

Chineseinvestors.com, Inc.
Form 10-Q
April 16, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended February 28, 2013

OR

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

For the transition period _____ to _____

Commission File Number: 000-54207

ChineseInvestors.COM, Inc.

(Exact name of registrant as specified in its charter)

Indiana 35-2089868
(State or Other Jurisdiction of (IRS Employer

Incorporation or Organization) Identification Number)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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 ☒

The Registrant has 5,108,279 shares of common stock outstanding as of January 15, 2013.

ChineseInvestors.COM, Inc.

FORM 10-Q for the Quarter Ended February 28, 2013

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PART I - FINANCIAL INFORMATION**Item 1. Financial Statements.****Chineseinvestors.com, Inc.****BALANCE SHEETS**

| | (Expressed in U.S. Dollars) | |
|--|-----------------------------|-----------|
| | (Unaudited) | (Audited) |
| | February 28, | May 31, |
| | 2013 | 2012 |
| | \$ | \$ |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents [note 2] | 226,280 | 1,065,564 |
| Accounts receivable, net [note 2] | 63,170 | 78,989 |
| Investments, available for sale [note 2] | 146,500 | — |
| Other current assets [note 2] | 75,988 | 31,377 |
| Total current assets | 511,938 | 1,175,930 |
| Property & equipment, net [note 2] | 39,431 | 9,035 |
| Website development, net [note 2] | 64,464 | 64,002 |
| Total assets | 615,833 | 1,248,967 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | 20,387 | 61,105 |
| Deferred revenue [note 2] | 243,991 | 148,191 |
| Accrued liabilities [note 2] | 77,031 | 91,671 |
| Unearned revenue [note 2] | 61,035 | — |
| Accrued interest [note 2] | 30,057 | — |
| Total current liabilities | 432,501 | 300,967 |
| Long-term deferred revenue [note 2] | 3,387 | 3,871 |
| Total liabilities | 435,888 | 304,838 |
| Commitments [note 6] | | |
| Subsequent events [note 7] | | |
| Stockholders' equity [note 3] | | |
| Preferred stock Authorized 20,000,000 common shares with a par value of \$0.001 per share issued and outstanding 2,003,776 (2012 – 2,003,776) preferred shares | 2,004 | 2,004 |
| | 43,192 | 40,866 |

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Common stock Authorized 80,000,000 common shares with a par value of \$0.008 per share issued and outstanding 5,108,279 (2012 – 5,108,279) common shares

| | | |
|--|---------------|--------------|
| Additional paid-in capital | 10,133,601 | 10,010,927 |
| Foreign currency gain/(loss) | 1,738 | 1,738 |
| Unrealized gain/(loss) | 11,959 | |
| Retained deficit | (10,012,549) | (9,111,406) |
| Total stockholders' equity/(deficit) | 179,945 | 944,129 |
| Total liabilities and stockholders' equity | 615,833 | 1,248,967 |

See accompanying notes

Chineseinvestors.Com, Inc.**STATEMENTS OF OPERATIONS AND (LOSS)****(UNAUDITED)**

(Expressed in U.S. Dollars)

| Three months ended | | Nine months ended | |
|--------------------|------|-------------------|------|
| February 28, | | February 28, | |
| 2013 | 2012 | 2013 | 2012 |

| | | | | |
|--|------------|------------|------------|-------------|
| Operating revenues | | | | |
| Binary option commissions | \$ 130,278 | \$ 87,550 | \$ 711,793 | \$ 87,550 |
| Subscription revenue | 125,358 | 125,794 | 318,655 | 459,597 |
| Business services revenue | 52,826 | 8,100 | 116,047 | 46,780 |
| Other revenue | 3,450 | 8,615 | 51,127 | 29,461 |
| Total revenue | 311,912 | 230,059 | 1,197,622 | 623,388 |
| Cost of services sold | 186,788 | 154,181 | 677,230 | 447,129 |
| Gross Profit | 125,124 | 75,878 | 520,392 | 176,259 |
| General & administrative expenses | 345,887 | 323,830 | 1,129,250 | 909,624 |
| Commissions for private placement | — | 158,846 | — | 158,846 |
| Advertising expenses | 96,013 | 52,135 | 202,114 | 131,975 |
| Net (loss) from operations | (316,776) | (458,933) | (810,972) | (1,024,186) |
| Other expenses | | | | |
| Interest expense | (30,057) | — | (90,171) | — |
| Net (loss) | (346,833) | (458,933) | (901,143) | (1,024,186) |
| Other comprehensive loss | | | | |
| Unrealized loss on marketable equity securities | 13,501 | — | 11,959 | — |
| Gain on early extinguishment of debt | — | 33,738 | — | 33,738 |
| Comprehensive loss for the period | (333,332) | (425,195) | (889,184) | (990,448) |
| Weighted average number of common shares outstanding – basic and diluted | 4,934,991 | 4,872,491 | 4,900,269 | 4,865,562 |
| Earnings (loss) per share – basic | (0.07) | (0.09) | (0.17) | (0.21) |

