



ChinaNet Online Holdings, Inc. (Nasdaq:CNET)

December 2012 Presentation



www.chinanet-online.com

Safe Harbor Statement

This presentation contains certain "forward-looking statements" relating to the business of ChinaNet Online Holdings, Inc., which can be identified by the use of forward-looking terminology such as "believes," "expects," "anticipates," "estimates" or similar expressions. Such forward-looking statements involve known and unknown risks and uncertainties, including business uncertainties relating to government regulation of our industry, market demand, reliance on key personnel, future capital requirements, competition in general and other factors that may cause actual results to be materially different from those described herein as anticipated, believed, estimated or expected. Certain of these risks and uncertainties are or will be described in greater detail in our filings with the Securities and Exchange Commission. These forward-looking statements are based on ChinaNet's current expectations and beliefs concerning future developments and their potential effects on the Company. There can be no assurance that future developments affecting ChinaNet will be those anticipated by ChinaNet. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond the control of the Company) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by such forward-looking statements. ChinaNet undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Investment Summary

| | |
|---|-----------------|
| Ticker Symbol | NASDAQ: CNET |
| Fiscal Year | December 31 |
| Stock Price (December 10, 2012) | \$0.81 |
| Weighted average common shares outstanding: ⁽¹⁾ | 22.19M |
| Market Capitalization (as of market close on November 16, 2012) | \$17.97M |
| Management Ownership | 35.4% |
| Revenue 3Q 2012 (unaudited) | \$10.29M |
| Net Income attributable to ChinaNet Online Holdings, Inc. 3Q 2012 (unaudited) | \$1.22 M |

- (1) Weighted average share count will vary from quarter-to-quarter due to GAAP Treasury Method accounting for warrants and options outstanding. As of September 30, 2012, the Company had 2.4 M warrants outstanding with a weighted average exercise price of \$3.52 and 0.94 M options outstanding with a weighted average exercise price of \$1.42.

Company Profile



Head office: Zhongguancun Beijing

Founded: 2003

U.S. Legal Counsel: Loeb & Loeb

P.R.C. Legal Counsel: Han Kun Law Offices

Auditor: Marcum Bernstein & Pinchuk

US Investor Relations: MZ Group

Website: www.chinanet-online.com

Executive Summary

We use technology to consolidate information from a variety of sources and then analyze that information to create real-time sales leads on daily basis to help businesses expand their sales in China and help entrepreneurs find the right businesses in which to invest.

Revenue Model

We estimate that our potential consists of over 4 million micro to small and medium sized businesses which need internet based sales channel expansion solutions. There are three parts of our main sources of income:

Sales Channel Promotion (Main)

- Pay per leads (PPL);
- Pay per bidding (PPB);
- Membership fee (MF);
- Other value added services (VAS);
- Other media services, e.g. TV and Mobile.

Sales Channel Building (Developing)

- Revenue sharing on offline sales channel building, pay per sales (PPS);
- iMAP brand management solutions;

Sales Channel Management (Future development)

- Revenue per usage volume;
- Point of sales (POS) ;
- Supply chain management;
- Elite CRM;
- Business process (OA);

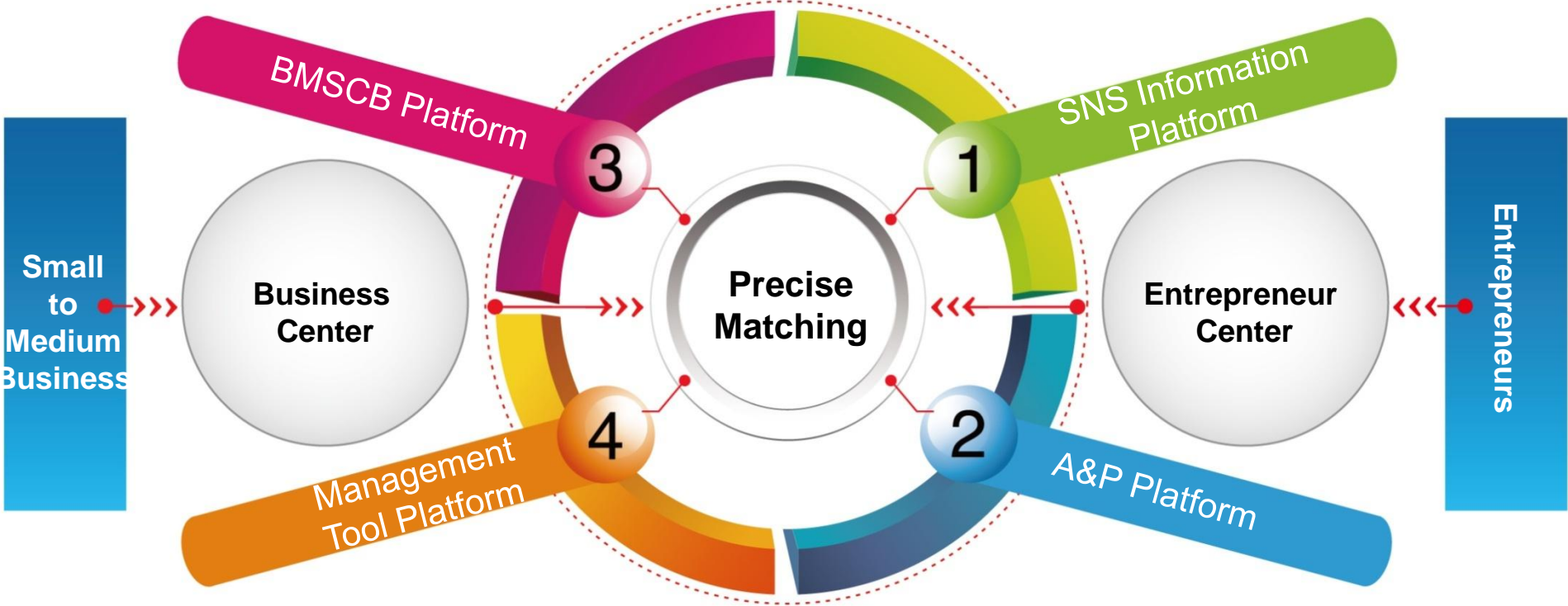
ChinaNet

ChinaNet uses four service platforms built on cloud-based technology to provide information to help SMEs with their sales channel promotion, building and management. It provides a one-stop turn key solution to help businesses to reduce costs and time.



ChinaNet Strategic Service Mode

Providing integrated SMEs and entrepreneurial service and solution



4 Information and Service Platforms

SNS, A&M, BMSCB and Management Tool



A combination of the global perspective and insight into the franchise industry

China

Beijing

Shanghai

Quanzhou

Guangzhou

Wuhan

Taiwan

Hong Kong

USA

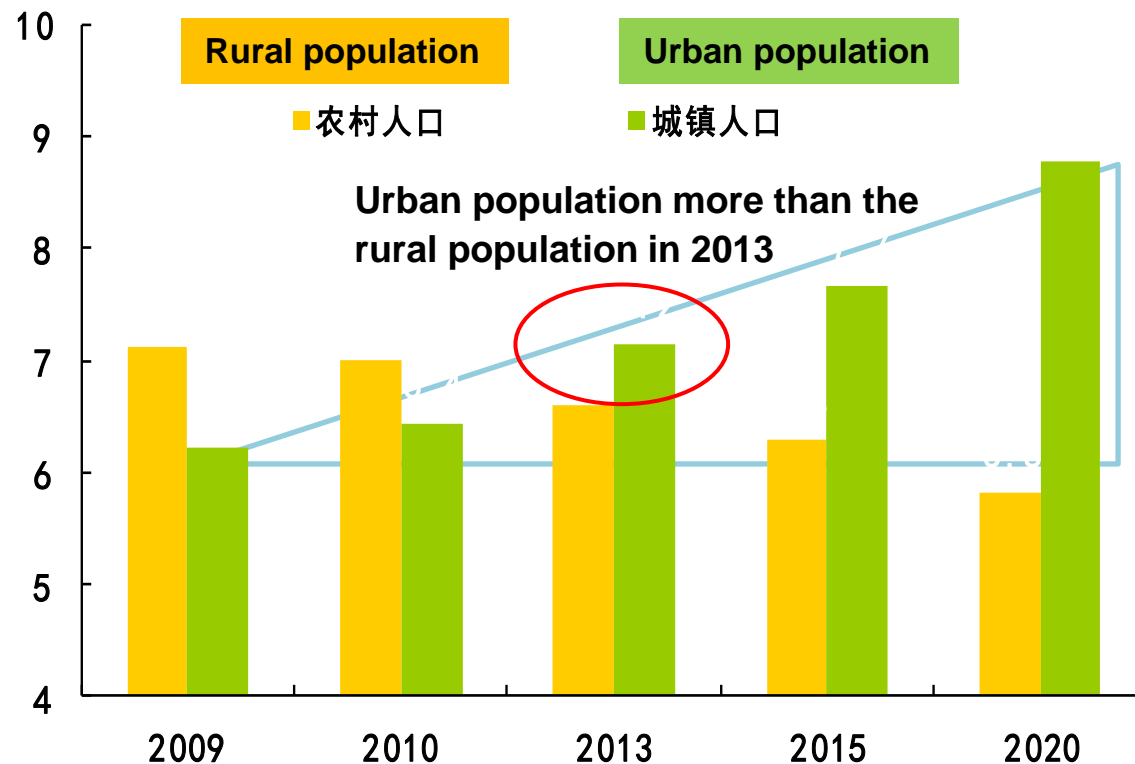


Macro Growth Factors

- China economic transition, the pace of urbanization continues, the franchise/distribution/dealership industry will be entering a high-growth period.
- Chinese overall economic growth leads to SMEs continue to increase (at least 2 to 3 times growing space), business demands are constantly growing.
- The growing space of the internet users' penetration rate drives the expansion of the Internet marketing market scale.
- China is gradually transforming into the tertiary industry: service and franchise demands will rapidly grow. From 2011, we anticipate that CAGR will be 10-12% in the next five years.

1% increase in the urbanization rate in China would trigger USD\$23 billion of domestic consumption and USD\$91 billion housing consumption.

