
Cross Border Investing in Asia

Globalization challenges for
high-tech industries

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Asia is the next big thing

- Increasing no. of world class technology companies emerged from Asia
- Increasing no. of Asian entrepreneurs are going to China or India to set up business leveraging on low cost of manpower, more talents and huge untapped markets.
- Asian countries are producing more engineers than US
- Cost of production or doing business has been substantially reduced



The Push and Pull Factors for Globalization

- Company cost cutting pressure has created a strong push factor to outsource to low cost production or service centers overseas
- Established business models and business processes for outsourcing has increased company's confidence to outsource
- Close proximity to huge emerging markets in China and India become another pull factor



\$80 Billion Mobile Data Services Market



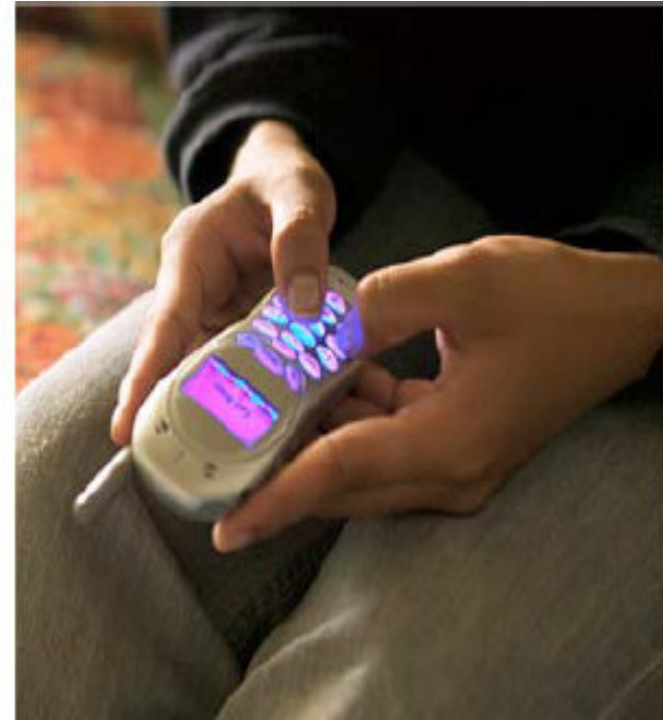
660 Billion
SMS
Messages in
2003





\$2 billion ringtone market today

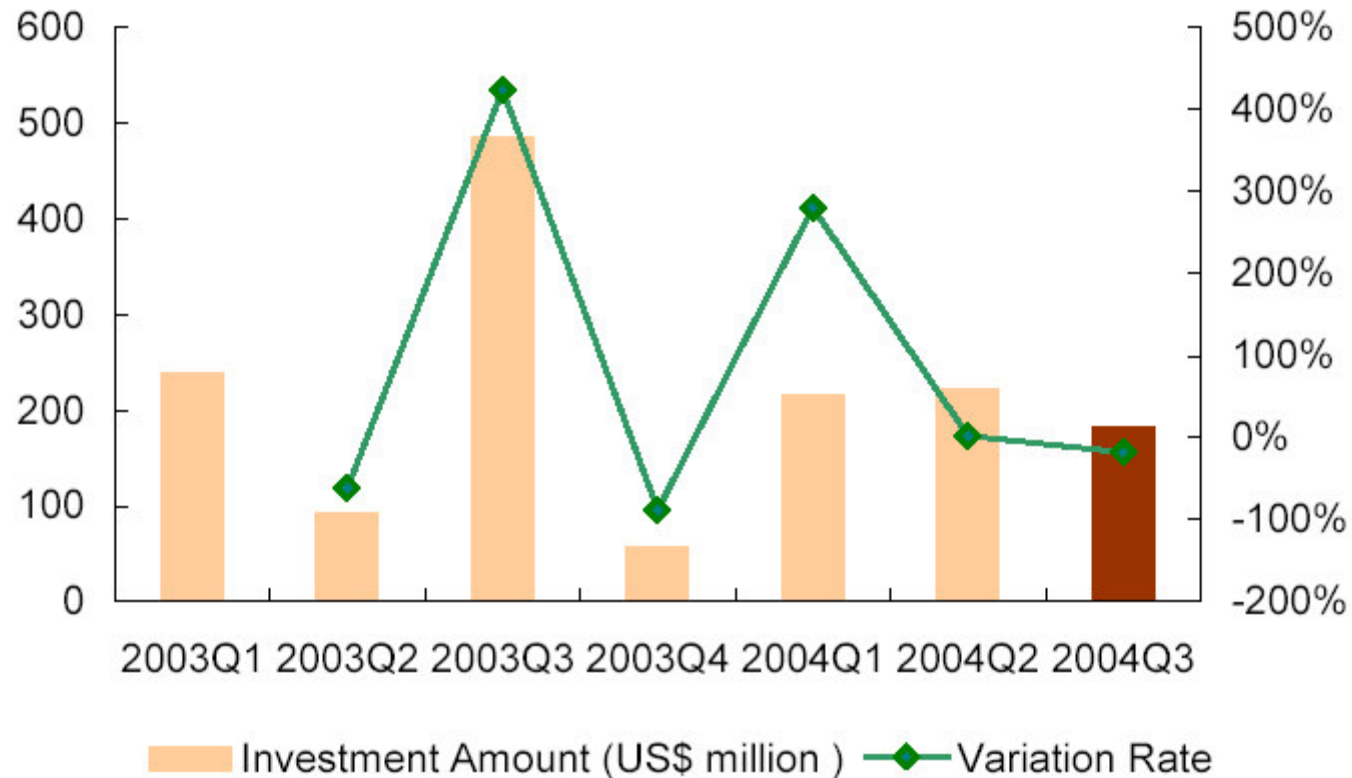
(Approximately 10% of the \$32 billion
global music market)



