

# ASIAN TECHNOLOGY NEWSLETTER

MARCH 2008, ISSUE 54

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

We hope you find the Asian Technology Newsletter informative.

BDA is an investment bank 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.

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## China

**Huawei Technologies Co Ltd**, the Chinese telecom equipment maker, and **Bain Capital**, have renewed their bid for **3Com**, the US tech company, after withdrawing their filing to the US Committee on Foreign Investment on concerns the deal would be denied. Because of the original national security concerns, Huawei had invited Bain to partner in the acquisition and had forsworn management control of 3Com. Huawei's original equity stake in 3Com amounted to a 16.5% equity consideration, while the entire transaction was valued at US\$2.2bn.  
*February 23, 2008*

**Hynix Semiconductor**, the world's

second-largest memory chip maker, said it will invest an additional US\$260m in its JV in China this year to expand capacity. The venture, set up with **STMicroelectronics** in Wuxi, China, is the only overseas chip plant for the Korean company, built with an initial investment of US\$2bn. After the new spending, Hynix's ownership in the JV will rise to 77.4% without giving its current ownership. *March 7, 2008*

**Iomega Corporation**, the US based producer of zip drives, external hard drives and storage products, entered into a definitive share purchase agreement to acquire **ExcelStor Great Wall Technology Ltd**, for US\$306m in a mixture of cash and stock. ExcelStor is a subsidiary of Iomega

shareholder Great Wall Technology Co Ltd. Great Wall Technology, in turn, is an indirect subsidiary of **China Electronics Corp**, a Chinese government-owned conglomerate. The transaction is expected to be completed by the end of Q2 2008.  
*February 4, 2007*

**Lenovo**, the computer and technology company, and **Sanmina-SCI Corporation**, the US EMS company, have signed an MOU for Lenovo's acquisition of Sanmina's Mexican plant operations. *February 22, 2008*

**Motorola**, the US communications equipment maker, has acquired **Zhejiang Dahua Digital Technology Co Ltd**, the China based set-top box maker, and **Hangzhou Image Silicon**

**Technology Company**, a multimedia chip designer, for an undisclosed amount. *February 26, 2008*

**Ningbo Bird Co** announced plans to sell its stake in a JV with French-based **Sagem Mobiles** for RMB160m (US\$22.4m). Ningbo Bird's latest move showed its retreat from the fiercely competitive domestic handset market, but will also further accelerate the company's shift from mobiles to cars. Ningbo Bird plans to sell 50% of the JV, called **NingBo Bird Sagem Electronics Co**, to Sagem by December 2008. The deal still needs approval from shareholders. *March 4, 2008*

**Sanyo Electric Co** is negotiating with the Chinese government to buy a 30% interest in **Dalian Bingshan Group**, one of that nation's top manufacturers of commercial-use electrical equipment. Sanyo is expected to pay ¥3bn (US\$28m) to ¥4bn (US\$37m) for the stake in Dalian Bingshan, which is being privatized by the Chinese government. Sanyo currently holds a 10% stake in the company. The move comes as Sanyo tries to expand Chinese operations and boost struggling overseas earnings. *February 26, 2008*

**SK Telecom**, the Korean wireless telecom company, has taken a 65.5% stake in ShenZhen **E-eye High Tech Co Ltd**, a Chinese producer of GPS modules and software applications for US\$14.7m. SK Telecom plans to

fold ShenZhen into **SK Telecom China Holding Co** with a view to diversifying its internet and media capabilities.

The combined company will provide GPS units through business affiliates throughout China. SK telecom also plans to offer regional traffic services through its communications systems. *February 15, 2008*

## Hong Kong

**Avnet Inc**, the US-listed company which specializes in value added services in the IP&E components and semiconductor sectors, has purchased Asian distributor **YEL Electronics Hong Kong** in order to increase its presence in the Asian electronics market. While the transaction size has not been disclosed, some observers have reported a price of US\$67m. *January 8, 2008*

**Wotif.com Holdings Ltd**, the listed Australian company which offers online travel services, is acquiring **Asia Web Direct**, a Hong Kong-based online travel service, for US\$29m. Wotif will issue more than 3.6 million shares of common stock, worth US\$15m, in addition to US\$13.7m in cash and working capital adjustments, to finance the transaction. Asia Web direct has hotel inventory in excess of 4,000 hotels in SE Asia and provides online booking accommodation. The deal is scheduled to close by April 2008. *February 4, 2008*