To meet the consumer demands need, standardized management services for chain stores/franchises



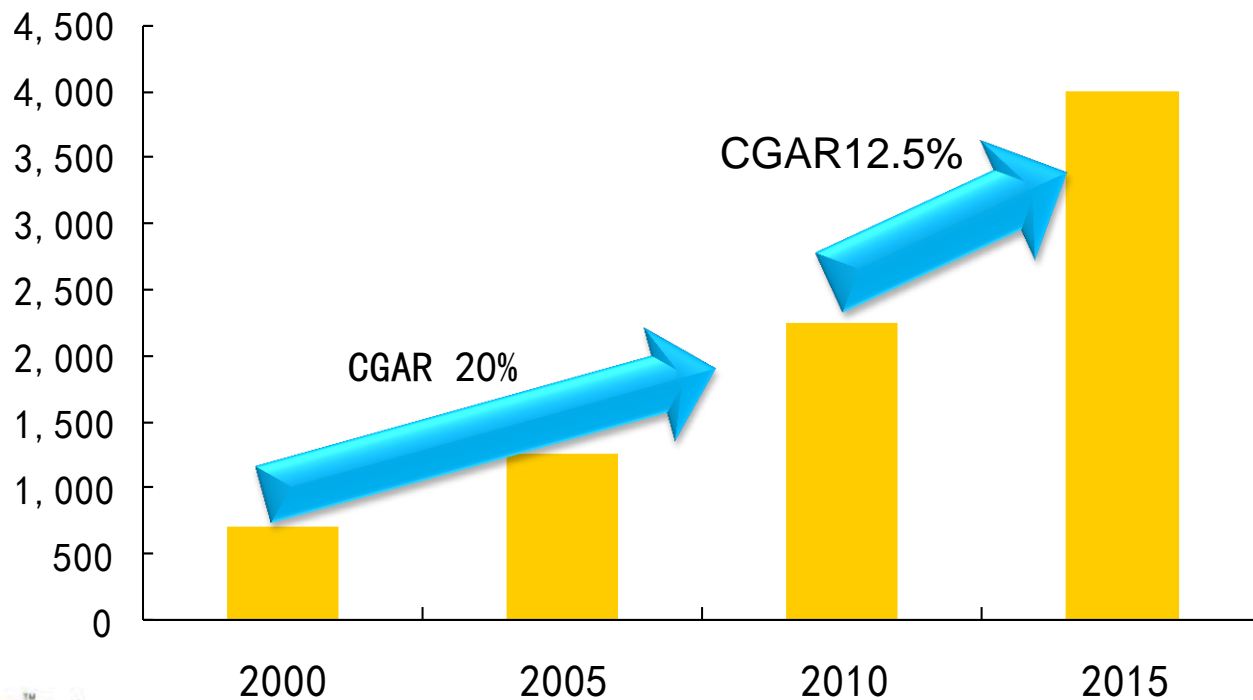
Urban population growth over 350million (in people)

Source: National Bureau of Statistics

The growth of the modern supply system will lead to more modern consumption behavior and advance the development of the service-oriented industry

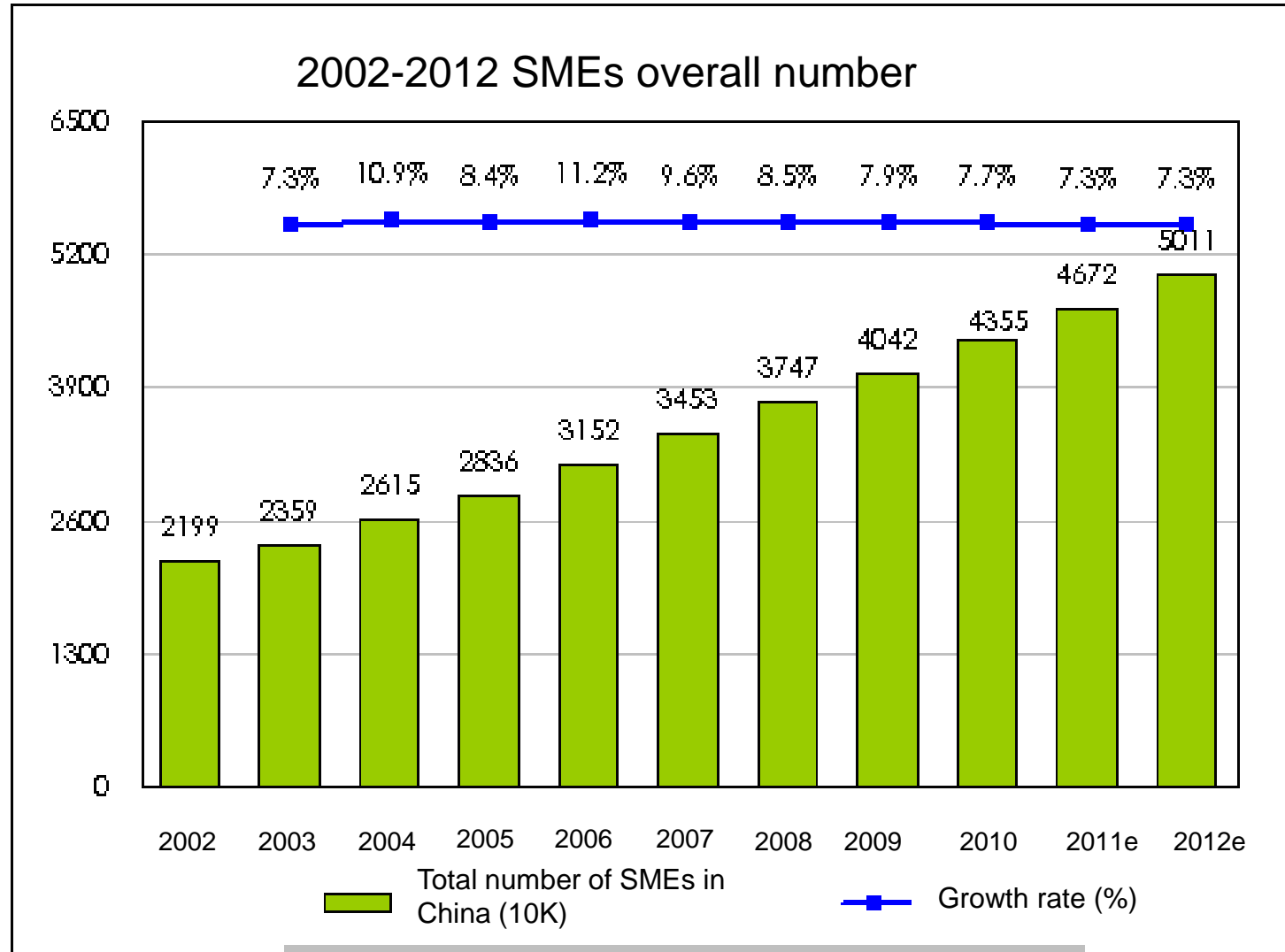
Projected modernization rate of Chinese domestic supply channel

In thousand



Source: National Bureau of Statistics

The Number of SMEs in China

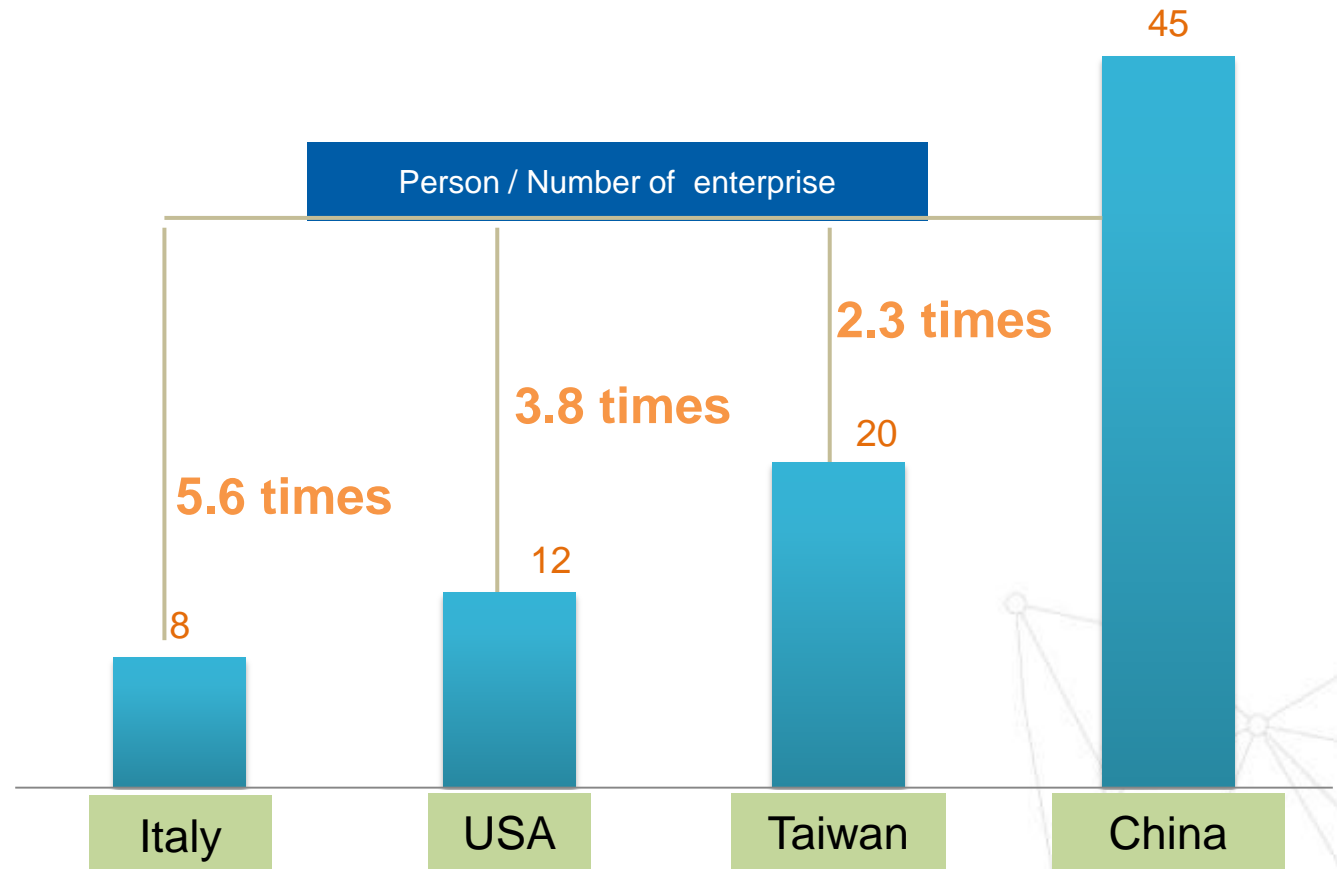


(Source: iResearch inc research report 2010)

