



QUADRUM PARTNERS LTD
ZURICH ■ LONDON

CUZ

How to include Asian corporate buyers in Western sales processes

Zurich, 4 December, 2007



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Overview

Quadrum Partners Ltd. is an independant merchant banking firm, based in Zurich, Switzerland

- Quadrum Partners Ltd. provides high quality corporate finance advice to its clients, who are shareholders, entrepreneurs and small and mid cap companies, both privately and publicly owned.
- Quadrum Partners Ltd. assists its clients to find first class solutions to their corporate finance issues including mergers & acquisitions, shareholder value enhancement and equity financings.
- The primary geographical focus of Quadrum Partners Ltd. is on the dense mid cap cluster in Switzerland, Germany and Northern Italy. Other European countries, the US and Asia are also familiar to Quadrum Partners Ltd.
- The partners are seasoned investment bankers and industry specialists with a wealth of experience in many different industry sectors and countries.
- As the initiator of Asia2Europe, Quadrum Partners Ltd. has established a very strong network of contacts in Hong Kong, Shanghai and Singapore.



Corporate Finance Services

Strategic Corporate Finance Advice	Mergers & Acquisitions	Equity Finance	Debt Finance
<ul style="list-style-type: none">• Evaluation of strategic options• Advice on valuation and value enhancing strategies• Search for potential acquisition targets or merger candidates• Identification of potential purchasers or investors• Development of optimal strategies for asset disposals• Consideration of relevant integration issues	<ul style="list-style-type: none">• Complete buy side or sell side processes• Example for sell side:<ul style="list-style-type: none">- Determination of best sales strategy- Potential buyers list- Documentation- Valuation- Approaches- Auction management- Market intelligence- Due diligence- Contract negotiations- Transaction project management	<ul style="list-style-type: none">• Development of realistic financial projections, associated business plan and viable equity story• Selection and evaluation of potential investors• Valuation• Structuring and documentation of the placement• Investor relations after the financing	<ul style="list-style-type: none">• Data collection and analysis• Establishment and review of credit ratings• Preparation for due diligence• Documentation• Choice and negotiations with potential lenders• Ongoing relations with lenders



Managing Partner - Christopher Klemm



- Christopher Klemm has over twenty years of M&A and corporate advisory experience. Prior to co-founding Quadrum Partners, Christopher was the founder and Senior Partner of Fincor M&A Advisors, a Zurich based M&A advisory boutique. Prior to that he was Senior Corporate Finance Officer of Citigroup in London with responsibility for Germany and an Executive Director of UBS in Zurich, London and Frankfurt. Previously he was with Lazard in Frankfurt and S.G. Warburg in London.
- Christopher is a member of the board of directors of XCAN AG, a Swiss medical technology company. He is President of Asai2Europe Association and Chairman of Five Elements Capital Ltd.
- Christopher is a German national, holds degrees in chemical engineering (Birmingham) and in business administration (European Business School). He was brought up in the UK and now resides in Switzerland.

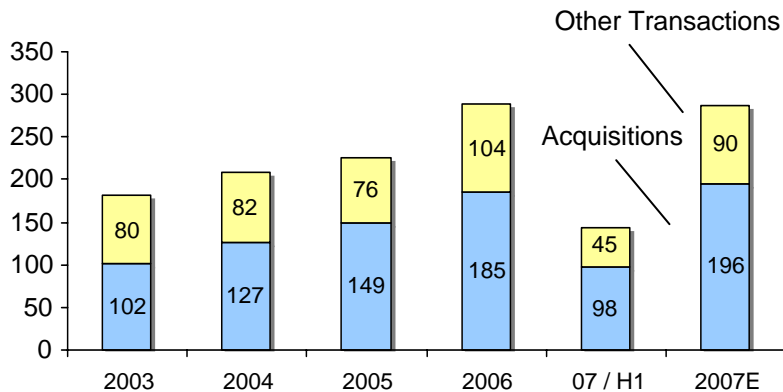


Rising Deal Flow between Asia and Europe

Clearly identifiable strategic drivers support the increasing deal flow between Asia and Europe, the core focus of the Asia2Europe Association

