

# 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 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, the Middle East, 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.

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## China

**China Telecom Corp**, the fixed-line operator and parent of **China Telecom**, will acquire **China Unicom's** CDMA network and business RMB110bn (US\$15.8bn) in cash. **China Unicom** in turn will acquire fixed-line operator **China Netcom Group Corp (Hong Kong) Ltd** in a share swap valued at HK\$439bn (US\$56bn). The moves are part of a government-mandated restructuring of the sector unveiled in May. The plan called for the country's six telcos to merge into three groups in a bid to create a more competitive telecom industry and prevent a dominant operator from monopolizing the market. *June 2, 2008*

**Cisco** has announced it will invest US\$16bn in China in the next five years. It will immediately invest US\$20m for a research academy with Guanghua School of Management of Peking University to train Chinese officials and entrepreneurs. It will also invest US\$350m on Chinese small and midsize enterprises and set up 300 network technology academies in the advanced occupational schools in Central and Western China. *April 21, 2008*

**Infovision Optoelectronics (Kunshan)**, a Chinese LCD panel manufacturer, has agreed to acquire **Yuansheng Electronics (Kunshan)**, a China-based LCD manufacturer, from **Make it Investments**, a

Taiwanese electronics subsidiary of **Pou Chen Corp**, the Taiwanese footwear and electronic company, for US\$60m. Pou Chen Corp is divesting Yuansheng Electronics to focus on other regions in China. *May 23, 2008*

**Smiths Group plc**, a UK technology company, has acquired **Allrizon-Tongguang Communications Equipment (Allrizon-TG)**, a Chinese communications equipment firm, from **Tongguang Group (TG Group)**, a Chinese supplier of fiber optics cables and devices, and **Allrizon Communications Corp**, a US-based supplier of electronic components, for an undisclosed consideration. The acquisition of Allrizon, which recorded revenues of US\$11m in

2007, will expand the manufacturing capabilities of **Smiths Interconnect**, the microwave business division of Smith Group. *May 13, 2008*

**Actis**, a UK-based PE, and a group of investors have sold their minority interest in **Jiangsu Shunda Holdings Co Ltd** to **Suntech Power Holdings**, also a portfolio company of Actis. Suntech, a leading manufacturer of photovoltaic cells and modules, paid US\$100m for the stake. *June 5, 2008*

## Hong Kong

**CDC Software Holdings**, a US provider of enterprise software applications and subsidiary of **CDC Corp**, the Hong Kong provider of enterprise software, mobile applications and internet media, has agreed to acquire a 51% stake in **Integrated Solutions Ltd (ISL)**, a Hong Kong developer of enterprise software applications for discrete manufacturers, for an undisclosed consideration. *March 4, 2008*

**HKC (Holdings) Ltd**, a Hong Kong construction company, has agreed to acquire a 75% stake in **J.I.C. Technology (JIC)**, a Hong Kong manufacturer of LCD panels and LCD modules, from **Nam Tai Electronics**, a listed Hong Kong provider of electronic components and design services, for a cash consideration of HK\$397m (US\$51m). *March 3, 2008*

## India

**3i Infotech**, India's fourth largest IT product and services company, has acquired **Regulus Group**, the US provider of remittance services and document processing services, for US\$80m. As part of the agreement, 3i Infotech will also pay US\$20m in earnouts to Regulus, subject to performance parameters. Regulus employs 1,300 people and generated revenues of US\$148m in 2007. *April 29, 2008*

**Accentia Technologies**, an Indian provider of BPO services, has acquired **Oak Technology**, the US company engaged in the development and implementation of software and services for hospitals and health care organizations, for an undisclosed consideration. Accentia intends to hire 5,500 employees by the end of 2008 to meet its increasing order book pipeline. *April 1, 2008*

**Cognizant Technology Solutions**, a US software solutions company, has agreed to acquire the Indian operations of **T-Systems International**, the German provider of computer services and software solutions and a subsidiary of **Deutsche Telekom**, for an undisclosed consideration. The acquisition is part of a five-year systems integration partnership aimed at serving European

corporations with global delivery requirements. Cognizant and Deutsche Telekom expect to generate US\$40m in the first year of the partnership. *March, 5 2008*

