



For Immediate Release

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Sierra Ventures Joins IBM, NTT DoCoMo, and The McGraw-Hill Companies in Strategic Affiliation with Shanghai-based Gobi Partners

October 26, 2005 – Shanghai, CHINA -- Sierra Ventures, a US \$1 billion Silicon Valley-based venture capital firm, today announced that it has entered into a strategic relationship with Shanghai-based Gobi Partners. Gobi's first fund is now capitalized at approximately US \$50 million and focuses on early stage technology related investments in China.

“Different than many of the small, early stage Chinese venture funds, Gobi is building its firm using money from a power-packed group of global limited partners who have a great ability to help small Chinese companies be successful – IBM, the world's largest information technology company; NTT DoCoMo, one of Asia's largest mobile communications companies;

and McGraw-Hill, the US \$5 billion information services company with 280 offices in 37 countries,” noted Ben Yu, a partner at Sierra Ventures who began looking at investments with Gobi almost a year ago. “This exceptional team of strategic partners can offer unparalleled resources, relationships and business opportunities to entrepreneurs and start-ups in China.”

“Gobi’s carefully constructed strategic capital base is an important advantage and major differentiator as the China VC market becomes more competitive,” observed Sierra managing director and founder Peter Wendell.

Gobi has three general partners, Wai Kit Lau, Thomas Tsao, and Lawrence Tse, all of whom has substantial past investing experience in China. The Gobi firm has a total of eight investing professionals resident in Shanghai.

As part of Sierra’s investment in the Gobi Fund both Ben Yu and Peter Wendell of Sierra Ventures will serve as Special Advisors to Gobi’s investment committee.

“Since Sierra already has a significant number of our existing U.S. portfolio companies with offices and personnel in China, our relationship with Gobi has several complimentary objectives,” explained Wendell. “First, Sierra can better help our existing U.S. companies expand and compete if we have resources in China. Second, we can make better informed decisions about future U.S. investments if we increase our global knowledge as a firm. Finally, over time we also expect to find promising investment opportunities that begin in China.”

Gobi general partner Thomas Tsao commented “A financial relationship with a major Silicon Valley venture firm was the missing piece in our capital structure and we are very happy to now establish this arrangement. Sierra brings almost 25 years of experience in building Silicon Valley successes. Their current fund is more than ten times our size so Sierra has the potential to bring additional funding to our portfolio companies as they grow.”

Among the Silicon Valley companies where Sierra has played an instrumental investment role are Intuit, the maker of “Quicken” software; StrataCom, now a large part of Cisco Systems; and OnLink, now a major component of Siebel Systems. Sierra was a first round investor in all three of these companies.

“Both our firms share the same philosophy of identifying and building industry leaders. Although Gobi has only been in operation a relatively

short period of time, the Gobi general partners have already assembled an impressive group of investments,” noted Yu.

Two of the early breakout companies in Gobi’s portfolio include:

- Digital Media Group (DMG) – now the leading operator of digital media networks in China’s subway systems with contract rights already secured in three of the country’s largest municipalities: Shanghai, Chongqing, and Tianjin.
- Lingtu -- China’s leading integrated digital mapping and location-based services (LBS) provider which was recently named to the Red Herring Asia Top 100 list. The company now employs more than 600 people.

Gobi has a special interest in the digital media sector including content creation, delivery, access and applications.

Sierra, The McGraw-Hill Companies, and several other limited partners participated in the Gobi Fund’s recent second closing, following earlier investments from IBM, NTT DoCoMo, and others.

At Sierra, Ben Yu was responsible for sourcing the firm’s investments in AuthenTec (biometric security; Melbourne, FL), Sychip (RF chip scale modules; Plano, Texas), and Valere Power (power systems; Richardson, TX), all of which are U.S. companies that now have substantial business activity in China. Yu, a native of China, holds a PhD from Princeton University. Peter Wendell founded Sierra Ventures in 1982 and continues as a managing director of the firm. He also holds a faculty appointment at Stanford Business School, serves as a trustee of Princeton University where he chairs the board of Princeton’s US \$11 billion endowment, and is also on the board of directors of Merck & Co., Inc.

For more information see:

- www.Gobi.cn
- www.SierraVentures.com
- www.IBM.com
- www.NTTDoCoMo.com
- www.McGraw-Hill.com

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