See accompanying notes

Chineseinvestors.Com, Inc.**STATEMENTS OF CASH FLOWS****(UNAUDITED)**

| | | |
|--|--------------------------------|----------------|
| | (Expressed in U.S. Dollars) | |
| | Nine months ended | |
| | February, | |
| | 2013 | 2012 |
| OPERATING ACTIVITIES | | |
| Net (loss) for the nine month period | \$(901,143) | \$(1,024,186) |
| Adjustment to reconcile net (loss) to net cash used in operating activities: | | |
| Non-cash revenue | (73,506) | — |
| Depreciation & amortization | 24,960 | 11,541 |
| Stock issued for services | — | 48,000 |
| Changes in operating activities and liabilities | | |
| Other current assets | (44,611) | (10,165) |
| Accounts receivable | 15,819 | (4,261) |
| Accounts payable | (40,718) | 110 |
| Deferred revenues | 95,316 | 115,855 |
| Deferred interest | 30,057 | — |
| Other accrued liabilities | (14,640) | — |
| Net cash (used in) operating activities | (908,466) | (863,106) |
| INVESTING ACTIVITIES | | |
| Purchase of equipment | (55,818) | (8,011) |
| FINANCING ACTIVITIES | | |
| Proceeds from private placement of common stock | 125,000 | 544,000 |
| Proceeds from private placement of preferred stock | — | 1,851,000 |
| Cash used for treasury stock purchase and retirement | — | (207,500) |
| Net cash provided by financing activities | 125,000 | 2,187,500 |
| Increase (decrease) in cash and cash equivalents | (839,284) | 1,316,383 |
| Cash and cash equivalents, beginning of period | 1,065,564 | 252,302 |
| Cash and cash equivalents, end of period | 226,280 | 1,568,685 |
| Supplemental disclosure of cash flow information | | |
| Cash paid for interest | 60,114 | — |
| Cash paid for income taxes | — | — |
| Cash paid for China representative office tax | 33,986 | 32,876 |

Non cash investing and financing activities

| | | |
|--------------------------------|--------|---|
| Unrealized gain on investments | 11,959 | — |
|--------------------------------|--------|---|

See accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

(AUDITED)

Organization and Nature of Operations:

Business Description Chineseinvestors.com, Inc. (the Company) was incorporated on June 15, 1999 in the State of California. The Company is a provider of Chinese language web-based real-time financial information. The Company's operations had been located in California until September 2002 at which time the operations were relocated to Shanghai, in the People's Republic of China (PRC).

During May, 2000, the Company entered into an agreement with MAS Financial Corp. ("MASF") whereby MASF agreed to transfer control of a public shell corporation to the Company and perform certain consulting services for a fee of \$30,000.

During June, 2000, the Company completed reorganization with MAS Acquisition LII Corp. ("MASA") with no operations or significant assets. Pursuant to the terms of the agreement, the Company acquired approximately 96% of the issued and outstanding common shares of MASA in exchange for all of its issued and outstanding common stock. MASA issued 8,200,000 shares of its restricted common stock for all of the issued and outstanding common shares of the Company. This reorganization was accounted for as though it were a recapitalization of the Company and sale by the Company of 319,900 shares of common stock in exchange for the net assets of MASA. In conjunction with the reorganization MASA changed its name to Chineseinvestors.com, Inc.

The Company is now incorporated as a C corporation in the State of Indiana as of June 1, 1997.

1. Liquidity and Capital Resources:

Cash Flows — During the nine months ending February 28, 2013, the Company primarily utilized cash and cash equivalents and proceeds from issuances of its common and preferred stock to fund its operations.

Cash flows used in operations for the quarters ended February 28, 2013 and 2012 were \$908,466 and \$863,106, respectively which was an increase over prior periods. Increased marketing costs, higher general and administrative costs associated with new business areas were the primary reasons for this increase.

Capital Resources — As of February 28, 2013, the Company had cash and cash equivalents of \$226,280 as compared to cash and cash equivalents of \$1,065,564 as of May 31, 2012.

Since inception in 1997, the Company has primarily relied upon proceeds from private placements of its equity securities to fund its operations. The Company anticipates continuing to rely on sales of our securities in order to continue to fund its business operations. Issuances of additional shares will result in dilution to its existing stockholders. There is no assurance that the Company will be able to complete any additional sales of our equity securities or that it will be able arrange for other financing to fund our planned business activities.

2. Critical Accounting Policies and Estimates:

Basis of Presentation — These accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission for annual financial statements.

Foreign Currency – The Company has operations in the PRC, however the functional and reporting currency is in US dollars. To come to this conclusion the Company considered the direction of Accounting Standards Codification (“ASC”) section 830-10-55.

Selling Price and Market - As a representative office in PRC the Company is not allowed to sell directly to PRC based customers. Over 90% of its customers are in the United States and 100% of all sales are paid in US dollars. This indicates the functional currency is US dollars.

Financing - The Companies financing has been generated exclusively in US dollars from the United States. This indicates the functional currency is US dollars.

Expenses – The majority of expense are paid in US dollars. The expenses generated in PRC are paid by a monthly or weekly cash transfer from the US when the expenses are due, resulting in very little foreign currency exposure. This indicates the functional currency is US dollars.

Numerous Intercompany Transactions – The Company has multiple transactions each month between the US and Chinese representative office. This indicates the functional currency is US dollars.