**Educomp Solutions**, a Indian IT learning company, has agreed to acquire a 51% stake in **Learning.com**, the US provider of web-delivered curriculum and assessment solutions, for US\$24m. Learning.com has two million students in the US and is active in the pre-high school market. The acquisition will provide Educomp distribution access to over 800 districts. *May 20, 2008*

**Goldstone Infratech**, an Indian polymer insulators company, has agreed to set up an Indian solar panel JV with **Jusung Engineering Ltd**, a Korean equipment supplier. Goldstone will hold a 54% stake while Jusung Engineering and June Min, its founder, will hold 46%. The parties will invest an initial INR6bn (US\$140m) for the first fab that will produce thin-film photovoltaic panels at an initial capacity of 350MWp. The total project cost will reach INR28bn (US\$650m) within five years. *April 28, 2008*

**MindTree**, an Indian IT company, has agreed to acquire 52.6% of **Aztecsoft**, an Indian ERP solutions provider to independent software vendors and technology service providers, from **e4e Holdings**, a Mauritian

technology company, and **Canaan Partners**, a US private equity firm, for a consideration of US\$47m. Post acquisition, MindTree will have more than 2,000 testing services teams. *May 2, 2008*

**Reliance Big Entertainment**, an Indian entertainment division of **Reliance ADAG Enterprises**, the Indian conglomerate, has acquired **DTS Digital Images** from **Digital Theatre Systems (DTS)**, a US-listed provider of audio technology, for US\$7.5m. DTS is a US technology developer and service provider that restores and enhances movies. *April 8, 2008*

**Reliance Communications**, formerly **Reliance Infocomm**, has acquired a 90% stake in **eWave World**, a UK telecom operator focused on wireless telephony services, for an estimated consideration of US\$110m. Reliance Communications is India's second-largest mobile operator. Post acquisition, Reliance will invest US\$500m in eWave to build and acquire WiMax networks in emerging markets in Asia, Europe, Latin America and Africa. *April 24, 2008*

**Reliance Communications** has acquired the global managed network service provider **Vanco**, for US\$77m. UK-based Vanco derives 90% of its revenues from the US, UK, Germany and France and was put on the block as a part of a restructuring program by its creditors. The acquisition

will increase Reliance's revenues by US\$365m. *May 26, 2008*

**Reliance Communications** is in discussions on a reverse takeover of South Africa-based **MTN Group Ltd**, Africa's largest mobile operator. However, a spat between the Ambani brothers who separately control Reliance Communications and **Reliance Industries** is imperiling the talks. MTN reported revenues of US\$11bn and has 68 million subscribers in 2007. Reliance has 46 million subscribers and had revenues of close to US\$5bn in the year to March 31. *May 27, 2008*

**Ubisoft Entertainment**, a French producer, publisher and distributor of interactive entertainment software, has agreed to acquire the Indian video game development studio of **Gameloft**, a French publisher and developer of video games for mobile phones, for an undisclosed consideration. The Indian unit of Gameloft employs 120 developers and testers, and would reach a headcount of 200 in 12 months. The transaction is expected to be completed by Q3 2008. *April 15, 2008*

**Videocon**, an Indian consumer electronics major, claims to be in talks to acquire the handset business of **Motorola**, whose 15% share of the mobile handset market is valued at US\$3.8bn. Motorola has decided to separate its loss making handset unit

from its profitable broadband and mobility solutions businesses. *May 24, 2008*

## Japan

US consulting firm **Accenture** has agreed to acquire **Sopia Corp**, the Japanese IT solutions provider, for an undisclosed consideration. Sopia generated revenues of ¥5.4bn (US\$50m) in 2007. *April 3, 2008*

**Hitachi**, a listed Japanese electronics company, has acquired a majority stake in **M-Tech Information Technology**, a Canadian provider of identity management software and services, for an undisclosed consideration. The acquisition adds M-Tech's identity management software and services to Hitachi's information security solutions portfolio. Post acquisition, M-Tech will be renamed **Hitachi ID Systems Inc**. *April 7, 2008*