## India

**Dhanus Technologies**, the Indian communication services company, has won an auction and agreed to acquire **Borusan Telekom Ve Iletisim Hizmetleri**, the Turkish telecom operator and a subsidiary of **Borusan Holding**, the Turkish iron and steel, distribution, telecom and logistics group, for a consideration of Rp2bn (US\$51m). The transaction is expected to close by mid 2008. *January 16, 2008*

**HCL Technologies**, the India-based provider of software consulting, development, support, maintenance and training services, has agreed to acquire **Capital Stream**, the US-based developer of financial front office automation (software, web based) solutions for banks and finance companies, for a cash consideration of US\$40m. *February 20, 2008*

**Mindteck (India)**, the Indian IT solutions provider, has acquired **Infotech Consulting**, the US technology solutions provider with 2007 sales of US\$31m, for a total consideration of US\$21m. *February 6, 2008*

Mobile phone manufacturer **Motorola** has acquired **Soundbuzz**, the India-founded and Singapore-headquartered digital music service provider with 750,000 tracks in its library, for an undisclosed consideration. The acquisition

will allow Motorola to expand its MOTOMUSIC service into India, SE Asia, Australia and New Zealand. 90% of the digital music content in Asia is sold via mobile platform. The transaction is expected to close by April 2008. *January 8, 2008*

**Quipo Telecom Infrastructure**, the India-based telecom tower operating company, has agreed to acquire **Spice Communications**, the India-based cellular service provider, for a consideration of US\$153m. The transaction is expected to unlock unrealized value in **Spice** and boost valuations of other tower companies. *December 26, 2007*

**Reliance Technology Ventures Limited (RTVL)**, the VC arm of the **Reliance ADA Group**, has invested in **Sequans Communication**, the French based fixed and mobile WiMAX semiconductor solutions company, which recently concluded an equity and convertible debt raising of US\$28m. Reliance's contribution is not known. **CDC Enterprises** and **Swisscom** also participated, becoming minority investors in Sequans. The investment reflects the conjunction of technological and financial partnership for developing the WiMAX technology. *February 11, 2008*

**Rolta India**, the India-based provider of IT solutions and services, has agreed to acquire **Broech Corp**, the US\$48m US-based IT consulting company which operates under

the brand name **TUSC**, for a total consideration of US\$45m. Post acquisition, TUSC will become a wholly-owned subsidiary of Rolta and will continue its operations from its HQ in Chicago. *January 23, 2008*

**Temasek Holdings Pte Ltd**, the Singaporean sovereign wealth fund, has acquired a 10%, US\$500m stake in **Bharti Infratel**, a former subsidiary of **Bharti Airtel** and now a stand-alone telecom tower company, after leading a seven-member consortium of global private equity companies that invested a total of US\$1.25bn. Other members of the consortium included **KKR**, **Goldman Sachs**, **Investment Corporation of Dubai**, **India Equity Partners**, **Citigroup** and **Macquarie**. *December 28, 2007*

**Travelguru**, an Indian online travel company funded by US based PE firms **Battery Ventures** and **Sequoia Capital**, has acquired **Desiya.com**, an India-based online hotel company, for a total consideration of US\$25m. It has relationships with 1,000 travel agents and 225 travel portals. Its links with suppliers and experience are also complementary to Travelguru's target market. The financial backing provided by Travelguru will help Desiya to further expand its operations and offerings. *December 20, 2007*

**The Walt Disney Company**, the US based entertainment, media and theme park company, has made an offer to purchase a 20% stake

in **UTV Software Communications Ltd**, an Indian listed TV software and media company. Disney would inject US\$203m in UTV, increasing its stake to 32.1% from 15%; UTV will issue 9.35 million equity shares on a preferential basis at US\$22 per share. Disney will also acquire a 15% stake in UTV Global Broadcasting Ltd for US\$30m. *February 18, 2008*

## Japan

**The Carlyle Group** will acquire a majority stake in the JV made up of **Nippon Sheet Glass Co**, the Japanese glass maker, and **Hoya Corp**, a specialty maker of optical glass and crystal products, for more than ¥100bn (US\$924m). The JV is an LCD panel glass manufacturing company. US buyout fund TPG had recently removed itself from the bidding process citing pricing concerns. **Bain Capital**, **Daiwa Securities** and **SMBC Principal Investments** were also said to have bid for the JV. *February 26, 2008*

