

China Finance Online Co. LTD  
Form 20-F  
May 22, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 20-F**

**(Mark One)**

**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (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, 2008  
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 \_\_\_\_\_  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_.**

**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  
Beijing 100140, China**

(Address of principal executive offices)

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No.35 Financial Street, Xicheng District  
Beijing 100140, 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	Name of each exchange on which registered
<b>None</b>	<b>None</b>
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: 110,014,433 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

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  Other

By the International Accounting Standards Board

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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**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 its subsidiaries, and, in the context of describing our operations include our PRC-incorporated affiliates;

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, 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 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.

**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, plan, believe, is /are likely to or other similar expressions. The forward-looking statements included in this annual report relate to, among others:

our goals and strategies, including how we effect our goals and 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;

our plans to use acquisitions and strategic investments as part of our corporate strategy;

competition in the PRC financial data and information services industry;

performance of China's securities markets;

performance of Hong Kong's securities markets;

growth in our subscriber base;

PRC governmental policies relating to taxes and how they will impact our business;

PRC governmental policies relating to the Internet and Internet content providers;





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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 you 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.

This annual report on Form 20-F also contains data related to the online financial data and information services market and the Internet. This market data includes projections that are based on a number of assumptions. The online financial data and information services market may not grow at the rates projected by market data, or at all. 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 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 turns 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, 2006, 2007 and 2008 and the selected historical consolidated balance sheet data as of December 31, 2007 and 2008 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, 2004 and 2005 and the selected historical consolidated balance sheet data as of December 31, 2004, 2005 and 2006 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 Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and accompanying notes.

(in thousands of U.S. dollars, except per share or per ADS data)(1)	2004	For the year ended December 31,			2008
		2005	2006 (4)	2007	
<b>Consolidated statement of operations and comprehensive income (loss) data:</b>					
Net revenues	6,016	7,482	7,128	25,903	56,243



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<b>(in thousands of U.S. dollars, except per share or per ADS data)(1)</b>	<b>For the year ended December 31,</b>				
	<b>2004</b>	<b>2005</b>	<b>2006 (4)</b>	<b>2007</b>	<b>2008</b>
Cost of revenues	(393)	(482)	(1,468)	(4,427)	(9,367)
Gross profit	5,623	7,000	5,660	21,476	46,876
Operating expenses:					
General and administrative	(730)	(1,740)	(2,956)	(7,784)	(15,371)
Product development	(172)	(236)	(742)	(2,269)	(5,635)
Sales and marketing	(800)	(1,795)	(2,666)	(6,924)	(13,521)
Total operating expenses	(1,702)	(3,771)	(6,364)	(16,977)	(34,527)
Subsidy income				136	437
Income (loss) from operations	3,921	3,229	(704)	4,635	12,786
Interest income	294	1,486	1,003	1,105	1,608
Other income (expense)	(2)		115	9	(169)
Exchange gain (net)		366	267	424	1,490
Loss from impairment of cost method investment			(1,322)	(11,127)	
Income (loss) before income taxes	4,213	5,081	(641)	(4,954)	15,715
Income tax benefit (provision)	384	(457)	41	809	3,047
Purchased pre-acquisition earning					227
Minority interests in net income of consolidated subsidiary				15	31
Net income (loss)	\$ 4,597	\$ 4,624	\$ (600)	\$ (4,130)	\$ 19,020
Dividends on preference shares					
Income (loss) attributable to ordinary shareholders	\$ 4,597	\$ 4,624	\$ (600)	\$ (4,130)	\$ 19,020
Income (loss) per share-basic	\$ 0.12	\$ 0.05	\$ (0.01)	\$ (0.04)	\$ 0.19
Income (loss) per share-diluted	\$ 0.05	\$ 0.04	\$ (0.01)	\$ (0.04)	\$ 0.17
Income per ADS equivalent-basic(2)	\$ 0.59	\$ 0.25	\$ (0.03)	\$ (0.22)	\$ 0.96
Income per ADS equivalent-diluted(2)	\$ 0.26	\$ 0.22	\$ (0.03)	\$ (0.22)	\$ 0.84
Dividends declared per ordinary share or preference shares	\$				

