



AGC Capital Fund

Investor Overview

Q2 / 2008

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This document has been prepared solely to determine preliminary investor interest in AGC Capital Fund (the "Fund"); it is not an offer or solicitation, and may not be used or relied upon in connection with any offer or solicitation, with respect to the Fund. An offer with respect to the Fund will be made only through the final Agreement and Subscription Agreement of the Fund. The Private Placement Memorandum contains, among other things, a description of the principal risks associated with an investment in the Fund.

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Executive Summary



- AGC Capital Fund (“The Fund” or “AGC”) is a China focused private equity fund.
- The Fund is targeting commitments of US\$300million and a return of 3.0x cash multiple and 30%+ IRR p.a.
- The Fund seeks a first close of US\$100million in Q3/08 to begin investment program.
- US\$50million committed by strategic investor.
- The Fund will invest in China orientated mid-cap private enterprises in fast developing sectors, which can benefit from AGC’s expertise in structuring, application of global best practices and access to international markets.
- The Fund will also selectively invest in European companies with a compelling China proposition.
- The Fund will be managed by AGC Capital Limited, a highly experienced management team consisting of Chinese and European professionals.
- The AGC team will have presences in Beijing & Hong Kong, followed by a European office.

The China Private Equity Opportunity



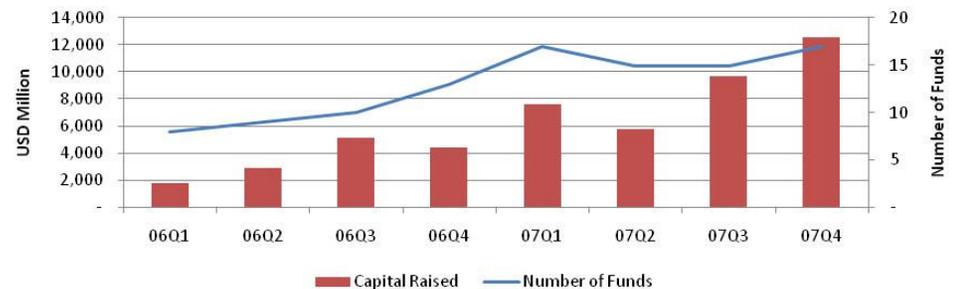
China – PE Investments

- Increasing foreign interest in this sector, with a total of 64 new funds raising USD 35.58 billion, increase of 150.7% from USD14.20 billion in 2006
- 24.4% of the money raised in 2007 were for growth funds
- In 2007, 177 enterprises in China received a total of USD 12.82 billion PE investments
- 49.7% of total number of deals and 65.0% of total amounts invested during 2007 went to traditional industries
- 94 investments totaling USD 2.9 billion in 2007 were for growth capital
- 94 exit events took place during 2007, an increase of 74.1% from the prior year, seventy nine of these exits were through IPOs

Sources: ZERO2IPO Research Center

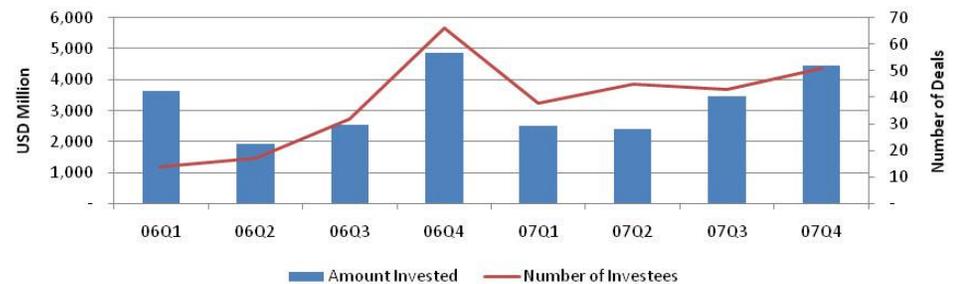
Newly Raised China PE Funds

(Source: Zero2IPO)