\$3 Billion Mobile Game Market



Graph 1: Total Investments of China Venture Capital (Q1 2003 to Q3 2004)



Source: Zero2IPO-China Venture Capital Quarterly Report (Q3 2004)



Leading Global Technology Companies Emerging from China

- Capital Efficiency is key!

	Market Cap. (Sep 04) (\$ Million)	Revenue / Profit 04 Jan to Jun) (\$ Million)	PE Ratio	Founded Year	Capital Investment (\$ Million)
Shanda Interactive NASDAQ	\$1,545.82	\$62.15 \$24.00	57	1999	\$34
Salesforce.com, Inc NASDAQ	\$1,353.14	\$75.42 \$1.52	145	1999	\$96
51Job Inc NASDAQ	\$857.50	\$26.23 \$13.21	83	1997	\$14
TenCent (QQ) HKEx	\$814.90	\$63.62 \$27.55	17	1998	\$4
Sigmatel Inc. NASDAQ	\$633.04	\$63.10 \$16.39	25	1998	\$62
Ctrip Inc NASDAQ	\$562.37	\$17.45 \$ 7.45	47	1999	\$15
Solomon Tech HKEx	\$542.10	\$110.24 \$27.94	15	1999	\$24
Blackboard, Inc NASDAQ	\$526.80	\$51.57 \$2.63	215	1997	\$130
SiRF Technology Holdings Inc. NASDAQ	\$455.40	\$53.80 \$12.01	34	1995	\$138

Cross Border Investment theme:

- Leverage on best technology, talents, markets and resources
- To develop world class products or solutions
- Lower cost of production + good supply of talents => less capital needed => higher profitability
- With best capital efficiency!



Cross Border Investment Opportunities

Leverage on best of technology, talent, capital and markets in both US and Asia

- Help US portfolio companies to expand into Asia, or invest in JV or commercialization of proven US technologies/services in Asia (including China market)
- Invest in companies founded by experienced PRC entrepreneurs returning from US to China
- Exploit new market opportunities which is peculiar to Asia market or created as a result of government regulatory requirements, e.g. chipset for China own 3G wireless standard (TD-SCDMA), Linux software