Due to the functional and reporting currency both being in US dollars, ASC 830-10-45-17 states that a currency translation is not necessary.

Reclassifications — Certain amounts in the prior period's financial statements have been reclassified to conform to the current quarters presentation and to correct prior period errors.

Revenue recognition — Revenue was derived from six different sources:

1. Fees from banner advertisement, webpage hosting and maintenance, on-line promotion and translation services, advertising and promotion fees for customers in the Company's Chinese Investment Guides, sponsorship fees from investment seminars, road shows, and forums. The sales prices of these services are fixed and determinable at the time the contracts are signed and there are no provisions for refunds contained in the contracts. These revenues are recognized when all significant contractual obligations have been satisfied and collection of the resulting receivable is reasonably assured.

2. Fees from membership subscriptions; these revenues are recognized over the term of the subscription. Subscription terms are generally between 3 and 12 months but can occasionally be as short as 1 month or as long as 24 months. Long term deferred revenues are recognized from subscriptions over 12 months.

3. Fees related to setting up and providing ongoing administrative and translation support for currency trading accounts in association with Forex. These fees are recognized when earned.
4. Commissions earned from setting up binary option accounts for Option World, a Chinese base binary option trading platform. As an incentive to encourage people to set up larger accounts, Option World will give a gift of various consumer electronic products, for example a new \$10,000 account receives an Ipad or Iphone and a \$20,000 account receives a Macbook Air. Since Chineseinvestors.com, Inc. has the primary relationship with these customers, the company will provide these products to the customers and then Option World will reimburse them for these expenses. During the quarter ended February 28, 2013 the cost of these incentives was \$54,268, both received and spent. Since these transactions were basically “pass-through transactions” these numbers were netted against each other and were not included in revenue or expense.
5. Consulting Revenue – Binary option call center is revenue that is being paid to the Company by an unrelated third party, Option World. Option World has agreed to pay the Company a fee to incentivize the Company to establish a call center in Shanghai to facilitate the promotion of binary options investments. The fee was agreed to be equal to 50% of the total start-up cost and 50% of the initial negative cash flow until such time as the call center reaches profitability. This arrangement was ended at the end of October 2012.
6. Investor relations income is earned by the Company in return for publicizing other publicly traded companies in return for shares of the company’s common stock. These revenues are prepaid by the client company and then the revenue is recognized over the term of the agreement. All valuation calculations were tied to the active trading value of the client’s stock on the OTC:BB stock exchange and therefore is considered a FMV Level one item.

Costs of Services Sold — Costs of services sold are the total direct cost of the Company's operations in Shanghai.

Website Development Costs — The Company accounts for its Development Costs in accordance with ASC 350-50, "Accounting for Website Development Costs." The Company's website comprises multiple features and offerings that are currently developed with ongoing refinements. In connection with the development of its products, the Company has incurred external costs for hardware, software, and consulting services, and internal costs for payroll and related expenses of its technology employees directly involved in the development. All hardware costs are capitalized as fixed assets. Purchased software costs are capitalized in accordance with ASC codification 350-50-25 related to accounting for the costs of computer software developed or obtained for internal use. All other costs are reviewed to determine whether they should be capitalized or expensed.

Cash and Cash Equivalents - The Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. At certain times cash in bank may exceed the amount covered by FDIC insurance. At February 28, 2013 and May 31, 2012 there were deposit balances in a US bank of \$202,570 and \$1,057,320, respectively. In addition the company maintains cash balance in The Bank of China, which is a government owned Bank. The full balance of the deposits in China is secured by the Chinese government. At February 28, 2013 and May 31, 2012 there were deposits of \$23,710 and \$7,111, respectively, in The Bank of China.

Accounts Receivable and Concentration of Credit Risk — The Company extends unsecured credit to its customers in the ordinary course of business. Accounts receivable related to subscription revenue is recorded at the time the credit card transaction is completed, and is completed when the merchant bank deposits the cash to the Company bank account. Revenue related to advertising and Forex are regularly collected within 30 days of the time of services being rendered. However, since these are ongoing contracts there has been no instance of failure to pay. Revenue related to the binary option revenue and Chrisworld start-up support are paid with a one month lag. As of February 28, 2013 and May 31, 2012, the Company had accounts receivable of \$63,170 and \$78,989, respectively.

The Company evaluates the need for an allowance for doubtful accounts on a regular basis. As of February 28, 2013 and May 31, 2012, the Company determined that based on historically having no bad debts an allowance was not needed. However, one of the Company's primary customers, representing approximately \$60,000 in accounts receivable at quarter end has a substantial amount of their banking relationships in Cyprus. Due to the current economic climate in that county the Company is carefully monitoring their ability to fulfill their financial obligations and will make a final determination regarding the collectability of their receivables by May 31, 2013. Currently the Company is unable to determine collectability and as a result has not made any adjustments to the receivable balance.

The operations of the Company are located in the People's Republic of China ("PRC"). Accordingly, the Company's business, financial condition, and results of operations may be influenced by the political, economic, and legal environments in the PRC, as well as by the general state of the PRC economy.

Investments available for sale – Investments available for sale is comprised of publicly traded stock received in return for providing investor relations services to an unrelated company over the next twenty four months starting August 2012. The Company considers the securities to be liquid and convertible to cash in under a year. The Company has the ability, and intent to liquidate any security that the Company holds to fund operations over the next twelve months, if necessary, and as such has classified all of its marketable securities as short-term.