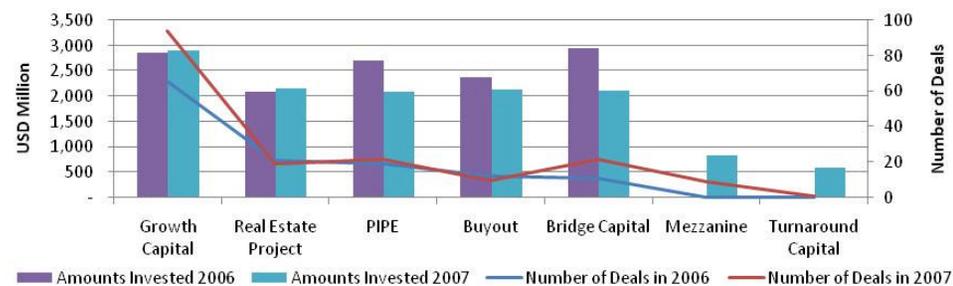
PE Investments in China

(Source: Zero2IPO)



PE Investments in China by Strategy

(Source: Zero2IPO)



Investment Strategy



The Fund's objective is to generate a superior rate of return on investor's capital through investing in mid-cap Chinese enterprises in growth sectors, which have the potential to become market leaders through improving operational processes, management systems and access to international markets. The Fund will selectively invest in European companies with a compelling China proposition.

AGC Capital Investment Strategy	
<i>Focus:</i>	<i>Growth capital for China orientated mid-cap companies</i>
<i>Growth:</i>	<i>China wide with specific focus on selected regions</i>
<i>Office:</i>	<i>Beijing & Hong Kong, followed by European office</i>
<i>Stage:</i>	<i>Growth companies - revenue of up to US\$300m</i>
<i>Stake:</i>	<i>Minority and majority positions</i>
<i>Investment:</i>	<i>Up to US\$20m per investment (milestone based)</i>
<i>Deal Limit:</i>	<i>Single company limit of 10% of committed capital</i>
<i>Exits:</i>	<i>IPO & trade sale (Chinese and Western buyers)</i>

Investment Characteristics



The Fund will invest in companies which show specific characteristics:



- In addition , the Fund will target the following:
 - *Businesses in line with China's social and economic policies - industries encouraged and supported by the government*
 - *Niche businesses in relatively fragmented markets without dominant (state owned) players*
 - *Business to business focused*
 - *Significant scope for upside through the AGC management value creation strategies*
 - *Selectively target assets in Europe to satisfy China market demand*

AGC Regional China Focus



The Fund operates China-wide but has a focus on specific regions of growth:

- Beijing (pop: 17 million; GDP Growth:12.3%*)
- Tianjin (pop:10 million; GDP Growth: 15.1%*)
- Hebei (pop: 68 million; GDP Growth: 12.9%*)
- Liaoning (pop:42 million; GDP Growth: 14.5%*)
- Shandong (pop: 91 million; GDP Growth: 14.3%*)
- Sichuan (pop:87 million; GDP Growth: 14.2%*)
- Chongqing (pop: 32 million; GDP Growth: 15.6%*)

* 2007 Growth Rates

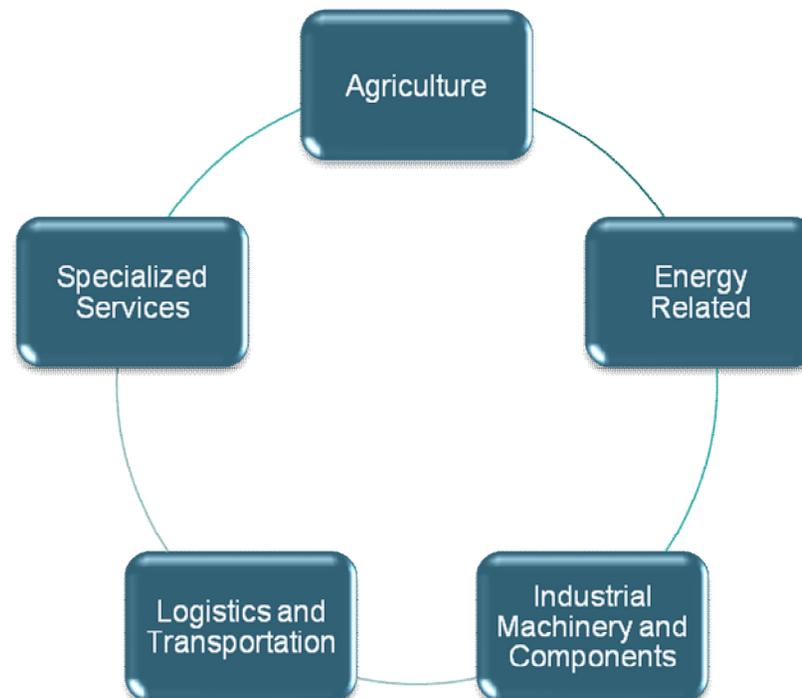
Target regions have a combined population larger than UK, Germany, France, Spain and Italy combined