Deal Flow from Asia into Euro

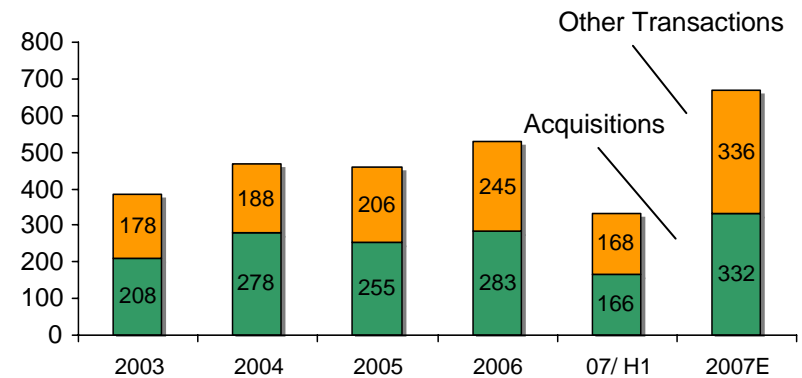
Number of Transactions, 2003 - 2007E



Source: Zephyr July 2007

Deal Flow from Europe into As

Number of Transactions, 2003 - 2007E



Source: Zephyr July 2007

Strategic Drivers Asia2Europe:

- Acquisition of brands
- Access to technology and R&D
- Control over European distribution networks

Strategic Drivers Europe2Asia:

- Access to low manufacturing cost
- Opening new markets
- Exposure to high growth regions



Strategic drivers

As Asia reaches a new stage of maturity investment opportunities are sought overseas

Brands

Asian companies increasingly look to acquire European brands, both consumer and technology, to leverage their sales potential in their own respective domestic markets, e.g.:

- Due to intense competition from local peers, a foreign technology brand can become the sole remaining competitive advantage for an Asian manufacturer
- An Italian fashion brand allows premium pricing for otherwise identical garments

Technology

Technology is sought after to satisfy new emerging industrial demands in domestic markets

- As Asian countries reach a higher level of development it becomes worthwhile to own technology rather than import it

