

KUDELSKI AFFILIATE NAGRAVISION AND CITIC TECHNOLOGIES TO FORM JOINT VENTURE IN CHINA

- **CITITEC SELECTS NAGRA FOR DEPLOYMENT ON ALL ITS NETWORKS**
- **JV TO MARKET NAGRA PRODUCTS & SERVICES TAILORED TO CHINA MARKET**
- **JV TO INVESTIGATE FURTHER BUSINESS OPPORTUNITES RELATED TO 2008 OLYMPIC GAMES**

Cheseaux (Switzerland), Beijing (China), 1st September 2004 – Kudelski affiliate Nagravision and CITIC Technologies Co Ltd (CITITEC) announce a strategic cooperation with the objective of ensuring accelerated deployment of digital TV technologies in China.

CITITEC is a wholly owned subsidiary of the CITIC Group. In recent years, CITIC Group has diversified its interests to become a market leader in the information technology, telecommunication and broadcasting industries. The CITIC Group owns 23 cable TV networks, which cover a population of more than 200 million, with over 10 million existing analog subscribers (10% of total cable subscribers in China). The Group also controls Asia Satellite Telecommunications Co. Ltd which owns 3 telecommunication satellites providing satellite communication and transmission of TV broadcast signals to 3.3 billion people in 55 countries across the Asia Pacific region.

Nagravision and CITITEC have agreed to establish a Joint Venture (JV), to further expand their cooperation providing professional services, technical support and selected R&D services including system integration and localization of Nagravision products for the Chinese market.

Mr. Pierre Roy, COO Nagravision, Kudelski Group said “given our strong historical relationship with CITIC we are confident that through this joint venture we will not only increase digital deployments throughout China, but also allow the development of further relevant technologies, such as interactive applications, which will address specific needs of subscribers in China, and beyond”.

Said Mr. Dawei Shan, Vice President, CITIC Technology Co., Ltd., “we believe that the formation of this JV is an important step toward fast digital roll-out in China. Our dynamic positioning in the information technology, telecommunication and broadcasting industries, combined with Nagravision’s leading edge technology solutions, will allow us to become a major player in the industry.”

As an immediate action, the JV will accelerate the deployment of digital cable TV in China, by providing cable operators with more features and interactive applications. Operators with existing Nagravision CAS installations, such as Dalian Cable and Hebei Cable, will enjoy a direct benefit from this venture. For example, the JV will help Dalian Cable to achieve its ultimate objective to deploy broadcasting and telecom services to an existing base of 920,000 subscribers.

The JV envisages a similar approach to CITIC Group’s existing provincial networks.

In addition to the Digital TV Market, CITITEC and Kudelski have agreed to jointly investigate opportunities for the deployment of ticketing and physical access solutions, with a focus on the provision of services for the Olympic Games to be held in China in 2008.

About Kudelski

The Kudelski Group is a world leader in the area of digital security. Its various companies are active in two main sectors: security of access to information (digital TV and broadband Internet) and physical access to sites. The Digital TV entity provides global security solutions to digital TV operators and content providers including conditional access and software tools to operate interactive broadband applications such as e-commerce and video-on-demand. The Nagra Public Access unit offers integrated smart-card based access control solutions for public sites (car parks, stadiums, amusement parks, ski resorts) including a whole range of related products. Separately, the Nagra Audio sector develops and markets a range of products in the professional and prestige hi-fi sectors.

The Kudelski Group was founded in 1951. It is headquartered in Cheseaux-sur-Lausanne in Switzerland and has offices around the world employing a total of more than 1400 staff. The Kudelski stock (SW "KUD") is listed on the Swiss Market Index as well as on the Morgan Stanley Capital International Index

About CITIC

The CITIC Group was established in 1979, with the approval of China's political leaders. CITIC has grown into a large transnational conglomerate. It now owns 44 subsidiaries including those in Hong Kong, the United States, Canada, Australia and New Zealand. The company also has representative offices in Tokyo, New York and Frankfurt. CITIC's core business ranges from financial industry, industrial investment to service industries. CITIC is one of the top ten companies in China, and prides itself on innovation.

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