

ASIA IS A BUSINESS IMPERATIVE... NOW MORE THAN EVER

## ASIAN TECHNOLOGY NEWSLETTER

ISSUE 20, August 2000

A bimonthly newsletter of developments in the computer, semiconductor and telecoms industries

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### CHINA/HK

**Acer Sertek**, a unit of **Hitrust** of Taiwan, has announced plans to form an Internet security certification center with **HSBC** of the UK and the **New World Group** of Hong Kong. Acer Sertek will hold more than 50% in the planned JV. The company also intends to jointly establish an Internet portal for Palm computers with Hitrust and **Weblink** with initial capital of NT\$50m (US\$1.6m). (July 14, 2000)

**Cable & Wireless HKT** of Hong Kong has formed an agreement with **Chunghwa Telecom** of Taiwan to provide a new data transmission service between Hong Kong and Taiwan to meet increasing demand. As a result of the deal, International Asynchronous Transfer Mode (IATM) customers will be able to benefit from high-speed multimedia access. It is estimated that by 2002 data traffic volumes will exceed voice traffic. (July 11, 2000)

**Chinadotcom Corporation** has formed a JV with **InfoisLive.com Ltd** of Hong Kong, a wireless application service provider (WASP), to market the latter's wireless products in Asia and the US. Chinadotcom will hold a majority stake in the JV. In March 2000, Chinadotcom acquired a 30% stake in InfoisLive.com. (July 24, 2000)

**Motorola Inc** of the US will invest, upon the approval of the State Council, US\$1.9bn into its Chinese subsidiary, **Motorola (Tianjin) Ltd**, which produces pagers, cellular phones and interphones. Part of the funds will be used to establish a new chip factory in Tianjin. Companies that manufacture integrated

### INTRODUCTION

In our focus we profile several leading healthcare portals in Hong Kong and Singapore.

We hope that you find the *Asian Technology Newsletter* informative. BDA is a corporate finance advisory firm, which helps multinational clients to identify and to execute acquisitions and JVs in Asia. If you think that BDA's services may be useful to you, please contact me at [ahuntley@bdallc.com](mailto:ahuntley@bdallc.com).

Andrew Huntley  
Managing Director

## INDIA

circuits in China with investments greater than RMB800m (US\$96m) are charged only a 6% tax, in lieu of the standard 17%. These companies are also precluded from having to pay duties on imported raw materials and are permitted to convert their profits into US currency. Motorola is the US's largest single investor in China. (July 19, 2000)

**Nokia** of Finland has started production at its new Dongguan plant in Guangdong province, increasing the company's investment in China to over US\$1bn. The company hopes to export 50% of its total production and sell the remainder within China. In 1999, exports accounted for 38% of total production. Nokia first began operations in Dongguan in 1995 through a JV with a local telecom company with which it developed the first WAP mobile phone. (June 26, 2000)

**Outblaze** of Hong Kong, a leading service provider of information, marketing and commerce platforms for e-businesses and portals, has formed an alliance with a wireless Australian ISP, **Netline Technologies**. Under the agreement, Outblaze will host and provide technology including its email services to Netline's new portal dedicated to offering E-Fone service. The new communication service uses a state-of-the-art text-to-speech technology to deliver content, including email. (July 17, 2000)

**Sohu.com** of China has launched localized versions of its portal in major cities in China. The local editions will offer users news, search, entertainment, travel and community features. Sohu.com has already completed local editions for Guangdong province, and local versions for Changsha, Chengdu, Hangzhou, Jinan, Nanjing, Shenyang, Wuhan and Xi'an will follow. By 4Q 2000, the company expects to have 30 localized versions of its portal. (July 14, 2000)

**Virtual Data International Ltd (VDI)** of Hong Kong-based **New World Cyberbase**, has acquired a 10% stake for HK\$20m (US\$2.6m) in **China 10K**, which operates a website dedicated to Chinese history, politics, economics, military affairs and culture. New World Cyberbase will issue HK\$15m (US\$1.9m) worth of new shares and offer HK\$5m (US\$0.6m) in cash to purchase the stake. (July 17, 2000)