AGC Sector Focus



The Fund will focus on sectors which exhibit above average growth, consolidation potential, and can benefit from the AGC value creation strategy:



Special Opportunities beyond these sectors may be executed with the agreement of the Board

AGC Value Add



The AGC Management Team is pro-active, hands-on, and presents the new generation of Chinese market realities

Specialised Team Capabilities

- All Partners have been in operational roles, varying from founding and managing start-ups to substantial roles in large corporates globally
- Extremely specialized team with extensive China access, operational knowledge and investment experience gained in China and Europe
- The “end-to-end” capabilities to manage investments from inception to exit

Proprietary Deal flow and Access

- Unique approach to identifying opportunities resulting in proprietary access to deal flow in China and Europe
- Close access to Chinese government decision makers and ability to identify areas of strategic focus for the country
- Larger deals can be syndicated

Operational Experience

- Add value for Chinese portfolio companies through i) improving corporate structure ii) introducing global standards iii) providing Western management expertise iv) introducing Western technologies and partners and v) accessing international markets
- Add value for European portfolio companies through i) access to Chinese growth and ii) improved cost structures

Management Team (1/4)



Managing Partners

Erick Chai

Erick has considerable access to Chinese government and business networks. He has been involved with international businesses in China since the Open Door Policy was announced in 1978. He has enormous expertise in dealing with government entities at the highest levels. Over the past 25 years he has played a vital role in obtaining the necessary government approvals for a number of international clients operating in China. In 2000 Erick co-founded MTP, a Chinese investment advisory firm. Projects Erick created include the development of a government approved investment program for a Hong Kong listed company to invest in over 50 cities throughout China. In 1998 Erick was appointed Managing Director of Yinlian Investment Co dealing with a range of government related investment projects. Erick began his career in the 1980s as China Chief Representative of the Louis Dreyfus Group representing a range of European, US and Japanese companies in the Chinese market including Gerber, Tuftco, Edo Corp, MG Services, CITOH and Sumitomo Corp. Erick hold the non-executive post of Vice President of FESCO Overseas Association. FESCO is the largest Chinese Human Resources organization with over 100,000 employees working with over 5000 foreign companies in China. He is also Advisor to the China Red Cross Foundation and member of the Investment and Financing Committee of the China Council for International Investment Promotion (CCIIIP) under the Ministry of Commerce. Erick graduated in International Trade from the University of Foreign Trade and Economics in Beijing. Erick is fluent in English and Mandarin.

David Stern

David is a specialist in China with a strong focus on legal aspects, business development and high level access. He founded Asia Gateway in 2001 and led the company as CEO. Over the years Asia Gateway advised blue chip companies, Chinese enterprises as well as the Chinese government in growth strategies and investments, in the latter years with a strong focus on private equity groups providing deal flow, deal execution and China relevant networks. In 2006 Asia Gateway joined the international leading consultancy and investment firm Monitor Group. Prior to founding of Asia Gateway David worked in cross-border Mergers & Acquisitions where he had a particular focus on the Chinese market. In 1999 he joined the Shanghai office of Deutsche Bank to support the structuring of the newly established full financial service activities. In 1998 David moved to Beijing for Siemens as legal expert to set up and negotiate industrial Joint Ventures with Chinese State Owned enterprises. David has a long history of working closely within the Chinese business environment and founded in 1997 his first China focused trading company. He was Chairman of Millennium Capital China to oversee the China activities of Millennium Capital Partners with US\$12 billion of assets under management. David holds a degree in Law and Chinese Law from the University of London. David lived in China in order to study Mandarin and attended Shi-Da University.

Management Team (2/4)



Managing Partners / cont....