**Hitachi Cable**, a Japanese manufacturer of electrical wires and electronic equipment, has agreed to pay ¥6bn (US\$61m) to acquire the chip on film (COF) substrate business of **Casio Micronics**, the Japanese maker of electronic parts and a subsidiary of **Casio Computer**. The acquisition will enable Hitachi Cable to grow its semiconductor TAB (tape-automated bonding) business by using the excess COF production

capacity. The COF business of Casio Micronics will be renamed **Hitachi Cable Films Devices Ltd.** *March 28, 2008*

**Oki Electric Industry** will sell a 95% stake in its chip-making operations to **Rohm**, a Kyoto-based maker of integration chips, for ¥86bn (US\$825m). The disposal springs from growing competition faced by smaller players in the semiconductor sector, pushing these players to merge and consolidate their operations. *May 29, 2008*

**SBI Holdings**, a Japanese VC firm and provider of financial services, has agreed to acquire a 39.7% stake in **Broadmedia Corp**, a Japanese IT company, for a consideration of ¥3.5bn (US\$34m). Broadmedia intends to use the proceeds from the sale to pursue more M&A opportunities and repay debt it incurred from the acquisition of **Broadmedia Studios** in October 2006 and **Gameon** in June 2007. *May 16, 2008*

**Softbank Corp**, a Japanese technology conglomerate, has acquired a 38% stake in **LocationValue**, a Japanese provider of Internet services for cellular phones, for ¥850m (US\$8.4m). *April 14, 2008*

**Takatori Corp**, a Japanese semiconductor chips and textile manufacturing equipments maker,

has agreed to acquire a 43.8% stake in **Wintest Corp**, the Japanese testing equipment developer, for ¥800m (US\$8m) through a private placement. *April 7, 2008*

**Tamura Corp**, a Japanese information equipment, electronic components, electrochemical materials and soldering equipments maker, has acquired a 52.3% stake in **Koha Co**, the Japanese maker of applied optical products including LEDs, for a consideration of ¥4.3bn (US\$43m). *May 1, 2008*

## Korea

**Asahi Glass**, a Japanese LCD glass substrate manufacturer, will acquire **Schott Processing Korea Co Ltd (SPK)**, a wholly owned Korean subsidiary of Germany's **Schott AG** engaged in polishing large glass substrates for TFT-LCD's. The acquisition is valued at ¥5bn (US\$48m). Asahi Glass has two LCD glass substrate facilities in Korea with combined capacity of 5 million m<sup>2</sup> and needs to polish the glass substrates in order to ship them as final products. With this acquisition, it will take advantage of Schott Processing Korea's capabilities. *May 16, 2008*

**LG Display** plans a W1tn (US\$960m) LCD production line that likely will begin operations in Q2 2009. The

new sixth-generation line will have monthly capacity of 60,000 units and mainly produce panels for monitors and notebook screens. LG is reducing television-panel output by switching several LCD lines to produce information-technology panels, because some of its TV-panel clients are experiencing weakening demand. LG Display's major TV-panel customers include **LG Electronics**, **Philips Electronics**, **Vizio** and **Toshiba**. *May 19, 2008*

**Phoenix PDE**, a Korean manufacturer of electronics parts, has acquired **Ilchang Precision**, the Korean semiconductor memory heat sink module maker, for a consideration of KRW20bn (US\$21m). In 2007, Ilchang Precision posted revenues of KRW15bn (US\$16m). *March 16, 2008*

**Samsung Electronics** of Korean has acquired **Clairvoyante**, the US developer of PenTile subpixel rendering technology for flat panel displays and monitors, from US VC firms **American River Ventures**, **Intel Capital**, **Selby Venture Partners**, **Pacifica Fund**, **Rocket Ventures**, **The Halo Funds Management Company**, **The Angels' Forum**, and Japanese PE firm **Yasuda Enterprise Development**, for an undisclosed consideration. Post acquisition, Clairvoyante will be dissolved and a new entity, **Nouvoyance**, will be formed to push forward PenTile technology. *March 25, 2008*

## Malaysia

Germany's **Q-Cells AG**, the world's leading photo-voltaic company and largest manufacturer of solar cells, will invest RM5bn (US\$1.6bn) in Malaysia to produce solar cells for the global market. Q-Cells will build a manufacturing complex on a 150-hectare site in the state of Selangor, with expected total capacity of more than 300 peak megawatts (MWp). The company plans to produce more than 1.5 peak gigawatts (GWp) of solar cells in 2010, which will be four times its production output in 2007. The main markets for Q-Cells products are Europe, Japan, Korea, and the US. *June 3, 2008*

