

ASIAN TECHNOLOGY NEWSLETTER

DECEMBER 2008, ISSUE 57

A Quarterly newsletter of developments in the technology sector

We hope that you find the Asian Technology Newsletter informative.

Business Development Asia (“BDA”) is an investment banking firm specializing in executing cross-border transactions involving Asia, including acquisitions, divestments, JVs, capital raising and restructuring. We have offices and professional staff throughout Asia, the Middle East, Europe, and the US. If you would like to learn more about how BDA is positioned to help your business

grow through acquisitions, or to achieve maximum value in a divestment or fund raising exercise, please contact us at any one of our offices.

Andrew Huntley, Senior Managing Director
ahuntley@bdallc.com

CONTENTS

CHINA.....	1
HONG KONG.....	3
INDIA.....	3
INDONESIA.....	4
JAPAN.....	4
KOREA.....	4
MALAYSIA.....	5
SINGAPORE.....	5
TAIWAN.....	5

China

Cantronic Systems Inc, a Canadian security surveillance technology company, will acquire **AEBELL Electrical Technology Co**, a Chinese CCTV products and public address system company, for US\$3m. This acquisition will broaden Cantronic’s existing product portfolio.

November 12, 2008

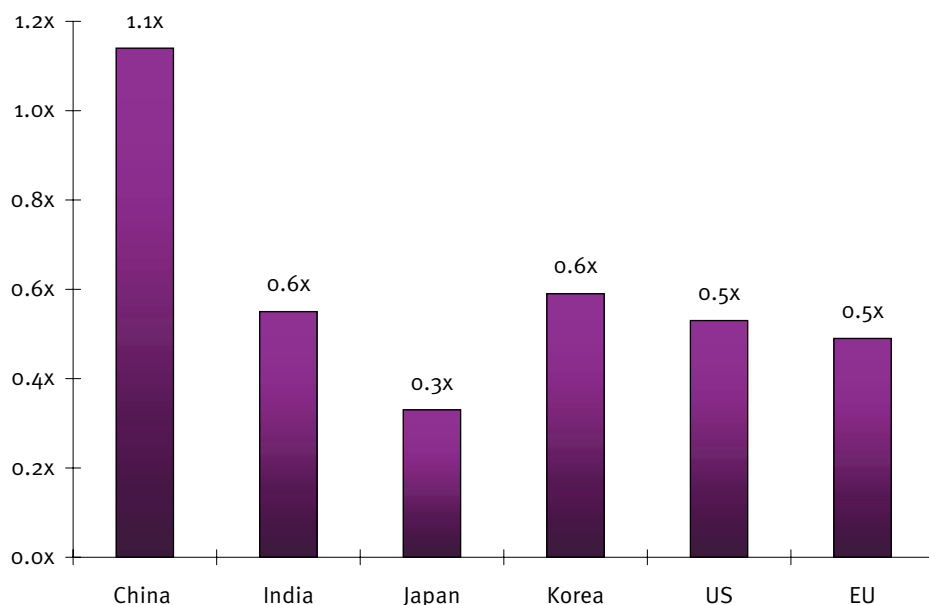
China Information Security Technology Inc, through its wholly-owned subsidiary **China Public Security Holdings Ltd**, has acquired **Shenzhen Zhongtian Technology Development Company Ltd**, a China-based provider of hospital digital information systems, for US\$16.5m of which US\$9.9m is cash and the remaining US\$6.6m is payable in January 2009. *November 5, 2008*

Technology Stock Indices (12 months ending Nov 2008)



Source: Bloomberg, BDA

Technology P/R Multiples (Dec 2008)



Source: Bloomberg, BDA

China Netcom and Richard Li's **Pacific Century Regional Developments (PCRD)** have offered to buy out all the shares of Hong Kong-listed telecom operator **PCCW** for US\$2bn. China Netcom and PCRD already own 3.2 billion PCCW shares between them, representing 47.6% of the company's share capital. The remaining 3.6 billion shares will be bought from shareholders at US\$0.54 per share. *November 6, 2008*