The Company followed the guidance of ASC 320-10-30 to determine the initial measure of value based on the cost method. These shares were classified as available for sale securities in accordance with ASC 948-310-40-1 as the Companies intention is to sell them in the near-term (less than one year). In compliance with ASC 320-10-35-1-a trading security that has a readily determinable fair value shall be measured subsequently at fair value in the statement of financial position. "Unrealized holding gains and losses for trading securities shall be included in earnings".

As these shares will be earned over the 24 month term of the contract, the Company will defer the recognition of the earnings of the revenue over the period the services are performed. The value recorded will be determined by multiplying the average of the closing price on the last day of the month for the period being reported on based on quotes from yahoo finance times 4,167 shares (100,000 shares/24 months).

Upon receipt, these shares were recorded as an asset on the Companies financials as "Available for sale securities". The Company will also record a corresponding contra-asset account titled "Unearned Revenue".

Other Current Assets — Other current assets is comprised of deposits in Chinese RMB on building space under an operating lease and are stated at the current exchange rate at quarter end.

Other current assets were \$75,988 and \$31,377 at February 28, 2013 and May 31, 2012, respectively.

Property and Equipment — Property and equipment are stated at cost. Depreciation and amortization of property and equipment is provided using the straight-line method over estimated useful lives ranging from three to five years. Leasehold improvements are amortized over the life of the lease. Depreciation and amortization expense was \$8,261 and \$7,693 for the quarters ended February 28, 2013 and 2012, respectively.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Gains and losses from retirement or replacement are included in operations.

Impairment of Long-life Assets — In accordance with ASC Topic 360, the Company reviews its long-lived assets, including property, plant and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable. If the total of the expected undiscounted future net cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and carrying amount of the asset. There was no impairment as of February 28, 2013 and May 31, 2012.

Accrued Liabilities — Accrued liabilities are comprised of the following:

November
30, May 31,

| | 2012 | 2012 |
|---|-----------|----------|
| China Employees' Salaries and Commissions Accrual | \$ 46,563 | \$40,544 |
| Call center expenses accrued | — | — |
| Representative Office Tax Accrual | 8,562 | 5,697 |
| Other Accruals | 21,906 | 45,430 |
| | \$ 77,031 | \$91,671 |

Unearned revenue, investor relations work – The Company received 50,000 shares of stock as payment for investor relations work that the Company will be providing over the period starting August 1, 2012 and going through August 31, 2014. As the Company earns the fee for this work, this balance will be reduced to reflect the portion still to be earned. Within the next 6 months the Company will receive an additional deposit of 50,000 shares.

Use of Estimates — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments — The Company has adopted the provisions of ASC Topic 820, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. ASC 820 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. The fair value hierarchy distinguishes between assumptions based on market data (observable inputs) and an entity's own assumptions (unobservable inputs). The hierarchy consists of three levels:

- Level one — Quoted market prices in active markets for identical assets or liabilities;
- Level two — Inputs other than level one inputs that are either directly or indirectly observable; and
- Level three — Unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use.

All Company financial instruments are Level one and are carried at market value. Therefore no adjustment is required.

Income Taxes — Income taxes are accounted for under the asset and liability method of ASC 740. Deferred tax assets and liabilities are recognized for net operating loss and other credit carry forwards and the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the tax effect of transactions are expected to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statements of operations in the year that includes the enactment date.

Deferred tax assets are reduced by a full valuation allowance since it is more likely than not that the amount will not be realized. Deferred tax assets and liabilities are classified as current or noncurrent based on the classification of the underlying asset or liability giving rise to the temporary difference or the expected date of utilization of the carry forwards.

Advertising Costs — Advertising costs are expensed when incurred. Advertising costs totaled \$202,114 and \$131,975 in the nine months ended February 28, 2013 and 2012, respectively.

Earnings (Loss) Per Share — Earning (loss) per share is computed using the weighted average number of common shares outstanding during the period. The Company has adopted ASC 260 (formerly SFAS128), Earnings Per Share.

Stock Based Compensation — The Company accounts for share-based payments pursuant to ASC 718, “Stock Compensation” and, accordingly, the Company records compensation expense for share-based awards based upon an assessment of the grant date fair value for stock options and restricted stock awards using the Black-Scholes option pricing model.

Stock compensation expense for stock options is recognized over the vesting period of the award or expensed immediately under ASC 718 and EITF 96-18 when stock or options are awarded for previous or current service

without further recourse. The Company issued stock options to contractors and external companies that had been providing services to the Company upon their termination of services. Under ASC 718 and EITF 96-18 these options were recognized as expense in the period issued because they were given as a form of payment for services already rendered with no recourse.

Share based expense paid to outside companies is expenses as occurred. Since the Company's stock is publicly traded, the value is determined based on the number of shares issued and the trading value of the stock on the date of the transaction.