**KDDI Corp**, the Japanese telecom company, has agreed to acquire an 80.5% stake in **Chubu Telecom**, the Japanese telecom company, from **Chubu Electric Power**, the Japanese electric power company, for a consideration of US\$353m. The transaction is expected to close by April 2008. *January 25, 2008*

**Kyocera Corp**, the Japanese manufacturer of electronic components and products

for industrial, consumer and professional applications, has agreed to acquire the mobile phone business operations unit of **Sanyo Electric** for US\$376m to US\$468m. Kyocera is keen to strengthen its presence in the domestic CDMA handset market and achieve a stronger business foundation based on the CDMA telecom carriers. The divestment is part of Sanyo's corporate restructuring strategy. The transaction is expected to close by April 2008. *January 29, 2008*

**Kyocera Mita Corp**, the Japanese manufacturer of electronic components and industrial products, has agreed to acquire the digital imaging software and patents of **Peerless Systems Corp**, a US-based provider of imaging and networking technologies and components, and a subsidiary of **Kyocera Corp**, for a consideration of US\$37m. Under the terms of agreement, Kyocera Mita will issue to Peerless a non-exclusive, worldwide, perpetual and royalty-free license on the transferred technologies, which will allow Peerless to continue serving current and prospective OEM customers, as well as develop new IP for use in future products and services. *January 10, 2008*

**Renesas Technology Corp**, a Japanese semiconductor manufacturer, **Sharp Corp**, a Japanese electronics group, and **Powerchip Semiconductor Corp**, a Taiwanese semiconductor manufacturer have agreed to form

a 55/25/20 JV named **Renesas SP Drivers**. The new entity will design, develop, sell, and market drivers and controllers. It will have US\$46m in capital. Renesas and Sharp will transfer their operations related to the Renesas SP Drivers products into the JV. Powerchip will apply its ultrafine process technology and production cost competitiveness. Powerchip will be responsible for most of the production of Renesas SP Drivers. The JV is expected to start operations in April 2008. *February 13, 2008*

**SKY Perfect JSAT Corp**, a Japan-based communications satellite firm and pay TV broadcaster, has agreed to acquire Space Communications Corp, a Japan-based fixed satellite service operator, from **Mitsubishi Corp**, for a total consideration of US\$258m. The transaction is expected to be completed by April 2008. *February 13, 2008*

**Sony** has agreed to invest more than ¥100bn (US\$924m) in a new LCD plant in the city of Sakai, which is being spearheaded by **Sharp's** initial ¥380bn (US\$3.5bn) investment. The two companies will jointly produce LCD panels, including the 10th generation LCD displays. Sony currently produces large scale LCD displays with **Samsung**. Because output with Samsung, S-LCD Corp, is constrained, Sony has decided to seek alternative outlets to meet strong LCD demand. With new LCD plants costing upwards of US\$1bn,

many firms have joined forces to share the cost burden. Sony is targeting to sell 20m LCD TVs for 2008. *February 26, 2008*

**Sumitomo Heavy Industries** said it made an unsolicited proposal to acquire Massachusetts-based **Axcelis Technologies**, which makes ion implantation devices for chip makers, for US\$544m. The \$5.20/share bid is a 29% premium to Axcelis' closing price on 8 February 2008. Sumitomo Heavy, a Japanese maker of industrial machines, ships, bridges and other products, made the proposal with TPG, a private investment group. Axcelis said its board is reviewing the proposal. Sumitomo Heavy and Axcelis each hold a 50% stake in SEN Corp, a Japanese entity that licenses technology from Axcelis. *February 11, 2008*

**Toshiba** has agreed to pay US\$835m for **Sony's** high-performance semiconductor operations. Despite being fierce competitors in other areas, the two companies will form a semiconductor JV owned 60% by Toshiba and 40% by Sony. Toshiba will pay ¥90bn (US\$876m) for its rival's operations in western Nagasaki prefecture making advanced semiconductors. Toshiba will then loan the chip lines to the JV, which will start operating in Q2 2008. Sony is seeking to shed non-core assets and revive its mainstay electronics business amid brisk sales of flat-panel televisions and digital cameras. *February 19, 2008*

