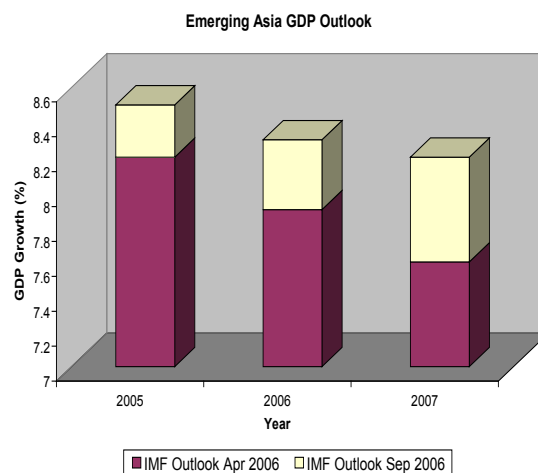


IMF upbeat on Asian economic growth

The IMF has released its latest World Economic Outlook prior to its annual meetings in Singapore. The growth rates for economies in Emerging Asia (consisting of China, India, Indonesia, Thailand, Malaysia, Philippines, Korea, Taiwan, Hong Kong, Singapore and Mongolia) have been revised upwards from that in the April 2006 report. Emerging Asia is expected to expand by 8.3% in 2006 and 8.2% in 2007, up from 7.9% and 7.6% respectively.

Despite higher oil prices, tighter monetary policy, the heightened threat of protectionism from advanced economies and a possible investment boom-bust cycle in China, economic growth is expected to be underpinned by faster growth possibilities in China and India, under the premise of stronger intra-regional trade relationships.

While OWW has focused its investments in South East Asia and Greater China, its portfolio companies have spread their operations throughout Asia and beyond. This trend of cross border expansion is expected to accelerate when the ASEAN Free Trade Area agreement comes into effect in 6 key ASEAN countries in 2010, and full liberalisation in all ASEAN members by 2015. With the entire ASEAN representing a population base of 550 million and a combined GDP of US\$876 billion, this is expected to provide tremendous growth opportunities for Asian-based businesses.



Source: IMF World Economic Outlook, Apr 2006 and Sep 2006

The evolution of captive outsourcing

Captive structures were favoured by the offshore pioneers – British Airways, GE, American Express and Citibank – during the beginning of the offshore boom in the early 1990s. Then, local service providers or global third-party providers could not offer efficient and competitive outsourcing services. However, as global communication infrastructure became commoditised and the outsourcing market enters adolescence, third party service providers have emerged and scaled their operations quickly, becoming competitive and offering companies with more options for their outsourcing strategy. As a result, the outsourcing industry has evolved with many captives being spun off and undertaking third party assignments thus achieving the economies of scale which eventually benefited the original parent companies.

WNS Global Services, owned by British Airways to provide captive services, started accepting third party clients four years after formation and welcomed a private-equity firm as a controlling shareholder in 2002. WNS was recently listed on the New York Stock Exchange. GE's wholly owned India-based offshore services subsidiary, GE Capital International Services ("GECIS", now known as Genpact) was setup in 1997. Even with GE as its parent, GECIS had hit a growth plateau while the industry continued to experience strong growth. As a result, GECIS started accepting third party clients thereafter and in 2004, GE sold a majority stake to two private-equity concerns for US\$500 million.

Many captive shared services centres were set up by companies such as HSBC, Standard Chartered, Prudential, P&G, Shell, HP and NEC in South East Asia, especially in Malaysia, Philippines and Singapore. As consulting firm AT Kearney observes, captives will likely account for 20% of the offshoring market in terms of employment and 30% in terms of revenue by 2008, down from 33% and 50% respectively today. It would be interesting to observe if there could be another wave of captive operations being spun off in South East Asia.

Red Herring Asia 100

BuzzCity, a developer of global wireless communities and consumer services, was recently named as one of Red Herring 100 Private Companies of Asia.



BuzzCity Pte Ltd's (www.buzzcity.com) key offering is centred on its networking community, *myGamma* (www.mygamma.com). Unlike its social networking counterparts such as MySpace, Friendster or Facebook in the online world, *myGamma* is a mobile networking community where users can express themselves and interact with one another through WAP-enabled cellphones. Users acquire Gamma Dollars through their membership which they can redeem for downloads and other activities.

myGamma also offers a platform where content owners, service providers and other merchants are able to advertise or market their merchandise. In addition, websites that generate referral traffics to *myGamma* can earn revenues from successful click-throughs. The community is already accessible in more than 30 countries around the world.

BuzzCity is currently embarking on an aggressive global roll-out programme. OWW is actively working with the management team at BuzzCity to position it as a leading mobile networking community.

Investee profile – Global Infotech Holdings, Inc. (“GIH”) (高伟达公司)



Established in 1998, GIH (www.git.com.cn) provides IT solutions to the banking and insurance industries in China. Its services cover mainly customised software development, system integration, as well as proprietary and third party software sales.

GIH has garnered a strong market reputation and counts financial institutions such as China Construction Bank and China Life among its customer base.

GIH has undertaken numerous projects for its customers, for example: (1) setup a nationwide ATM network for the Agricultural Bank of China; and (2) building a provincial single platform intranet for China Construction Bank in Jilin (吉林). In addition, it has developed a comprehensive suite of solutions for the banking industry under the “Easy Suite” product line.

Recently GIH has secured several mid-sized commercial banks in China as customers for its core banking solutions, including commercial banks in Ningbo (宁波), Yingzhou (郢州), Huludao (葫芦岛), Qitaihe (七台河) and etc.

OWW invested in GIH in May 2003 together with IFC, the private sector arm of the World Bank and DEG, one of the largest European development finance institutions.

Knowledge Platform exit

OWW has exited its investment in Knowledge Platform Pte Ltd (www.knowledgeplatform.com), an e-learning content and research solutions provider for corporations and higher education providers. It collaborates with world-renowned institutions to run professional courses leading to certification such as diploma and bachelor degree.

OWW will continue to seek out investments in the education and training sector.

About OWW

OCBC, Wearnes & Walden (“OWW”) (www.oww.com.sg) is a venture capital firm established by OCBC Bank, WBL Corporation and Walden International. OWW focuses on expansion stage companies in the enterprise and consumer services sectors within the South East Asia and North Asia regions.

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