Stock option activity was as follows (converted post reverse split):

| | Number of Shares | Weighted Average Exercise Price (\$) |
|------------------------------|---------------------------------|---|
| Balance at May 31, 2011 | 836,563 | \$ 0.48 |
| Granted | 50,000 | 0.00 |
| Exercised | (140,028) | 0.80 |
| Forfeited or expired | (312,500) | 0.00 |
| Balance at May 31, 2012 | 389,035 | 0.48 |
| Granted | — | 0.00 |
| Exercised | — | 0.00 |
| Forfeited or expired | — | 0.00 |
| Balance at February 28, 2013 | 389,035 | \$ 0.48 |

The following table presents information regarding options outstanding and exercisable as of February 28, 2013:

| | |
|---|------------|
| Weighted average contractual remaining term — options outstanding | 1.44 years |
| Aggregate intrinsic value — options outstanding | \$159,504 |
| Options exercisable | 134,692 |
| Weighted average exercise price — options exercisable | \$0.56 |
| Aggregate intrinsic value — options exercisable | \$87,625 |
| Weighted average contractual remaining term — options exercisable | 1.84 years |

As of February 28, 2013, future compensation costs related to options issued was \$0.

The fair value of each option granted is estimated on the date of the grant using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

| | |
|--------------------------|-----------|
| Risk-free interest rate | 1.44% |
| Expected life of options | 4-5 years |
| Annualized volatility | 90.6% |
| Dividend rate | 0% |

Significant Shareholder Stock Repurchase and debt issuance —In the first quarter of 2011 the Company repurchased and retired 5,170,106 shares and 2,500,000 options from a significant shareholder, which completely liquidated his interest in the Company. The total cost of the transaction to the Company was \$250,000. The initial payment of \$100,000 was made in August, 2011 and the other \$150,000 was due as a non-interest bearing note payable in two equal installments. The first payment was due in the fourth quarter of the 2012 fiscal year and the final payment was due in the fourth quarter of fiscal year 2013. As there was no stated interest rate, in compliance with ASC 835-30-45-1a the Company calculated the net present value of the future payments and disclosed the future payments net of the discount of \$14,948 as a liability on the balance sheet using an imputed interest rate of 8.5%.

During the quarter ending February 29, 2012 the Company agreed to an early payoff of the entire note for a cash payment of \$107,500 delivered February 10, 2012. In accordance with ASC 470-50-40-2 the Company recorded the gain of \$33,738, on the early retirement of note payable in other comprehensive income on the face of the financial statements.

The Company continued to accrued interest expense on the note payable for the quarter ending February 29, 2012 until the date the note was paid off and recognized an additional \$2,319 of interest expense, reducing the note discount balance to \$8,762. When the note was retired the balance was adjusted to zero.

3. Stockholders' Equity:

At February 28, 2013 and May 31, 2012, the Company was authorized to issue 80,000,000 shares of common stock, \$0.008 par value per share. In addition, 20,000,000 shares of \$.001 par value preferred stock were authorized. All common stock shares have full dividend rights. However, it is not anticipated that the Company will be declaring distributions in the foreseeable future.

In October 2011 the Company executed the final documents with a private capital source describing the provision of a Financing Facility to the Company having a face value of \$1.5 million; to be made available in \$500,000 tranches in exchange for purchasing the Company's stock under a proposed S1 registration statement at 85% of the lowest daily volume average share price over a five (5) trading day period once the Company calls for the funding. The agreement would remain in force for 24 months from the date of contemplated execution. This registration statement was cleared by the SEC in July of 2012.

When the final facility was approved and executed, the Company paid a document preparation fee to the funding source of \$10,000 and paid them 50,000 restricted shares of the Company's stock in consideration of the Facility's creation and funds availability. On November 4, 2011 when the shares were issued the most recent shares sold at the market rate of \$0.96, resulting in a non-cash expense of \$48,000 being recognized in the current quarter. These shares are restricted in that they cannot be sold for six months. In addition, if the Company does not use the capital raise or the funding source is unable to generate the agreed upon capital, the shares are to be returned to the Company. However, in consideration of the accounting principal of "more likely than not" as explained in accounting standards codification 350-25-35-30 and 740-10-25-6 the Company recognized the expenses in the second quarter in general and administrative expense.

In January 2013, the company accessed this line for the first time in the amount of \$125,000 resulting in the company delivering 290,746 shares of the Company's common stock to Kodiak Capital on January 23, 2013.

On September 8, 2010, in the third quarter of FY 2012 the Company reverse split its shares at a rate of 8 to 1 resulting in total shares outstanding changing from 38,579,925 to 4,822,491. All Company financials statements are retroactively adjusted at this ratio.

Series A Convertible Preferred Stock

During the third quarter, effective February 29, 2012, the Company issued 2,003,776 shares of preferred stock as Series A convertible preferred stock for total proceeds of \$2,003,776. The terms of the preferred stock allow the holder to convert each share of preferred stock into 1.25 shares of common stock at any time after nine months from the date of issuance. The holders of shares of preferred stock are also entitled to receive cumulative dividends in preference to any declaration or payment of any dividend at the rate of \$0.06 per share per annum when, and if declared by the Board of Directors.