**Lycos Inc**, a US Internet search engine that is being acquired by **Terra Networks** of Spain, has launched an Indian portal in collaboration with Hindi language portal, **webdunia.com**. The new portal will provide users with search and local directory services, free email and web-building. It will also offer content supported by local content partners including infotech portal **ciol.com**, entertainment portal **nazara.com**, **Indobazaar.com** and **cyberastro.com**. Lycos does not have exclusivity with any of these partners. **Altavista**, a subsidiary of **CMGI Inc**, and **Yahoo!** have already launched portals in India. (July 18, 2000)

**PlanetCustomer.com** of India and **Productorium.com** of India have merged through a stock swap to form the largest Indian C2C portal. PlanetCustomer.com, Productorium.com and the VC that initiated the transaction, **Chrysalis Capital**, will each hold a minority stake in the JV. The JV company's board of directors will decide on its name in the near future. **Customerasset.com**, an e-customer relationship company that holds 10% of PlanetCustomer's equity, will hold a stake in the JV as well. (July 21, 2000)

**Star TV** of India has acquired a 20% stake in **indiaproperties.com**, an Indian Internet real estate company. **indiaproperties.com** will invest in technologies to introduce new modules, expand its infrastructure and build alliances with other firms in the industry. Star TV will obtain a seat on **indiaproperties.com**'s board. (July 14, 2000)

**ZDNetIndia.com**, a subsidiary of technology portal **ZDNet** of the US, has formed a technology-based alliance with **Rediff.com India Ltd**. **ZDNetIndia.com** will become the official partner channel for technology at Rediff.com. Rediff.com already has partner channel offerings for auctions,

To submit stories to future editions of this newsletter, please contact Parul Gandhi in New York on 212.265.5300 or at [pgandhi@bdallc.com](mailto:pgandhi@bdallc.com).

autos, jobs, tech jobs, education and women. (July 14, 2000)

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## INDONESIA

**PT Telkom** the state-owned telecom monopoly, has announced plans to inaugurate its new mobile telephone service in Jakarta and some cities in West Java by H2 2001. In the short run the company's fixed line and mobile phone businesses will have equally significant roles, while in the long run, the mobile phone business will be the priority. Telkom aims to have 400,000 subscribers in place during the first year of operation. The Indonesian Government is expected to give approval to both Telkom and **PT Indosat**, another state-owned telecom company, to operate mobile telephone services with the GSM-1800 standard starting in August 2000. (July 15, 2000)

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## JAPAN

**Calico Commerce Inc**, a US-based e-business solutions provider, has inaugurated its Japanese subsidiary, **Calico Japan KK**. The operations based in Tokyo will provide localized versions of its e-business solutions products to the growing Japanese US\$100bn B2B e-commerce market. Calico Japan already has localized versions of its Pure Java B2B Net market platform, which enables multiple buyers and sellers to participate in a digital marketplace, and another product which enables businesses to sell complex products directly to customers via the Internet. (July 10, 2000)

**Hewlett-Packard (HP)** of the US, **Softbank E-Commerce Corp** of Japan and a consortium have agreed to establish a JV to sell PCs online. The new company will begin operations in October 2000 and will target the consumer market. In the meantime, **Style Index Corp**, an affiliate of Softbank, will sell

the HP Pavilion 2000 desktop model designed specifically for the Japanese consumer market bundled with unlimited Internet access. (June 16, 2000)

**Matsushita Electric Industrial Co, Sony Corp and Toshiba Corp** have agreed to form a JV to develop interactive services for digital television such as teleshopping and on-demand music and video games. The rationale behind the venture is that the three companies can share development costs, while presenting customers with a single standard digital television technology. The three companies have already developed receivers for digital television for which demand is expected to increase at the end of 2000 when Japan's big five commercial networks begin offering regularly scheduled digital programs. (July 3, 2000)

**NTT Communications Corp** of Japan and **Cisco Systems** of the US have agreed to jointly sell their communications circuits and equipment as a package to corporate users beginning in September 2000. The product will incorporate NTT Communications' dedicated Internet circuits with Cisco's routers. The companies anticipate annual sales to reach ¥100bn (US\$920m) by 2003. (July 17, 2000)

