



# **First Half 2012 Financial Results and Operational Update Conference Call**

**Nasdaq: NINE**

October 2012

# Safe Harbor Statement

Certain statements in this presentation include forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “project” or “continue” or the negative thereof or other similar words. All forward-looking statements involve risks and uncertainties, including, but not limited to, customer acceptance and market share gains, competition from companies that have greater financial resources; introduction of new products into the marketplace by competitors; successful product development; dependence on significant customers; the ability to recruit and retain quality employees as the Company grows; and economic and political conditions globally. Actual results may differ materially from those discussed in, or implied by, the forward-looking statements. The forward-looking statements speak only as of the date of this presentation and the Company assumes no duty to update them to reflect new, changing or unanticipated events or circumstances. We urge you to read our public filings, which are available on our corporate website at [ir.ninetowns.com](http://ir.ninetowns.com).



# Business Positioning & Outlook

Leveraging our experience and core competency in technology to develop complementary revenue streams.

**Ninetowns'  
Solid Technology  
Core Competency**

**B2G: enterprise  
software**

**B2C: e-Grocery**

**Smarter City Application-  
Intelligent Property  
Development Initiative**

# **B2G Business Updates**

# B2G Enterprise Software

(Units Sold)	1H'11	2H'11	1H'12
<b>iDeclare Packages</b>	826	815	666
<b>iDeclare Service Contracts</b>	8,529	10,205	8,183
<b>Service Contracts to Free Software Users</b>	326	320	153

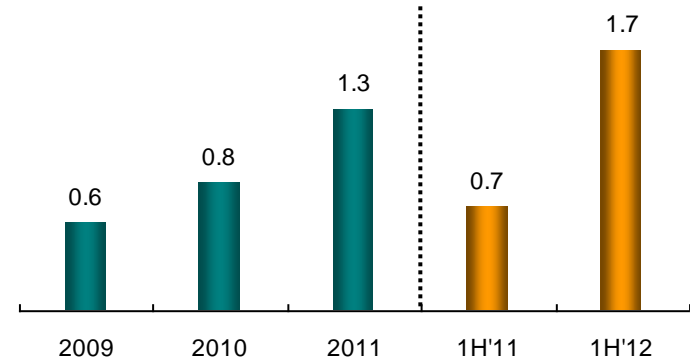
# **e-Grocery Business Updates**

# Proven Business Concept, Delivering Steady Growth

## Leading Local B2C Food Online Platform

- Online B2C e-Commerce platform services available 7\*24
- Upgraded online ordering and payment system
- Diversified offering covering groceries, household goods and consumer products
- Full chain quality control “from farm to household”
- Ready to expand with more CPUs & SDCs, thereby increasing customer coverage in greater Beijing
- Introducing higher quality products to drive profit margin

## Revenue (US\$ million)



## Beijing Model



**703,200 sq meters**

Organic Farm



**3,000 sq meters CPU**

Central Processing Unit



**10 SDCs**

Service & Delivery Center



**400,000**

Targeted Families

# Value Chain



**Owned Organic Farm**



**Guaranteed 100% Customer Satisfaction**



**Regional Service & Delivery Center (SDC)**



**Central Processing Unit (CPU)**



**Hi-tech Packing**



**Cold Chain Logistics**



# **Property Development Business Updates**

# Recent Updates & Project Pipeline

## Lands Acquired & Pipeline

Product Models	Date	City	Area	Use Purpose	Current Stage
<b>e-Commerce Bio-system Industrial Parks</b>	October, 2008	Yizhuang, Beijing	<b>58,527</b> square meters	Commercial and industrial use	Pre-construction planning
<b>Intelligent Residential Communities</b>	April, 2011	Huainan, Anhui Province	<b>141,000</b> square meters	Commercial and residential use	Pre-construction planning
<b>e-Commerce Bio-system Industrial Parks</b>	April, 2011	Dalian, Liaoning Province	<b>20,973</b> square meters	Commercial and residential use	Ground breaking and initial construction
<b>Intelligent Residential Communities</b>	December, 2011	Binzhou, Shandong Province	<b>79,139</b> square meters	Residential use	Pre-construction planning



# Financial Updates

# Segment Revenue

US GAAP (Consolidated)

(USD in thousands)

	<b>1H'11</b>	<b>2H'11</b>	<b>1H'12</b>
<b>Total Net Revenues</b>	4,937	6,881	6,909
<b>Enterprise Software Revenue</b>	3,949	5,639	4,623
<b>Software Development Services Revenue</b>	319	619	583
<b>Food sales and services</b>	669	623	1,703
<b>Gross Margin (%)</b>	83%	88%	76%
<b>Deferred Revenue</b>	1,716	2,277	2,012



# Costs and Expenses

US GAAP (Consolidated)

(USD in thousands)	1H'11	2H'11	1H'12
<b>Costs of Revenues</b>	858	825	1,680
<b>Operating Expenses</b>	6,707	9,963	9,242
<b>Selling &amp; Marketing</b>	1,431	2,104	1,856
<b>General and Administrative</b>	4,934	7,542	6,317
<b>R&amp;D Expense</b>	823	909	1,089
<b>Bad Debt Provision</b>	(481)	(592)	(20)

# Profitability and Cash Flow

US GAAP (Consolidated)

(USD in thousands)

	1H'11	2H'11	1H'12
<b>Net Income (Loss)</b>	798	(265)	8,703
<b>Net Loss attributable from non-controlling interest</b>	-	2	6
<b>Net Income (Loss) attributable to the Company</b>	798	(263)	8,709
<b>Net Cash (used in) provided by Operating Activities</b>	(50,182)	40,173	(26,305)
<b>CAPEX for PP&amp;E and Intangible Assets</b>	(323)	(686)	(294)
<b>Cash and Cash Equivalent and term deposits at the end of Period</b>	30,572	41,696	37,637

For more information

*ir.ninetowns.com*

**Thank you**