Upon issuance of preferred stock convertible in shares of common stock at a price lower than the fair market value of common stock on the date of issuance, in accordance with the guidance provided in ASC 505-10-50 and Emerging Issues Task Force ("EITF") No. 00-27, we will record the intrinsic value of this beneficial conversion feature which we calculated to be \$520,982 (\$1.06 common stock price February 29th, 2012 compared to \$0.80 effective conversion rate of \$0.26 per share. $0.26 \times 2,003,776 = \$520,982$), as a deemed dividend recognizable in the current year. This deemed dividend was calculated based upon a closing price on February 29, 2012 (the date the shares were formally accepted by the Company) of \$1.06 per share and an effective sale price (with conversion) per the preferred share agreement of \$0.80 per share of common stock.

4. Property and Equipment:

Property and equipment are recorded at cost, net of accumulated depreciation and are comprised of the following:

| | November 30, 2012 | May 31, 2012 |
|--------------------------------|-------------------------|-----------------|
| Furniture & fixtures | \$ 70,711 | \$ 34,957 |
| Leasehold improvements | 22,944 | 9,540 |
| | 93,655 | 44,497 |
| Less: accumulated depreciation | (54,224) | (35,462) |
| | \$ 39,431 | \$ 9,035 |

Depreciation on equipment is provided on a straight line basis over its expected useful lives at the following annual rates:

| | |
|------------------------|-------------------|
| Computer equipment | 3 years |
| Furniture & fixtures | 3 years |
| Leasehold improvements | Term of the lease |

Depreciation expense for the nine months ended February 28, 2013 and 2012 was \$18,762 and \$5,695 respectively.

5. Intangible Assets:

Intangible assets are comprised of the following:

| | February 28, 2013 | May 31, 2012 |
|--------------------------------|-------------------------|-----------------|
| Website development costs | \$126,955 | \$122,543 |
| Less: accumulated amortization | (62,491) | (58,541) |
| | \$64,464 | \$64,002 |

Amortization is calculated over a straight-line basis using the economic life of the asset. Amortization expense for the nine months ended February 28, 2013 and 2012 was \$6,198 and \$5,846 respectively.

6. Commitments and Concentrations:

The Company reimburses its Chief Executive Officer (CEO) for an apartment pursuant to a month-to-month lease for the use of the CEO and his family in PRC for a monthly expense of approximately \$900. This lease could be terminated at any time with no additional payments required.

Office Lease — During the first quarter of 2010 the Company renewed their office lease in Shanghai for an additional two years ending September 30, 2013 resulting in the following additional future commitments, based on the exchange rate at February 28, 2013.

2013 fiscal year \$21,658

Office Lease – Shanghai Call Center – The Company leased office space for twelve months in Shanghai, China as part of a new initiative to promote the binary options sales. The lease period started August 18, 2012 and will terminate August 17, 2013, resulting in the following future commitments, based on the exchange rate at February 28, 2013.

2013 fiscal year \$121,823

Concentrations — During the periods ending February 28, 2013 and 2012, the majority of the Company's revenue was derived from its operations in PRC from individuals, primarily in the United States and Canada. During the period ended February 28, 2013 the majority of the Companies accounts receivable were due from one company.

Litigation — The Company is involved in legal proceedings from time to time in the ordinary course of its business. As of the date of this filing, the Company is not a party to any lawsuit or proceedings which, individually or in the aggregate, in the opinion of management, is reasonably likely to have a material adverse effect on the financial condition, results of operation or cash flow of the Company.

CBN TV Agreement – In the first quarter of 2013 the Company entered into an agreement with CBN TV to purchase one hour of programing five days a week for nine months beginning November 1, 2012. The total cost of the contract over the six month period is \$266,992. The Company has sold advertising time during the show to help offset the cost of the contract. Through January 15, 2013 the Company has obtained one sponsor that has agreed to pay \$160,195, or 60% of the total cost in return for advertising time during the program.

STATEMENTS OF OPERATIONS AND (LOSS)**(UNAUDITED)**

Select Financial

| | Three months ended February 28, | | Nine months ended February 28, | |
|-----------------------------------|------------------------------------|-----------|-----------------------------------|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| Operating revenues | | | | |
| Binary option commissions | 130,278 | \$87,550 | 711,793 | \$87,550 |
| Subscription revenue | 125,358 | 125,794 | 318,655 | 459,597 |
| Business service revenue | 52,826 | 8,100 | 116,047 | 46,780 |
| Other revenue | 3,450 | 8,615 | 51,127 | 29,461 |
| Total revenue | 311,912 | 230,059 | 1,197,622 | 623,388 |
| Cost of services sold | 186,788 | 154,181 | 677,230 | 447,129 |
| General & administrative expenses | 345,887 | 323,830 | 1,129,250 | 909,624 |
| Commissions for private placement | – | 158,846 | – | 158,846 |
| Advertising expenses | 96,013 | 52,135 | 202,114 | 131,975 |
| Net (loss) for the period | (316,776) | (458,933) | (810,972) | (1,024,186) |

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**Overview**

ChineseInvestors.com, Inc. (“the Company”, “we” or “us”) endeavors to be an innovative company, specializing in (a) providing real-time market commentary, analysis, and educational related endeavor(s) in Chinese language character sets (traditional and simplified), (b) providing support services to our various partners, (c) providing consultative services to smaller private companies considering becoming a public company, (d) providing various advertising as well as public relation support services, and (e) other services we may identify having the potential to create value or partnership opportunity with our existing services.

