

# ASIAN TECHNOLOGY NEWSLETTER

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## INTRODUCTION

We hope you find the *Asian Technology Newsletter* informative.

BDA is a corporate finance and advisory firm, which assists multinational clients to identify, assess and execute cross-border transactions involving Asia, including acquisitions, divestments, JVs and restructuring. We have offices and professional staff throughout Asia, and in the US and Europe.

If you think that BDA's services may be useful to you, please contact us at any one of our offices or email me at [ahuntley@bdallc.com](mailto:ahuntley@bdallc.com). Contact details for our offices are at the back of this newsletter. We look forward to speaking with you in the future.

Andrew Huntley  
Managing Director

## AUSTRALIA

**M Power Entertainment Inc**, a media and entertainment corporation, signed a LOI to acquire **GetData Pty Ltd**, a privately-held software company with offices in Sydney, Australia. The company expects to sign a definitive agreement in the near future. (May 18, 2005)

**Optus**, Australia's number two telecom company, announced a strategic alliance with the country's best known internet portal, Ninemsn, owned by **PBL**. Under the agreement, Ninemsn will provide a web-based communications platform that can be accessed by Optus customers on their home or business computers and 3G mobile phones, which allow for the speedy transmission of data in the mobile phone environment. The alliance created a foundation for the joint development of new content and delivery of communications services such as phone to computer video calls and voice over internet calls. (June 20, 2005)

## CHINA

**Amdocs**, a billing and CRM software provider, announced an agreement to acquire **Longshine Information Technology Company Ltd** in China for US\$30m. This acquisition expands Amdocs' global presence and marks its entry into mainland China. (June 20, 2005)

**China Unicom** selected **China Mobility Solutions** as the strategic partner for developing China Unicom's 3G-based media portal Uni-info modeled after Japan's **NTT DoCoMo**. (June 17, 2005)

**Cisco Systems and Macromedia** announced plans to acquire a 18.2% stake in **Indiagames Ltd**, a leading global publisher of mobile games majority owned by China's leading wireless Internet company, **TOM Online**. This US\$4m acquisition enhances the mobile games publisher's position for global growth. (April 29, 2005)

**Continuous Computing(R) Corporation**, a global provider of high availability platform solutions that enable telecom equipment manufacturers to rapidly deploy converged communications, signed an agreement to acquire key people, products and technology from the product division of China-based **United Platform Technologies (UPTech)**. This acquisition will enhance Continuous Computing's market position in China and add global product development and regional customer support resources to its Shenzhen site. (June 7, 2005)

**Daqing Huajia Electronics**, a JV that is 20% owned by **Harbin Huake Investment Development Co Ltd** and 80% owned by Virgin Islands-registered **Maizhuo International**, will invest US\$500m in a new semiconductor foundry in Heilongjiang. (June 14, 2005)

**Electronic Arts** plans to develop a design studio in Shanghai that will have a staff of 500 within the next five years. Electronic Arts also expressed an interest to link up with game operator **Optisp Communications** via an US\$500m JV but no deal has materialized. (May 9, 2005)

**EMC Corporation** and **Oracle** established a joint technology development center by EMC China and Oracle China (registered as **Beijing Oracle Software Systems Co Ltd**) in Beijing. This collaborative effort allows both parties to develop and showcase leading joint solutions to thousands of customers in the Asia Pacific region. It is the first such center outside the US and Europe for

both parties and a new milestone in the strategic alliance between EMC and Oracle. (May 31, 2005)

**Global National Communications Corporation** announced the completion of its agreement to acquire technology rights from **Shenzhen Teltone Technology** for 5.3m of Global National shares. This acquisition of rights helps Global National Communications to boost the sales of PHS handsets from 2005 to 2006. (June 17, 2005)

**HC International**, the parent company of Chinese B2B portal HC360, announced the signing of a divestiture agreement of **China Media Networks** to **Metaphor Corporation**. HC will receive a 28.8% stake in Metaphor, a share which is valued at US\$3.6m along with US\$3.7m in cash to acquire China Media Networks. HC International will use the proceeds to develop its B2B portal's presence in the overseas markets. (June 9, 2005)

**Intel** installed a processor plant in Sichuan. The world's largest chipmaker started building its US\$375m chipset assembly and testing factory, scheduled for completion later this year. Intel has been a boon for Chengdu as the Chinese government pushes for further expansion into the western parts of the country. (June 7, 2005)

