

# ASIAN TECHNOLOGY NEWSLETTER

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A Quarterly newsletter of developments in the IT, semiconductor and electronics industries

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, restructuring and capital raising. We have offices and professional staff throughout Asia, and in the US and UK.

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  
[ahuntley@bdallc.com](mailto:ahuntley@bdallc.com)

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## China

**ADC Telecom**, the US-based telecom software and equipment manufacturer, will acquire **Century Man Communication**, the China-based provider of communication distribution frames and accessories for US\$55m in cash and up to US\$15m in earn out payments over the next three years. Century's major clients include the mobile operators like **China Mobile**, **China Netcom**, **China Telecom**, **China Tietong**, and **China Unicom**, and OEMs like **UTStarcom** and **ZTE**. The acquisition will accelerate ADC's growth in China by expanding product offerings and adding more low-cost manufacturing facilities. The transaction is expected to close by year end. *November 13, 2007*

**Checkpoint**, the US-based provider of shrink management solutions for the retail industry, has acquired **SIDEP**, the China-based provider of Radio Frequency Electronic Article Surveillance (RF-EAS) products, along with its majority-owned subsidiary, **Shanghai Asialco Electronics**, China-based manufacturer of RF-EAS labels, for US\$37m. The two acquisitions will facilitate Checkpoint's penetration in emerging Asian markets and increase its label manufacturing capacity to meet growing demand in the region. The transaction is expected to be EPS neutral and add US\$20m to Checkpoint's revenues in 2008.

*November 20, 2007*

**Dynasty Gaming**, the Canada-based developer online gaming software and e-commerce consulting, has agreed to acquire China-based **Junnet Omnimedia**, a digital media distributor, and **Beijing Baihui Digital Stars**, a digital tech support provider, from private investors, Dr. Wilson Cho and Dr. Dominic Chan, for a total of US\$80m. The acquisition is part of Dynasty's strategy to focus on the Chinese market. The transaction is expected to close by end of 2007.

*October 19, 2007*

**Ferro Corp** will begin construction in Q4 2007 on a 16,500 square meter facility in Suzhou, China, where it will produce aluminum pastes for the Southeast Asia solar cell

manufacturing market. The new site is expected to begin production in Q3 2008 and will include expansion capacity to accommodate expected growth of **Ferro Electronic Material Systems'** business positions in China and Asia for products such as silver pastes, surface technology products, multi-layer materials, electronic glass, and precious metal powders.

*October 9, 2007*

**Glu Mobile ("Glu")**, the US-based mobile games developer and publisher acquired **Beijing Zhangzhong Mig Information Technology ("MIG")**, a Chinese mobile games developer and publisher, for US\$39.7m, inclusive of earn outs. Glu will pay US\$14.7m in cash with earn out up to US\$25m in cash and stock contingent on MIG's earnings in 2008. Through this acquisition Glu hopes to enhance its presence in the mobile game market by helping MIG to expand further into mobile games publishing.

*November 29, 2007*

Chinese TV maker **Hisense Electric Co Ltd** plans to raise roughly Rmb1bn (US\$135.6m) through a private share placement of up to 100 million shares to selected investors. Rmb700m (US\$95m) will be invested in the company's five LCD module production lines of 15-inch LCD modules and 42-inch LCD modules. One will start production in 2007 with a production capacity of 500k, two in 2008 with 1.5 million and two in 2009 with 3 million. *December 13, 2007*

**Intel Capital**, the global investment arm of Intel, has invested US\$10.5m in the China-based automated technology company **SUPCON Group**, which specializes in distributed control systems. SUPCON has over 5,000 clients in petrochemical, chemical, power and food processing sectors. SUPCON will assist Intel in the development and promotion of Intel's industrial automation solution products in China, while Intel will support SUPCON's global production and sales to expand business outside China. *November 1, 2007*

Zip disk drive maker **lomega Corp** will acquire China's **ExcelStor Group** from a shareholder of the San Diego company in an all-stock deal that will more than double the number of its outstanding shares. Financial terms of the deal were not disclosed. Beijing-based ExcelStor is a subsidiary of lomega shareholder **Great Wall Technology Co Ltd** and **Great Wall Technology**, in turn, is an indirect subsidiary of **China Electronics Corp**, a Chinese government-owned conglomerate. lomega will issue about 84 million shares of its common stock in exchange for all outstanding shares of ExcelStor. When the deal closes, Great Wall Technology will hold a majority stake in lomega owning about 43% of lomega's common stock. Following the acquisition, ExcelStor will operate as a wholly owned subsidiary of lomega. ExcelStor had US\$707m in revenue for 2006. *December 12, 2007*

