

Situation

- Through its research in the development of next generation wireless products and services, ARC identified in 2003 China MobileSoft Ltd (“CMS”) as a potential important strategic player in the nascent Smart phone market.

Approach

- ARC Associates (“ARC”) formed a view on the potential value of the CMS model at a pre-revenue stage and included an analysis of its strategic positioning in its report on the Handset Market distributed in Q1 2004.
- Early in 2004, ARC discussed with CMS its funding requirements at the time it generated its first revenues. ARC advised it was premature to seek an institutional round at this stage on the basis of potential of excessive dilution.

Transaction

- ARC advised the Company on its private placement process in April 2004 to a small group of appropriate investors in London.
- This funding was closed on a short timetable and enabled the company to expedite its development of immediate strategic and commercial objectives, as well as insuring the company could position itself for a larger institutional fundraising later in the year.

May 2004



China MobileSoft Ltd

has raised

**further development funding by
means of a private placement to
new shareholders**

The undersigned acted as financial advisor to CMS



ARC
ARC ASSOCIATES