**NEC Corp, Sumitomo Corp, Hewlett-Packard Japan Ltd** and US software developer **Ariba Inc** have agreed to form a JV to develop and operate an online B2B marketplace for books and stationery. NEC and Sumitomo will each hold a 40% stake in the new company, while HP Japan and Ariba will hold the remaining shares. The JV will operate under an ASP (application service provider) model. It will lease the requisite software to companies that join the marketplace as well as mediate the transactions online and charge commissions. NEC will contribute by integrating its ecommerce office supplies trading site, and Sumitomo will seek out client firms. HP Japan will offer support in systems development while Ariba will provide software development. (July 14, 2000)

**VerticalNet Inc** of the US has formed a JV with **Softbank E-commerce Corp**, a wholly owned subsidiary of **Softbank Corp** of Japan. The JV, **VerticalNet Japan KK**, will launch localized versions of VerticalNet's B2B trading communities, offering

localized editorial content and community services. VerticalNet creates and operates localized industrial websites for content, communities and commerce. (July 24, 2000)

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## KOREA

**eSamsung China**, an Internet unit of Korean chaebol **Samsung Group**, has agreed to form a JV by Q4 2000 with Secui.com of Korea. The JV will provide information security services in China, Hong Kong and Taiwan, which eSamsung and Secui.com intend to list on a Chinese stock exchange. eSamsung will oversee accounts, local marketing, sales, and market research while Secui.com will be responsible for technology development. (July 3, 2000)

**OgilvyInteractive**, a subsidiary of **Ogilvy & Mather** of the US, has formed a JV with **AsiaNetCorp**, a leading Internet holding and management company which invests in, develops and operates a network of tech-related companies across Asia with a particular focus on Korea and Greater China. The JV company, **Ogilvy AsiaNet**, will provide its customers with complete e-marketing solutions like online advertising, ecommerce and program execution and fulfillment. (July 10, 2000)

The number of **Koreans banking online** has increased by 161% since March 2000 to July 2000. The number of transactions occurring online has increased as well by 159% to 12.5 million during the same period. Banking service users has risen by more than 1.1 million since January 2000. Korean banks have tailored their services to these increases. **Hanvit Bank, Kookmin Bank, Korea Exchange Bank, KorAm Bank** and five other local banks offer mobile banking services and nine others plan to begin offering the service by December 2000. Only four Korean financial institutions, including the **Korea Development Bank** and **Export-Import Bank of Korea**, have yet to launch online banking services. (July 21, 2000)

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## MALAYSIA

**YTL e-Solutions Sdn Bhd**, a unit of YTL Corp Bhd of Malaysia, has signed an MOU regarding the formation of a JV with **Internet Auction Co Ltd**, Korea's leading Internet auction site. The JV will create and operate a website providing Malaysian Internet users the ability to participate in C2C and B2C auctions. The final terms of the agreement have yet to be decided by the two companies. (July 17, 2000)

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## PHILIPPINES

**Mobile phone sales** have increased 40% over the past year, stemming from a rise in both voice communications and text messaging. The country has over 1 million GSM customers, who use their wireless units as "terminals". As a result, there is more text traffic in the Philippines than in all of Europe combined. The only other market that parallels the Philippines in this regard is Japan. (July 24, 2000)

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## SINGAPORE

**360networks**, a Canadian global broadband network and co-location services company and **C2C**, a subsidiary of **Singapore Telecommunications Ltd (SingTel)**, have planned to jointly develop a diversified Asia-Pacific network with the capacity for city-to-city connectivity. The C2C Cable Network will connect Hong Kong, Japan, the Philippines, Singapore, South Korea, Taiwan and subject to regulatory approval, China. 360networks has committed US\$800m to the project and is also investigating the most economical and technologically sound way to provide trans-Pacific connectivity, including the development of a potential trans-Pacific submarine cable with several partners. If the project were to proceed, C2C would invest US\$200m in the venture. (July 17, 2000)

**InternetMediaHouse Asia Ltd** of Hong Kong has acquired a 20% stake in Singapore-based **Wallstraits Ltd**, which operates a leading Asian Internet financial portal. The portal offers real time news and information on the Asian financial world and is modeled after **Fool.com**, which delivers financial news with humor. Wallstraits intends to set up subsidiaries in Hong Kong and Malaysia and has already established partnerships with **Yahoo!** and **Quicken**. (July 18, 2000)