**Samsung Electronics Co** is considering moving its local liquid crystal display component production line to Mainland China in 2008. The move aims to raise the number of LCD assembly lines in Korea, in a bid to meet the increasing demand for the products. The company owns two LCD module plants, which are located in Chonan in middle Korea and Suzhou in east China, respectively. The latter is mainly devoted to the labor-intensive work and the former is to turn to a technology-intensive facility. Samsung Electronics plans to move most of the LCD module production lines to the mainland, East Europe, India, and other low cost countries. *December 10, 2007*

**Sitronics JSC**, the Russia-based manufacturer of consumer electronics and a subsidiary of Russian conglomerate **AFK Sistema Group**, has acquired a 66% stake in **Sitronics-ZTE**, the China-based manufacturer of consumer electronics, from **ZTE Corporation**, the China-based manufacturer of telecom equipment, for US\$10m. Sitronics' strategy is to manufacture and market household consumer electronic products in China at low costs. *October 5, 2007*

**Spreadtrum Communications**, the China-based wireless chip designer, will acquire **Quorum Systems**, the San Diego-based designer of CMOS radio transceivers, for US\$76m. Quorum's CMOS RF transceivers will complement Spreadtrum's baseband

technology and allow them to make further inroads into the wireless market. There is speculation that China will announce 3G licenses, which would benefit Spreadtrum and the development of the TD-SCDMA 3G standard in China. *November 20, 2007*

**Sumitomo Chemical** will start manufacturing liquid crystal polymers intended for connectors and backlight bobbins in China in January 2009. The company plans to construct a 1,800 tpa tail-end solid-phase polymerization facility for LCP neat resin and a 2,400 tpa compounding facility at **Sumika Electronic Materials (Wuxi)**, Jiangsu Province. Aside from an investment of a total of ¥3bn (US\$25m) for the project, the company is also planning a 2,200 tpa output capacity increase to 3,200 tpa for neat resin at **Taoka Chemical**, Japan. The added capacity is scheduled to be completed by end of 2008. *October 18, 2007*

**Symbian**, the UK-based *Smartphone* operating systems company owned by Nokia, **Ericsson**, **Siemens**, **Sony Ericsson**, **Panasonic** and **Samsung**, has acquired Chinese smartphone developer **Beijing Genesis Interactive Technology** for an undisclosed amount. The acquisition will play a key role in Symbian's global R&D strategy and enhance the development of its operating system. Beijing Genesis will become part of Symbian's Chinese subsidiary, **Symbian Software Beijing Co Limited**. *November 19, 2007*

**Yangtze Telecom**, the Canada-based telecommunication services provider to China and Mongolia, has agreed to acquire **Hunchun VAS (HCVAS)**, the Jilin-based company engaged in commercialization of technologies in mobile VAS space, for US\$4.8m in stock and earn-out payments of up to US\$24m based on HCVAS earnings in 2008 and 2009. HCVAS owns two patents in China: a push-to-talk (PTT) technology over cellular (PoC) and a mobile phone controlled biometric technology in security systems. Yangtze's acquisition of HCVAS is a step towards its goal of becoming the first PoC provider in China.

*December 3, 2007*

## Hong Kong

Li Ka-Shing, the Hong Kong owner of **Tom Group**, invested US\$60m in **Facebook** for 0.4% stake, with the option to invest an additional US\$60m in the company. The investment is part of Li's strategy to forge closer relations between Facebook and Tom Group. It also gives Facebook an entry into the fast-growing advertising market in China.

*December 3, 2007*

**Meadville Group**, the Hong Kong-based manufacturer of PCB products, has agreed to acquire an 80% stake in the Chinese and Indian subsidiaries of **Aspocomp Group**, the Finland-based developer of interconnection solutions for the electronics industry, for a total

consideration of US\$86m. Aspocomp agreed to contribute equipments from its Salo plant and Meadville will acquire a 10% stake in Aspocomp's Oulu subsidiary as part of the deal. The transaction will help Aspocomp to improve its liquidity position by repaying its liabilities. *November 8, 2007*

## India

**Cisco Systems** unveiled its "Globalization Center East" campus in Bangalore. The company, which spent some US\$50m on the new 1-million-square-foot center, now employs some 3,000 people in India. According to Cisco, the campus also houses the largest campus datacenter outside the US, and will provide a focal point for demonstrating next-generation virtualization technologies and service oriented network architectures. Cisco also announced that it is extending venture investment initiative in India by another US\$100m. As the first of several potential initiatives, Cisco is collaborating with **Satyam Computer Services** to explore a new venture investment that will purportedly focus on "optimizing, deploying and managing integrated healthcare management solutions globally."