Siyang Wang

Siyang has over 10 years of experience in Financial Services, of which the last five years have been working in China. He was appointed Managing Director of Futuria, the China business of the USD 12 billion fund Millennium Partners, and was responsible for setting up the company in Beijing. He set up the organizational structure and development strategy for the company, and designed and implemented the investment due diligence and investment maintenance processes, focusing on small to mid size private enterprises looking for investment and alternative financing in China. Prior to joining Futuria, Siyang was VP of DAC China, a fund specialized in investing in distressed Chinese assets, with over USD 500 million under management. Siyang helped to build DAC's team in China from four to forty professionals in less than two years. Prior to DAC, Siyang was part of the Global Financial Services Group with Ernst & Young. He worked in both New York and Beijing, and managed various audit and advisory engagements, focused in the financial services industry, including funds, banks, and insurance companies. Siyang graduated at age 18 with a double major in Finance and CPA accounting from New York University (NYU). Siyang is a CPA registered in the State of New York.

Management Team (3/4)



Principals

David Dong

With 7 years of experience in the financial services sector, David focuses on pre-investment due diligence and investment structuring. Prior to joining Futuria, David was Senior Manager with Shenzhen Development Bank (Shenzhen A-share listed, invested by Newbridge Capital), where his primary responsibilities included analysis and evaluation of the bank's operations, and risk management of loan portfolios. Prior to that, David spent 5 years with professional accounting and consulting firms including PricewaterhouseCoopers and Ernst & Young. While at PriceWaterhouseCoopers, he was a key member of the IPO team for Bank of China, focusing on financial risk management and treasury functions of the bank. He was also involved in the due diligence process for Citibank's investment into Guangdong Development Bank in China. While at Ernst & Young, David was a member of the Global Financial Services team, which focused on providing professional services to banks and securities companies. David has a Bachelor's degree in International Economics and Master's degree in Economics from Capital University of Economics and Business in Beijing.

James Gao

With 7 years of experience in the financial services sector, James focuses on post investment maintenance and repatriation of capital. Prior to joining Futuria, James spent six years with the Global Financial Services Group within Ernst & Young in Beijing. James started his career providing audit and advisory services to banks, insurance companies, and securities companies. He was also heavily involved in providing due diligence services for M&A transactions. James then joined the Business Risk Services Division of Ernst & Young where he provided value added services to clients in the area of risk management. He was key member of teams which assisted some of the biggest companies in China to improve internal controls and risk management to meet global reporting standards. His clients included China Life, Netease, PICC, ICBC (Industrial and Commercial Bank of China). James has a Bachelor's degree in International Economics from University of Colorado at Denver in Beijing.

Management Team (4/4)



Operating Partner

Jon Scott-Maxwell

Jon has gained extensive management and investment experience over the past 30 years, including as a CEO of a major publicly listed company. In 2003 he joined Asia Gateway, a China focused investment advisory firm. Jon was responsible for executing a range of deals between China and Europe. Today Jon is also a Director of Mirror Controls International. In 1997 Jon was appointed Chief Executive of Delta plc, a FTSE 500 industrials group listed on the London Stock Exchange with sales of £1.1 billion and 12,000 employees. During his tenure, he gained the commitment from stakeholders to dramatically restructure the group (covering 80 different businesses) and focus on business units with growth potential and/or exceptional performance. This included successfully divesting several non-core businesses and completing six acquisitions to expand growth sectors and build up operations in Asia, which grew to 55% of current group sales in Asia Pacific. In 1980 Jon joined GKN plc with sales of £3.6 billion and 34,000 employees. He lived in Japan and Germany to expand the business and in 1993 was appointed Managing Director of the Automotive Driveline Division, GKN's largest division with sales of £1.5 billion and 12,000 employees. He established two successful Joint Venture businesses in China and increased GKN's global market share to 35%. He gained China experience as early as 1979 as manager of a joint development program in China. Jon holds a degree in B.Sc. Engineering Science of Durham University and attended the International Senior Management Program (ISMP) at Harvard Business School.

