

# 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

## CHINA

**China Electronics Corporation** received government approval for its merger with China **Great Wall Computer Group**. The move will make China Electronics Corporation the biggest electronics company in China. (August 2, 2005)

**ECtel Ltd**, the Nasdaq-listed provider of fraud prevention and revenue assurance solutions, announced a global partnership agreement with **Huawei Technologies Company Ltd**, China's leading networking and communications Equipment Company. Under the agreement, ECtel's FraudView product for detecting and preventing real-time fraud will be integrated into Huawei's existing OSS/BSS solutions. The companies are considering expanding this cooperation into additional OSS applications in the near future. (July 5, 2005)

**Google** launched a local-search service in China, marking the latest move to expand its presence in China's fast-growing online marketplace. The new service provides local information for more than 100 Chinese cities. Maps are available through a partnership with **Mapabc.com Ltd**, a Beijing-based Web-based mapping service. (September 4, 2005)

**Infosys Technologies Ltd** announced a plan to invest US\$10m to set up a software development centre in Shanghai within the next two years. The centre will have a seating capacity for 1,000 engineers. (August 3, 2005)

**Johnson Electric** announced a definitive agreement to acquire **Parlex Corporation**, a Nasdaq-listed producer of flexible interconnect products for US\$75m. Separately, Parlex agreed to sell certain assets of its multilayer flexible circuit operation in Methuen, Mass., to **Amphenol** for an undisclosed amount. (August 18, 2005)

**Linktone**, a Nasdaq-listed Chinese wireless value-added service provider, signed a cooperation agreement with Hong Kong mobile operator **New World Mobility**. The two parties will jointly launch a wireless value-added service that will provide entertainment and music from Hong Kong to Mainland China mobile users. (August 15, 2005)

**Microsoft** acquired 10% of the premium shares of the **ZTEsoft Company Ltd**, a JV between ZTE and Accenture in China that provides BOSS (Business Operations Support System) service and solutions for Telecom operators, for US\$5m. The movement makes it possible for Microsoft to market software in China. (September 2, 2005)

**Monstermob**, an AIM-quoted distributor of mobile phone games and ringtones, announced an agreement to buy the mobile content company **ATOP Century** in China. The complex deal, structured to sidestep government ownership restrictions, is likely to value ATOP at US\$100m. (August 21, 2005)

**Novell** announced a plan to increase its investment in China by the end of the year. The investment includes setting up an R&D centre, opening new regional branches and developing a local technology support centre. By 2006, Novell will establish an R&D centre in Beijing as part of its global R&D infrastructure. The centre will focus on Linux desktop R&D, Linux internationalization and localization, and high performance Linux. (August 18, 2005)

**PCCW**, an integrated communications company in Asia, signed an agreement to acquire a 50% stake in **China Netcom Broadband Corporation**, an affiliate of China Netcom. China Netcom Broad offers broadband TV and value-added services in several major cities in China. (August 26, 2005)

**Sipex Corp** plans to close its US wafer manufacturing facility and outsource manufacturing to China. It signed a term sheet outlining a planned strategic relationship with **Hangzhou Silan Integrated Circuit Company Ltd**, a BiPolar and BiCMOS manufacturing company with two fabs in China. (September 1, 2005)

**Skype**, the European internet telephony provider, signed a JV with Chinese portal **Tom Online** to expand Skype's VoIP services in China. The JV formalizes the two companies' relationship which began last year with co-branded services. Tom Online will own 51% of the JV. (September 5, 2005)

**TCL**, the Chinese consumer electronics group, signed an agreement with **GoVedio** of the US to buy 20 trademarks and 24 patents for US\$10m. GoVedio specializes in manufacturing DVD players. The deal enables TCL to bypass the patent restrictions for DVD players and color TVs. (August 4, 2005)

**Telefonica** of Spain, the world's third-largest telecoms group by market value, announced it will acquire a 3% stake in **China Netcom** for US\$290m. China Netcom is China's second-largest fixed-line operator. The two companies are expected to cooperate in equipment purchasing, research and development and marketing. (June 30, 2005)

**Verint Systems** signed a definitive agreement with **MultiVision Intelligent Surveillance Limited** to acquire the company's Hong Kong-based networked video security business for US\$48m. Verint Systems is a provider of analytic software-based solutions for communications interception, networked video security and business intelligence. The acquisition will provide Verint with local product development, customer support and solutions that are focused on the regional requirements of the Asia Pacific market. (September 7, 2005)