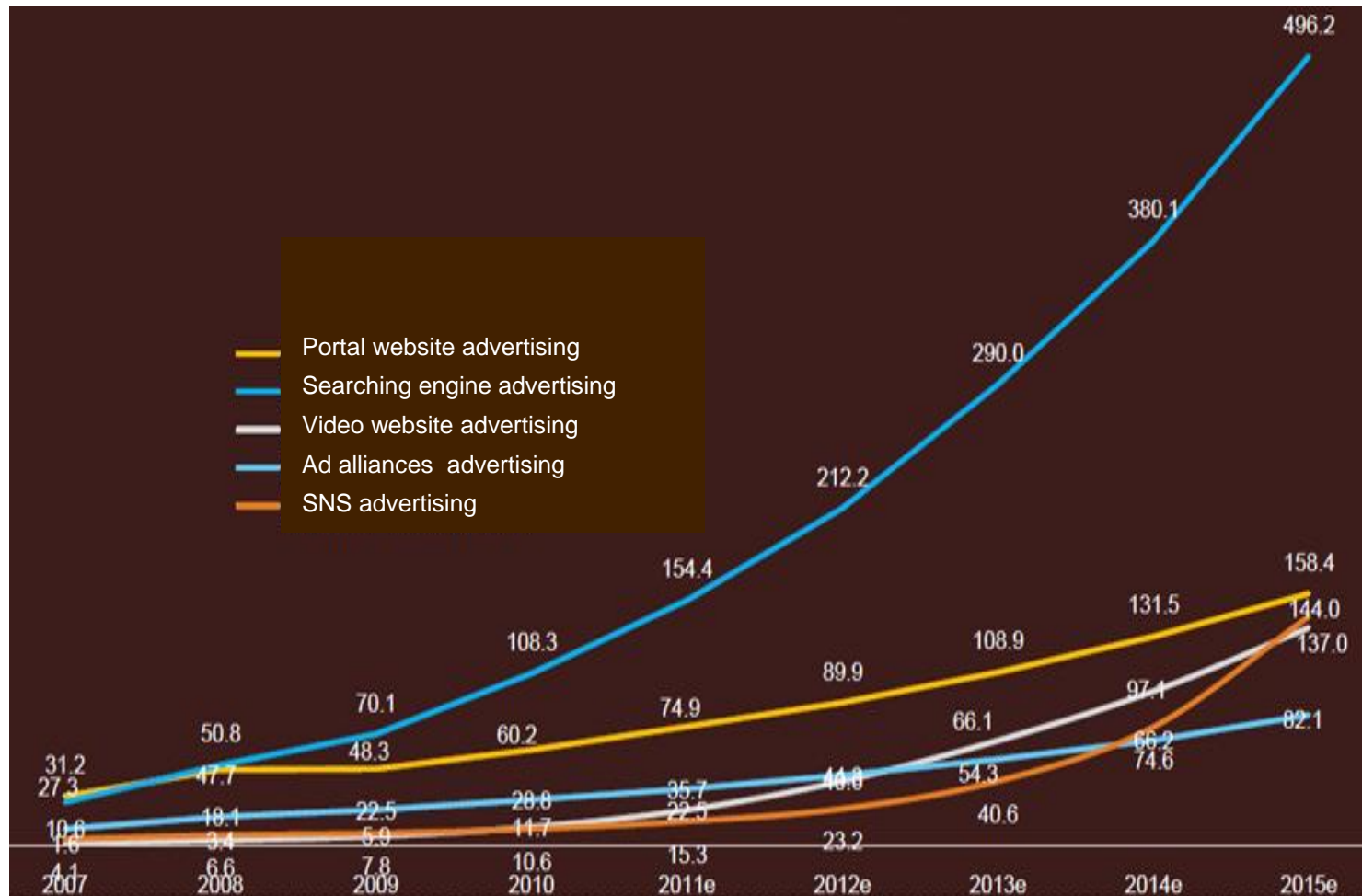
The Growth of Small Business Industry in China

Compared : 2.3 times growing space with Taiwan, more than 3.8 times with U.S., 5.6 times with Italy, we estimated that SBs industry has at least 2.3-5.6 times growing space.

1. Italy is known as developed SBs in the world. In Italy, every 8 people has 1 SBs.
2. In U.S.A, every 12 people have 1 SBs.
3. In Taiwan, every 20 people have 1 SBs.
4. In China, every 45 people have 1 SBs.



China Internet Advertising Segmentation and Related Market Size and Forecast



The Conclusion of Total Market Size

- We estimate that our target customer base is over 400,000 small businesses; growing at an estimated CAGR of more than 15% over the next 5 years:
- These 400,000 customers have an average annual sales over 1 million in USD. If they pay US\$15,385 for sales channel expansion related services per year (2% of total sales), the target market size to ChinaNet is:

US\$6 billion (2011)  US\$12 billion (2016)

- A payment of US\$15,358 assumed that a majority of fees are paid for sales channel promotion services on internet

We believe that only ChinaNet is focusing on small businesses

Competitors and their Associated Websites - as of 11.19.12

| Classification | Web Portal | IP (Daily avg.) | PV (Daily avg.) | ALEX Ranking | Baidu Index | Attraction Index |
|-------------------------|-----------------------------------|--------------------|--------------------|-----------------|----------------|---------------------|
| ChinaNet | <u>28.com (2003)</u> | 168,000 | 1,831,200 | 2,985 | 104 | 10.9 |
| | <u>Liansuo.com (2011)</u> | 57,000 | 866,400 | 10,078 | 66 | 15.2 |
| | <u>Chuangye.com (2011)</u> | 52,800 | 1,003,200 | 9,521 | 2294 | 19 |
| | <u>Sooe.cn (2011)</u> | 94,200 | 1,978,200 | 10,004 | 64 | 21 |
| Direct Competitor | <u>78.cn</u> | 77,400 | 1,702,800 | 6,820 | 816 | 22 |
| | <u>3158.com</u> | 61,200 | 593,640 | 16,155 | 271 | 9.7 |
| | <u>Jiameng.com</u> | 72,600 | 1,669,800 | 6,731 | 216 | 23 |
| | <u>Jmw.com.cn</u> | 132,000 | 3,366,000 | 4,032 | 437 | 25.5 |
| | <u>51jam.com</u> | 16,800 | 85,680 | 50,203 | 91 | 5.1 |
| Potential Competitor | <u>Entrepreneur</u> | 456,000 | 843,600 | 1,973 | 810 | 1.85 |
| | <u>Alibaba (entrepreneur)</u> | 6,168,000 | 60,384,720 | 81 | 2471 | 9.79 |

The Competitor Positioning and Revenue Model

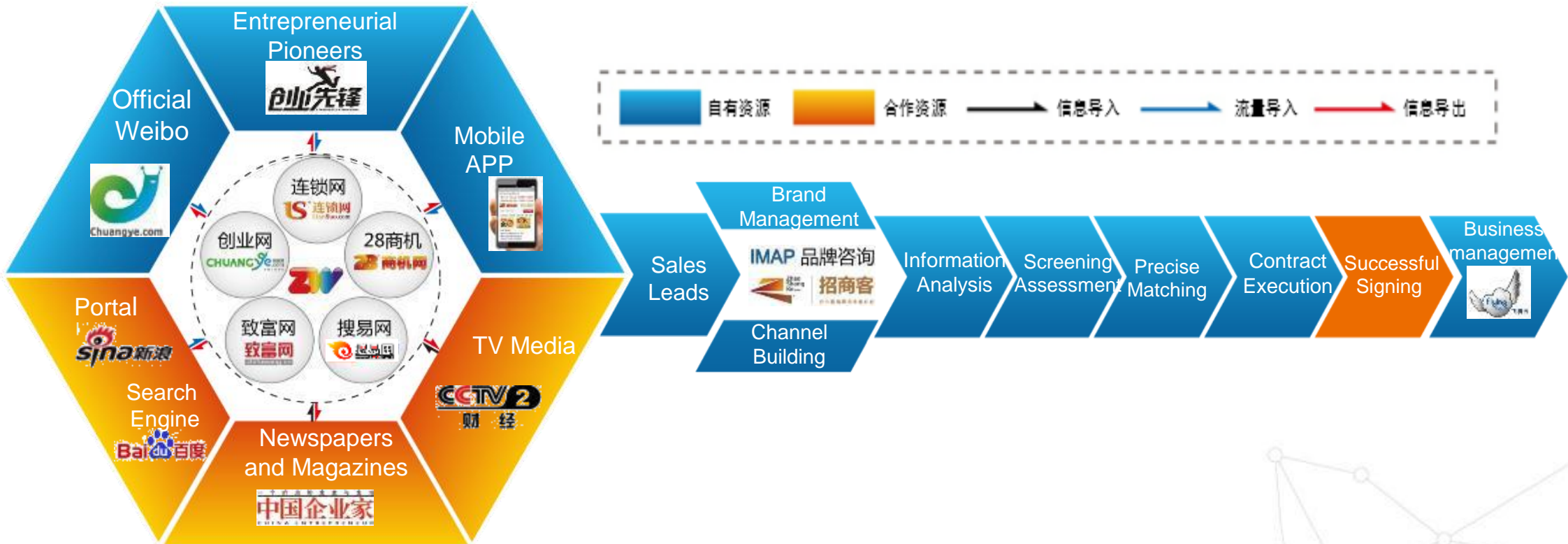
| Type | Website | Revenue Model | Positioning or target |
|-----------------------|--|--|--|
| ChinaNet | 28.com | Advertising, contest price promotion | AD exhibition platform |
| | Liansuo.com | Advertising, member ship, contest price promotion | Quality SMEs internet marketing and advertising portal |
| | Chuangye.com | TBD | Entrepreneurial SNS |
| | Zhaoshangke | Outsourcing investment | Expert of building channel |
| Direct competitors | 78.com | Advertising | Investment Ad and Information Corner |
| | 3158.com | Advertising | Ad exhibition platform |
| | Sooe.cn | Advertising | Franchise portal |
| | Jiameng.com | Advertising | Franchise portal |
| | Jmw.com | Advertising | Franchise portal |
| | 51jam.com | Advertising | Franchise portal |
| Potential competitors | Entrepreneur | Magazine, activities, advertising | Entrepreneur and VC's information platform |
| | Alibaba | Advertising, collaboration with other entrepreneur sites | Entrepreneur platform |

