



# ASEAN CHINA INVESTMENT FUND II

## Executive Summary

### THE FUND

*Asean China Investment Fund II* (“ACIF II” or the “Fund”) is a “follow-on” fund to its predecessor, the *Asean China Investment Fund LP* (“ACIF I”), launched in 2004 with aggregate capital of US\$76 million. As at June 30, 2008, ACIF I had an un-audited internal rate of return (“IRR”) to investors, net of fees, of 62.22 per cent.

The United Overseas Bank Group (“UOB”), as initial sponsor of ACIF II, has committed US\$30 million to the Fund, to be invested *pari passu* with other LPs. ACIF II targets investments in growth oriented companies operating in East and South East Asia (“the Region”). Within the Region, the Fund places special emphasis on opportunities in the “Asean-China Growth Corridor,” encompassing the 10 countries of Asean\* and the People’s Republic of China.

The strategic focus of the Fund is on privately negotiated equity and equity related investments, particularly in companies that can benefit from the continuing expansion of trade and investment between the Asean member-states and China, and their respective overseas trading partners.

### THE CONCEPT

*To capitalise on investment opportunities resulting from continuing economic expansion in East & Southeast Asia, particularly in the Asean-China Growth Corridor*



### THE UOB GROUP

The UOB Group is one of Asia’s leading banking and financial groups. United Overseas Bank Limited was founded in Singapore in 1935 and has been listed on the Singapore stock exchange since 1970. It is rated Aa1 by Moody’s for long-term deposits and had total assets of US\$119 billion as of end 2007.

### THE FUND MANAGEMENT TEAM

ACIF II utilises the same experienced and tested investment and management team as ACIF I, building on the Asian private equity expertise, relationships and track record of its successful predecessor fund.

\* *Asean* refers to the geographical area comprising the member states of the Association of Southeast Asian Nations (“ASEAN”), namely Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

UOB Capital Partners LLC, a Delaware limited liability company and majority-owned affiliate of the UOB Group, will act as General Partner and investment manager of the Fund, a continuation of its role in ACIF I. UOB Capital Partners LLC is owned by UOB Global Capital LLC and by Westmount Pacific LLC, an affiliate of Westmount Asset Management, Inc.

UOB Venture Management Private Limited (“UOBVM”), a wholly-owned subsidiary of the UOB Group, will act as the Fund’s Investment Advisor. With offices in Singapore and China, UOBVM is the UOB Group’s private equity specialist. Since its establishment in 1992, UOBVM has acted as manager or advisor for UOB-related funds totalling more than US\$280 million, including ACIF I.

## CAPITALISING ON REGIONAL GROWTH – THE OPPORTUNITY

The Asean-China Growth Corridor is “anchored” by the 10 member-states of Asean in the south and China in the north.

- **ASEAN IS FOCUSED ON PROMOTING REGIONAL GROWTH AND INTEGRATION THROUGH:**
  - Economic and policy reforms and investment incentives
  - Trade liberalisation within the Asean Free Trade Area (AFTA), initiated in 1992
  - “Fast track” implementation of the Asean-China Free Trade Agreement, signed in 2002
  - Enlarging the scope of economic co-operation to include other Asia-Pacific partner countries
  - In addition to its agreement with China, ASEAN has formalized economic co-operation pacts with South Korea in 2005 and Japan in 2008, and is in talks with India, Australia and New Zealand for new agreements.
- **THE ASEAN - CHINA FREE TRADE AGREEMENT PROVIDES A STRONG FOUNDATION FOR THE CONTINUED EXPANSION OF REGIONAL ECONOMIC, TRADE AND INVESTMENT ACTIVITY.**
  - The Asean - China Free Trade Area offers a huge opportunity, given its 1.8 billion consumers, a combined GDP of approximately US\$8.3 trillion, and combined external trade of over US\$3.6 trillion.
  - Bilateral trade between Asean and China hit US\$202.5 billion in 2007, beating a target of US\$200 billion three years ahead of schedule.
  - Asean’s proximity to China, coupled with its industrial and natural resource base, makes it a vital trading partner to support China’s long term economic growth.
- **CHINA’S ECONOMIC LIBERALISATION AND ITS MEMBERSHIP IN WTO IS FURTHER ENHANCING REGIONAL AND INTER-REGIONAL TRADE AND INVESTMENT OPPORTUNITIES.**