Operating Principals

Alfredo Malva

Alfredo is a founding partner of Corporate Advisors where he has many years experience advising and successfully implementing businesses on strategy, corporate development, complexity management and turnarounds. He has been involved both on the definition and on the implementation / delivery of profit improvement initiatives and change processes. His main areas of activity have been on Business to Business industries (Heavy Manufacturing, Process Industries and Telecommunications) and Consumer Goods (Beverages, Food and Logistics). He attended Universidad Autonoma de Madrid, Spain (Economics) and holds a MBA from ESCP-EAP - Oxford, Madrid, Paris. Executive education at Columbia Business School, New York (Business Strategy).

Ai Jian

Ai Jian was founding member of ASIMCO, a China focused investment group. He was in charge of generating deal-flow and moved on to become responsible for the supply chain management. Over the past decade, Ai Jian has visited hundreds of Chinese manufacturing companies. He left ASIMCO in 2004. In 1985 he joined for 8 years the Center for Economic and Technical Exchange at the Ministry of Foreign Economic Relations and Trade, while he started his career in 1980 at Hangzhou Aviation Corp. Ai Jian graduated from the Northwest Engineering University in Xi'an in China with a B.Sc in Science in 1977.

AGC Advisory Board



Ren Ji Sheng

- Former President of the All China Lawyers Association)
- Member and Arbitrator of China International Economic and Trade Arbitration Commission (CIETAC)
- Former Vice Chairman of China Legal Service (H.K.)
- Legal advisor for regulatory bodies and key Chinese corporations including People's Bank of China, CITIC Group, Sinopec, COFCO Group, China National Coal Group, China Huaneng Group

Wang Song Qi

- President of Financial Research Center of China Academy of Social Science
- Member of the Board of Minsheng Banking Corp. Ltd,
- Member of the Board of Sinosafe Insurance (Hua An Insurance)
- Member of the Board of Bank of Communication Schroder Fund Management

H.E. Minister Zheng Hong Ye

- Chairman of China International Economic and Trade Arbitration Commission (CIETAC)
- Member of Eighth National Committee of Chinese People Political Consultative Conference (CPPCC)
- Former Chairman of China Chamber of International Commerce (CCOIC)
- Former Chairman of China Council for the Promotion of International Trade (CCPIT)

→ Additional Chinese and European Advisory Board Members identified and selected

AGC - Management Capabilities



Summary



- China remains an attractive market for private equity investors.
- AGC Capital Fund has strong capabilities in key Chinese regions and Europe for originating proprietary deal flow.
- Significant opportunities in Chinese growth companies and China - Europe arbitrage.
- Strong access at the central and local government level reduces investment uncertainty and risk.
- Creative and flexible in approaching business issues and investments.
- Management team experience across banking, operations and advisory in both the *developed* and *emerging* markets.
- US\$50million committed by strategic investor.

Appendix



Fund Summary



Investment Objective	AGC's objective is to achieve superior returns through providing a 'hands-on' investment strategy model and leveraging its financial, operational and international capabilities.
Offices	Beijing & Hong Kong (followed by European office)
Transaction Type	The Fund will take minority and majority positions in Chinese businesses and selectively in European opportunities with a compelling China proposition.
Investment Strategy	The Fund's strategy is to invest in China orientated mid-cap enterprises that seek growth capital and can significantly benefit from the AGC management value creation. AGC is an active investor and adds value to its investments by applying corporate governance, management skills, improved technologies as well as access to international and Chinese markets.
Geographic Investment Focus	The Fund will source deals from all Chinese provinces, but has a focus on 7 key regions (Beijing, Tianjin, Hebei, Liaoning, Shandong, Sichuan, Chongqing) and Europe where appropriate.
Investment Size & Diversification	Investment allocation of up to US\$20million per investment, resulting in a pool of 15 companies.
Sector Focus / Limits	The Fund will focus primarily on Agriculture, Energy Related, Industrial Machinery and Components, Logistics and Transportation, Specialized Services as well as Special Opportunities. The Fund will reject investments which are not in line with Chinese government policy.
Exit Strategy	Trade sale and private equity sale (Western or Chinese buyer) or IPO. Exits will be positioned before the investments are undertaken.