Our business model currently requires that all of our product lines generate recurring monthly revenue from each client relative to a ‘client specific’ contract services duration; generally provided on a monthly, quarterly, or annual

basis that incorporate discounts for longer duration commitments.

Additionally, we have recently entered into several new relationships and service agreements including the following:

August 2012 - An agreement to provide various advertising and related services to Nova Lifestyle, Inc. (OTCBB (1) 'STVS') in exchange for 100,000 shares of restricted common stock for services delivered over a 24 month time period.

About ‘STVS’ - Nova Lifestyle Inc., a Nevada Corporation (est. 2009). It is a furniture design, manufacture, marketing, distribution and logistics company of modern home furniture for consumers worldwide. They develop, produce and market high quality residential furniture for the living room, dining room, bedroom and home office in distinctive styles targeted at the medium and upper-medium price ranges. Their experience developing and marketing products for international markets has enabled them to develop the scale, logistics, marketing, manufacturing efficiencies, and design expertise that serves as the foundation for aggressive expansion into the highly lucrative U.S. and China markets. They own their manufacturing facilities in both China and the US noting 2011 sales were \$42+M, up 50% from the previous year. The company recently became public (June of 2011) and can be found on the OTCBB under the symbol “STVS”.

September 2012 - An agreement with *China Business Network* (CBN iTV) in cooperation with the *Shanghai Media Group* (SMG) to create a nightly news program focusing on the US Financial Marketplace. This is noteworthy in that it is the first Chinese language based nightly program focused on covering the US Financial Market in mainland China. This new one hour show will start on Monday, November 5, 2012 and is timed to air daily with the opening of US Stock Market. KrisWorld Development Limited of Hong Kong will be the show’s primary sponsor.

About CBN - *China Business Network* (CBN) is the largest regional cross media group in China and is a wholly owned subsidiary of *Shanghai Media Group* (SMG), the second largest media group in China. CBN now owns six media platform (*CBN TV*, *CBN Radio*, *CBN Weekly*, *China Business News*, *CBN Website* and *CBN Forum*) and one ‘think tank’ based organization; *CBN Research*. CBN iTV currently serves 25 million households (representing approximately 120 million persons) in 30 provinces throughout China including cities such as Beijing, Shanghai, and Nanjing. It also serves approximately 600,000 ‘opt in’ subscribers that are members of the ‘*CBN Club*’, having expressed specific interest in the US Financial Marketplace. The show will be available via the Internet and specific content will be developed into well-recognized nightly segments that will be available on the *chinesefn.com* website.

Phoenix TV Side Note - Since 2006 ‘CIIX’ has also been a content partner with Phoenix TV (US) which is the largest overseas Chinese TV station with over 200,000 paid subscribers in US and Canada.

June 2012 - It entered into a new support services agreement with KrisWorld Development Limited of Hong Kong to provide support for their binary option services platform and has also entered into a lease agreement for approximately 400 square meters of space on the 21st floor of the Sun Tong Info Port Plaza Building from Shanghai Sun Tong Property Development Co., Ltd. of Shanghai, China. Once finished, this new space will support a team of approximately fifty persons tasked to provide general support services for Binary option sales, *OptionWorld* (KrisWorld Development Limited of Hong Kong). This Call Center will generally serve the Pacific Rim and specific European geographies with Chinese population concentrations and is exclusive in nature to that audience.

Growth in the Binary Options marketplace worldwide for the most part has been based upon the simplicity of trading a wide class as well as range of assets using a pre-set risk/reward matrix and the ease of trading offered by the

anywhere, anytime platform. This simple matrix has helped propel binary options marketplace growth substantially since it first became available as a financial trading vehicle on the Chicago Board Options Exchange (CBOE) in 2008. Monthly transaction volume has grown to in excess of 2.5 billion dollars worldwide as investors have shown an ever increasing interest in this type of transaction to hedge as well as diminish specific risks elsewhere in their portfolios.

Business Environment and Trends

The global marketplace has been negatively impacted by a variety of factors and the financial services industry in particular has been adversely affected by losses in the mortgage and credit markets. We understand that our business is dependent upon the health of the financial markets as well as the financial health of the participants in those markets. The current financial crisis has resulted in lower activity levels and has led to the collapse of some market participants. We are also seeing customers intensify their focus on containing or reducing costs as a result of the challenging market conditions.

Nine months ended February 28, 2013 compared to nine months ended February 29, 2012.

Revenues

Binary Options Revenue: The Company entered into an agreement in December of 2011 with Krisworld Development Limited of Hong Kong that is growing into a more reliable income stream as it relates to our providing support services to that enterprise. However, many of the company's financial assets are currently deposited in Cyprus and as a result of the macroeconomic turmoil in that region and as a result this revenue source has been substantially reduced in the third quarter.

Subscription Revenue: There was a defined decrease in subscription revenues from \$459,597 in the nine months ended February 29, 2012 to \$318,655 in the nine months ended February 28, 2013 that was the result of the company's new focus on binary option revenue.

Business Services Revenue: The Company entered into an agreement with Nova Lifestyle Inc. (see the additional information as provided in the overview section on the prior page) for services in exchange for shares in the company that is projected to generate approximately \$10,000 per month over a 24 month period ending August 31, 2014. Also included in this revenue category is sponsorships of the CBN TV show the company is running.