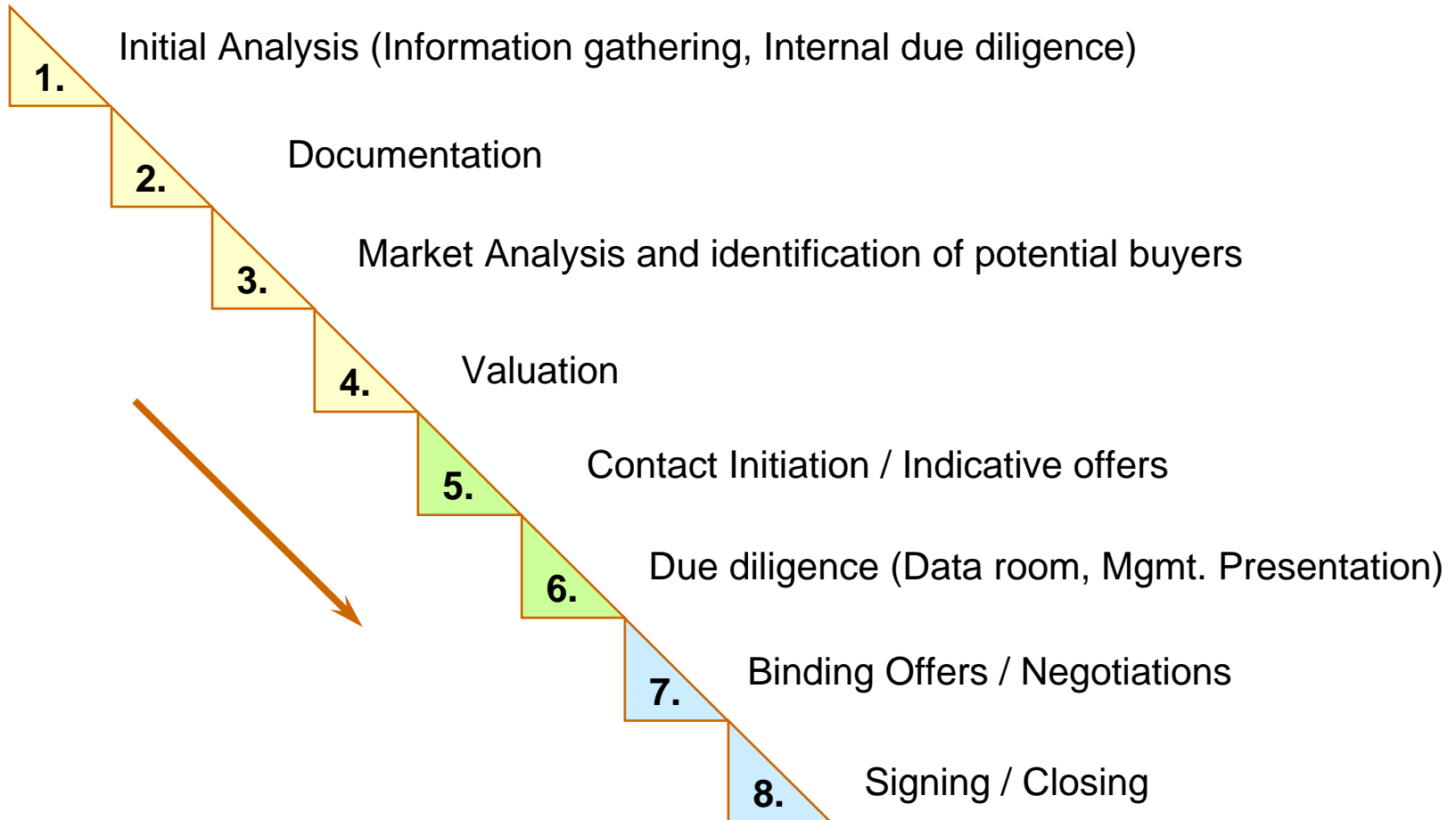
Distribution

Asian companies with world class products benefit from immediate access and control over existing pan-European distribution networks; they become available only through acquisitions



Sales Process

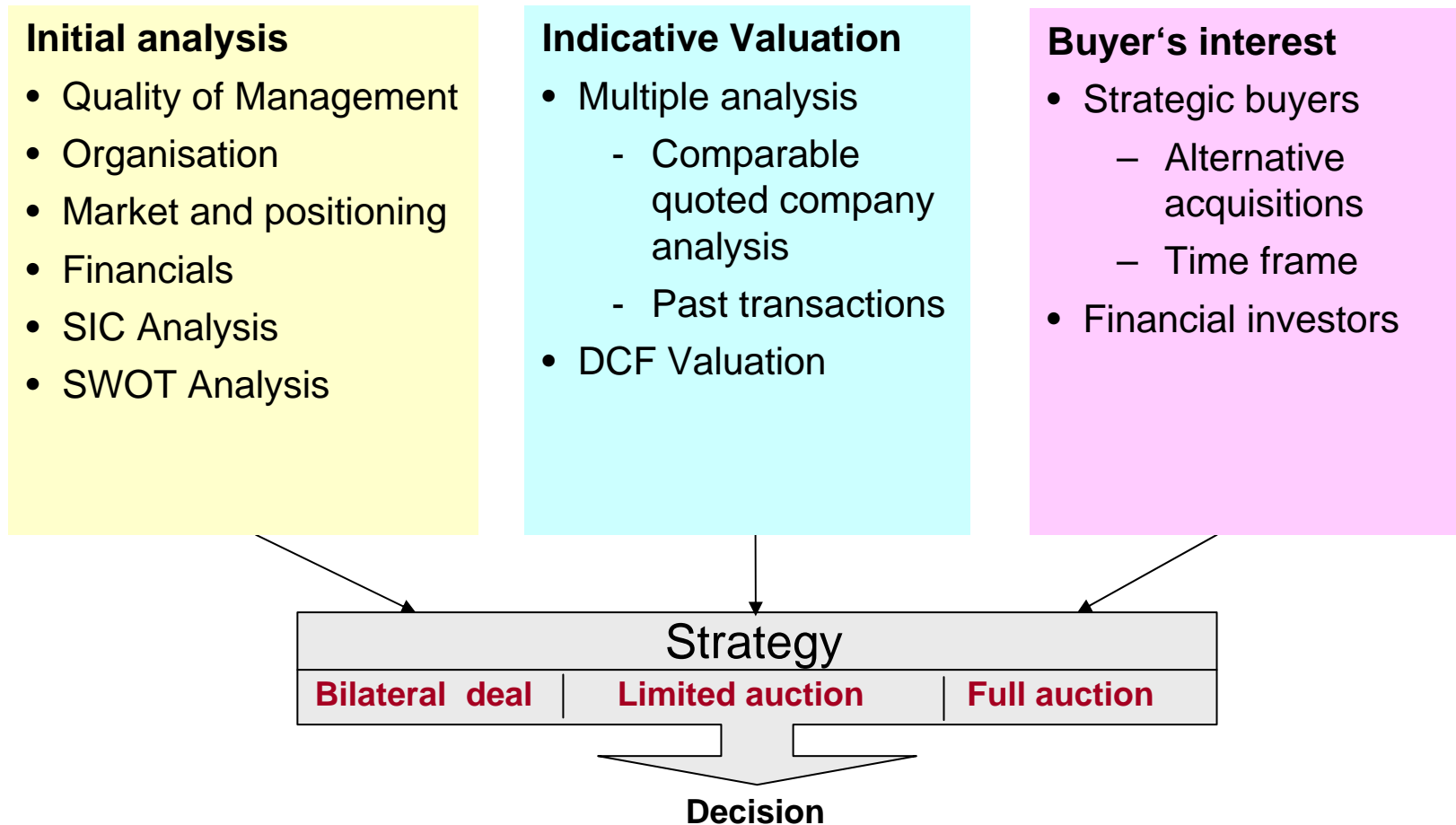
The sales process can be structured into well defined and conceptually independant steps