Principal Terms



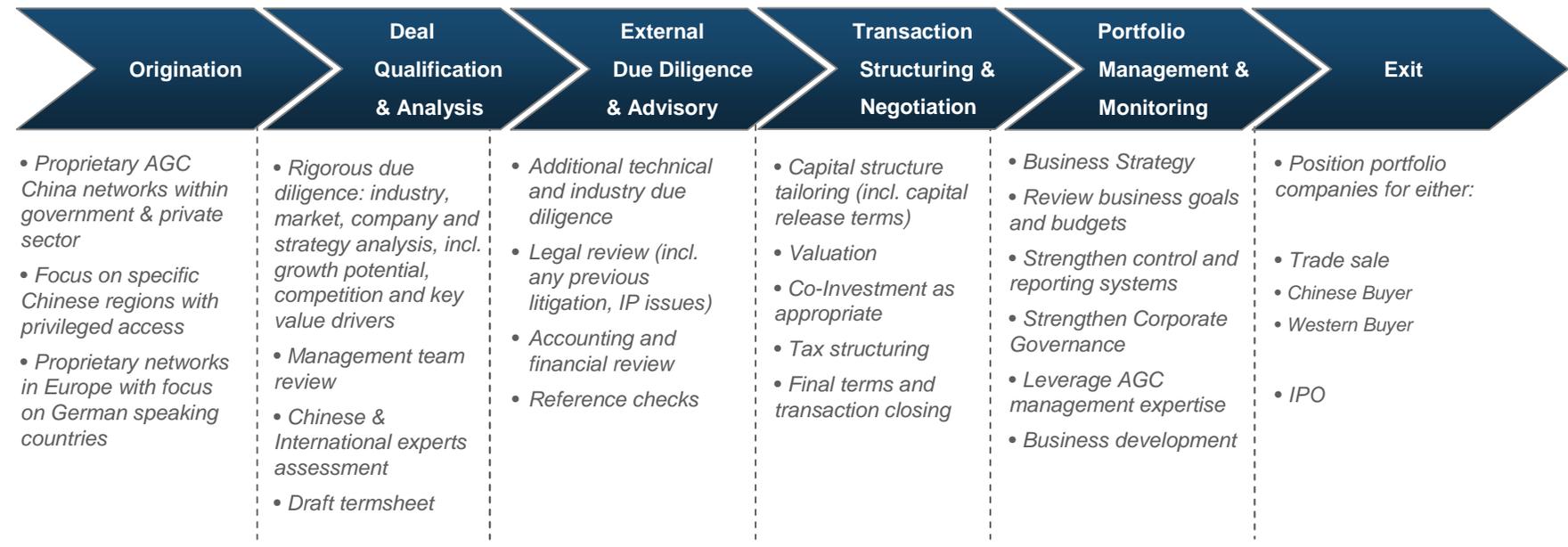
The Fund	AGC Capital Fund (<i>jurisdiction tbc</i>)
Investment Management Company	AGC Capital Limited (<i>jurisdiction tbc</i>)
Target Capitalization	US\$300 million. First close of circa US\$100m in Q3/2008
Minimum Commitment	US\$10 million, or at the discretion of the Investment Management Company
Investment Period / Fund Term	5 years / 10 years
Management Commitment	1% of aggregate Capital Commitments
Target Returns	3x on invested capital, 30% IRR and 8% hurdle rate with catch-up
Carried Interest	20% to Investment Management Company
Management Fee	2% p.a. of aggregate Capital Commitments for the duration of Investment Period. Thereafter, 2% p.a. based on aggregate commitments drawn less the cost basis of disposed investments
Organizational Expenses	Fund to bear up to US\$ 1 million of organizational expenses