EPCOS AG, a German manufacturer of electronic components, modules and systems, has formed a 60:40 JV with **Anhui Feida Industry Stock Co**, a Chinese supplier of power capacitors for AC applications. The JV company, **EPCOS Feida Electronics Co**, will develop and manufacture power capacitors for AC applications and aims to have revenues of US\$129m in three years. *November 14, 2008*

Halistic Alstom Vietnam, a JV between France's **Alstom SA** and a local partner, has won a US\$55m contract to upgrade the signaling system of the main railway system of Vietnam. The 40 month contract will start in January 2009. *December 7, 2008*

Iconmobile GmbH, a German mobile marketing network, has entered into a 50:50 JV with **OgilvyOne China**, a China-based marketing communications network company to form **Iconmobile China**, a specialized mobile marketing venture in China. *November 14, 2008*

Inspur Electronic Information Ltd, a wholly-owned subsidiary of the **Inspur Group**, will acquire the remaining 48.7% of **LC Genersoft**, a provider of enterprise resources planning products, from Shandong **Inspur Software Co** for US\$12.8m. Inspur Group, a Chinese IT

products and software company, already holds 51.3% of LC Genersoft. *October 21, 2008*

Intel Capital, the investment arm of **Intel Corp**, made three new investments in Chinese companies. Intel Capital invested US\$20m in **Trony Solar Holdings Co**, a thin-film solar energy provider, and also took undisclosed stakes in electricity storage specialist **NP Holdings Ltd**, and **Viewhigh**, both of which are healthcare software firms. *October 28, 2008*

Ju Teng International Holdings will acquire 53.4% of **Wah Yuen Technology** for US\$52m. Wah Yuen designs, develops, manufactures and sells magnesium alloy casings for notebook computers. *October 30, 2008*

Lenovo Group Ltd is expected to become the sole shareholder of **Fujitsu Siemens Computers BV**, currently a 50:50 JV between **Fujitsu** and **Siemens**. With a market value of US\$1.3bn, the JV is the largest computer manufacturer in Europe. Fujitsu has stated it will acquire Siemens' 50% stake in the JV for US\$450m to US\$500m and then sell the JV as a whole to Lenovo. *November 6, 2008*

Michelin Group and battery materials supplier **CITIC Guoan Mengguli (MGL)** have agreed to form a JV, for an undisclosed consideration, to develop powertrains using Michelin's Active Wheel technology and MGL's lithium-ion battery packs. *December 5, 2008*

ReneSola Ltd, a Chinese manufacturer of solar wafers, has sold its 49% stake

in JV **Linzhou Zhonshen Semiconductor Silicon Material Co Ltd** to **Linzhou Zhongsheng Steel Co** for US\$39m. ReneSola and Linzhou Zhongsheng Steel established the venture in order to make virgin polysilicon products. August 2007.

December 8, 2007

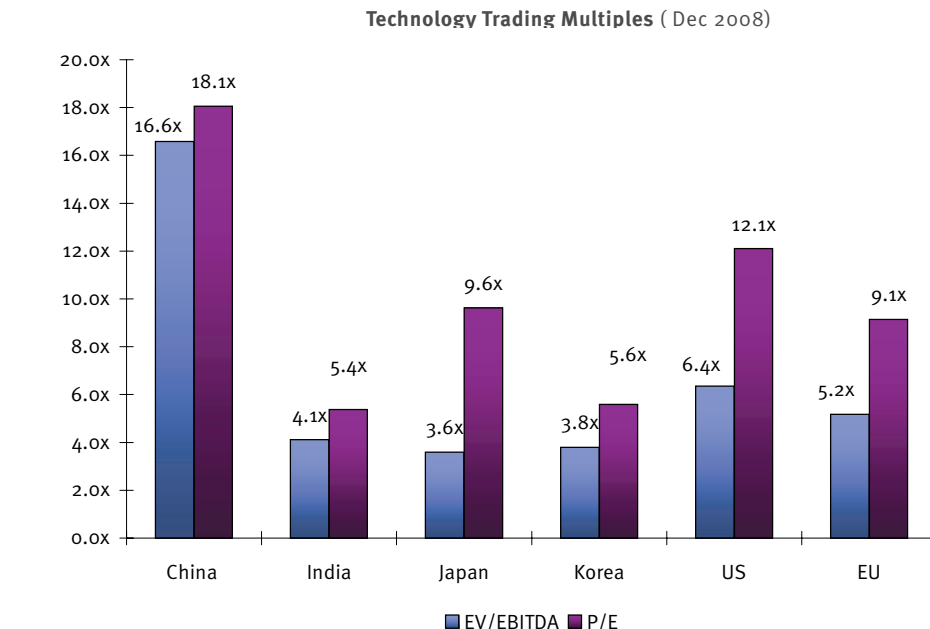
Rockwell Automation Inc, a US industrial automation company, will acquire **Xian Hengsheng Science & Technology Co**, a Chinese firm providing automation solutions to the power, petrochemical, coal, chemical and oil sectors, for an undisclosed consideration. Xian Hengsheng's business focuses on Central and Western China. *November 13, 2008*