**Lenovo**, a Chinese computer maker completed its US\$1.3bn takeover of the **IBM's** PC division, creating a company with US\$13bn in sales and 8% of the worldwide PC market. (May 2, 2005)

**Siemens** opened a software development centre in Hangzhou, capital of Zhejiang Province, as part of its drive to tap more into **China's** future 3G mobile communications market. The centre, involving an investment of about US\$36m, will focus on developing data applications for future 3G mobile networks and billing systems for convergent networks. (June 20, 2005)

**Sohu.com Inc** acquired **Go2map Inc**, a domestic on-line mapping service provider for US\$9.3m to facilitate its mapping services. The acquisition allows Sohu to become more competitive in search

engine services against major rivals such as **Baidu** in China. (June 2, 2005)

**TechnoConcepts Inc.**, signed a technology transfer and licensing agreement with set-top box design from **Shanghai Jinshilin Technologies Company Limited**. Jinshilin will license certain Internet Protocol Television technology (IPTV) for set-top boxes (STB) and transfer purchase orders for approximately 300,000 IPTV STB's to TechnoConcepts' to-be-formed Chinese subsidiary. (June 14, 2005)

**Wuhan Research Institute of Post and Telecommunications (WRI)** and **NEC Corporation** signed an agreement to establish a JV in China. The new firm, **Wuhan Fiberhome Mobile Communication Inc.**, will engage in 3G mobile infrastructure development, manufacturing, sales, maintenance, and wireless circuit design and system engineering. WRI will own 65% stake of the firm, NEC/NEC Telecom China will own 30% stake of the firm and others will own 5% stake of the firm. (June 10, 2005)

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## INDIA

**Alcatel** announced a partnership with India's **Telecom Research and Development Institution** to develop broadband access technologies for India's rural market in April 2005. Alcatel is also attempting to bid for the set up and upgrade of telecom infrastructure for the domestic and international airports in India. (May 21, 2005)

**Alstom**, a French power equipment company, set up a joint R&D centre in Bangalore, India with software giant, **Infosys Technologies** by investing US\$39m over the next three years. The R&D center will be used to develop software applications for the Indian's power market. (June 1, 2005)

**ATI Technologies** acquired **CuTe Solutions** in Hyderabad, India. The Hyderabad facility will focus

on R&D of audio and digital-media products, including chip sets for PCs, cell phones, and high-definition TVs. (May 17, 2005)

**Covansys India Ltd**, a wholly owned subsidiary of Michigan-based **Covansys Corp**, announced plans to acquire up to 75% or 4.05m shares of the Indian BPO company, **Fortune Infotech Ltd** for US\$3m in cash. This acquisition allows Covansys to strengthen its business process outsourcing arm of its business. (June 9, 2005)

**CIBER Inc** signed a definitive agreement to acquire **Knowledge Systems Pvt Ltd** of Bangalore, India for US\$2.5m. The pending acquisition of 100% of Knowledge Systems allows CIBER to grow its offshore commitment, size and capabilities in the international system integration consultancy arena. (June 20, 2005)

**Cranes Software International Ltd**, a global scientific and engineering software solutions provider, announced the acquisition of **Engineering Mechanics Research Corporation (EMRC)** in India for US\$1.5m. This acquisition will immediately give access to Cranes Software to diversify into an expanded market in the scientific and engineering software, specifically in the Engineering Services domain. (May 23, 2005)

**eFunds International India Pvt Ltd**, a subsidiary of eFunds Corporation, acquired the interests of **India Switch Company (ISC)** for US\$17.5m, subject to working capital adjustments. ISC is part of the Chennai-based HMA group. ISC has been offering managed services for bank ATMs and payments processing services. Selling off ISC allows HMA group to focus on its core competence. (April 5, 2005)

**i-flex Solutions**, an India-based banking software product company, acquired up to 34% stake in Toronto-based property & casualty software company, **Castek Software**. Castek Software provides insurance systems for the property & casualty (P&C) insurance industry. This investment expands i-flex's global presence in the market. (May 23, 2005)

**Innosoft Technologies Limited** announced its intent to acquire 100% outstanding equity capital of **India Compu-Master Limited**, a specialized software development company in the areas of on-line education, software solutions to power utility companies. (June 21, 2005)