## Philippines

**Smart Communications (Smart)**, a Filipino wireless services provider and subsidiary of **Philippine Long Distance Telephone**, a Filipino telecom services provider, has acquired **PH Communications Holdings Corp** and **Francom Holdings Inc (CURE)**, a Filipino holding company of **Connectivity Unlimited Resource Enterprise**, a Filipino telecom services provider, for a consideration of Php420m (US\$10m). *April 28, 2008*

## Singapore

**Kohlberg Kravis Roberts** won the bidding for **Unisteel Technology**

**Ltd** by offering US\$576m for the Singaporean disk-drive-component maker. This is the second move by KKR in the Singapore disk-component industry, following its takeover of Unisteel rival, **MMI Holdings Ltd**, in July 2007. KKR said it intends to keep Unisteel's management in place and to grant members shares. *June 9, 2008*

**RCG China Holdings**, a subsidiary of **RCG Holdings**, a UK biometric and radio frequency identification security company, has agreed to acquire a further 40% stake in **Vast Base Technology**, a Singapore provider of RFID technologies for US\$54m in cash. RCG's stake in Vast Base will increase to 60%. The acquisition is expected to provide a net cash flow of US\$15m for RCG by Q2 2009. *May 16, 2008*

**Samsung Electronics** and **Germany's Siltronic** have opened a US\$1bn, 300mm silicon wafers JV facility in Singapore, **Siltronic Samsung Wafer**. The JV is expected to reach a monthly capacity of 300,000 wafers by 2010. The facility, Samsung's first wafer production site outside Korea, will supply the company's internal needs as well as customers in the US, Japan, and Europe. The 300mm wafers are currently the most advanced and largest diameter silicon wafers in commercial mass production. *June 19, 2008*

## Taiwan

**ADLINK Technology**, a Taiwanese manufacturer of measurement, automation products, communication and computer products, has agreed to acquire **Ampro Computers**, a US supplier of innovative modular embedded computing solutions, for US\$20m. Ampro's strengths in design, R&D, and manufacturing of rugged embedded computing solutions is in line with ADLINK's current strategic focus. *March 20, 2008*

**Hynix Semiconductor** of Korea has agreed to acquire 640 million shares in Taiwan's **ProMOS Technologies** for NT\$5.1bn (US\$167m). The shares account for 9.5% stake in ProMOS which meets the limit imposed by the Taiwan authorities who allow overseas semiconductor manufacturers to hold as much as 10% in local chip makers. Hynix will reportedly transfer its next-generation 54-nm DRAM production technology to ProMOS, so that ProMOS may start production as early as December 2008. *June 19, 2008*

**Micron Technology**, a US provider of advanced semiconductor solutions, and **Nanya Technology**, a Taiwanese manufacturer of semiconductors, have agreed to form a 50:50 JV called **MeiYa Technology Corp**. Micron Technology and Nanya will contribute US\$550m in cash by the end of 2009 and as well as technology. The JV will manufacture dynamic random access

memory (DRAM) semiconductor devices. The JV is expected to be complete by Q3 2008. *April 21, 2008*

**SpringSoft**, a Taiwanese supplier of electronic design automation (EDA) software and provider of technology consulting services, has agreed to pay US\$29m to acquire the remaining stake of **Novas Software**, a US provider of design comprehension and automated debug solutions for engineers of complex ICs, embedded

systems and semiconductors. With this acquisition, Novas will become the largest EDA company in Asia.

*April 1, 2008*

**Wistron Corp**, a Taiwanese manufacturer of computers and IT-related products, has agreed to acquire the digital display business of **Lite-On Technology**, a Taiwanese manufacturer of electronic goods and computer peripherals, for a consideration of NT\$9.2bn

(US\$300m). The digital display business of Lite-On Technology generated revenues of NT\$82.7bn (US\$2.5bn) in 2007. The transaction is expected to be complete by Q3 2008. *April 29, 2008*

*To submit stories to the Asian Technology Newsletter, please contact Diwakar Mitra in Mumbai at (91) 22-2643-0290 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. 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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