## Korea

**Hansol Telecom Co Ltd**, a listed Korean company providing IT outsourcing, system integration (SI), and packaged solutions, is acquiring a 36.5% stake in **Inticube Corp**, a listed, Korean CRM outsourcing services provider, from STIC Investments Inc, **Yong Soo Kim**, and **Dae Sup Kim**, for US\$20.7m. The transaction was expected to close by 16 February 2008. *January 17, 2008*

**Merck KGaA**, a German maker of liquid crystals used in flat-panel televisions, will open a R&D center in Korea as the company strives to meet the nation's increasing demand. Merck will spend W14bn (US\$15m) to open the center in Boseong, 400 km south of Seoul, where its facility is located. *February 15, 2008*

## Malaysia

**Entertainment Media & Telecoms Corporation (EMT)**, a listed Australian company that develops mobile technology, products and services has agreed to acquire 51% stake in **Nexbis Sdn Bhd**, a Malaysian mobile security technology products provider, for US\$27m in cash and stock. EMT has also acquired an option to purchase the remainder of Nexbis. The option is valid until June 2008. The purchase of Nexbis provides EMT with proprietary

security and ID technology for mobile devices. *December 21, 2007*

**TM international, Telekom Malaysia's** mobile unit, could be taken public in the coming weeks. TM's CEO expects that an IPO of the mobile phone division would raise anywhere from US\$300m-US\$700m. TM international operates and owns equity stakes in a variety of telecom operators throughout the world, including in Bangladesh, Cambodia, India, Indonesia, Iran, Pakistan Singapore, Sri Lanka, and Thailand. *January 28, 2008*

## Singapore

**Chartered Semiconductor Manufacturing Ltd**, a Singaporean listed company which owns and operates semiconductor foundries, is acquiring **Hitachi Semiconductor Singapore Pte Ltd**, which manufactures LCD drivers and microcontrollers for **Renesas Technology**. The transaction is valued at US\$233m. Capacity will be boosted, allowing Chartered to offer additional services to its customers. The transaction is predicted to close by April 2008. *February 15, 2008*

**interTouch Pte Ltd**, a Singapore ISP to hotel operators, and a wholly-owned subsidiary of **NTT DoCoMo Inc**, a Japanese mobile communications company with 53 million customers, has agreed to acquire **MagiNet Pte Ltd**, a Singaporean provider

of integrated internet protocol solutions, for US\$150m. Both companies provide high speed and wireless internet services for hotels. interTouch intends to expand its operations in Asia to 950 hotels in 63 countries. *December 21, 2007*

## Taiwan

**Far EastTone Telecommunications (FET)**, the Taiwanese provider of telecom service, has acquired a 24.5% stake in **New Century InfoComm Tech (NCIC)**, a Taiwanese telecom service provider, from **InfoCom Holding Company (InfoCom)** and **SingTel Taiwan (STTL)**, both subsidiaries of **SingTel**, the Singapore telecom service provider, for a consideration of US\$204m. Post transaction, SingTel will hold a 4% stake in FET. The acquisition will enable FET to increase penetration in the Taiwanese telecom market. *December 31, 2007*

**Hon Hai Precision Industry**, Taiwan's top electronics maker, has agreed to acquire part of **Sanmina-SCI Corp's** PC business in a deal worth up to US\$90m. Sanmina will sell certain assets of its personal computing business and associated logistics services located in Hungary, Mexico and the US. The acquisition could increase Hon Hai's revenue by US\$3bn. Hon Hai did not disclose financial terms. The deal is expected to close by Q2 2008. *February 19, 2008*

**MediaTek Inc**, a Taiwanese fabless semiconductor company, has completed the purchase of the wireless chipset business of **Analog Devices Inc** for US\$350m in cash. MediaTek has a market share of 40% in China, higher than both **Texas Instruments** and **Infineon**. *January 15, 2008*

**Sino American Silicon Products (SAS)**, a Taiwanese maker of silicon wafers and semiconductors, has

agreed to acquire **GlobiTech**, a US-based maker of computer chips, for US\$45m. Globitech expects revenues of US\$34m for 2007. The transaction is expected to close by April 2008. *December 21, 2007*

**Transcend Information**, the Taiwanese memory module maker, will start constructing a large production base in Taiwan this year. The new plant is expected to become operational in Q3 2009.

Excluding the land cost, the cost of construction of the plant is expected to reach NT\$1.2bn (US\$39m). *March 7, 2008*

*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 an investment bank which assists multinational companies in expanding their businesses in Asia through JVs, acquisitions, divestments and capital raising.

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