**Intel** announced intent to invest US\$400m to set up a chip testing and assembly plant in India. Intel short-listed the southern city of Chennai, the high-tech centre of Bangalore and an industrial zone in Noida near the capital New Delhi as possible sites for the plant. This announcement highlights an emerging trend by global firms to set up software and hardware facilities along with telecom operations in India. (June 14, 2005)

**Sonim Technologies**, a leader in enabling wireless data networks to deliver high margin Voice Over IP (VoIP) applications, entered into an agreement to acquire **Synergy Infotech Private Limited**, a Bangalore-based software development company that provides high-end solutions to global customers. The terms of the deal were not disclosed. (June 20, 2005)

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## JAPAN

**NEC** set up a 51/49 software JV in India with **HCL Technologies**, an Indian software service company. The JV, to be capitalized at US\$5m, will design and develop embedded software for next generation wireless, cyber security, grid computing and supercomputing. The technologies developed at the JV, combining NEC's hardware capabilities and HCL's software capabilities, will go into NEC's next generation products. (June 7, 2005)

**NTT Data Corp** and a major Chinese software vender, **Ufida Software Engineering Co** announced plans to set up a JV in Xi'an, China, to offer information technology services for an increasing number of Japanese companies operating in the country. Xi'an Ufida Software

Engineering Co, to be capitalized at US\$0.6m, will start operations by May 2005 including development and sales of computer software and providing computer system engineering services. (May 19, 2005)

**Works Applications Co Ltd** acquired **Dyna-System**, whose business focuses on the development, sale, and maintenance of the production and sales administration software package, WEB DYNA-PRO. This acquisition enables Works to expand its current product line and enter the supply chain management field. (May 31, 2005)

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## KOREA

**Dongkuk Steel**, South Korea's third-largest steel maker, signed an agreement to take over the managerial rights of **Youeal Electronics**, a local mobile communication equipment maker that wishes to diversify its business portfolio away from steel and logistics to communication businesses. The steel company will invest a total of US\$87m, to acquire a 28.7% stake in Youeal Electronics. (June 9, 2005)

**InixSoft**, a Korean on-line game development company established seven years ago, is currently working with **BDA** in seeking an acquisition party. The company develops full 3D MMORPG games for the game industry in Korea and China. The CEO holds 66% and the CTO holds 34% stake. Both CEO and CTO are actively looking for parties interested in the acquisition. **InixSoft** is profitable with 2005 sales revenue of US\$2.6m. (April 27, 2005)

**Korea Telecom (KT)** confirmed its infrastructure and services partnership with **Sun Microsystems** to help build a telecom operation support system based on its Sun Fire servers, Solaris, the Java Enterprise System middleware stack, and the Java programming language. Sun and KT will be working

to create a system to manage the converging wireless and broadband networks that KT is selling in Korea. (May 19, 2005)

**MGames Corp**, a leading online game company in Seoul, is currently working with **BDA** to search for potential acquisition parties or strategic partners. MGames Corp, with sales revenue of US\$19m in 2003, services more than 60 games on the internet and holds more than 17m users. The company has many online fighting or shooting games, family oriented board games and casino gambling games. The company's products are now serviced in overseas market such as China, Taiwan, Japan and other SE Asian countries. (June 7, 2005)

**3M Co**, a US manufacturer of office supplies and electronics products, began construction on a new plant in South Korea as scheduled. The plant in Hwaseong, about 40km south of Seoul, is designed to produce optical parts for liquid crystal display (LCD) panels. (June 6, 2005)

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## SINGAPORE

**Singapore Telecommunications Ltd** bought a 45% stake in **Pacific Bangladesh Telecom Ltd** for US\$118m. SingTel also has an option to raise its stake to 60% in Bangladesh's third mobile phone operator. The additional equity interest in PBTL would cost US\$65m. For the initial 45% stake, the Singapore company suggested that US\$90m will be used to buy new shares in the Bangladesh telco. (June 6, 2005)

**Flextronics** agreed to sell its semiconductor division to **AMI Semiconductor** for US\$135m. This sale includes three divisions which employ around 200 people in the US, the Netherlands and

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Israel. This transaction allows Flextronics to concentrate its efforts and resources on the core EMS business. (June 22, 2005)

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## TAIWAN

**Acer** announced plans to start multiple JVs in partnership with Indian software firms, aiming to make digital products for the home and office markets globally. These JVs will allow Acer to link Taiwan's hardware capabilities with the software development skills of India, and enable both parties in the JV to improve their manufacturing and services skills. (May 30, 2005)