**Jardine OneSolution (JOS)** of Hong Kong has acquired a 100% stake in Singapore-based **ProData Computer Systems** and a majority stake in **ProData Technologies**. The former is a systems integrator and the latter a cabling and IT infrastructure provider. JOS announced that the acquisitions would broaden its customer base. The company also acquired IT distribution company **CSA Distribution Pte Ltd** in Singapore and **CSA Distribution Sdn Bhd** in Malaysia. (July 21, 2000)

**Overseas-China Banking Corp (OCBC)** and **Australia and New Zealand Banking Group (ANZ)** have announced plans to form a pan-Asian Internet bank based in Singapore. The two companies will each hold a 50% stake and contribute US\$100m to the venture until 2003. They estimate their target customers in Hong Kong, Japan, Korea, Singapore and Taiwan will total 40 million by 2005. Hong Kong-based **Boom.com**, in which ANZ holds a 10% stake, will serve as online broker to the new bank. ANZ and OCBC may form an alliance with an ISP and retailers in the future. (July 18, 2000)

**SingNet**, a subsidiary of **Singapore Telecommunications Ltd**, has signed a strategic agreement with **Genuity** of the US to provide Internet services to MNCs in the US and Asia. The two companies plan to connect their independent Internet infrastructures to provide a complete end-to-end network service. (July 17, 2000)

**ST Aero**, a subsidiary of **Singapore Technologies Engineering**, has announced plans to form a JV with **iMerchants** of Hong Kong to develop and to operate a portal. The portal, [www.iShopAero.com](http://www.iShopAero.com), will create a marketplace for buying and selling aerospace parts and services online in the Asia-Pacific

region. It will offer an unbiased trading platform for participants, providing services like requirements matching, price quotation, procurement, bidding and auctions. ST Aero will own two-thirds of the JV, while iMerchants will hold one-third. (July 17, 2000)

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## TAIWAN

**Autopartsasia.com Ltd** of India, a B2B online vertical portal for automotive components trading, has formed an alliance with **AB Pacific Industrial Co Ltd** of Taiwan. The move aims to promote trade on the site by Taiwanese manufacturers and buyers. The portal has over 250 manufacturers from eight countries and nearly 200 buyers from 27 countries. (July 11, 2000)

**MediaRing.com** of the US and **Askey Computer Corp** of Taiwan have finalized an agreement to incorporate the former's voice technology into the latter's compact discs and modems. The companies will be able to distribute over 3 million Internet telephony-enabled products by 2001. (July 17, 2000)

**Qualcomm Inc** has entered into a licensing agreement with **Cherish Telecom** of Taiwan. Under the agreement, Qualcomm has granted Cherish Telecom a license to develop, manufacture, and sell subscriber unit products for cdmaOne, cdma2000 and High Data Rate technology for wireless applications including cellular, Personal Communications Services and wireless local loop using Qualcomm's proprietary CDMA technology and patents. (July 11, 2000)

**Reuters** of the UK and online trading application service provider **Systemx Corp** of Taiwan have signed an agreement to form a 51:49 JV company to offer online stock trading applications to brokerage houses. The JV, **afe Solutions**, will offer three types of services to brokerage houses and financial institutions: a subscription based online trading application, customized trading solutions and the sale of broker information terminals. By Q4 2000, the companies expect that the JV will offer an online trading system that supports the interface of the Hong Kong Stock

Exchange. **Business Development Asia (BDA)** acted as a financial advisor to Reuters during the transaction. (July 21, 2000)

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## THAILAND

**Netlife** of Germany has agreed to form a JV with the Stock Exchange of Thailand (SET) to provide online trading as well as back-office management services for members. The website will eliminate the need for SET member brokerage houses to establish independent online facilities. Netlife will provide the technology required to launch the platform. SET plans to establish an Internet platform that will include corporate information on listed firms and companies that plan to list. (July 14, 2000)

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## FOCUS

### Healthcare Portals in Hong Kong and Singapore

#### A. ehealthcare.asia.com (Hong Kong)

**Background** - ehealthcare.asia.com was launched in October 1999, and is a subsidiary of the Hong Kong-listed **Quality HealthCare Asia (QHA)**. ehealthcareasia.com has access to a network of over 200 medical centers, 300 doctors, and a client base of more than 300,000 employees in Hong Kong.