Sichuan Changhong Electric Co, a Chinese manufacturer of electronic appliances, will acquire 32 million shares or 17% of **Hefei Meiling Co**, a Chinese refrigerators and home electrical appliances maker, for US\$13m. *November 5, 2008*

Hong Kong

Belgacom, a Belgian telco, sold the Hong Kong and Chinese arms of its IT services unit **Telindus** to **Easynet Global Services**, part of British pay TV firm **BSkyB**, for an undisclosed consideration. Both the Telindus and Easynet groups provide information technology services to companies and government organizations. *November 17, 2008*

Semiconductor Manufacturing International Corp (SMIS) announced



Source: Bloomberg, BDA

its plans to sell US\$172m in new shares to enhance its working capital position. 16.6% of SMIS's enlarged share capital will be sold to Beijing-based **Datang Telecom Technology & Industry Holdings Co** at HK\$0.36 a share. *November 10, 2008*

India

Bharat Heavy Electricals Ltd, the Indian power generation equipment maker, will sign a MOU with Japan-based **Toshiba Corp** to procure technology for making high-powered transmission equipment and also to offers turnkey services in building transmission plants. *December 9, 2008*

HCL Technologies Ltd, India's fifth largest IT company, will acquire the **Axon Group plc**, a British consultant for companies

that run SAP's business-management software, for US\$810.8m. HCL plans to de-list Axon from the London Stock Exchange and to re-register it as a private company. *November 25, 2008*

India-based **Neilsoft Ltd** acquired **Cadforce**, a US provider of outsourced CAD drafting services for architects and homebuilders, for an undisclosed consideration. Neilsoft is a provider of engineering and technology solutions to the construction industry. *October 28, 2008*

NTT DoCoMo, a Japanese cellular operator, is paying US\$2.7bn for a 26% stake in **Tata Teleservices**, an India-based provide of teleservices. *November 14, 2008*

Philips is acquiring Indian medical device maker **Meditronics** for an undisclosed

amount. Mumbai-based **Meditronics** makes general X-ray systems with a focus on surgery and radiography. *November 21, 2008*

Solar Semiconductor, an Indian solar photovoltaic modules manufacturer, will merge with US-based **Trans-India Acquisition Corp** for US\$375m once the US SEC formally approves the acquisition. The new entity will be called **Solar Semiconductor Corp**. Solar Semiconductor has plants in Hyderabad with capacity for 75 MW of module production. *October 27, 2008*

Tata Consultancy Services will acquire **Citigroup's** captive BPO arm **Citigroup Global Services** for US\$505m. This transaction is the largest buyout of a foreign captive BPO in India. *October 8, 2008*

TeleDNA Communications, an India-based company providing telecom software infrastructure, raised US\$10m from **Peepul Capital LLC** to expand its sales and support functions. *November 10, 2008*