*November 5, 2007*

**Cognizant Technology Solutions**, the Nasdaq-listed Indian IT company, has agreed to acquire **MarketRx**, the India-based analytics provider for the

pharmaceutical and biotech industry, for a cash consideration of US\$135m. **MarketRx** has revenues of US\$40m, 430 employees spread across the US, India and Europe, and is backed by **PE funds Sequoia Capital India** and **Andwel Partners**. The acquisition will expand Cognizant's life science offerings, giving it 75 life sciences clients, including four of the top five global biotech companies.

*October 20, 2007*

**Cookson Electronics**, an electronic materials company of the US, opened a R&D center in Bangalore with an investment of US\$10m. This is the company's fourth R&D center in the world. Its other three R&D facilities are in Japan, Singapore and the US. The new center will focus on new materials, components and technologies for the electronic, manufacturing, assembly and packaging industries. *October 27, 2007*

**Core Projects & Technologies**, the Indian software company, has agreed to acquire **Azzurri Communications**, the UK-based provider of technology solutions in the education domain, for an undisclosed consideration. In related transactions, Core Projects signed an agreement to acquire **Hamlet Computer Group**, the UK-based provider of software solutions, for an undisclosed consideration, and has acquired **KC Management**, the US-based software company, for an undisclosed consideration. The deal value of the three acquisitions is estimated to be US\$45m (based on

the multiple of 1 times the revenues of the acquired businesses). These acquisitions will help Core Projects to expand its operations in UK and USA and also add more than 12 products to its existing portfolio along with cross selling opportunities.

*September 26, 2007*

**Genpact**, the Indian BPO major, has agreed to acquire a 90% stake in **Citigroup Global Services ("CGS")**, the captive BPO arm of **Citigroup**, for US\$630m. The acquisition will enable Genpact to increase its scale in the BPO space with the addition of 10,000 CGS employees.

*October 26, 2007*

**Hero Group**, the India-based automotive group, has acquired **Telecom Service Centres (TSC)**, the Scotland-based telecom services group that offers web-enabled contact services and e-business solutions, from **Lloyds TSB Group**, the UK-based PE firm, for a total consideration of £40m (US\$81m). TSC generated revenues of US\$100m and operating profit of US\$7m in 2007. Post acquisition, TSC will be merged with Hero Group's BPO arm, **Hero ITES**, and will be renamed as **TSC Hero**. Hero's expansion strategy is to strengthen its position in the European, Asian and the US markets by diversifying the service portfolio of TSC Hero. *October 9, 2007*

German enterprise software maker **SAP** has acquired **Yasu Technologies**, the Indian software

startup specializing in databases and enterprise software, for an undisclosed consideration. The 120 employee strong Yasu had revenues of US\$10m in FY07. The acquisition, SAP's first in India, will help SAP enhance its business process management offerings. *October 19, 2007*

Russian telecom major **Sistema Group**, has agreed to acquire a 10% stake (with an option to increase it to 51%) in Indian telecom operator **Shyam Telelinks**, part of the Indian telecom equipment major **Shyam Telecom**, for US\$11.4m, thereby implying an EV of US\$114m. Shyam Telelinks has 270,000 subscribers and is active in the Indian state of Rajasthan. Shyam Telecom will use the proceeds from the stake sale to finance its pan-India expansion into mobile services. The acquisition will enable Sistema to tap into the world's fastest-growing mobile phone market. *September 26, 2007*

**TietoEnator**, the Finland-based IT services provider, has agreed to acquire **Fortuna Technologies ("India")**, the Indian wireless embedded software services and solutions provider, for an approximate consideration of (US\$29m). The acquisition will enable TietoEnator to expand its presence in the Asian market, add US\$14m to its revenues in 2008 and will give Fortuna access to TietoEnator's client base and additional R&D capabilities.

*September 17, 2007*

**WPP Digital**, the digital arm of world's second largest ad agency WPP, has acquired a 75% stake in **Quasar Media**, the Indian online media buying company, for an undisclosed consideration. Quasar also offers digital media, creative, e-business solutions, search marketing and optimization, mobile marketing, ecommerce, social media and e-CRM. Its clients include **LG Electronics**, **Microsoft**, **Monster.com**, **VISA**, **Motorola**, and **Airtel**. The acquisition will enable WPP Digital to make inroads into the digital advertising market in India which is expected to reach US\$560m in size by 2009.