Comparative Analysis of Competitive Strength

| Name Item | ChinaNet | Competitors |
|---|---|--|
| Brand and the strength of the company | <ul style="list-style-type: none"> US Public-Listed company with strong financial strength, brand value and good business reputation Nominated as <i>Deloitte Touche Tohmatsu Limited's ("DTTL") 2011 Technology Fast 500 Asia Pacific Rankings</i> | <ul style="list-style-type: none"> Not- listed companies, the weaker brand value; |
| Most experienced business and operation professionals | <ul style="list-style-type: none"> Practical operational experience with managing 56 branded small business in a variety of industries The key management personnel has more than 10 years of successful experience | <ul style="list-style-type: none"> Started up as consulting industry, and operational time is short; Business experience is less, unable to find the end customer. |
| Market model | <ul style="list-style-type: none"> The first brand expo park, creating branded business opportunity shopping mall Save entrepreneurs time and money | <ul style="list-style-type: none"> No template the market; Entrepreneurs need to spend a lot of time and expense to examine the model of the market |
| Business review mechanism | <ul style="list-style-type: none"> Rigorous business review mechanism, on a very selective basis and regulation Ensure the quality partnerships, e.g. franchise | <ul style="list-style-type: none"> Mix of good and bad business, does not undergo a rigorous review; Potential lead to a sharp decline in the survival rate of a franchise |

ChinaNet Integrated One-stop Service

Sales channel promotion, building and management



Chuangye.com: SNS

Community of entrepreneurs



www.chuangye.com

A platform focuses on LINKING entrepreneurs & PROVIDING services to entrepreneurs.

Social Network Services Information Platform's core purpose is to LINK&SERVE the entrepreneurs and provide business information for owners of small to medium business. The network covers the users of all business stages. They can share their opinions, thoughts, entrepreneurial experience, resources as well as success. It is the result of the power of entrepreneurship and social networking. Through information exchange, we aim to create an honest business platform, gathering the most and the best business entrepreneurs in China.

Liansuo.com: A&M

Premier (small-medium to medium-large) franchise/business Listing



www.liansuo.com

Premier Franchise Ventures Listing

Liansuo.com is a web portal, under A&M platform, collecting premier franchise or similar business opportunity globally. We echo our premier management ideas for SMEs on a membership service basis, while providing entrepreneurs convenient methods to find their suitable franchise or other business opportunity.

Our premier franchise or other forms of business opportunity include companies with State Franchise Certificate, Member of China Chain Store & Franchise Association, International franchise, Taiwan franchise, public company franchise and some new franchise. Together, they are an encyclopedia with a variety of high-quality of business opportunities. Users can divide and research different elite business opportunities according to its specialties and start business with certainty.

28.com: A&M

Small to small-medium franchise/business Listing

The logo for 28.com, featuring the number '28' in a large, stylized, orange-to-yellow gradient font, followed by the Chinese characters '商机网' (Shangjiwang) in a similar gradient font.

www.28.com

Small to Small-Medium Franchise/Business Listing

28.com's core product includes Gold Digging (Taojin) list and other value-added services, including news/media marketing, media leveraging, internet information management, SEM (also available to other portals) and others to assist small and medium to expand their businesses throughout China, with an average independent daily IP visit of 200K, 3,700th ranking by Alexa globally and 430 domestically, while generating over 10,000 qualified sales leads (PPL) daily.

Sooe: A&M

Advertising exhibition platform of small and micro businesses in China



www.sooe.cn

Advertising exhibition platform of small and micro businesses in China

With the core product in www.sooe.cn & 588.sooe.cn, such as advertising group exhibitions, news marketing, media bidding, and SEO services, Sooe established a comprehensive and diversified network advertising platform through business planning, packaging and other marketing tools for customers in 7 years. The platform's average daily traffic is more than 70K; international network ranking is top 5,000 and domestic ranking is 1,000. Sooe is the traditional advertising exhibition platform of small and micro businesses in China.

Zhifuwang.cn: A&M

Clever cloud optimizer -search engine optimization system



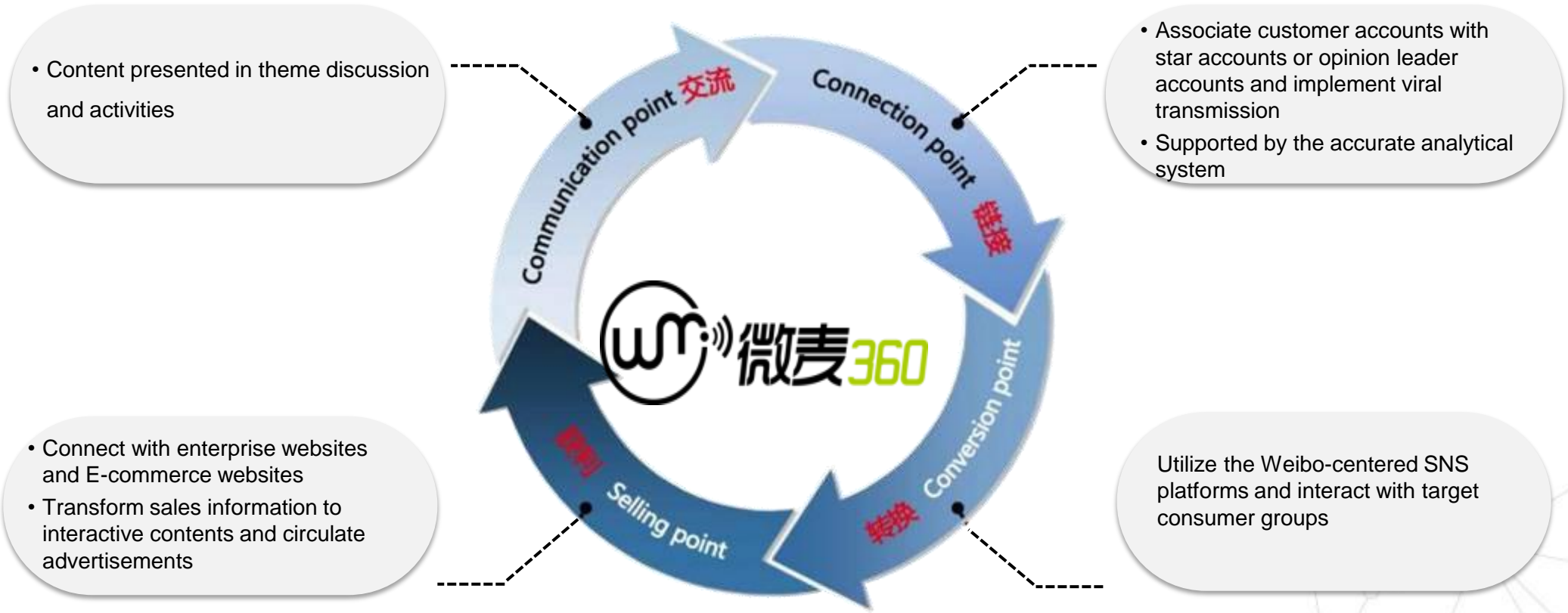
www. zh i fuwang. cn

Clever Cloud Optimizer -search engine optimization system

Clever Cloud Optimizer is an automated price adjustment platform developed internally by ChinaNet's technical team that allows users to optimize their online search advertising campaigns. Based on Google's AdWords and Baidu's search promotion application programming interface (API), Clever Cloud Optimizer helps users manage large, complex online search accounts and campaigns more efficiently. In addition, businesses can use this value-added tool to analyze customer's search history in order to run more targeted sales promotions.