**For the year ended December 31,**

(in thousands of U.S. dollars)(1)	2004	2005	2006	2007	2008
<b>Consolidated balance sheet data:</b>					
Cash and cash equivalents	\$70,596	\$46,168	\$44,956	\$ 74,729	\$ 97,544
Current working capital(3)	67,590	45,227	38,011	53,811	78,226
Total assets	71,861	63,113	71,119	103,885	141,823
Deferred revenue, current	3,487	1,859	6,419	20,457	28,202
Total current liabilities	3,773	2,282	8,521	31,034	35,472
Deferred revenue, non-current				4,665	8,786
Total shareholders' equity	\$68,088	\$60,831	\$62,453	\$ 67,362	\$ 96,942

(1) For the results of operations for a specified period, all translations from Renminbi to U.S. dollars were calculated by using the average of the exchange rates on each day during the period. All translations from Renminbi to U.S. dollars were calculated for the periods listed below at the corresponding rates

For the years ended December 31,	RMB per US\$1.00
2003	8.2770
2004	8.2780
2005	8.1472
2006	7.9693
2007	7.6072
2008	6.9477

For consolidated balance sheet data, all translations from Renminbi

to U.S. dollars were calculated at the exchange rate at the end of that year. The exchange rates were as set forth below as of the corresponding dates:

As at December 31,	RMB per US\$1.00
2003	8.2769
2004	8.2765
2005	8.0702
2006	7.8087
2007	7.2946
2008	6.8225

- (2) Each ADS represents five ordinary shares.
- (3) Current working capital is the difference between total current assets and total current liabilities.
- (4) In 2006, the Company changed its method of accounting for stock-based compensation to conform to Statement of Financial Accounting Standard No. 123 (revised 2004), Share-Based Payment, effective on January 1, 2006.

In 2007, the  
Company  
adopted the  
recognition and  
measurement  
methods under  
Financial  
Accounting  
Standards Board  
Interpretation  
No. 48  
Accounting for  
Uncertainty in  
Income  
Taxes-An  
Interpretation of  
FASB  
Statement  
No. 109.

**Table of Contents****Exchange Rate Information**

We have published our financial statements in U.S. dollars. Our business is primarily conducted in China and denominated in Renminbi. Periodic reports will be made to shareholders and will be expressed in U.S. dollars using the then-current exchange rates. The conversion of Renminbi into U.S. dollars in this annual report is based on the noon buying rate in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise noted, all translations from Renminbi to U.S. dollars in this annual report were made at \$1.00 to RMB6.8225, which was the prevailing rate on December 31, 2008. The prevailing rate on May 15, 2009 was \$1.00 to RMB6.8247. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated below, or at all. The PRC government imposes controls over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade.

The People's Bank of China sets and publishes daily a base exchange rate. Until July 21, 2005, the People's Bank of China set this rate with reference primarily to the supply and demand of Renminbi against the U.S. dollar in the market during the prior day. Beginning on July 21, 2005, the People's Bank of China has set this rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The People's Bank of China also takes into account other factors such as the general conditions existing in the international foreign exchange markets. Although governmental policies were introduced in the PRC in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign exchange for capital items, such as foreign direct investment, loans or security, requires the approval of the State Administration for Foreign Exchange and other relevant authorities.

The following table sets forth various information concerning exchange rates between the Renminbi and the U.S. dollar for the periods indicated. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this annual report or will use in the preparation of our periodic reports or any other information to be provided to you. The source of these rates is the Federal Reserve Bank of New York.