*November 19, 2007*

## Japan

**Columbia Music Entertainment**, the Japanese music production company, has agreed to acquire 100% stake in **TDK Core Company**, the Japanese game software developer, from **TDK Corporation**, the Japanese manufacturer of electronic components and ICs, wireless computer networking products, magnetic heads for HDD, digital recording hardware and advanced digital recording media, for US\$13m. The acquisition complements the music software technology of Columbia Music Entertainment, while helping its growth in the development of game and education software. *September 28, 2007*

**Eurotech**, the Italian provider of embedded computer technology, has agreed to acquire a 65% stake in **Advanet**, the Japanese manufacturer of single board computers, I/O, data acquisition, and communication products for the embedded markets, for a cash consideration of ¥7.6bn (US\$65.7m). As part of the transaction, Eurotech also has an option to acquire the remaining 35% stake in Advanet. The acquisition will help Eurotech to enter the Japanese markets and expand its presence in the Asian markets. The transaction will allow Advanet to grow by expanding its business outside the Japanese market. *October 4, 2007*

**TDK Corporation**, the Japanese manufacturer of electronic and digital recording media, has acquired the remaining 41.9% stake not held in **Densei-Lambda**, the Japanese provider of switching power supplies, at an offer price of US\$14.9 per share for US\$136m valuing the entire company at US\$326m. TDK had bought a 58.1% stake in Densei-Lambda in July 2005 from **Invensys plc**, the UK-based provider of automation, controls and process solutions. The acquisition is in line with TDK's strategy of restructuring its business in order to strengthen its position in the power supply market and to make its power supply business more competitive and profitable. *September 26, 2007*

## Korea

**CoorsTek** broke ground on a newest technical ceramics manufacturing facility in Korea. Significant increases in demand for high-purity and other specialty ceramics, primarily for the semiconductor manufacturing and flat-panel display industries, fueled the additional facility. The new facility, located in Gumi City, will be more than three times larger than their current location in Kyungbook to accommodate the continued growth expected in the sector. The new facility is located near customers like **Samsung**, **LG Phillips LCD**, **Hynix**, and **Magnachip Semiconductor**.

*October 22, 2007*

**KT Corporation**, the Korean fixed line telecom provider, and **Sumitomo Corporation**, the Japanese conglomerate, has acquired a 100% stake in **Super iMax**, the Uzbekistan-based wireless broadband services provider and an 84% stake in **East Telecom**, the Uzbekistan-based digital communications services provider, for an aggregate consideration of US\$70m. KT acquired a 51% stake in East Telecom and a 60% stake in Super iMax while Sumitomo has acquired a 34% stake in East Telecom and a 40% stake in Super iMax. The transaction will give KT upward momentum in its foray into strategic overseas markets such as Central Asia. *October 30, 2007*

**Samsung Electronics** has acquired **TransChip**, the Israel-based

developer of CMOS imagers, for a consideration of roughly US\$70m. Samsung will continue to employ TransChip's 60 research personnel at its new Samsung Semiconductor R&D Center in Israel. The acquisition will enable Samsung to enhance its non-memory chip business and is in line with its strategy of growth-through-acquisitions. *October 31, 2007*

**SAFC Hitech**, the custom manufacturing and services group within **Sigma-Aldrich Corp**, has entered into an agreement with the Gyeonggi Province to explore the possibility of building a facility in the province to supply and manufacture electronic materials. The Memorandum of Understanding is part of an ongoing program of regional investment by Sigma-Aldrich, which announced in September its intention to invest in a facility at the Wuxi-New District Park located northwest of Shanghai, China. *November 5, 2007*

**SK Telecom ("SKT")**, Korea's largest wireless carrier, has agreed to acquire a 38.9% stake in **Hanaro-Telecom**, Korea's number two broadband service provider, from US-based PEGs **AIG** and **Newbridge Capital**, for a cash consideration of US\$1.2bn, thereby implying an EV of US\$2.75bn. Post transaction, SKT's holding in Hanaro will stand at 43.6%. The acquisition will significantly enhance SKT's competitive edge in Korea's mature telecoms market and increase

customer royalties by offering bundled services of mobile, fixed-line, broadband internet, and internet TV services. *December 4, 2007*

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## Malaysia

**GTL**, the India-based network services provider, has agreed to acquire **ADA Cellworks**, the Malaysia-based provider of radio and transmission planning and network services, for a cash consideration of US\$25m. ADA Cellworks, a company of 750 employees, is expected to clock revenues of US\$31m in 2007 and is backed by **Intel Capital** and Malaysian government arm **Malaysian Venture Capital Management**. The acquisition is in line with GTL's inorganic growth strategy and will enable it to tap into the fast growing South-East Asian markets. *November 15, 2007*