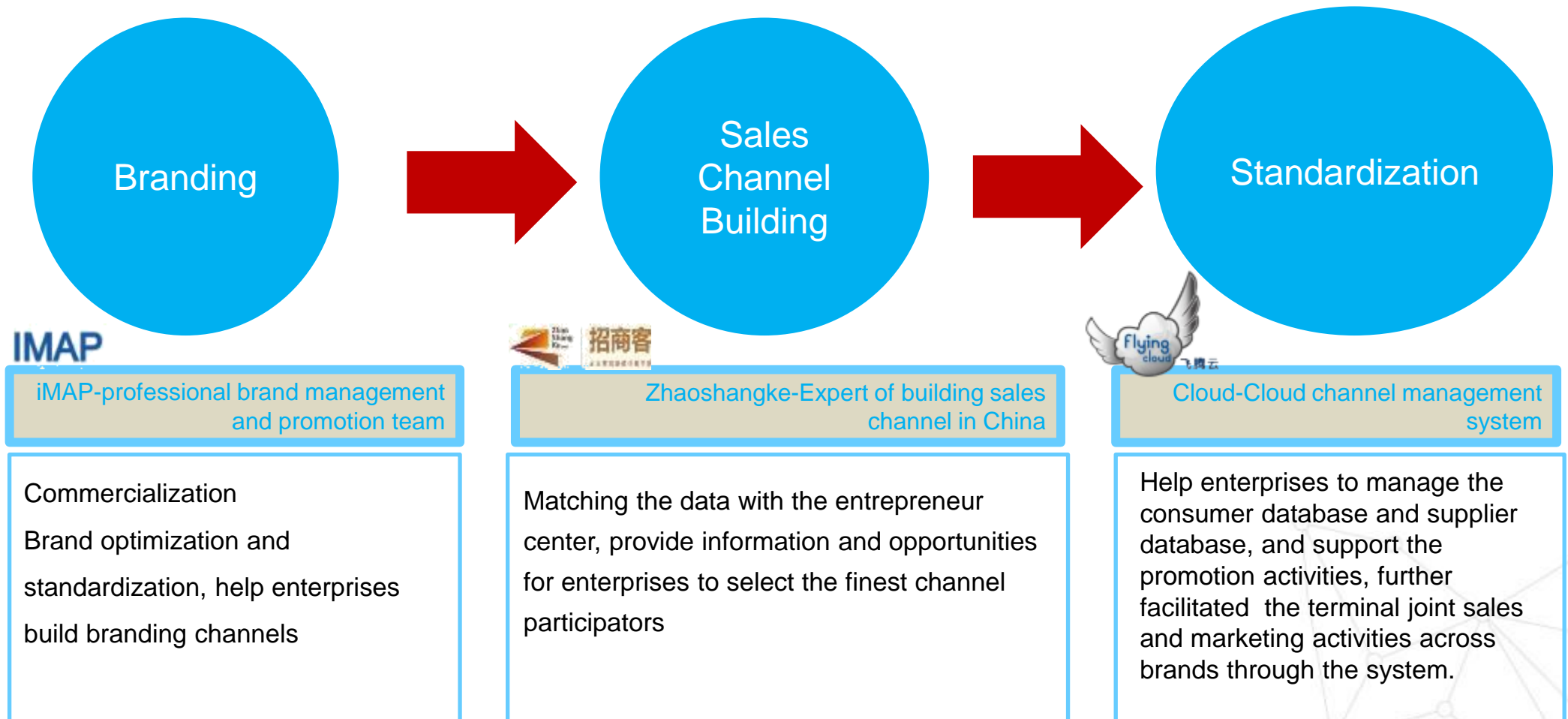
Micro-Sell 360: A&M

SNS sales+marketing system



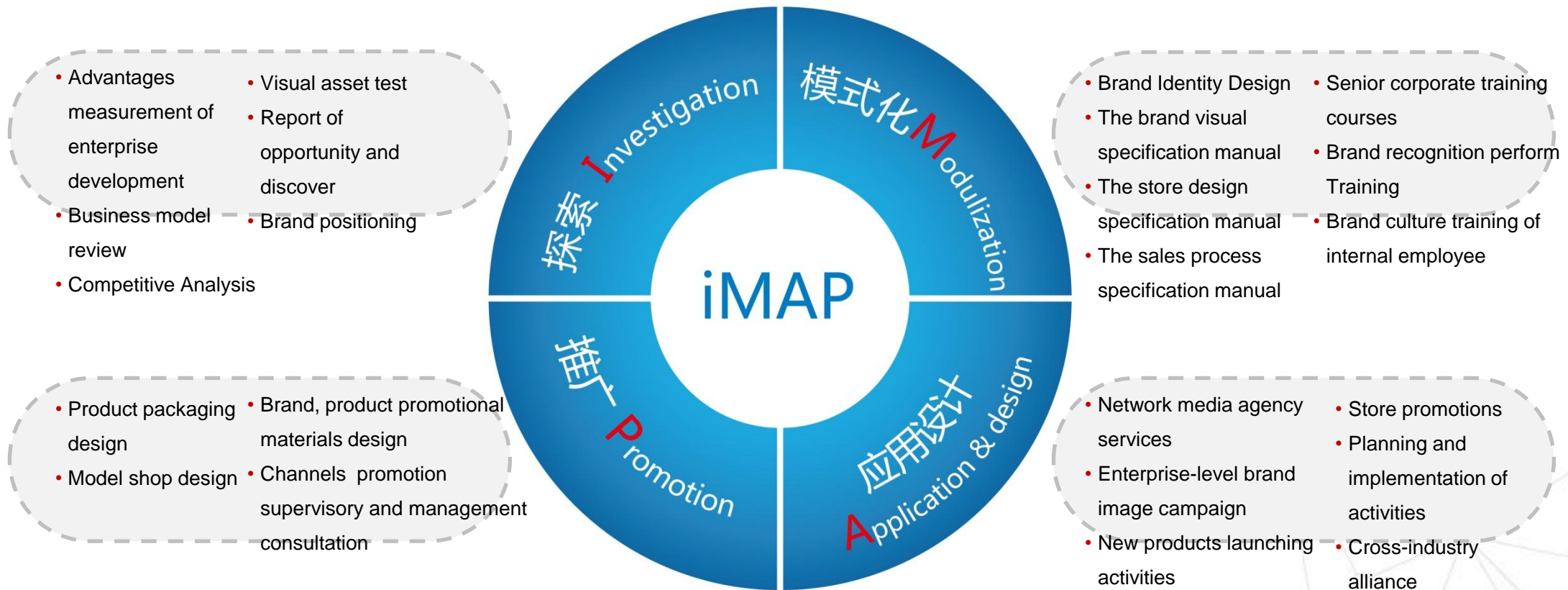
One-stopped Sales Channel Building Service: BMSCB

ChinaNet to help expanding the sales channel for SMEs



iMAP: BMSCB

Customer's professional business opportunities and brand consultant



Zhaoshangke.com: BMSCB

Screenshot of Zhaoshangke home page

Zhao Shang Ke.com 招商客 让企业渠道建设更快、更准、更省、更优! 咨询热线:010-57266323 人才招聘

首页 渠道建设 招商咨询 服务团队 媒介资源 品牌博览基地 客户案例 如何合作

快速建立营销渠道 每年新增数百加盟商、经销商

快

招商动态: 北京嘉文乐园与招商客就项目达成合作

招商客公司介绍

招商客新闻动态

经典案例展示

招商客网络科技有限公司(湖北)有限公司是帮助企业迅速建立营销渠道,快速扩张市场空间的营销渠道建设专家。企业与招商客合作,只需按照最终的招商成果付费,最终实现企业、招商客、创

8月5日吉祥福招商会.....2012-08

招商客成功签约米兰.....2012-07

招商客牵手家丝菲儿.....2012-07

Flying Cloud: Management Tools

Cloud-based Management Service Platform small & medium businesses



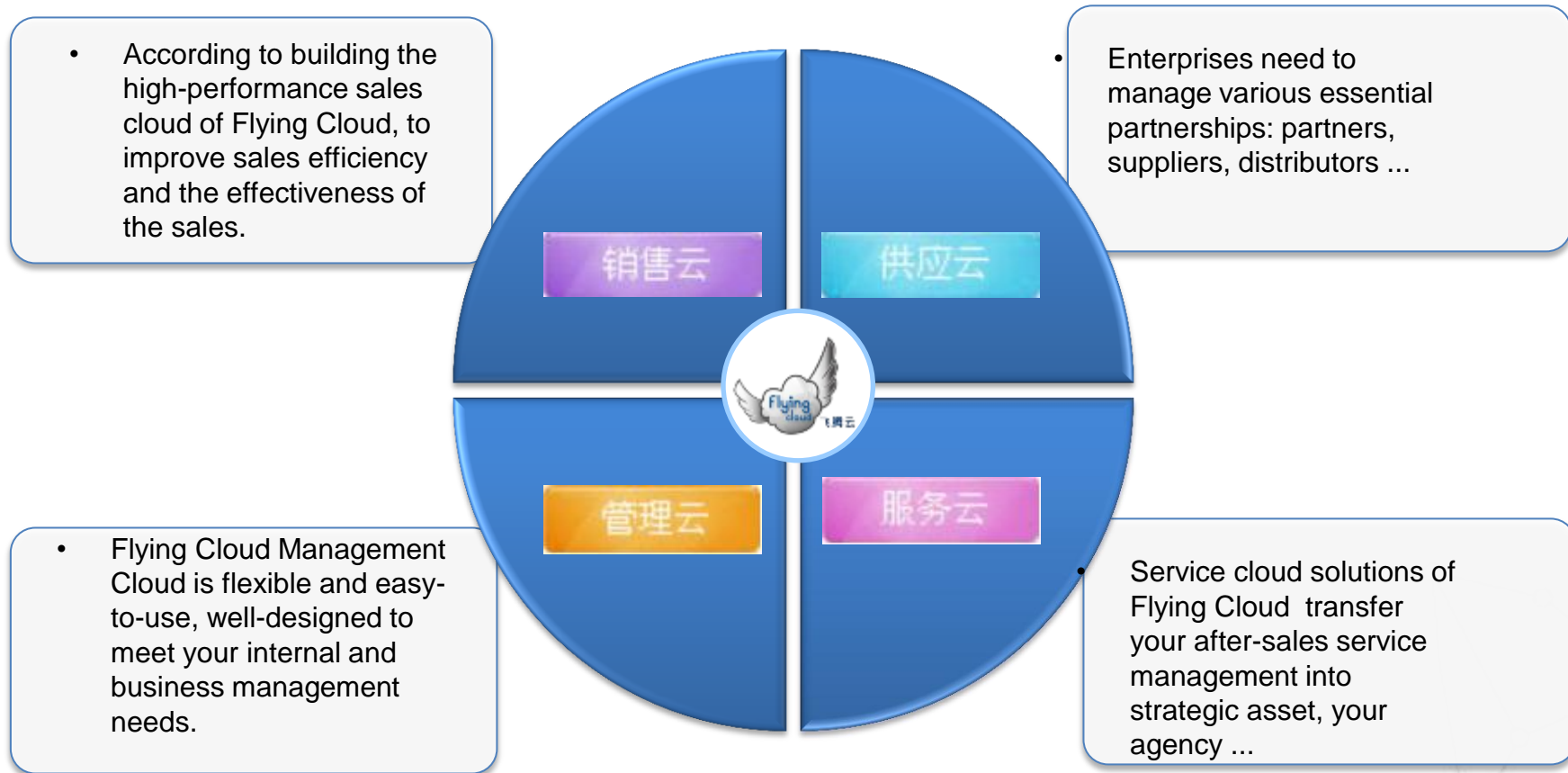
www.feitengyun.com

A Cloud-based Management Service Platform

Flying Cloud is a cloud-based management service platform designed specifically for enterprises, which has been developed by professional technical teams from China, United States and Taiwan. Through four cloud-based sub-platforms, Flying Cloud helps SMEs manage their sales channels more efficiently.