	<b>Average(1)</b>	<b>High</b>	<b>Low</b>	<b>Period-end</b>
		<i>(RMB per U.S.\$1.00)</i>		
<b>December 31, 2004</b>	8.2768	8.2774	8.2764	8.2765
<b>December 31, 2005</b>	8.1472	8.2765	8.0702	8.0702
<b>December 31, 2006</b>	7.9693	8.0705	7.8051	7.8087
<b>December 31, 2007</b>	7.5806	7.8127	7.2946	7.2946
<b>December 31, 2008</b>	6.9193	7.2946	6.7800	6.8225
<b>Most recent six months:</b>				
<b>November 2008</b>	6.8281	6.8373	6.8220	6.8254
<b>December 2008</b>	6.8539	6.8842	6.8225	6.8225
<b>January 2009</b>	6.8382	6.8399	6.8360	6.8380
<b>February 2009</b>	6.8357	6.8398	6.8327	6.8379
<b>March 2009</b>	6.8341	6.8395	6.8293	6.8359
<b>April 2009</b>	6.8312	6.8370	6.8250	6.8250
<b>May 2009 (through 15<sup>th</sup>)</b>	6.8228	6.8247	6.8201	6.8247

(1) Averages are calculated from month-end



rates.

**B. Capitalization and indebtedness.**

Not Applicable.

**C. Reasons for the offer and use of proceeds.**

Not Applicable.

**D. Risk factors.**

**Risks relating to our business**

**Table of Contents*****The unprecedented global financial crisis and economic downturn could adversely affect the our business.***

Our business can be adversely affected by the general environment-economic, securities market and financial developments all could significantly influence the overall interests and engagement of Chinese investors in the stock market. If the global financial crisis and economic downturn continue or deteriorate further, we expect Chinese investors to become more cautious in making investments in Chinese stock markets, which in turn may have adverse impact in our results of operation and business.

***Negative changes in China s securities markets, economic conditions, inflation, regulatory policies, interests rates and other factors that could affect investors interests in investing in China s securities markets could have an adverse effect on our business.***

We believe that the level of public interest in investing in China s securities market could significantly influence the demand for market intelligence on China s securities markets and our products. Such demand could be affected by the level of trading activity in China s securities markets. During the past several years, China s securities markets have experienced significant volatility. The benchmark Shanghai Stock Exchange A-Share Index surged 124.33% between the start of 2006 and the market peak in October, 2007, despite of the severe corrections on February 27, 2007 and May 30, 2007, when China stock market declined approximately 9% and 7% on a single trading day, respectively. Then the Shanghai Stock Exchange A-Share Index declined 43% from late October, 2007 till the end of March, 2008. Primarily due to the impact of global economic crisis, the benchmark Shanghai Composite Index ended 2008 down a record 65% after reaching an all-time high on October 16, 2007. Any factors that lead to prolonged weakness or intensified volatility in China s securities markets in the future may diminish investors interest in China s securities markets, and our business could be adversely affected accordingly.

China s securities market is further limited by a lack of hedging instruments that would assist investors in hedging against market volatility. For example, investors are not permitted to sell short in China s securities markets. Because our business is dependent on investors interest in China s securities markets, our business could be materially and adversely affected if market volatility and the lack of hedging instruments continue to affect China s securities markets and dampen investors interest in China s securities markets.

In response to the increased inflation rate during 2004, the Chinese government announced measures to restrict lending and investment in China in order to reduce inflationary pressure on China s economy. In 2006 and 2007, the People s Bank of China announced a series of basic interest rate increases and other measures to reduce inflationary pressure. However, in response to the slowdown of China s economy as a result of the global financial crisis, the Central Bank of China cut interest rates by more than a full percentage point in November, 2008, the largest rate reduction since 1998, with the intention to encourage lending and investment. The change in inflation on interest rates in China could have a significant impact on Chinese investors general engagement and interests in China s stock market, which will in turn affect our business. Any measures adopted by the Chinese Central Bank, such as an interest rate increase to reduce an inflation rate, may have an adverse effect on China s securities markets, which could adversely impact our business.