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## Singapore

**BT plc**, the British telecom giant, has acquired a 100% stake in **Frontline Technologies**, the Singapore-based IT services company with 3,900 employees spread across Asia-Pacific region, for US\$140m. The acquisition is in line with BT's strategy to bolster its fast growing international IT services business and attract a long list of blue-chip clientele and technology partners. *December 5, 2007*

**Manipal Universal Learning International**, part of India-based **Manipal Education Group**, has agreed to acquire a 50% stake in **U21Global**, the world's premier online graduate school, by purchasing the holding of **Cengage Learning** (formerly **Thomson Learning**) for an undisclosed consideration. U21Global launched its flagship international MBA program in 2003 and currently enrolls 4,000 students from over 60 countries. The acquisition will expand Manipal's brand portfolio and offer significant growth opportunities in the fast-growing online education segment. **BDA was the exclusive financial advisor to the Board of U21Global on this transaction. November 19, 2007**

**MediaTek**, Taiwan's leading fabless house, has acquired the cell phone IC operations of **Analog Devices**, the US-based manufacturer of high performance analog, mixed-signal, and digital signal processing integrated circuits, for a cash consideration of US\$350m. The acquisition will beef up MediaTek's strength in developing third-generation (3G) cellular chips consistent with mainland China's TD-SCDMA standard. Post transaction, MediaTek will replace **Freescale** as the world's 2nd largest cellular chip supplier by end of 2007.

*September 13, 2007*

Hong Kong- and Singapore-listed computer monitors manufacturer, **TPV Technology**, has announced

plans to acquire assets related to the assembly of monitors of Taiwan-based **Chi Mei Optoelectronics**, the world's 4th largest flat panel maker, for US\$38.5m. The acquisition will help reduce TPV's LCD module-assembly and transportation costs, and boost its share of the television market. In a separate transaction,

TPV has agreed to sell a 7.12% stake to Chi Mei for US\$104m. The stake sale is part of a strategic alliance formed between the two firms in September 2007. *December 4, 2007*

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*To submit stories to the Asian Technology Newsletter, please contact Diwakar Mitr in Mumbai at (91) 22-6651-7128 or email [dmitr@bdallc.com](mailto:dmitr@bdallc.com).*

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

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Andrew Huntley,  
Managing Director  
Diwakar Mitr, Analyst

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[www.bdallc.com](http://www.bdallc.com)  
[newsletter@bdallc.com](mailto:newsletter@bdallc.com)

**NEW YORK**

Euan Rellie  
Charles Maynard  
Business Development Asia LLC  
The Economist Building, 11th Floor  
111 West 57th St, New York, NY 10019  
T (212) 265-5300  
F (212) 265-4300

**BAHRAIN**

Tamer Makary  
Business Development Asia  
2119 Al Moayyed Tower  
Seef District  
Manama, Bahrain  
T (973) 17567915  
F (973) 17567901

**HONG KONG**

Paul DiGiacomo  
Business Development Asia (HK)  
#1206 Lippo Centre, Tower 1  
89 Queensway, Hong Kong  
T (852) 2537-9565  
F (852) 2537-4406

**SEOUL**

Hans Kim  
Business Development Asia  
#1201, Gwanghwamun Officia  
163 Sinmunno 1-Ga, Jongno-Gu  
Seoul 110-999, Korea  
T (82) 2-3276-3150  
F (82) 2-3276-3155

**LONDON**

Andrew Huntley  
Business Development Asia Ltd  
10 Crown Place  
Clifton St  
London, EC2A 4FT, United Kingdom  
T (44) 20-7655-3500  
F (44) 20-7655-8913

**MUMBAI**

Rohit Singh  
Business Development Asia  
898 Notan Plaza, Suite 4A  
Turner Road, Bandra (West)  
Mumbai 400050, India  
T (91) 22-2643-0290  
F (91) 22-2643-0291

**SHANGHAI**

Jeffrey Wang  
Business Development Asia Co Ltd  
The Center, #3706, 989 Changle Road  
Shanghai 200031, China  
T (86) 21-5407-5580  
F (86) 21-5407-5680

**TOKYO**

Yuuichiro Nakajima  
Business Development Asia K.K.  
4F, T3 Gates  
3-8-25 Toranomon, Minato-ku  
Tokyo 105-0001, Japan  
T (81) 3-3433-5803  
F (81) 3-3433-5269