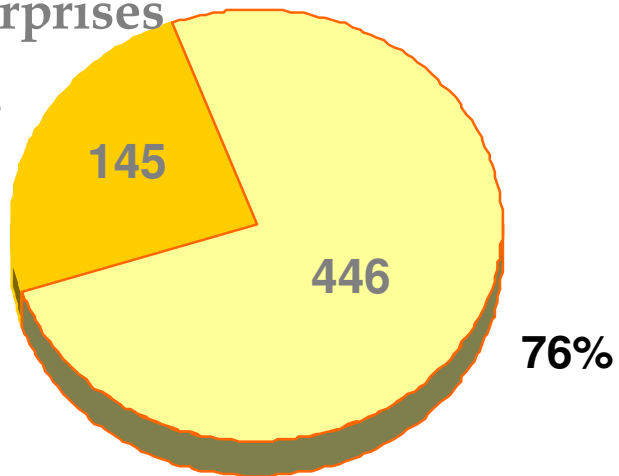


Asian Companies Listed in SGX

No of companies listed
- 591

Foreign
enterprises

24%

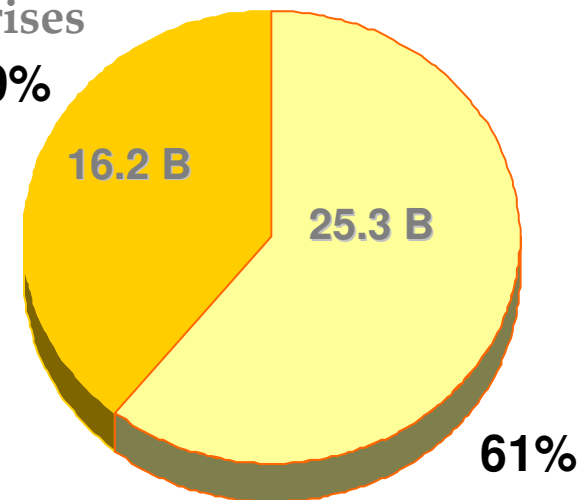


Singapore
enterprises

Market Cap
(S\$ 41.5 billion)