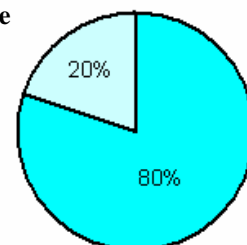
## FUND INVESTMENT FOCUS

- **STRATEGIC FOCUS:** To invest mainly in growth-oriented enterprises that are likely to benefit from increased trade and investment, whether regional or extra-regional in nature.
- **BY GEOGRAPHY:**

- 10 ASEAN countries and the Peoples Republic of China (including Macau)
- No more than 35% of aggregate capital commitment to any single country with the exception of China where maximum shall not exceed 65%
- No single investment to exceed 15% of aggregate capital commitment

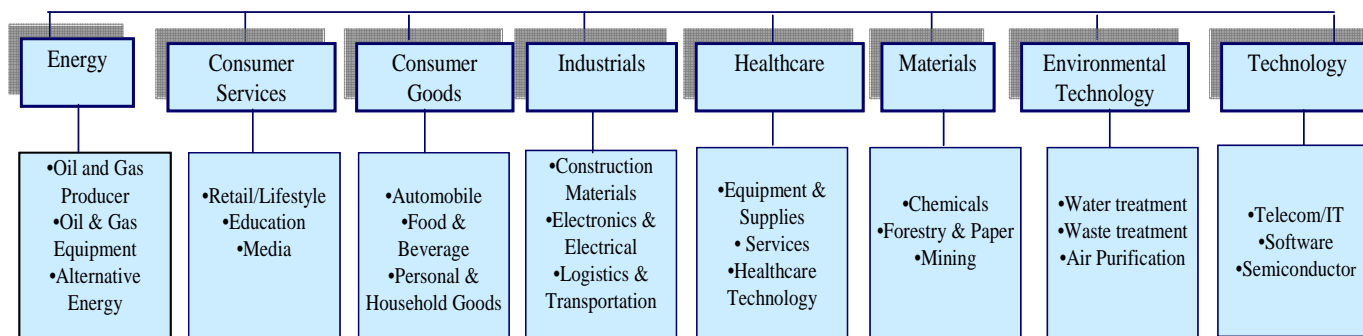
- **BY STAGE OF INVESTMENT:**

Early Stage



Expansion/Later Stage

- **BY INDUSTRIAL SECTOR:** The Fund will target investments in the following “Growth Clusters”:



### ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORTING

The General Partner will screen and monitor Portfolio Companies in respect of environmental, social and governance (“ESG”) performance. ESG reporting will be incorporated as part of the Fund’s standard due diligence and portfolio management procedures.

### EXIT STRATEGIES

- Via an Initial Public Offering (“IPO”) on one of the Region’s stock exchanges, or the merger of an investee company with another company to create a critical mass prior to an IPO
- An IPO on a stock exchange outside of the Region, for example on AIM in the UK
- A trade sale to an industrial buyer
- The exercise of contractual put obligations, negotiated at the time of investment
- Redemption through the use of Redeemable Convertible Preference Shares
- A share swap for listed shares/other tradable assets

UOBVM has achieved approximately 45 exits in the Funds they have managed or advised over the past decade utilising all of these exit routes.

### ACIF II - SUMMARY OF FUND STRUCTURE AND TERMS

• Structure:	Cayman Exempted Limited Partnership
• General Partner:	UOB Capital Partners LLC
• Advisor:	UOB Venture Management
• Commitment period:	Five years from initial financial close
• Currency:	US dollar
• Fund size target:	\$250 million at final close
• Minimum investment:	\$5 million
• Management fee:	2.25% of Committed Capital (reduced to 2% for fund size in excess of \$100MM)
• Carried Interest:	20%
• Hurdle:	8% , with catch-up
• Initial Lead Investor:	UOB Group, with a capital commitment of \$30 million

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