Flying Cloud: Management Tools

Enterprise Cloud Management Service Architecture



Flying Cloud: Management Tools

Sales Assistant APP showcase



Login

Two-dimensional code to obtain the goods information

Entry the new product

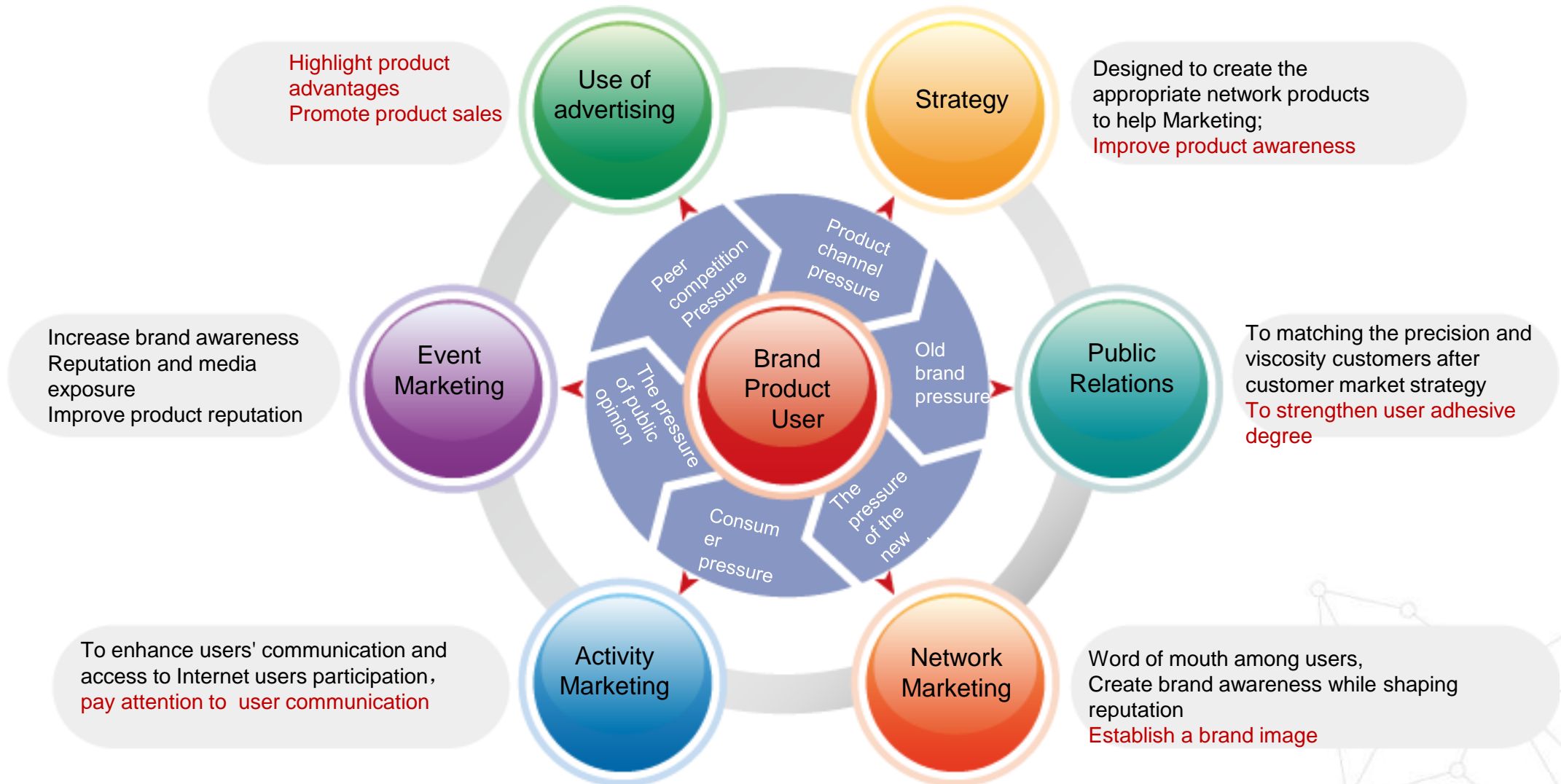
Commodity stocks

Goods in shopping cart

Store receipts (printable)

This system can record the latest good QR Code through an iPhone, and print bills by AirPrint technology. This system is used instead of the traditional POS machines and scanning equipment, and easily solves commodities management and sales of small and medium franchises.

ChinaNet Internet Marketing Technology



Operation Exhibition of The Chain Industry

Exhibition business of Liansuo.com

- China Chain Operation Association official webcast partner
- Promoting cooperation partners of Taiwan franchising Association
- International Franchise Association partners has been invited to the exhibition



Innovative and Exclusive Media Resources

Some of the TV and print media strategic partners

- Thousands of online media resources, over 500 newspaper and magazine medias
- Rich TV media resources;



Innovative and Exclusive Media Resources

Some of the online strategic partners

- Advertising on Baidu, as well as other sites Keywords, SEO optimization, streaming audio / video, soft paper and so on, the spending has been well over millions per year;



Research and Development- Creating Entry Barrier

Data Analysis

- We understand on our users' needs, market changes and trends, because we have developed one of the most advanced massive data sorting tools and advertising effect monitoring and supervision platform.
- This platform focuses on providing such services as user analysis, source analysis, user behavior analysis, advertising effect analysis, visit target effect analysis and other data analyses.
- Lower the cost of advertising and marketing : Using API from Baidu, and AdSense API from Google decreased 30% of our price bidding promotion cost.



Exhibition of Technology

Enterprise member management center page of Liansuo.com

The screenshot displays the Liansuo.com enterprise member management center. The top navigation bar includes the Liansuo logo, site name, and various menu items like '首页', '新闻', '法律法规', '推广管理', and '排行榜'. A search bar and a '会员特权' (Member Privileges) button are also visible. The main content area is divided into several sections:

- 推广效果 (Promotion Effect):** A line chart titled '【潮沟烧饼】流量曲线图' (Chao Gou Shao Bing Traffic Line Chart) showing PV (Page Views), IP (Unique Visitors), and UV (User Visits) from 2012-11-05 to 2012-12-02. The chart shows a significant peak in PV around 140 on 07/08, followed by fluctuations between 50 and 100.
- 流量及留言统计 (Traffic and Message Statistics):** A summary box indicating that 2398 people viewed the project, 14 messages need replies, and 15 messages were received in the last month.
- 连锁公告 (Chain Announcement):** A promotional message encouraging users to upgrade to Gold Medal Members to share the latest information from the Liansuo.com database.
- 法律法规 (Laws and Regulations):** A list of recent legal notices, including '商业特许经营备案管理办法' (2012-02-07), '天津: 大学生村官创业可获得贷款' (2011-11-23), and '小微企业免征部分行政收费通知' (2011-11-18).
- 行业资讯 (Industry News):** A list of industry news items, such as '与投资入沟通的十条技巧' (2012-02-21), '企业营销要做一只“紫牛”' (2011-11-28), and '跟乔布斯学习苹果店的经营' (2011-11-24).

On the left side, there is a sidebar menu for '企业会员后台' (Enterprise Member Backend) with options like '企业信息管理', '企业黄页浏览', '企业资料管理', '项目基本信息', '编辑项目介绍', '展示图片上传', '修改密码', '留言管理', '项目留言', '留言提醒', '400电话咨询管理', '来电管理', '问答管理', '问答列表', and '智库'.

Samples of Clients



KENJMI Leather Goods



FengBoZhuang Restaurant



LuYan Tea



Scared Face



Lolita Makeup & Accessories



SUPWAVE Car Care



JinDingXuan



Zhen Ganjue Win



Liqing DaBieShan Goose Hotpot Restaurant



Fei Ku Wu Rao Men's Clothing



Veken home textile



Tong Que Tai



Metile



Toe Dance Slipper Retail Store



Life Style lighting fixture



International Youth Innovation Games

Summary

- The world's first B2B Internet technology company providing value-added information for O2O (online to offline) sales channel expansion service and LINKING services to entrepreneurs
- Our core competence is the consolidation of existing all-angle information resources by means of technology, and with technology, we combine them, analyze them and use them to help enterprises to expand in China. With the Internet, we conduct sales channel marketing and promotion by means of (PPL, PPB & PPS) and also establish offline sales channels building for them. Our technology and database will evolve to create competitive advantages with entry barriers, and hence, make long-term growing and recurring income
- Simple business and revenue model while providing brand management sales channel building services to domestic and foreign SMEs in China
- China's national economic policy and its demands of SME (small business) transformation are growth drivers for ChinaNet
- Founded the "Entrepreneurship Fund for Chinese College Students", supported by six government agencies in China, which will make resources available to directly attract future successful entrepreneurs as well as SMEs

Future Strategic Expansion

Sales Channel Promotion (Main)

- Pay per leads (PPL);
- Pay per bidding (PPB);
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- Other value added services (VAS);
- Other media services, e.g. TV and Mobile.

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- Revenue sharing on offline sales channel building, pay per sales (PPS);
- iMAP brand management solutions;

Sales Channel Management (Future development)

- Revenue per usage volume;
- Point of sales (POS);
- Supply chain management;
- Elite CRM;
- Business process (OA);

2013-2015

From 2,000 to 35,000
ASP:
USD\$1,800-\$2,500



2014-2018

From 70 to 5,000
ASP:
USD\$35,000-\$55,000



2015-2020

From 60 to 10,000 (200
stores per customer)
ASP: (per store)
USD\$700-\$1200

ChinaNet 2012-2017

We have offices in six provinces :

Beijing,
Fujian,
Zhejiang
Guangzhou
Shanghai
Hubei



The offices will be expanded to 12 major cities in 3-5 years

Mr. Handong Cheng

Chairman and Chief Executive Officer



Recent work

Since ChinaNet Online Holdings, Inc. successfully listed in the United States on 2010, Mr. Cheng presides over the work of the Board of Directors, and is responsible for the guidance and monitoring of the company's strategic planning, positioning, M&A, and other important matters.

Work experience

As the founder of ChinaNet, Mr. Cheng has been serving franchise industry and advertising media industry for more than 10 years. In 2003, he participated in the establishment of Beijing ChinaNet On-line Advertising limited and Business Opportunity Online (Beijing) Networking Technology Ltd. (www.28.com) engaged in operational, administration and management area. He won the title with "Top Ten China Planning Person" from China Plan Association in 2006 as well as "2006 China Internet Annual Innovation Person". He also has been elected as members in Internet Council in 2007. Under Mr. Cheng leadership, ChinaNet as a provider with network technology solutions, media services and marketing service, has developed into a pioneer in the industry.

Personal Background

Mr. Cheng received a Law Degree from Wuhan University in 1993, and Executive Master of Business Administration from Guanghua Management School, Peking University, Beijing, China.