Telenor, a Norwegian telco will acquire 60% of **Unitech Wireless**, the telecoms arm of **Unitech**, for US\$1.3bn. *November 12, 2008*

Turkcell, the Turkish teleco, is in talks to buy 51% of **Datacom Solutions** for US\$2.2bn. If the proposed structure goes through, the Dhoot family will continue to hold 49% stake in Datacom, while Turkcell will have 51%. *October 31, 2008*

Walt Disney has increased its stake in **UTV Software**, an Indian TV production company, by 22.7% in a deal worth US\$160m. Disney now holds 59.9% in the company, making it the controlling shareholder of the firm. *November 20, 2008*

Zamil Industrial Investment Co, a Saudi manufacturing group, announced the launch of **Zamil New Delhi Infrastructure Pvt Ltd**, a US\$20m JV with India-based **New Delhi Tele Towers**, a provider of infrastructure solutions for telecom operators. The new company, in which Zamil Industrial will hold 51%, will operate from New Delhi and will focus on the supply of telecom towers. *November 10, 2008*

Indonesia

Indonesian **Sinar Mas Group**, a conglomerate involved in the pulp & paper, financial services and agribusiness industry, is filing a bid to buy 60% of **PT Bakrie Telecom** at IDR200 per share. *October 30, 2008*

Japan

Electronics component distributor **Avnet Inc** will acquire Japan-based **Nippon Denso Industry Co**, an electronic component distributor focusing on semiconductors, through its Japanese subsidiary, **Avnet Japan Co**, for an undisclosed consideration. *December 1, 2008*
Japanese DSL service provider **eAccess**

said yesterday that it would conduct a tender offer for DSL service provider **ACCA Networks**, in which it already has a 45% stake, and plans to merge with the company in May 2009. The move came as Japan's DSL subscriber base continues to decrease, especially in urban areas, as a result of growth expansion of fiber-to-the-home services. *October 30, 2008*

Panasonic Corp agreed to buy **Sanyo Electric**, a Japanese manufacturer of various electronic products, but the companies still need to agree on price, which is anticipated to be US\$8.8bn. *November 10, 2008*

Korea

Ener1, a manufacturer of lithium-ion batteries for the automotive industry, acquired 83% of **Enertech International**, a Korean lithium-ion cell producer. Ener1 purchased the stake in Enertech for 5 million shares of Ener1 common stock, 2.6 million warrants and US\$600,000 in cash, from **TVG Capital Partners**. *October 27, 2008*

FASAlliances Inc, an investment company, acquired 50% of **MOBICOM Korea**, a provider of mobile marketing solutions for both mobile phone networks and brand owners, from **Mobicom Corp** for US\$0.8m. FAS will invest an additional US\$16.5m in MOBICOM Korea over the next 16 months. *November 17, 2008*

Hynix Semiconductor Inc, a Korean manufacturers of memory devices, will delay the planned stake sale in its

Chinese JV **Numonyx**, a Switzerland based JV of Intel and STMicroelectronics, by one year. Hynix plans to sell a 7% stake to Numonyx for US\$100m. *December 4, 2008*

US-based private equity firm **Ripplewood Holdings LLC** has been selected as the preferred bidder to acquire **Daewoo Electronics Corp**, a Korea-based electronic appliances maker. The transaction is valued between US\$285m and US\$320m. *November 3, 2008*

Malaysia

Parker Hannifin Corp, a US diversified manufacturer of motion and control technologies, has acquired **EmiTherm Sdn Bhd**, a Malaysian provider of electromagnetic interference shielding

and thermal management products, for an undisclosed consideration. *October 31, 2008*

Satyam Computer Services Ltd, an Indian consulting and information technology services provider, will acquire **Motorola's** software development center (SDC) in Malaysia, for an undisclosed consideration. Under the agreement, all 128 employees along with the SDC's assets will be shifted to Satyam. *November 10, 2008*

Indian consulting and information technology services provider, will acquire **Motorola's** software development center (SDC) in Malaysia, for an undisclosed consideration. Under the agreement, all 128 employees along with the SDC's assets will be shifted to Satyam. *November 10, 2008*