***Downturns, disruptions and volatility in Hong Kong securities markets and negative developments in the business, economic, and market conditions that could affect investors interests in investing in Hong Kong securities markets could have adverse impact on our business in the future.***

Following the acquisition of Daily Growth Securities Limited, or Daily Growth Securities, a licensed securities brokerage firm incorporated in Hong Kong, in 2007, which is now a subsidiary of Daily Growth Financial Holdings Limited, or Daily Growth Holdings, we provide a diversified portfolio of brokerage and informational service to our clients in connection with their investment in Hong Kong securities market. Lower trading volumes and price levels of securities transactions in Hong Kong securities market may affect investors interests in investing in Hong Kong securities markets and have adverse impact on our business in the future. Historically, securities trading volume and price level in Hong Kong have fluctuated considerably. After reaching its all-time high on October 30, 2007, the Hang Seng index lost approximately 30% from October 30, 2007 through March 9, 2008. On October 27, 2008, the Hang Seng index fell to 10,676 points, having fallen nearly two-thirds from its all-time peak mainly due to the global financial crisis. These fluctuations may result from regional and global economic, political and market conditions, broad trends in business and finance that are out of our control.

*Our securities brokerage, futures trading and wealth management business in Hong Kong operate in a highly regulated industry and compliance failures could adversely affect our business.*

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Daily Growth Securities provides a diversified portfolio brokerage and other related services to our customers who invest in stocks listed on the Hong Kong Stock Exchange. Daily Growth Futures Limited, or Daily Growth Futures, a licensed futures trading firm incorporated in Hong Kong, intends to commence futures contract trading business in 2009. The securities brokerage and futures trading business and operations in Hong Kong are subject to extensive regulations by the Hong Kong Stock Exchange and Hong Kong Securities and Futures Commission, which may increase our cost of doing business and may be a limiting factor on the operations and development of our securities brokerage and futures trading business. The regulation on securities broker-dealer and futures trading business is also an ever-changing area of law and is subject to modification by government, regulatory and judicial actions. As our business has expanded into the securities brokerage and futures trading areas in Hong Kong, we devote more time to regulatory matters. Failure to comply with any of the laws, rules or regulations applicable to our securities brokerage and futures trading business could lead to adverse consequences including, without limitation, investigations, fines, law suits and other penalties from regulatory agencies. Any of these consequences could adversely affect our securities broker-dealer and futures trading business.

***Our business could be materially and adversely affected if new features and new research tools are not accepted by users.***

We currently offer to our subscribers a limited number of service packages with different features and functionalities. If we introduce a new feature or a new research tool that is not favorably received, our current subscribers may not continue to use our service as frequently as before. New subscribers could also choose a competitive or different service offering over ours. We may also experience difficulties that could delay or prevent us from introducing new research tools or features. Furthermore, these research tools or features may contain errors that are discovered after the services are introduced. We may need to significantly modify the design of these research tools or features to correct these errors. Our business could be materially and adversely affected if we experience difficulties or delays in introducing new features and research tools or if these new features and research tools are not accepted by users.

***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 acquisitions. Some of these strategies relate to new service offerings for which there are no established markets in China, or relate to service offerings in which we lack experience and expertise. We cannot assure you that we will be able to deliver new service offerings on a commercially viable basis or in a timely manner, or at all.

In addition, online advertising business strategies may be developed in addition to our subscription-based service offerings. However, since we regard subscription-based services as our current core business and allocate a significant portion of the advertising inventories of our websites, namely, [www.jrj.com](http://www.jrj.com) and [www.stockstar.com](http://www.stockstar.com), to promote our subscription-based service offerings, to date, our current online advertising business has been limited. We cannot assure you that we will be able to efficiently or effectively implement and grow our online advertising business, or that online advertising on our websites will not detract from our users' experience and thereby adversely affect our brand name or our subscription-based service offerings.

If we are unable to successfully implement our growth strategies, our revenue and profitability will not grow as we expect, if at all, and our competitiveness may be materially and adversely affected.