**Target audience** - the website initially targeted QHA's Hong Kong market, but now services healthcare providers in other parts of Asia.

**Products and services** - ehealthcareasia.com provides healthcare information to consumers and professionals. Its on-line content covers medicine, dentistry, physiotherapy, nursing, elderly care, Chinese medicine and medical equipment.

**Future plans** - ehealthcareasia.com plans to expand the amount of community information, including links to hospitals, organizations and community groups. Portal content is either developed in-house, or provided by **MediMedia**, a regional healthcare communications company. The portal plans to expand into six Asian countries through country-specific sites by early 2001.

#### B. E-MedAsia.com "E-Med" (HK)

**Background** - E-Med launched its first health portal in December 1999, and since then has launched consumer and professional editions of its portal.

**Target audience** - the site targets Hong Kong healthcare professionals and plans to launch Chinese and Japanese language versions.

**Products and services** - the company focuses on providing healthcare content. Its current database includes more than 20 million pages of information on medical practice, medical journals, drugs, pharmaceutical and equipment manufacturers. It aims to provide a web-based healthcare network that connects physicians, hospitals, pharmaceutical and medical supply companies. Future additions to the site include language translation capability and high-speed file transfer services for medical images. The site offers over 20,000 links to other medical and health statistics sites.

#### C. EzyHealth.com (Singapore)

**Background** - Launched in 4Q 1999, EzyHealth.com was Singapore's first vertical portal offering medical, health, fitness and beauty-related content. The company provides electronic payment services through its tie-up with **Commerce Exchange**, and offers software services by **Corporation Computer**, a health management software provider. Ezyhealth.com also received a S\$5m (US\$3m) investment from a group of listed Singapore-based companies.

**Target audience** - the portal caters to both consumers and healthcare professionals. The Public Net is open to the general public and the Doctor's

Net is limited for use by doctors. Ezyhealth.com aims to capture a large portion of the private doctors market by offering a free Internet and e-commerce enabled computer with its clinic management system to participating doctors. The company reports that at least 50% of private medical practices in Singapore have registered with its site.

**Products and services** - EzyHealth.com offers email, public message boards and e-commerce. The Doctor's Net operates in a private and secure environment and members can trade at MediPro, a Asian trading hub for medical professionals.

**Future plans** - It plans to launch portals for Hong Kong and Malaysia and by 3Q 2000.

#### D. HealthWho.com (Singapore)

**Background** - HealthWho.com is a 60:40 JV between AsiaMedic and internet services company ASPOnline Pte Ltd in Singapore.

Andrew Huntley, Managing Director  
Sunny Hong, Senior Associate

**Target audience** - The company plans to link 2,500 doctors in private practice in Singapore to HealthWho.com, through its in-house Clinic Management System (CMS 2000). The portal can also be accessed by the general public.

**Products and services** - It provides healthcare e-commerce, information and communications services. It is also offering CMS 2000 free of charge to private doctors to encourage them to participate its network. AsiaMedic charges for physical installation of software at the clinic, testing, training of clinic staff on its use, and maintenance. CMS 2000 assists doctors to carry out administrative and managerial tasks. Participating clinics can also be linked to HealthWho.com's information resources and network to other medical institutions and pharmaceutical companies. The site allows doctors to make electronic claims to insurance and managed care centers.

**Future plans** - AsiaMedic aims to sign up at least 200 to 300 doctors in its first year.

Paul DiGiacomo, Senior Associate  
Christina Meyer, Analyst

### ABOUT BDA

Business Development Asia is a corporate finance advisory firm which assists US companies in expanding their businesses in Asia. BDA helps clients to find local business and has senior advisors in Bangkok, Jakarta, Kuala Lumpur, Manila, Seoul, Shanghai, Taipei and Tokyo. For further information on BDA's services or on any of the articles in this newsletter, please contact Charles Maynard in New York, Euan Rellie in London, Andrew Huntley in Singapore or Frank Zhang in Shanghai.

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