**Acer** received a new OEM agreement from **Xyratex Limited**, a leading provider of data storage systems and network technology in UK. Acer has begun to ship Xyratex's 4200 RAID and 4200 JBOD systems in their new Altos S205F and S200F cost effective server storage solutions that are targeted Acer's rapidly expanding base of small and medium enterprise customers. (June 16, 2005)

**BenQ** agreed to take over **Siemen's** ailing mobile-phone units, with 6000 Siemens employees, development and manufacturing sites in Manaus, Brazil and Kamp-Lintfort, Germany. Siemens will acquire a 2.5% stake in fast-growing BenQ, Taiwan's top maker of computer equipment and mobile phones, via US\$60m worth of new BenQ shares. BenQ will use the Siemens brand name for up to five years. (June 8, 2005)

**Chunghwa Picture Tubes Ltd**, Taiwan maker of flat panels, received approval to invest US\$18m in a panel assembling company in Fuzhou, China. The company, a JV with the world's biggest monitor maker, **TPV Technology Ltd**, is scheduled to start operation in October with initial production of 250,000 units per month. (June 3, 2005)

**Credence Systems**, a US-based provider of automatic test equipment for the semiconductor industry, announced plans to set up a JV in Taiwan

with its local distributor **Spirox**. The new firm, called **Credence Spirox Integration Corporation**, will be capitalized at US\$0.6m, with Spirox contributing 90% of the capital and Credence the remaining 10%. The new JV will handle sales of IC test equipment offered by Credence as well as its affiliate NP Test. (June 3, 2005)

**TPV Technology Ltd** reached an agreement to acquire the personal computer (PC) and television monitor businesses of **Philips Electronics NV** in Taiwan, China and Hungary for US\$358m. Upon completion of the transaction, the combined total asset value of the group will be approximately US\$2bn. This acquisition allows TPV Technology Ltd. to become the world's largest PC monitor manufacturer. (June 15, 2005)

**United Microelectronics Corp**, the world's second-largest contract chipmaker, received shareholders'

approval to obtain a 15% stake of the Chinese chipmaker, **He Jian Technology (Suzhou) Co**. This move allows UMC to acquire the US\$110m worth of He Jian shares legally. (June 14, 2005)

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## THAILAND

**TOT Corporation** merged its two mobile phone JV operated with **CAT Telecom**. The plan was announced after the board approved TOT's proposal to buy CAT Telecom's 42% stake in the companies' ACT Mobile JV for US\$13m. (June 16, 2005)

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Andrew Huntley, Managing Director

Pamela Yau, Associate

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## ABOUT BDA

Business Development Asia is a corporate finance advisory firm which assists multinational companies in expanding their businesses in Asia through JVs, acquisitions and divestments. For further information on BDA's services or on any of the articles in this newsletter, please contact the offices below.

### New York

Euan Rellie  
Business Development Asia LLC  
The Economist Building, 11<sup>th</sup> Floor  
111 West 57th Street  
New York, NY 10019  
Tel: (212) 265-5300  
Fax: (212) 265-4300

### Seoul

Hans Kim  
Business Development Asia  
Byuk San Building, 20<sup>th</sup> Floor  
Dong Ja Dong 12  
Yongsan-Gu, Seoul, Korea  
Tel: (82) 2-727-4222  
Fax: (82) 2-727-4224

### London

Andrew Huntley  
Business Development Asia Ltd  
10 Crown Place  
London EC2A 4FT  
United Kingdom  
Tel: (44) 20-7655-3500  
Fax: (44) 20-7655-8913

### Shanghai

Jeffrey Wang  
Business Development Asia  
#3706, The Center  
989 Changle Road  
Shanghai 200031  
Tel: (86) 21-5407-5580  
Fax: (86) 21-5407-5680

### Tokyo

Charles Maynard  
Business Development Asia  
5th Fl., Crane Toranomom Building  
3-20-5 Toranomom  
Minato-ku, Tokyo 105-0001 Japan  
Tel: (81) 3-3433-5803  
Fax: (81) 3-3433-5269

### Hong Kong

Paul DiGiacomo  
Business Development Asia (HK) Ltd  
1411 Harcourt House  
39 Gloucester Road  
Wanchai, Hong Kong  
Tel: (852) 2537-9565  
Fax: (852) 2537-4406