Foreign
enterprises

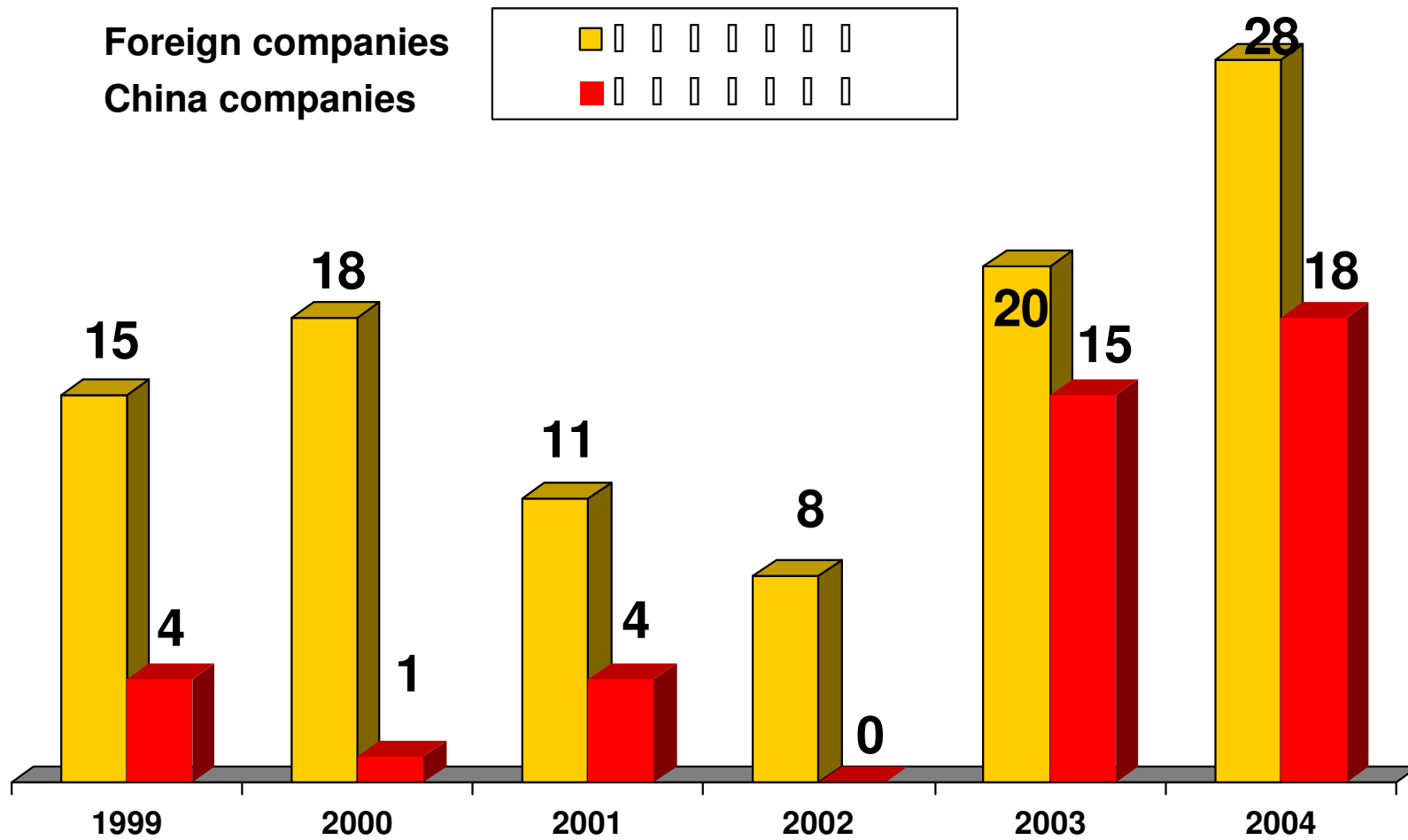
39%



Singapore
enterprises

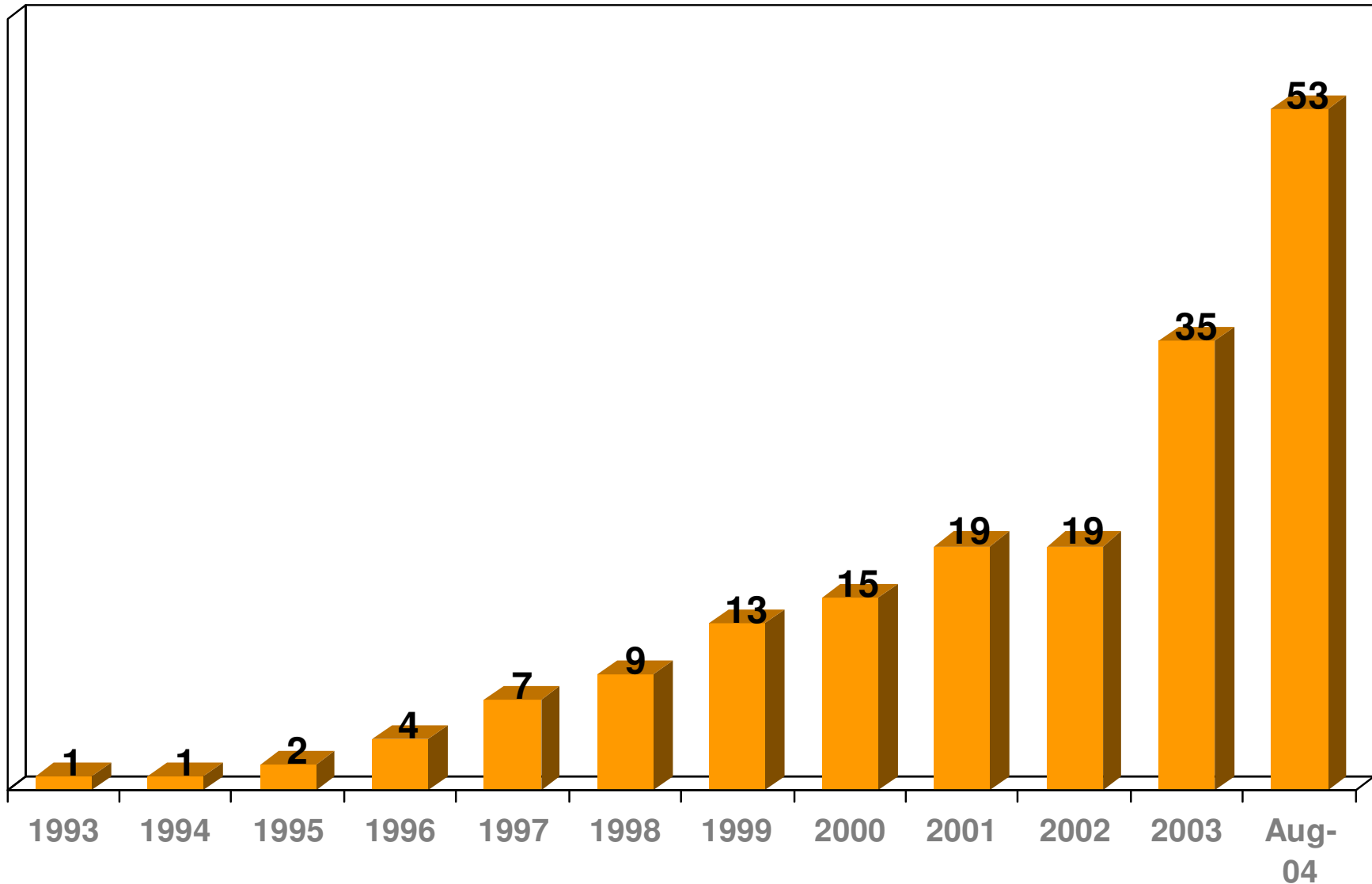
up to Aug 2004

New Listing in SGX



Up to Sep 15 2004

China Companies listed in SGX



Market Cap of China Companies Listed

2001-2004 IPO: 31