Now Mr. Cheng is the founder and chairman of ChinaNet Online Holdings. He has been serving franchise industry and advertising media industry for more than 10 years, and opened the era of the Internet franchise. In 2006, Mr. Cheng won the title of "Top Ten Chinese planning figures" of Planning Association, "Chinese Internet Innovation People of the Year" and many other honors.

Mr. George Chu

Chief Operating Officer and Secretary



Recent work

Mr. Chu is currently Chief Operating Officer of ChinaNet and Secretary of the Board, has overall responsibility for the Group's strategic development, market expansion, senior management, capital operation and investor relations.

Work experience

Mr. Chu joined ChinaNet in May, 2010. Prior to joining ChinaNet, Mr. Chu served as the head of the Beijing and Hebei operations for Dachan Food (Asia) Ltd. At Dachan, Mr. Chu led the professional sales team focused on diverse processed foods markets, having led a successful restructuring and strategic redirection of the sales team to achieve operational excellence. Mr. Chu also acted as chairman special assistant and was instrumental in the initial public offering of Dachan, and developed and led its investor relations program. Previously, Mr. Chu served as a business advisor to the Chinese Aviation and Space Industry Development Association (CASIDA) in Taipei, where he conducted strategic financial and business planning and analysis, and as a senior portfolio manager for asset management at the Royal Bank of Canada Financial Group.

Personal Background

Mr. Chu received a Bachelor of Business Administration degree, majoring in accounting & management information systems, from Simon Fraser University, British Columbia, Canada and this year is expected to receive his Executive Master of Business Administration degree from Guanghua Management School, Peking University, Beijing, China. He also has completed MBA and executive management and leadership education program and executive educations at Harvard Business School. At the same time, have the following status and qualification: CPA, MFDA, IDA, CPH, CSC

Mr. Zhenghong Yang

Chief Technology Officer



Recent work

Responsible for technical development of ChinaNet, focusing on the design and architecture of Flying Cloud and overall ChinaNet technology architecture.

Work experience

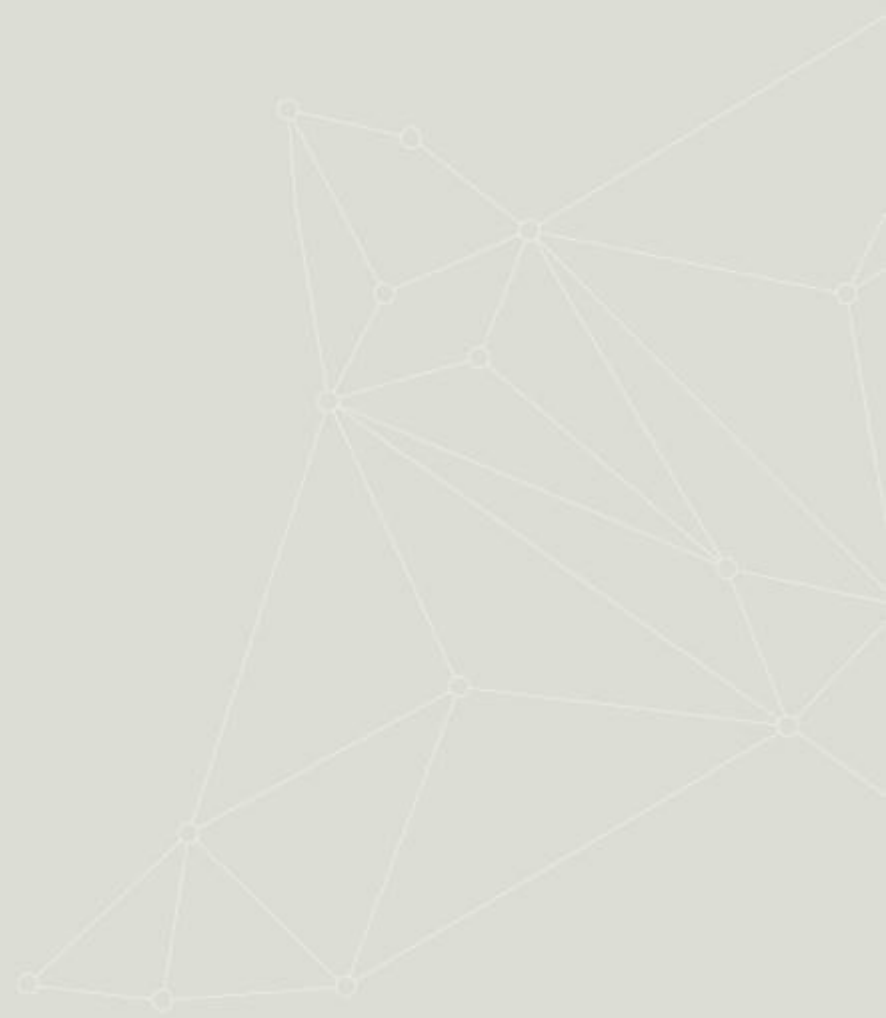
Mr. Yang worked at IBM. From 1999 to 2003, he was responsible for the design and architecture of China Telecom's billing system at IBM China Company. Beginning of 2003, Mr. Yang worked at the IBM Silicon Valley Laboratory in California, and he was responsible for IBM enterprise content management software and IBM's cloud computing platform design, development and implementation. He is a technical expert in IBM enterprise content management software and cloud computing platforms, presided over the private cloud architecture design of insurance industry and government sectors, as well as the IBM Smart-Cloud cloud computing platform. Mr. Yang also served as CTO of English Solutia Inc. from 1998 to 1999 (now: Treasure Island company, www.315.com.cn).

Personal Background

Mr. Yang Zhenghong has Master's Degree in Computer Science from the State University of New York at Stony Brook and Institute of Software of Chinese Academy of Sciences. Mr. Yang is the head of the next-generation Internet Access System National Engineering Laboratory of Cloud Computing Research Institute at Huazhong University of Science and Technology, and also a visiting professor at the Huazhong University of Science and Technology, these are the part of the books (since 2000):

1. Cloud computing and the Internet of Things (ISBN: 9787302266419), Tsinghua University Press, 2011
2. Objective-C Programming (ISBN: 9787302249313), Tsinghua University Press, 2011

APPENDIX



Balance Sheet

| | As of December 31, | | | | | As of September 30, |
|---|--------------------|------------------|------------------|------------------|------------------|---------------------------------|
| | 2007 \$('000) | 2008 \$('000) | 2009 \$('000) | 2010 \$('000) | 2011 \$('000) | 2012 \$('000) (unaudited) |
| Cash and cash equivalents | 317 | 2,679 | 13,917 | 15,590 | 10,695 | 8,513 |
| Accounts receivable, net | 211 | 978 | 3,173 | 4,319 | 4,444 | 9,822 |
| Other receivables, net | 190 | - | 2,636 | 7,811 | 3,631 | 5,702 |
| Prepayment and deposit to suppliers | 419 | 4,072 | 4,111 | 3,325 | 15,360 | 12,037 |
| Investment in and advance to equity investment affiliates | - | - | - | 7,162 | 1,396 | 1,010 |
| Property and equipment, net | 164 | 678 | 1,355 | 2,010 | 1,902 | 1,654 |
| Intangible assets, net | 1 | - | - | 51 | 8,151 | 7,408 |
| Goodwill | - | - | - | - | 10,999 | 11,052 |
| Total assets | 2,242 | 8,813 | 25,764 | 41,996 | 57,282 | 58,452 |

Balance Sheet

| | As of December 31, | | | | | As of September 30, |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------------------------|
| | 2007 US\$('000) | 2008 US\$('000) | 2009 US\$('000) | 2010 US\$('000) | 2011 US\$('000) | 2012 US\$('000) (unaudited) |
| Total liabilities | 1,821 | 5,423 | 14,631 | 6,285 | 9,728 | 14,938 |
| Preferred stock and common stock | - | 10 | 20 | 20 | 22 | 22 |
| Additional paid-in capital | 515 | 603 | 10,574 | 18,614 | 20,747 | 19,998 |
| Statutory reserves | 67 | 304 | 372 | 1,587 | 2,117 | 2,117 |
| Retained earnings | (193) | 2,370 | 50 | 14,630 | 16,688 | 18,437 |
| Accumulated other comprehensive income | 32 | 103 | 117 | 930 | 2,132 | 2,287 |
| Noncontrolling interest | - | - | - | (70) | 5,848 | 653 |
| Total equity | 421 | 3,390 | 11,133 | 35,711 | 47,554 | 43,514 |