***We face significant competition which could adversely affect our business, financial condition and results of operations.***

The online financial data and information services market in China is relatively new, has few substantial barriers to entry and is competitive and rapidly changing. More broadly, the number of financial news and information sources competing for consumers' attention and spending has increased since we commenced operations and we expect that competition will continue to intensify. We currently compete, directly and indirectly, for paying subscribers and viewers with companies in the business of providing financial data and information services, including publishers and distributors of traditional media, Internet portals providing information on business, finance and investing, dedicated financial information websites, personal stock research software vendors and stock brokerage companies, especially stock brokerage companies with online trading capabilities. Some of the sponsors with whom we currently maintain

sponsorship arrangements could also become our competitors in the future.

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Many of our existing competitors, as well as a number of potential new competitors, have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical and marketing resources than we do. This may allow them to adopt our business model and devote greater resources than we can to the development and promotion of service offerings similar to or more advanced than our own. These competitors may also engage in more extensive research and development, undertake more far-reaching marketing campaigns, adopt more aggressive pricing policies and offer products and services that achieve greater market acceptance than ours. They may also undercut us by making more attractive offers to our existing and potential employees, content providers and sponsors. New and increased competition could result in price reductions for our research tools, reduced margin or loss of market share, any of which could materially and adversely affect our business, results of operations and financial condition.

In addition to us, many companies in China offer stock quotes, economic and company-specific news, historical stock performance statistics, online chatting regarding individual securities and other features for free over the Internet. If users determine that the information available for free over the Internet is sufficient for their investing needs, they would be unlikely to pay for subscription to our services, thus reducing our revenues and net income and forcing us to develop a new business model. Furthermore, the amount and quality of information available for free over the Internet may expand in the future, reducing the attractiveness of our services and forcing us to spend additional money to develop more sophisticated services in order to compete. There can be no assurance that we would be successful in developing a new business model or more advanced services in response to either of the above challenges. Failure to do so would lead to significant declines in our number of subscribers, revenues and net income.

***Our business could be materially and adversely affected if the stock exchanges from which we receive data and information fail to deliver us reliable data and price quotes or other trading related information, or if we cannot maintain our current business relationships with our historical data providers on commercially reasonable terms.***

We depend on three securities data providers associated with the Shanghai, Shenzhen and Hong Kong stock exchanges to provide us with real-time stock, bond and mutual fund quotes and other trading related information. We primarily rely on contractual arrangements with Shanghai Stock Exchange Information Network Co., Ltd., which is associated with the Shanghai Stock Exchange, and with Shenzhen Securities Information Co., Ltd., which is associated with the Shenzhen Stock Exchange, HKEx Information Services Limited, which is associated with the Hong Kong Stock Exchange, pursuant to which we pay fixed service fees in exchange for receiving real-time price quotes and other trading related information through satellite communication. In June 2006, we are certified by Shanghai Stock Exchange Information Network Co., Ltd. to develop service packages based on Level II quotes (which provide insight into stock price movements and provide faster and more comprehensive trading data), and upgrade the features and functions of our current products. The definitive agreement is contemplated to continue through July 31, 2009. In January 2008, we entered into a license agreement with Shanghai Stock Exchange Information Network Co., Ltd. to distribute TopView which is a series of trading data and statistics for stocks listed on the Shanghai Stock Exchange. Among other things, TopView reveals valuable statistics, such as trading volume and prices of various types of trading accounts, which give investors insight into major market participants' trading activities in specific stocks and help investors make more informed decisions. The agreement authorizes us to use TopView to enhance features and functionalities of our existing products and develop new product offerings. The definitive agreement is contemplated to continue through December 12, 2008. We began to distribute TopView data early in 2008, and have integrated TopView to some of our products. On December 12, 2008, Shanghai Stock Exchange Information Network Co., Ltd, informed us that it will no longer provide TopView market data to third-party vendors, including us, effective January 1, 2009. As such, we will discontinue TopView series of market data analysis products effective January 1, 2009. Although we are continuing to design and improve new and existing products as substitutes for TopView, the termination of TopView products is likely to have a material impact on our business in 2009. Any disruption in our ability to secure data, price quotes or other trading related information on timely basis either through technical issues or through our inability to maintain and renew our contracts with the Shanghai and Shenzhen Stock Exchanges will have a material adverse effect on our business.