Strategy of the Sales Process

The choice of the ideal sales process requires a thorough preparation, analysing the company, the market environment and potential buyers





Project Steps

A possible sales process might be an auction, which can be divided into three steps

Preparation

- Internal due diligence
- Production of the documentation („Information memorandum“)
- Valuation (DCF, multiples, others)
- Analysis of potential buyers

Ca. 6 - 8 Weeks

Step I

- Approach potential buyers (Short profile, NDA)
- Procedure Letter I
- Preparation: Data room and Management presentations
- Preparation SPA
- Indicative offers
- Analysis and selection
- Procedure Letter II

Ca. 8 - 10 Weeks

Step II

- Due Diligence (incl. site visits)
- Management presentation
- Draft SPA
- Binding offers
- Exclusivity
- Negotiation
- SPA / Signing
- Preparation / Closing

Ca. 15 - 20 Weeks
until Signing



East / West Differences

The differing approach to negotiation and processes makes a synchronisation of sales processes difficult

Asian approach

- Bilateral negotiations
- Building of trust
- Saving face
- Taking time
- Lacking investment banking know-how, but growing acceptance to use advisers
- Different negotiation style
- Concentrate decision power
- Long decision making processes
- Fast execution after decision

Western approach

- Structured sales process
- Tight time lines
- Maximised competitive bidding
- Well synchronised team of advisers (corporate finance, legal, accounting, tax, industry)
- Common valuation methodology
- Delegated responsibilities



Preparation

Before deciding to include Asian buyers in a sales process, a feasibility study should be carried out and access to decision makers established