Investment Process



AGC Capital Investment Committee

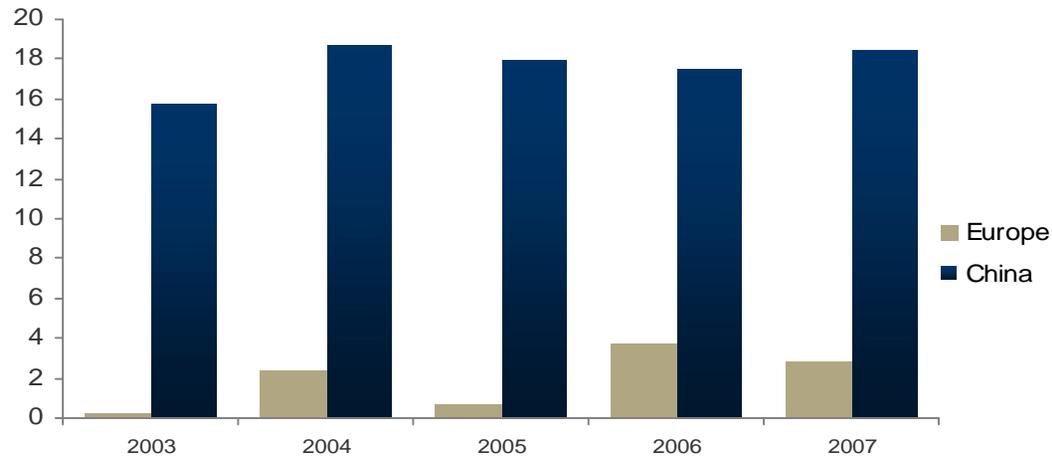
David Stern, Siyang Wang, Erick Chai, Jon Scott-Maxwell and others



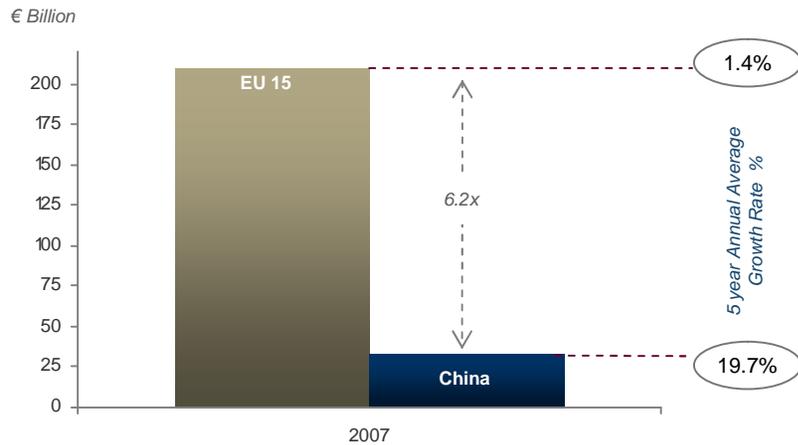
The China - Europe Arbitrage



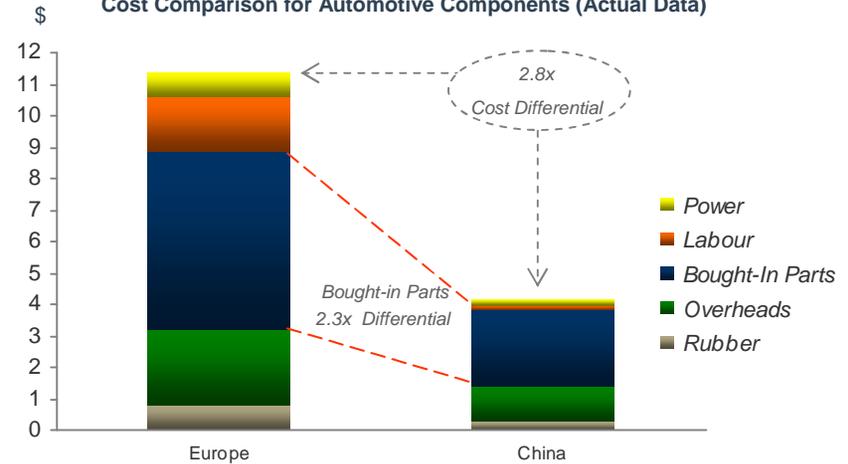
Industrial GDP Growth Rate % (2003-2007)



Comparative R&D Expenditure (2001-2007)



Cost Comparison for Automotive Components (Actual Data)



Sources: OECD, European Central Bank and Company data

The China Opportunity (1/2)