Other Revenue: The Company also derives revenue from fees charged to FOREX for setting up trading accounts as well as through selling advertising on the company's website. Over the last year there has been a decrease in the fees generated by both these revenue streams but they have been offset by the additional revenue generated the business services and binary option commissions.

Cost of Services Sold: The cost of services sold increased from \$447,129 to \$677,230 as the company expanded its operations in the People's Republic of China to prepare for the projected increase in binary options support services. This category of expenses primarily consists of the cost of the PRC operations. Since a portion of these expenses are fixed, as the Company's sales increase, the gross operating margin is expected to improve.

General & Administrative Expenses: The Company's administrative expenses were higher than the same period in the prior quarter due to the Company adding additional staff to support its higher revenues and higher administrative costs.

Advertising: In the first nine months of fiscal year 2013 the Company had increased its advertising budget (and subsequently costs) as it focused on growing its business as associated with binary options as well as the new content delivery team (grew from \$96,013 to \$202,114), in the second quarter the company adjusted its advertising spending to be lower and similar to prior periods.

Pre-Public Company Advisory Services: The Company began to offer pre-public company advisory services in December of 2012 and have two clients committed by February 28, 2013.

As a subsequent event note the Company entered into a support services contract with Clear Currents Inc. for the delivery of specific services related to securing public status (OTCBB QB) for that company valued at \$325,000 and company stock (restricted); to be earned over the next seven to nine months. Please note the associated press release on or about April 9th, 2013.

As a subsequent event note the Company entered into a support services contract with Medicine Man of Denver Inc. for support as it relates to licensing certain technologies and business processes as they relate to the general Cannabis businesses continued development nationally. This arrangement requires the Company to help prepare specific protocols and a licensing process for which they will receive a percentage of the gross revenues associated with the service offering. Please note the associated press release on or about April 12th, 2013.

Equity

In the first nine months of 2012 the Company raised \$544,000 through the sale of Company stock through a private placement memorandum. In the third quarter of fiscal year 2013 the Company raised \$125,000 through the sale of Company stock through a private investment in public entity.

Liquidity

The Company is currently addressing its liquidity issues by building, subscription service products, developing new revenue streams through the offering of investor relations and consulting services (as discussed) and by seeking investment capital through private placement of common stock and debt. Since inception, the Company has at times relied primarily upon proceeds from private placements and sales of shares of its equity securities to fund its operations. We anticipate continuing to rely on sales of our securities as well as increasing our subscriptions services revenues in order to continue to fund our business operations. It should be noted that the Issuances of additional shares will result in dilution to our existing stockholders. There is no assurance that we will be able to complete all of the additional sales of our equity securities as planned and noted herein or that we will be able arrange for other financing to fund our planned business activities.

In reviewing the sources of capital available to the Company to address the liquidity issue we find there are three avenues we have chosen to pursue. The first would be to increase our current revenues as they relate to existing services (now including the binary options related service offering) noting this effort will require the expenditure of some additional capital but should have a significant on our ability to become profitable based upon our experience this far over the past 9 months. The second would be to create new sources of revenue (as noted herein and outlined in prior disclosures). This would also result in additional cash demands on the Company. The third would be to raise capital through the private placements of our stock or PIPE devices through a point of being able to achieve a sustainable profit as well as positive cash flow for the Company. We should note that this past July we were successful in setting up a stock purchase agreement (as already disclosed in SEC filings) that would allow us to access up to \$1,500,000 in tranches of \$500,000 each. For further information on this arrangement please see the related SEC filings.

Plan of Continued Operations

The Company plans to continue to meet all of its obligations as well as conform with all of the requirements of remaining a fully reporting a public company while increasing its market presence as well as services offering spectrum.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is not a party to any legal proceeding that it believes will have a material adverse effect upon its business or financial position.

Item 1A. Risk Factors.

Not required for smaller reporting companies.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the quarter ended August 31, 2011 the Company raised \$544,000 through the sale of 566,667 shares of commons stock at \$0.96 per share. During the quarter ended February 28, 2013 the Company raised \$125,000 through the sale of 290,746 shares of common stock at \$.43. The proceeds from the sales of these stocks were used to fund the Company's ongoing operating.

Item 3. Defaults Upon Senior Securities.

There have been no defaults upon senior securities.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

- | | |
|---------|---|
| Exhibit | Certification of the Chief Executive Officer pursuant to Section 13(a) or 15(d) of the Securities Exchange |
| 31.1 | Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| Exhibit | Certification of Chief Financial Officer pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of |
| 31.2 | 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| Exhibit | Certification pursuant to Section 906 Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350). |
| 32.1 | |

101.INS XBRL Instance Document
101.SCH XBRL Schema Document
101.CAL XBRL Calculation Linkbase Document
101.DEF XBRL Definition Linkbase Document
101.LAB XBRL Label Linkbase Document
101.PRE XBRL Presentation Linkbase Document

Signatures

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

ChineseInvestors.com, Inc.
(Registrant)

Date: April 16, 2013 By: /s/ Paul Dickman
Paul Dickman
Vice President, Accounting & Finance

Date: April 16, 2013 By: /s/ Wei Wang
Wei Wang
Chief Executive Officer