We have also transitioned the primary source of historical data and information on listed companies, bonds and mutual funds to Shenzhen Genius Information Technology Co. Ltd., or CFO Genius, which we acquired in

September 2006. Starting from May 2007, CFO Genius has become our primary provider of historical data and information, thereby mitigating our reliance on third-party backup providers of such historical data and information. Though we maintain raw data provision contracts with Financial China Information & Technology Co., Ltd. and Shanghai Gildata Service Co., Ltd. as alternative sources of historical data and information, any problems arising in or any disruption to CFO Genius as the primary provider of historical data and information will have a material adverse effect on our business.

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We cannot assure you that we will be able to enter into business arrangements with either of the two securities data providers associated with the Shanghai and Shenzhen Stock Exchanges on commercially reasonable terms, or at all, after our current contracts expire. We cannot assure you that the two securities data providers will not charge us service fees substantially higher than the service fees we are currently paying. Our business, financial condition and results of operations could be materially and adversely affected if either of our two securities data providers imposes on us service fees substantially higher than the service fees we are currently paying. Even if we are able to maintain our current business arrangements for data on commercially reasonable terms, either of the two securities data providers may fail to deliver us reliable price quotes or other trading related information. In either case, it would be difficult for us to receive reliable real-time price quotes and other trading related information from a different source, which could materially and adversely affect our business.

Additionally, we cannot assure you that we will be able to enter into or maintain our business arrangements with our current data providers on commercially reasonable terms or at all. In this case, it could take time for us to locate alternative providers of comprehensive historical data and information on commercially reasonable terms, which could cause disruptions to our operations and adversely affect our business. Even if we are able to find alternative data providers, they may fail to deliver to us reliable and comprehensive data and information in accordance with our specifications and requirements, which could materially and adversely affect our business.

***Our business would be adversely affected if we do not continue to expand and maintain an effective telemarketing and customer support force.***

We market our service offerings through our websites, as well as through our telemarketing and customer service centers in Beijing, Shanghai and Shenzhen. In addition to sales and marketing functions, we depend on our customer support force to explain our service offerings to our existing and potential subscribers and resolve our subscribers technical problems. Many of our telemarketing and customer support personnel have only worked for us for a short period of time, and some of them may not have received sufficient training or gained sufficient experience to effectively serve our customers. In addition, we will need to further increase the size of our customer support force as our business continues to grow. We may not be able to hire, retain, integrate or motivate additional customer support personnel without any short-term disruptions of our operations. As a result, our business could be adversely affected if we do not continue to expand and maintain an effective customer support force.

***Acquisitions present many risks, and we may not realize the financial and strategic goals that were contemplated at the time of the acquisitions.***

An active acquisition program is an important element of our corporate strategy. For example, we acquired CFO Genius, a financial information database provider mainly serving Chinese domestic institutional customers, in September 2006. In October 2006, we acquired Stockstar Information Technology (Shanghai) Co., Ltd., or CFO Stockstar, a leading finance and securities website in China. In November 2007, we acquired Daily Growth Securities, a licensed securities brokerage firm incorporated in Hong Kong. In October 2008, Fortune Software (Beijing) Co., Ltd, or CFO Software, one subsidiary of the Company acquired Shenzhen Newrand Securities Advisory and Investment Co., Ltd., or CFO Newrand, which is a licensed security consulting firm, and CFO Software also acquired Zhongcheng Futong Co., Ltd., or CFO Zhongcheng & CFO Futong. We may not be able to achieve all of the benefits of the business combinations or to successfully integrate the operation of CFO Stockstar, CFO Genius, Daily Growth Securities, CFO Newrand, CFO Zhongcheng and CFO Futong operations into ours. CFO Newrand, CFO Zhongcheng and CFO Futong did not commence business operations in 2008. While CFO Stockstar, CFO Genius and Daily Growth Securities contributed positive operating cash flows on a collective basis in 2008, we cannot assure you that they will continue to do so. Moreover, we expect to continue to acquire companies, products, services and technologies. Risks we may encounter in acquisitions include: