

Private Equity Investment in Shenzhen Powercom

Shenzhen, China, 16 February 2004 - Shenzhen Powercom, one of the market leaders in radio frequency (RF) technology, has raised USD26m of private equity. CDC Capital Partners (CDC) led this round of financing to acquire a minority equity stake in the business. Standard Chartered Private Equity co-led the syndicate and JAFCO participated in this syndicate through its JAFCO Asia Technology Fund.

The Company is well known for its RF technology which is the core technology in wireless equipment. It designs and manufactures mobile network optimisation equipment for China Mobile (0941) and China Unicom (0762) in respect of both GSM and CDMA standards, and is poised to take advantage of the move to 3G in China. It also provides engineering, support and installation services through a national network of offices and is the leading supplier of network optimization solutions to China Unicom and China Mobile. Chairman and CEO, Gao Yingjie, founded and leads the commercial development of the business. Zhuang Kunjie, co-founder and CTO, has engaged in R&D of RF technology for 50 years and has a strong reputation in this field both within China and internationally.

Gao stated: "China already has more mobile subscribers than any other country. The national infrastructure is far from complete, which provides abundant opportunities for Powercom. We intend to build a significant business at Powercom, which will be respected both in China and internationally. It is for this reason that we have brought in international investors who have the experience of growing successful companies."

Commenting on the deal, Chin Bay Chong, CDC's regional Managing Director said: "We are excited about the opportunity to work with Messrs. Gao and Zhuang to build Powercom into a world class company. We are uniquely experienced in helping entrepreneurial companies grow and their businesses and will utilise our international network to help Powercom expand its business overseas."

Alastair Morrison, Managing Director of Standard Chartered Private Equity added: "The management of Powercom have impressed us with their vision for the business, and their achievements over the last few years. They have a fascinating challenge in continuing to grow the business to keep pace with the markets. We have experience in this area and will be assisting them in that task."

Vincent Chan, Director and Executive Vice President of JAFCO Asia commented: "By leveraging its cost-effective R&D and engineering capabilities in wireless systems, RF subsystems/modules, as well as the rapid growing wireless communication market in China, Powercom has the potential to become one of the major players in providing wireless equipment and RF components in the region. We hope to contribute to Powercom's expansion by bringing in JAFCO's experiences in partnering with seasoned entrepreneurs to build sizable businesses and world-class companies."

About Shenzhen Powercom

Shenzhen Powercom specializes in the research and development of radio frequency technology used in wireless communication systems. It has a broad product range including network optimization equipment, base station amplifiers, microwave, WLAN, satellite navigation and position system terminal and radio frequency components and subsystems. Through its network of 16 regional offices across China, it also provides engineering support and installation services. The products are mainly sold to China Mobile and China Unicom and are installed in over 25 provinces and municipalities

About CDC Capital Partners (CDC)

The restructuring of CDC Capital Partners into separate investment and management companies, the latter now named Actis, was announced in January 2004. This restructuring will aid the acceleration of investment into developing countries, which in turn, will help stimulate private sector growth in these areas. Please visit www.cdcgroup.com to view further information on the restructuring of CDC Capital Partners.

In 1999, CDC became a public limited company, registered as CDC Group plc, with Department for International Development as its 100% shareholder.

CDC generally invests in businesses looking for expansion capital or financing for change of control transactions. These businesses are good quality businesses with strong (or potentially strong) market positions and first class management capabilities. CDC takes significant equity positions and provides mezzanine financing in businesses which will achieve competitive rates of return and which comply with CDC's code of best practice on social, environmental, health and safety issues.

CDC is organising its investment activities through specialised funds targeted at private businesses in Asia-Pacific, South Asia, Africa, power and small to medium enterprises (SMEs).

CDC aims to mobilise private finance into developing countries. This can be directly through co-investment opportunities, investment with third parties into private equity funds, or by demonstrating that it is possible to operate commercially within developing countries.

CDC currently manages a portfolio of US\$1.6bn, invested in businesses across Latin America, Africa and Asia.

About Standard Chartered Private Equity

Standard Chartered Private Equity Limited ("SCPEL") is the private equity arm of Standard Chartered Bank.

SCPEL makes investments in mid to late stage companies in need of expansion capital or acquisition finance, and in management buy-outs. SCPEL has offices in Singapore, Hong Kong and India and invests in companies located in Greater China, Korea, South East Asia or India. SCPEL is an active partner that provides board-level strategic advice and access to the international network of Standard Chartered Bank.

About JAFCO Asia

JAFCO Co., Ltd., the parent company of JAFCO Asia, was established in 1973 and obtained a listing on the Japan OTC Market in 1987. It was listed on the Tokyo Stock Exchange in January 2001. Currently, it is the largest venture capital manager in Japan with an aggregate of approximately US\$3 billion under management worldwide. It operates 5 offices in Japan with over 100 investment professionals. Its investment focus ranges from IT venture investments, non-technology venture investments, management buyouts to bio-technology investments.

JAFCO Asia was founded 13 years ago with 5 offices and over 25 professionals in the Asian region. It manages seven private equity funds with an aggregate of over US\$800 million under management. In January 2001, JAFCO Asia completed the closing of its seventh fund, JAFCO Asia Technology Fund L.P., at US\$178 million. This fund focuses primarily on seed, early-stage, first and second institutional round technology investments. JAFCO Asia was ranked top 10 most active venture capital firms in 2002 in the PRC by Digital Fortune (published by International Data Group), China Venture Capital Journal and Zero to IPO Limited respectively. For more information, please visit www.jafcoasia.com.

JAFCO America was established in early 1980s. It was ranked as one of the most successful U.S. venture capital firms in 1999 by Forbes Magazine and was 5th overall in terms of total return based on post-IPO performance. It was ranked 8th in Red Herring magazine's "Top 25 VC Firms of 2000". It currently manages approximately US\$750 million and operates 2 offices

Globally, the Group has invested in over 2,612 companies, of which 695 have been listed on various stock markets.

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