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Dragonvest Partners Establishes \$30 Million Fund for Early-Stage Investment in China

- Fund Addresses Need for Early Stage Capital in China's Booming Economy -

SHANGHAI, China, and BOSTON –May 8, 2006 – Dragonvest Partners today announced it has completed the initial closing for its second fund, Dragonvest Venture Partners II (DVP II). An early-stage venture fund based in Shanghai, China, Dragonvest was established to address the gap that exists between Chinese entrepreneurs building early-stage companies and the international institutional capital that is flowing primarily to expansion and later-stage investments. The firm makes investments in fabless chip design, digital media and medical device companies led by world-class entrepreneurs. Investments from the \$30 million fund will range from \$500,000 to \$2 million.

International venture capital and private equity has fueled a boom in financing activity in China in 2005 and 2006. According to Thomson Venture Economics and the National Venture Capital Association, venture capitalists invested \$531 million in 65 deals in China last year, more than twice as many as in 2002. Most investors, however, have funded expansion or later stage investments, leaving entrepreneurs seeking early-stage financing out in the cold. Dragonvest addresses the burgeoning need for capital to support promising early-stage technology ventures.

Dragonvest has established two strategic relationships. The firm will jointly review investment opportunities with Softbank China Venture Capital of Shanghai, China, with an eye toward co-investment. Dragonvest will also work with Waltham, Mass.-based

Kodiak Venture Partners to help Kodiak’s portfolio companies expand into the Chinese market by identifying partnerships and potential acquisition opportunities.

“We are very excited about co-investing with Dragonvest Partners,” said Chauncey Shey, Managing General Partner of Softbank China Venture Capital. Cha Li and Jesse Parker are uniquely positioned to assist early stage Chinese technology companies position themselves for growth in China and internationally.”

Founded in 2004, Dragonvest is co-founded and co-managed by Cha Li and Jesse Parker. Cha Li, Co-founder and Managing General Partner, is an experienced China-based entrepreneur and investor. Over the past seven years, he has established and sold three technology companies in China. Cha Li has served as the CEO of MotionPoster Asia, a UK public listed company, CEO of Idea Factory, a China based Internet incubator, and has extensive operational experience in western media companies. Co-founder and Managing General Partner Jesse Parker has more than twenty years of experience in Greater China, gained as Founder and CEO of Changsha Consulting, a Boston-based China business development consulting firm; Vice President of Softbank International Ventures; and Vice President of Marketing for IBM Microelectronics.

“Dragonvest’s partners have been on the ground in China for over 20 years, both investing in the Chinese market and building businesses,” said Dave Furneaux, Kodiak Co-founder and Managing General Partner. “We have found them to be an extremely high quality partner to work with to ramp our North American-based portfolio companies into China and assist with the acquisition of businesses that will help them expand more quickly into the Chinese market.”

About Dragonvest Venture Partners

Based in Shanghai, China with US headquarters in Boston, Massachusetts, Dragonvest Venture Partners is focused on investing in early-stage, emerging fabless chip design, digital media and medical device companies in China. Dragonvest’s unique bi-lingual, bi-cultural investment strategy helps Chinese technology companies grow and emerge as global technology enterprises. The firm works with world-class, Chinese technology entrepreneurs who have returned from North America, Europe or Japan to China to start their early-stage businesses, bringing with them years of experience abroad. Dragonvest provides not only the capital, but the advice and business development support they need to grow their companies for long-term success. Located in Beijing and Shanghai, Dragonvest portfolio companies are developing and marketing products both for the Chinese domestic and global markets. For more information, visit www.dragonvestpartners.com.