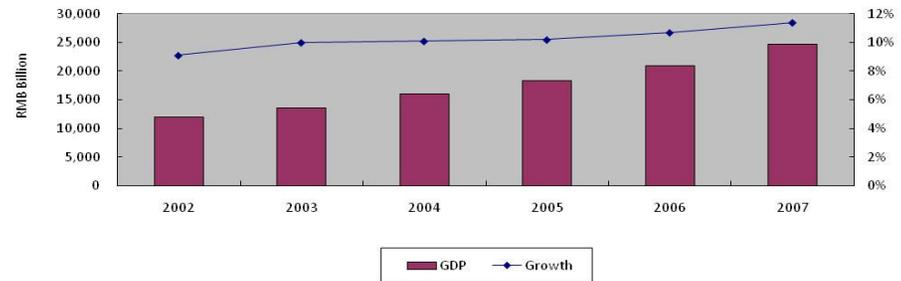


China – Strong Fundamentals

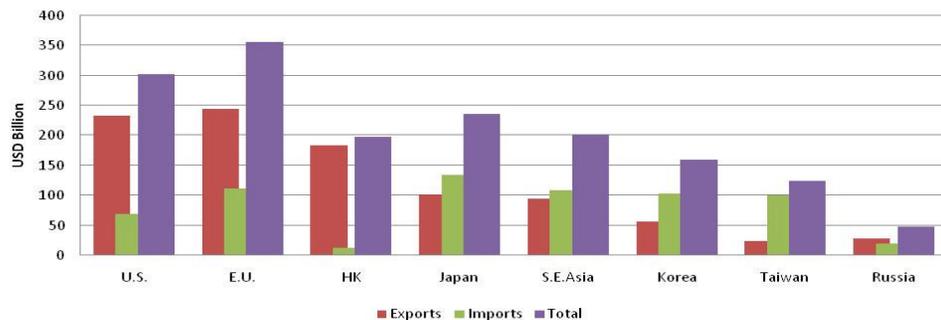
- 4th largest economy in the world, 2nd largest economy after US measured in PPP, and expected to be largest economy in the world by 2015
- 1.3bn people; 20% of global population vs. 6% of global GDP
- GDP grew from RMB 8,968 billion in 1999 to RMB 24,662 billion in 2007
- 10% p.a. average GDP growth over last 20+ years, with 8% p.a. GDP growth expected for the next three years
- 7.47% interest rate (1-yr lending); 4.8% inflation rate (2007)
- EU's largest trading partner, \$356.2bn in 2007
- Trade makes up over 60% of the GDP for the last three years
- Stable foreign direct investments, reaching over USD 74 billion in 2007

Sources: HSBC, Standard Chartered Bank, CEIC, IMF, Goldman Sachs Economics, National Bureau of Statistics of China, Ministry of Commerce of China, People's Bank of China

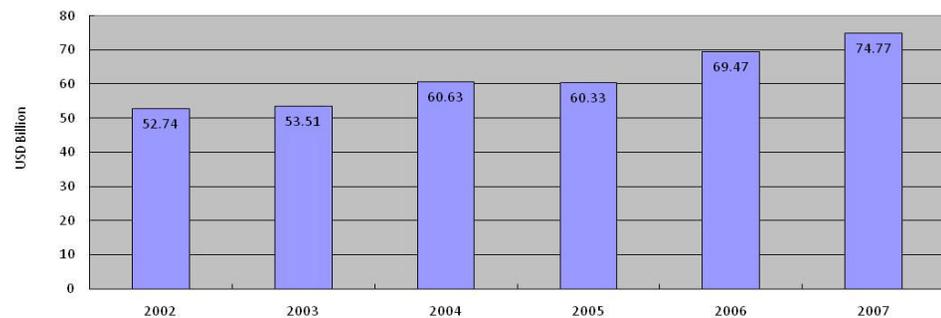
China GDP Growth



2007 China's Top Trading Partners



Foreign Direct Investments in China



The China Opportunity (2/2)



China – Recent Developments

- Currency control has been loosened since 2005, the value of RMB has increased 14.8% in value against the USD
- 11-13% p.a. growth in consumer spending expected from now to 2010
- Imports grew on average 27% annually from 2003 to 2007, while exports grew 30% annually on average for the same period
- High-tech products grew increasingly important over recent years, from slightly over 2% of GDP in 1998, to almost 5% of GDP by the end of 2006
- Manufacturing value of high tech products in China grew from RMB 210 billion in 1999 to RMB 1,006 billion in 2006
- Total imports and exports of high tech products grew from RMB 40 billion in 1997 to RMB 635 billion in 2007

Sources: National Bureau of Statistics of China, Ministry of Commerce of China, People's Bank of China, Ministry of Science and Technology of China

