



**H&Q ASIA PACIFIC**

## **PRESS RELEASE**

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### **HNA Group's Grand China Logistics Launches New Partnership with H&Q Asia Pacific to Jointly Manage up to RMB 5 Billion in Private Equity Funds Focused on the Logistics Industry**

**Beijing, CHINA, March 30, 2011** – HNA Group's Shanghai Grand China Investment Management Company Limited ("Grand China Logistics") and H&Q Asia Pacific held a signing ceremony today to announce a strategic partnership to manage up to RMB 5 billion in private equity funds focused on China's rapidly growing logistics and consumer sectors. The funds will invest in companies providing logistics and consumer-related services, including transportation, shipping, warehousing and other related sectors. Grand China Logistics is a wholly-owned subsidiary of HNA Group, which also owns Hainan Airlines together with other logistics and financial services businesses.

The first cooperation between HNA Group and H&Q Asia Pacific took place in 1995. H&Q Asia Pacific's first China-dedicated private equity fund, China Dynamic Growth Fund, was one of the first foreign investors in Hainan Airlines. Shortly after H&Q Asia Pacific's investment, George Soros also made his first investment in Hainan Airlines. The cooperation between HNA Group and H&Q Asia Pacific not only promoted the rapid development of both businesses but also laid a solid foundation of mutual trust.

According to HNA Group Chairman, Mr. Chen Feng, the purpose of partnering again with H&Q Asia Pacific is to launch large and well-managed private equity funds and to build a respected international asset management team. HNA Group and Grand China Logistics will offer full support to the partnership in terms of project resources and investment management. In the meantime, H&Q Asia Pacific will support the private equity fund by sharing its deep investment experience from its fund management team as well as its significant global resources. Both parties will proactively cooperate in the investment of the funds in order to further innovations in the logistics-related financial services and upgrades in the logistics industry.

Dr. Ta-lin Hsu of H&Q Asia Pacific said, “H&Q Asia Pacific’s goal is to deliver the best returns for our investors. In order to identify the most attractive investment opportunities in Asia, and particularly in China, we focus on building successful partnerships with world-class corporations and executives, which is exemplified by our relationship with HNA Group and its outstanding management team. I am very proud that H&Q Asia Pacific and HNA Group have another opportunity to build value for our investors, partners and portfolio companies.”

With a history of 18 years, HNA Group has transformed from a pure air transportation services company to a modern diversified service group with air travel, logistics and financial services as its pillar businesses. To establish its own competitive advantage, the group has effectively extended its business value chain to promote change in consumption concepts for the Chinese people and to contribute to the development of the country.

H&Q Asia Pacific is a leading Asian private equity firm that has managed an aggregate of USD 2.7 billion in committed capital since its inception. The firm manages private equity funds, focused on investing in mature companies with effective control, and venture capital funds, focused on companies in early or growth stages of development, each with its own dedicated investment teams. Through all of its funds, H&Q Asia Pacific is dedicated to identifying superior investment returns throughout Asia, and in particular, China. H&Q Asia Pacific prides itself on working closely with portfolio companies to help them develop into industry leaders, and at the same time, it strives to provide investors with superior returns.

Today, H&Q Asia Pacific and HNA Group are demonstrating their cooperation once more in the official signing of a strategic joint venture agreement to manage new RMB funds focused on the rapidly growing logistics and consumer sectors in China. This agreement not only reflects the two groups’ enthusiasm to cooperate with each other, but will also bring a new level of business development to both parties.

## **Appendix:**

### **1. Introduction of HNA Group**

HNA Group was created with the approval of the State Administration of Industry and Commerce in January 2000. With air transportation as its core business, the group also has operations in tourism, airport management, air catering, logistics, hotel management, finance, real estate as well as trade and retail sectors. HNA Group drives all of its subsidiaries with a high level of professional business management. As of today, the group’s total assets exceed RMB 210 billion (over RMB 340 billion, if combined with the RMB 128 billion of assets under management). It also offers 80,000 job opportunities in China.

After 18 years of industry experience, HNA Group has become a diversified service provider in the areas of air travel, modern logistics and financial services. To establish its own competitive advantage, the group has effectively expanded its business value chain.

By leveraging the strengths of HNA Group and Grand China Logistics, Shanghai Grand China Investment Management Company Limited (the Company) aims to create a logistics finance holding company with financing and investment businesses including funds, banking, trusts, leasing, and an investment banking unit involving mergers, acquisitions and business restructuring. Its priority is to promote the development of the logistics industry by developing a sound financial services system. It will support the development of Grand China Logistics by providing funding support, strategic mergers and acquisitions as well as the development of financial products.

To assist in the rapid development of Grand China Logistics, the Company has already started to prepare and establish industry funds related to shipping, logistics and real estate. At the same time, the Company is proactively researching and developing logistics-related financial products including logistics clearing systems and logistics card systems in order to heighten the Group's servicing standards.

Shanghai Grand China Investment Management Company Limited will utilize Grand China Logistics as the business platform to become an influential capital management company in the global logistics industry. The Company provides first-class professional financial services to its clients, a leading finance industry development platform to its staff, and superior investment returns to its shareholders. It aims to become China's leading logistics financial holding company with a competitive edge and prime resources.

## **2. About H&Q Asia Pacific (H&QAP)**

H&Q Asia Pacific ("H&QAP") is a private equity firm that invests throughout the Asia Pacific region. Founded in 1985 by Dr. Ta-lin Hsu as a joint venture with Hambrecht & Quist Group, today, H&QAP is an independent private equity firm that has managed over 23 funds with total assets of over USD\$2.7 billion through offices in the Silicon Valley, Hong Kong, Manila, Seoul, Shanghai, Taipei, and Tokyo. H&QAP invests in a variety of sectors, including technology, manufacturing, branded consumer products, financial services, and media.

With over 25 years of fund management experience in the Asia Pacific region and over 17 years of experience in China, H&Q Asia Pacific is one of few firms to have effectively and successfully managed portfolio companies through the 1997 Asia Financial Crisis, the 2000 Internet Bubble, the 2003 Asian SARS Crisis, and the 2008 World Financial Crisis. We believe successful fund managers must possess the experience and ability to produce superior returns through good and bad market conditions. H&QAP focuses on investments in technology, manufacturing, consumer products and financial services with offices located in the principal markets of Asia as well as in the Silicon Valley in the U.S. With its broad network, financial expertise, and strong relationships with local governments, H&QAP can provide a variety of global resources for portfolio companies. H&QAP maintains long-term partnerships with invested enterprises to help them expand their businesses, provide development funds, jointly formulate strategies and share H&QAP's global network.

H&QAP is dedicated to identifying superior commercial potential in Asia and working closely with companies to unlock these untapped prospects. Throughout its rich history, H&QAP has developed an extensive network specifically geared towards helping its portfolio companies emerge into global business leaders.

H&QAP's investment professionals are all located in Asia. They are proficient in various Asian languages, have sound understanding of local cultures and rich experience in relevant markets. They have practical knowledge of enterprise operation management, financial operations, product marketing, and business development and have successfully assisted a number of enterprise listings on the Asian and global stock markets. For additional information, please contact Jarlon Tsang at [jtsang@hqap.com](mailto:jtsang@hqap.com) or visit [www.hqap.com](http://www.hqap.com).

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