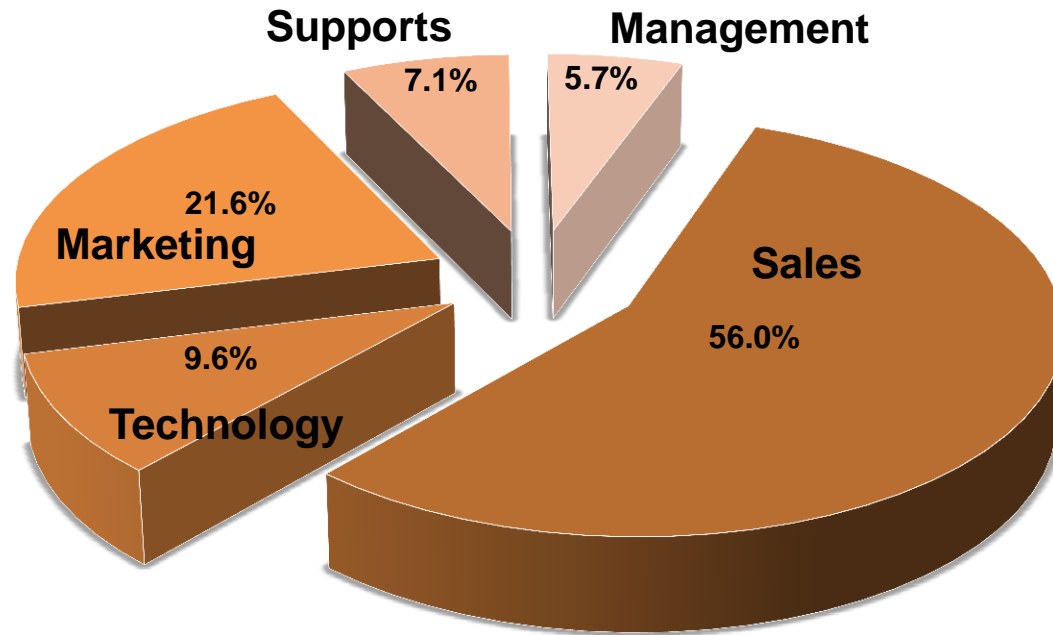
Income Statement

| | 5yr CGAR | 2007 US\$('000) | 2008 US\$('000) | 2009 US\$('000) | 2010 US\$('000) | 2011 US\$('000) |
|--|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Sales Revenue | 30.6% | 7,570 | 21,508 | 37,724 | 41,587 | 28,731 |
| COGS | | (4,674) | (13,786) | (21,233) | (18,970) | (12,027) |
| Gross Profit | 42.0% | 2,896 | 7,722 | 16,491 | 22,617 | 16,704 |
| Total Operating Exp. | | (2,648) | (3,948) | (7,082) | (7,770) | (13,542) |
| Net Income from Total Operation | 66.4% | 248 | 3,774 | 9,409 | 14,847 | 3,162 |
| Other Income (Exp.) | | (59) | (12) | (4,510) | 1,880 | 873 |
| Income before income tax expense, equity method investment and non-controlling interest | 84.4% | 189 | 3,762 | 4,899 | 16,727 | 4,035 |
| Income Tax | | (405) | (962) | (880) | (352) | (1,035) |
| Net Income (GAAP) | 395.8% | (216) | 2,800 | 4,019 | 16,589 | 2,995 |
| Net Income (Non-GAAP) | 448.3% | (216) | 2,800 | 8,444 | 14,728 | 4,955 |

Cash Flows Statement

| | Year ended December 31, | | | | | Nine Months Ended September 30, | |
|---|-------------------------|------------------|------------------|------------------|--------------------|---------------------------------|---------------------------------|
| | 2007 \$('000) | 2008 \$('000) | 2009 \$('000) | 2010 \$('000) | 2011 US\$('000) | 2012 \$('000) (unaudited) | 2011 \$('000) (unaudited) |
| Net cash provided by (used in) Operating Activities | 557 | 821 | 4,617 | 11,582 | (603) | 2,467 | 8,443 |
| Net cash provided by (used in) Investing Activities | (103) | (497) | (930) | (9,373) | (6,084) | (4,467) | (3,116) |
| Net cash provided by (used in) Financing Activities | (238) | 1,981 | 7,544 | (767) | 1,482 | (226) | 3 |
| Effect of exchange rates changes | 14 | 57 | 7 | 231 | 310 | 44 | 360 |
| Net Change in Cash & Cash Equivalents | 230 | 2,362 | 11,238 | 1,673 | (4,895) | (2,182) | 5,690 |

Increasingly International and Highly Educated Team



- Total number of employees : 455;
- 95% with a bachelor degree or;
- 20% a master degree or above.

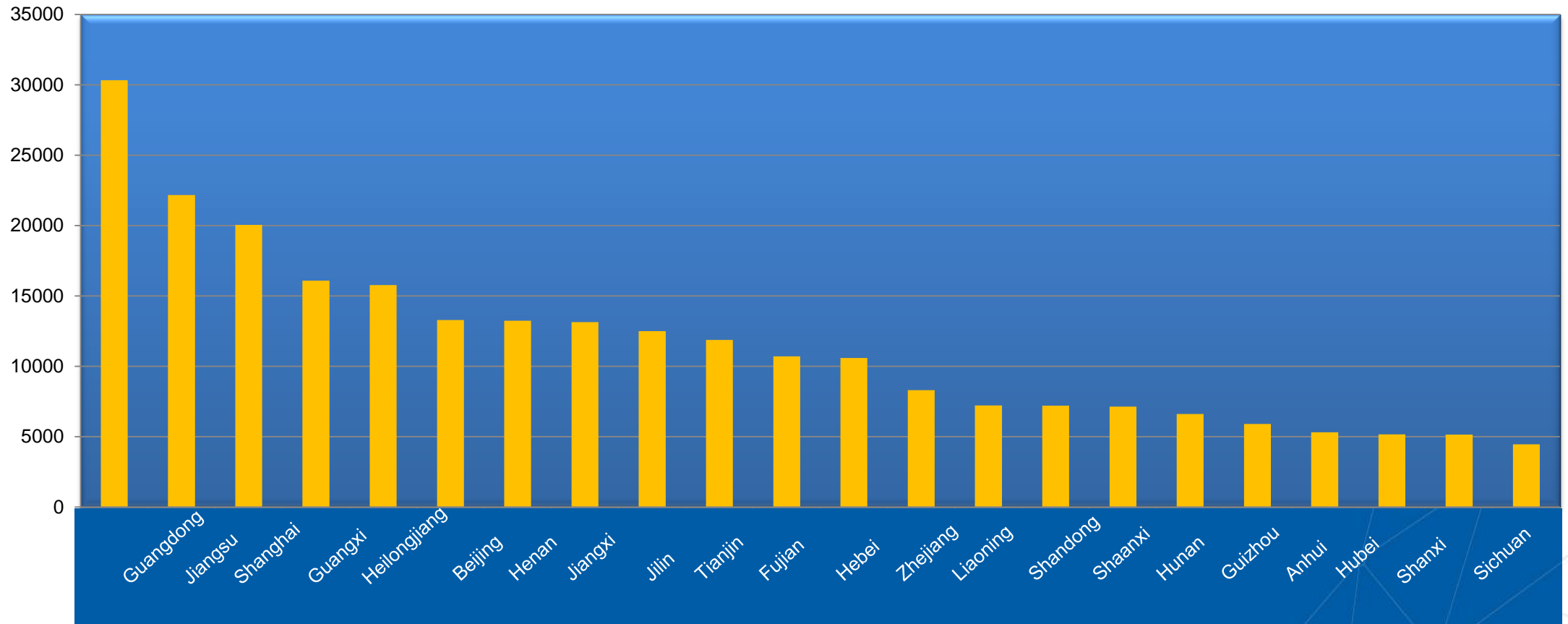
The Number of SMEs in China

The total number of SMEs in China reached 4,240 million in 2010, of which approximately 31.3 million is self-employed, the actual SMEs is about: 11 million;

| Type | Number |
|---|------------------|
| Franchise Chain industry(including franchise and non-franchise) | About 10,000 |
| Non-Franchise industry | About 11,000,000 |
| fast-moving consumer goods industry. | About 50,000 |

Source: xinhua.com

From the registered SMEs, we can see the geographical distribution pattern

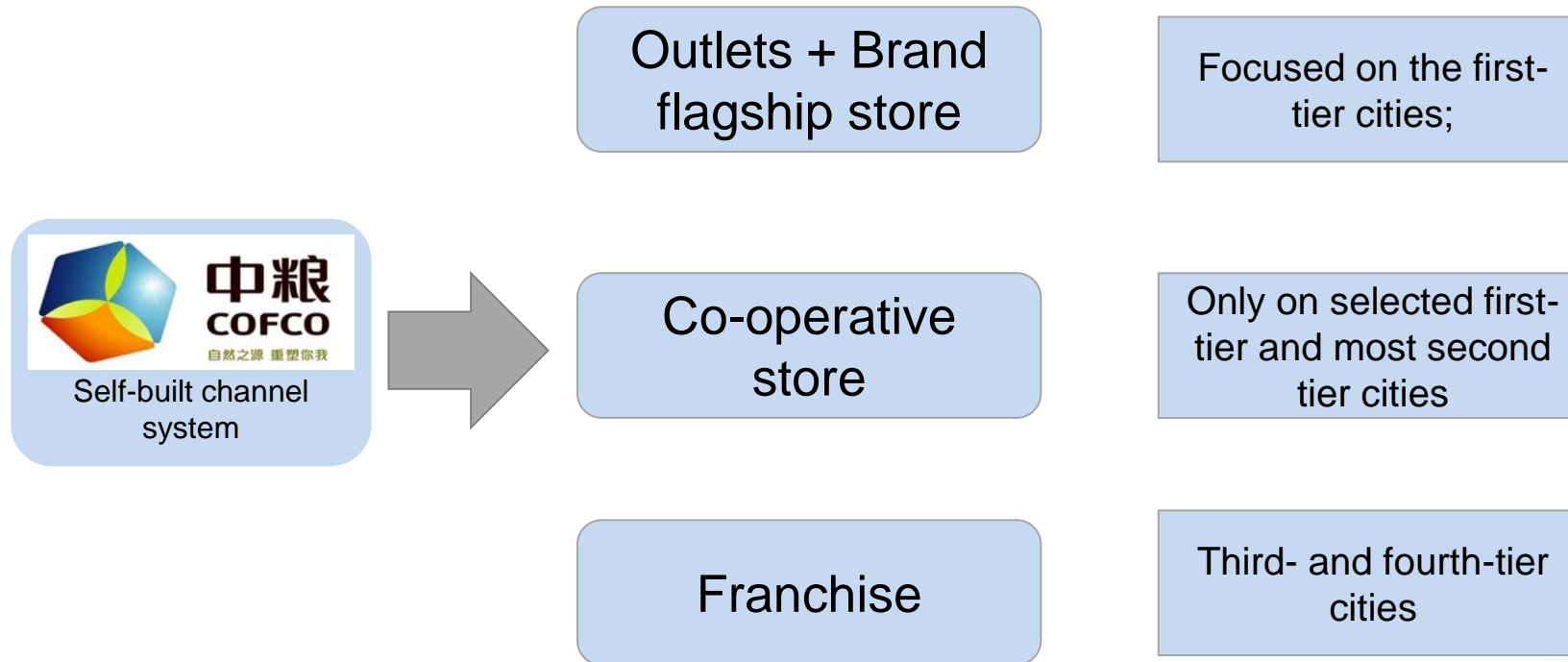


In China Association of Small and Medium Enterprises registered member, Guangdong, Jiangsu, Shanghai are top three

Source: China Association of Small and Medium Enterprises

Case Study: COFCO

Intends to build their own channels empire



In March 2011, COFCO opened own brand meat stores in Beijing, sales of products including raw meat, meat products, poultry products, and COFCO's Fortune oil, rice and other products.