

JAFCO Asia's Exit of 3721 Network Software Reinforces Foothold in China VC Exits USD4 million Investment with Yahoo's USD120 million Purchase

Singapore, 4 February 2004 - Asia's leading technology venture capital group, JAFCO Investment (Asia Pacific) Ltd (JAFCO Asia), is pleased to announce its recent exit of 3721 Network Software Company Limited (3721 or the Company), making it JAFCO Asia's first investment to exit in China from its technology fund – JAFCO Asia Technology Fund (JATF) - that was closed in January 2001.

JATF's exit was provided by an acquisition by Yahoo! Holdings (Hong Kong), a subsidiary of Yahoo! Inc., in January 2004. The acquisition was worth up to USD120 million.

JATF was the lead investor in 3721's second round of financing, with an investment of USD4 million from its USD178 million technology fund. It was also the largest institutional investor and the second largest shareholder in the Company, after 3721's founders.

3721 is the pioneer and market leader of Chinese Keyword (CKW) search and navigation services in China. The company's service satisfies the needs of Chinese-speaking Internet users and allows them to use real names and familiar identities in their native language, rather than Roman alphabet domain names (URLs), to navigate to a web site, or search for information. Through this technology, 3721 has made the Internet more accessible to one of the world's largest non-English speaking populations, and thus established its revolutionary status in making the Internet truly global.

"JAFCO Asia invested in 3721 in early 2002, at a time when there was very little investor interest in Internet companies," said Mr. Michael Chow, Vice President and General Manager of PRC/Hong Kong Investments, JAFCO Asia. "Among the factors that impress us are the Company's unique business model, the strong innovative capability of its R&D team and its Founder's vision".

JAFCO Asia played a major role in steering 3721 in the direction of a mergers-and-acquisition route as a preferred exit strategy to an IPO. As the lead investor, JAFCO Asia played a significant role in the past two years in forging 3721's key directions, and provided value-add to the Company in terms of its operation and expansion strategy.

JAFCO Asia is one of the most active venture capital companies that focus on technology investments in China. It is the only venture capital firm with a strong Japan connection, bringing value-add to its portfolio companies through its network of Limited Partners (LP) and investees in Japan.

"Despite the bursting of the Internet bubble, 3721 demonstrates that there still are technology companies with promise," said Vincent Chan, Executive Vice President and Director, JAFCO Asia "And our exit of 3721 demonstrates JAFCO Asia's expertise in spotting emerging talent and capturing growing technology opportunities in China even during tough investment environment. With this successful sale, JAFCO Asia is spurred to continue its hunt for other attractive investment opportunities in China," he added.

Besides 3721, JATF has made 10 other technology investments in China. Its China team, headed by Mr. Michael Chow, comprises an experienced team of five professionals, with a combined VC experience of more than 20 years. Each professional has held prior positions in leading technology-related venture capital firms in Hong Kong and the US.

About JAFCO Asia

JAFCO Asia is a venture capital fund manager investing in established, well-managed companies and promising young enterprises with high growth potential in the Asia Pacific region.

JAFCO Asia was established in 1990 and has invested in a wide range of industries including the manufacturing, infrastructure, telecommunications, life sciences and information technology industries. It has managed private equity funds in aggregate of more than US\$750 million.

With investments in more than 270 companies and over 167 exits, of which 71 have been publicly listed, JAFCO Asia has established itself as the pre-eminent venture capital fund manager in the region.

JAFCO Asia offers in-depth local knowledge and has a network of five offices in the region -- Hong Kong, Taiwan, the Republic of Korea, the PRC and Singapore. It understands the political, legal and cultural backdrop in each of these countries as well as other countries in South East Asia and possesses a network of government and private sector resources to assist growing businesses.

JAFCO Asia employs more than 17 professional staff throughout the region. Each office is headed by a General Manager and is ably supported by qualified professionals with extensive experience in relevant industries including investment experience in 12 countries gained over 13 years. In addition, JAFCO Asia is supported by 15 other non-investment professionals throughout the region.

Investment and divestment decisions are made by an Investment Committee based in Singapore. Such decisions are made after careful and thorough due diligence has been conducted on all material aspects of a company and its business.

JAFCO Asia's representative office is in Beijing. Located in Zhongguancun, the Silicon Valley of China,

the office is in Raycom InfoTech Park, one of the newest 'Hi-Tech properties' that caters to the needs of IT enterprises, where the headquarter of the Legend Group — the biggest manufacturer of its own branded personal computers and handheld devices in China, is also housed.

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