Feasibility study

- Gauge appetite and ability

Contacting

- Access to decision makers

Structured sales process

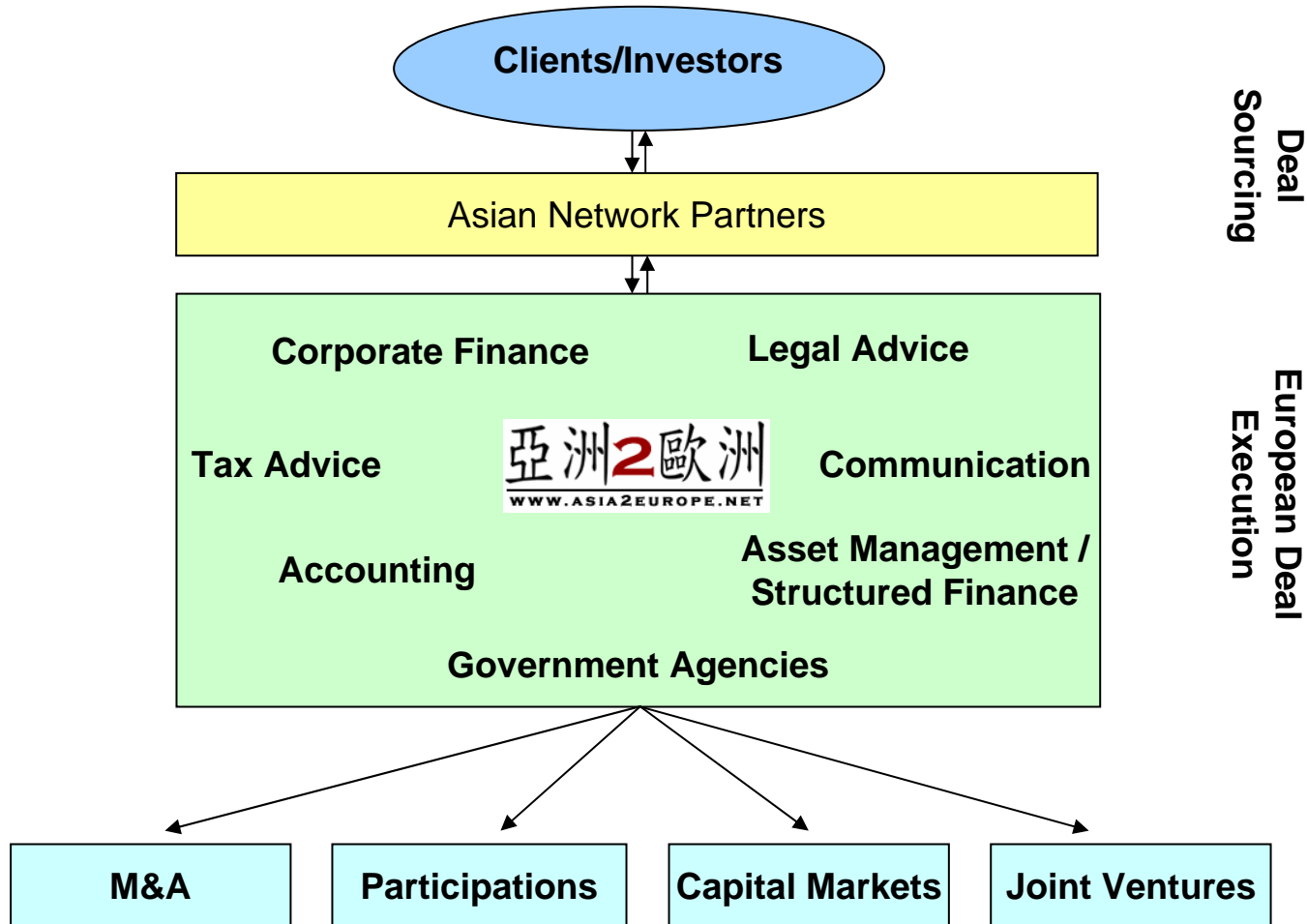
- NDA
- Information memorandum
- Management meetings
- Offer





Asia2Europe Business Model

The Asia2Europe Association, with its international members and partners, focuses on advising the client during and after its cross-boarder transaction





Asian Network Partners

Over the last 24 months, Asia2Europe has built an extensive network of Asian Network Partners

Characteristics of an Asian Network Partner:

- Based in either Hong Kong, Shanghai, Singapore or India
- Personally visited by Asia2Europe professionals
- Proven local network, access to potential investors
- Local investment banking know how
- Credible Asian/Western interface
- Conflict free

Small selection of Asian Network Partners covering the Chinese market:



MALLESONS STEPHEN JAQUES



CAPITAL EIGHT



B BARON ASSETS GROUP
HONG KONG • BEIJING • SHANGHAI

QUADRUM PARTNERS LTD



Questions



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