Singapore

Experian, an Irish information services company, has acquired 40% of Singapore's **DP Information Group**, which provides credit and business information, and develops credit solutions and ratings, for an undisclosed consideration. *October 19, 2008*

Taiwan

Intel has signed an agreement with the **Taiwan Ministry of Economic Affairs** to jointly establish a mobile device open source software development centre. In this deal, Intel Capital will invest US\$11.5m in Taiwanese carrier **VMAX Telecom**. *October 30, 2008*

Selected Asian Technology Transactions with Multiples (12 months ending in Nov 2008)

Announce Date	Target Name	Target Country	Acquirer Name	Acquirer Country	Deal Value	Acquisition Type	EV / EBITDA	EV / Revenue	P/E
18-Nov-08	Tecmo Ltd	JP	Koei Co, Ltd.	JP	\$85.0	Merger	4.3x	0.8x	23.8x
29-Oct-08	ACCA Networks Co.Ltd	JP	eAccess Limited	JP	\$99.0	54.9% ACQ	5.5x	0.6x	11.6x
24-Sep-08	FXOnline Japan Co Ltd	JP	IG Group Holdings Plc	UK	\$206.0	87.5% ACQ	N.A.	3.4x	8.3x
22-Sep-08	VADS BHD	Malaysia	TELEKOM MALAYSIA BHD	Malaysia	\$107.6	36.7% ACQ	11.3x	1.8x	18.2x
9-Sep-08	DAIWABO INFORMATION SYSTEM	JP	DAIWABO CO LTD	JP	\$363.9	75.9% ACQ	9.3x	0.1x	22.7x
25-Aug-08	SINGAPORE COMPUTER SYSTEMS	SI	SINGAPORE TELECOMMUNICATIONS	SI	\$164.4	60.1% ACQ	4.8x	0.5x	10.9x
31-Mar-08	QISDA CORP	TW	AU OPTRONICS CORP	TW	\$65.8	60.0% JV	N.A.	N.A.	1.9x
31-Mar-08	QISDA CORP	TW	CHINA DEVELOPMENT FINANCIAL	TW	\$98.8	N.A.	N.A.	0.3x	1.9x
6-Mar-08	SUMCO TECHXIV CORPORATION	JP	SUMCO CORP	JP	\$390.8	49.0% ACQ	3.8x	1.2x	6.1x
3-Mar-08	E-TEN INFORMATION SYSTEMS CO	TW	ACER INC	TW	\$226.0	Merger	11.6x	2.4x	14.5x
18-Feb-08	JADE TECHNOLOGIES HLDGS LTD	SI	ASIA PACIFIC LINKS LTD	SI	\$81.7	46.5% ACQ	93.8x	6.2x	N.A.
1-Feb-08	NISCA CORP	JP	CANON FINETECH INC	JP	\$91.2	49.0% ACQ	4.8x	0.3x	20.7x
Median					\$103.3		5.5x	0.8x	11.6x

Source: Mergermarket, BDA

Business Development Asia is an investment banking 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 listed.

Andrew Huntley
Senior Managing Director
ahuntley@bdallc.com

Manuj Goyal, Analyst
mgoyal@bdallc.com

www.bdallc.com
newsletter@bdallc.com

NEW YORK

Euan Rellie, erellie@bdallc.com
Charles Maynard, cmaynard@bdallc.com
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, tmakary@bdallc.com
Business Development Asia
2119 Al Moayyed Tower
Seef District
Manama, Bahrain
T (973) 17567914
F (973) 17567901

HONG KONG

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

SEOUL

Jay Shin, jshin@bdallc.com
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, ahuntley@bdallc.com
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, rsingh@bdallc.com
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, jwang@bdallc.com
Business Development Asia Co Ltd
The Center, #1602, 989 Changle Road
Shanghai 200031, China
T (86) 21-5407-5580
F (86) 21-5407-5680

TOKYO

Yuuichiro Nakajima, ynakajima@bdallc.com
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