presentation of the results for such unaudited period. Our results of operations in any period may not necessarily be indicative of the results that may be expected for any future period. The summary consolidated financial information for those periods and as of those dates should be read in conjunction with those statements and the accompanying notes and Management's discussion and analysis of financial condition and results of operations.

The pro forma per share data give effect to the conversion of our outstanding preference shares into ordinary shares that will occur upon the consummation of this offering.

	For the year ended December 31,			For the six months ended June 30,	
(In thousands of U.S. dollars, except per share and per ADS data) ⁽¹⁾	2001	2002	2003	2003	2004
				(unaudited)	
Consolidated statements of operations and comprehensive income (loss) data:					
Gross revenues ⁽²⁾	\$ 102	\$ 1,098	\$ 2,354	\$ 1,097	\$ 2,285
Business tax	(5)	(48)	(83)	(50)	(16)
Net revenues	97	1,050	2,271	1,048	2,269
Cost of revenues	(265)	(254)	(298)	(155)	(188)
Gross (loss) profit	(168)	796	1,973	893	2,081
Total operating expenses	(571)	(685)	(833)	(437)	(747)
Income (loss) from operations	(738)	111	1,140	456	1,334
Interest income	100	95	51	28	43
Interest expense	(6)				
Other income (expense)		(4)	(1)	(1)	(0)
Income (loss) before income taxes	(644)	203	1,190	483	1,377
Income tax					83
Net income (loss)	\$ (644)	\$ 203	\$ 1,190	\$ 483	\$ 1,461
Dividends on preference shares			(351)		
Income (loss) attributable to ordinary shareholders	\$ (644)	\$ 203	\$ 838	\$ 483	\$ 1,461
Income (loss) per share-basic	\$ (0.04)	\$ 0.01	\$ 0.04	\$ 0.03	\$ 0.07
Income (loss) per share-diluted	\$ (0.04)	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.02
Pro forma basic income per share			\$ 0.01		\$ 0.02
Pro forma diluted income per share			\$ 0.01		\$ 0.02
Income per ADS equivalent-basic ⁽³⁾	\$ (0.18)	\$ 0.06	\$ 0.21	\$ 0.13	\$ 0.33
Income per ADS equivalent-diluted ⁽³⁾	\$ (0.18)	\$ 0.01	\$ 0.06	\$ 0.03	\$ 0.09

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Dividends declared per ordinary share	\$	\$	\$ 0.01	\$	\$
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(In thousands of U.S. dollars) ⁽¹⁾	As of December 31,			As of June 30,	
	2001	2002	2003	2003	2004
Consolidated balance sheets data:					
Cash and cash equivalents	\$ 3,487	\$ 4,451	\$ 5,806	\$ 5,183	\$ 8,655
Current working capital ⁽⁴⁾	3,366	3,565	4,306	4,053	5,670
Total assets	3,994	4,929	6,606	5,746	9,618
Deferred revenue	186	934	1,278	1,168	3,133
Total current liabilities	249	982	1,875	1,222	3,329
Total shareholders' equity	\$ 3,745	\$ 3,947	\$ 4,731	\$ 4,525	\$ 6,289

(in thousands except for ASF data)	As of or for the twelve months ended December 31,			As of or for the six months ended June 30,	
	2001	2002	2003	2003	2004
Unaudited selected operating data:⁽⁵⁾					
Registered users ⁽⁶⁾	292.3	567.5	1,111.9	782.8	1,735.8
New subscribers ⁽⁷⁾	4.4	16.4	17.3	9.7	18.8
ASF per new subscriber ⁽⁸⁾	\$ 45	\$ 69	\$ 93	\$ 75	\$ 144
Repeat subscribers ⁽⁹⁾	1.3	7.1	10.1	6.7	7.9
ASF per repeat subscriber ⁽¹⁰⁾	\$ 62	\$ 111	\$ 111	\$ 92	\$ 188

(1) For the results of operations of a specified period, all translations from Renminbi to U.S. dollars were calculated at the average exchange rate for that period. For the years ended December 31, 2001, 2002 and 2003, all translations from Renminbi to U.S. dollars were calculated at RMB8.2770, RMB8.2770 and RMB8.2770 per US\$1.00, respectively. For the six months ended June 30, 2003 and 2004, the translations were calculated at RMB8.2770 and RMB8.2767 per US\$1.00, respectively.

For consolidated balance sheet data, all translations from Renminbi to U.S. dollars were calculated at the exchange rate at the end of that period. The exchange rates as at December 31, 2001, 2002 and 2003 were RMB8.2766, RMB8.2800 and RMB8.2769 per US\$1.00, respectively. For June 30, 2003 and June 30, 2004, the exchange rates were RMB8.2774 and RMB8.2766 per US\$1.00, respectively.

(2) We receive subscription fees at the beginning of the subscribers' subscription periods. Revenues from the subscription fees are deferred and recognized ratably over the twelve month subscription period.

(3) Each ADS represents five ordinary shares.

(4) Current working capital is the difference between total current assets and total current liabilities.

(5) Unaudited selected operating data has been derived from our operating records.

(6) Registered users as of a specified date reflect the total number of users who are registered with our website as of that date.

(7) New subscribers for a specified period are subscribers who subscribed to any of our service packages during that period who were not subscribers at the beginning of that period.

(8) ASF per new subscriber for a specified period represents the average subscription fee per new subscriber for that period.

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(9) Repeat subscribers for a specified period are subscribers who either have purchased more than one service package from us during that period, or have purchased our service packages in the past and have purchased at least one service package during that period.

(10) ASF per repeat subscriber for a specified period represents the average subscription fee per repeat subscriber for that period.

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Risk factors

You should consider carefully all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our ADSs. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our ADSs could decline, and you may lose all or part of your investment.

Risks relating to our business

We have a limited operating history, which may make it difficult for you to evaluate our business.

Our business was organized in November 1998, and our current operations were established in April 2000. Our service offerings have only been commercially available since April 2001. Our senior management and employees have worked together at our company for only a relatively short period of time. For example, our chief executive officer, Jun Ning, joined us in January 2000 and our chief financial officer and our chief operating officer, Messrs. Sam Qian and Bo Wu, joined us recently in April 2004 and June 2004, respectively. Accordingly, we have a limited operating history upon which you can evaluate our business and prospects.

We may not be able to successfully implement our growth strategies, which could materially and adversely affect our business, financial condition and results of operations.

We are pursuing a number of growth strategies, which will require us to expand our data and information content and service offerings through internal development efforts and through partnerships, joint ventures and acquisit