**Yahoo** acquired a 40% stake in **Alibaba**, a leading Chinese e-commerce and online auction company. Yahoo will pay US\$1bn and transfer its operations

in China to Alibaba as part of the deal. It marks a change in Yahoo's China strategy from organic growth to strategic alliance. The deal makes Alibaba one of the most powerful internet companies in China with operations spanning e-commerce, search and communication services. (August 11, 2005)

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## INDIA

**Aditya Birla Group** and **Tata Group** bought out Cingular Wireless Inc's 33% stake in **Idea Cellular Ltd**, an India-based mobile phone company for US\$300m. Upon the completion of the deal, the Birla Group will hold 50% of Idea and Tata Group will hold 48%. (July 30, 2005)

**BindView Corp** and **Tata Consultancy Services** announced a strategic alliance to combine Tata Consultancy Services' security services with BindView's compliance and vulnerability management products. BindView is a Nasdaq-listed provider of IT security compliance solutions. (August 9, 2005)

**Diebold**, a US-based integrated financial self-service systems and services signed an agreement to buy **Tata Infotech's** ATM plant in India. Diebold and Tata Infotech, a unit of Tata Group, began a manufacturing agreement in 2002, and will continue to cooperate in areas that include software development and supplier support. (July 15, 2005)

**Four Soft Ltd**, an India software provider, signed an agreement to acquire the logistics software business of UK-based **DCS Transportation** for US\$19m. The acquisition would make Four Soft Ltd the world's largest transportation and logistics software provider. (September 5, 2005)

**Hutchison Essar**, a JV between Hong Kong's **Hutchison Whampoa** telecoms group and

India's **Essar** oil services and steel business, acquired **BPL Mobile's** wireless businesses for US\$1bn. This will create India's third largest cellular company and mark the latest round of consolidation in the fast-growing sector. (July 21, 2005)

**Novell Inc** confirmed its plan to acquire the other half of its JV in India from its JV partner **Onward Technologies Ltd**. The move will give Novell complete control over its Indian sales and distribution branch and enable it to fully integrate its Indian operations. (August 25, 2005)

**Oracle** confirmed the plan to buy a majority stake in **i-flex Solutions**, India's largest application software vendor and the maker of Flexcube, one of the world's best-selling banking softwares. Oracle will buy a 41% stake from Citigroup for US\$593m and make a public offer for another 20% for up to US\$316m. The deal is expected to have a significant impact on the global banking software industry. (August 3, 2005)

**Singapore Telecommunications** (SingTel) formed a strategic alliance with Delhi-based **Noida Software Technology Park Ltd** (NSTPL) to provide Interactive Distance Learning in Asia. SingTel will manage and maintain hardware and satellite transmission systems from Singapore, while NSTPL, a local satellite teleport operator, will manage the delivery part. (September 2, 2005)

**Tata Technologies** will pay US\$98m for 100% of **INCAT**, an international provider of software services and solutions focused on Product Lifecycle Management, principally to the automotive, aerospace and durable goods manufacturing industries. INCAT is headquartered in the UK. (August 18, 2005)

**Videsh Sanchar Nigam Ltd**, an India-based international telecom carrier and part of the Tata Group, acquired **Tyco Global Network** for US\$130m. Tyco Global Network maintains an undersea cable network in North America, Europe and Asia. Videsh Sanchar Nigam also signed a definitive agreement to acquire **Teleglobe International Holdings Ltd** for US\$239m.

Teleglobe is a bulk voice and data service provider with its main operations in Canada and the US. The acquisitions will make Videsh Sanchar Nigam a tier-one global wholesale voice and data player. (July 26, 2005)

**Videocon**, a leading Indian electronics goods maker, acquired the color TV tube business of France's **Thomson SA** for US\$291m. Thomson has agreed to invest US\$273m through a placement in Videocon Industries, the energy business arm of the Videocon group. Thomson will invest an additional US\$18m in Videocon International. Following these private placements, Thomson will hold 14% in each of the two Videocon group companies. (June 28, 2005)

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## JAPAN

**Access Co**, a Japanese software developer acquired US software company **PalmSource**, the maker of the popular *Palm* operating system, for US\$324m. Access Co develops software for personal digital assistants and Internet access. The acquisition will give Access one of the broadest lines of mobile software in the industry and Linux development resources for mobile devices in the U.S., France and China. (September 9, 2005)

**GlobeTel Communications Corp** signed an LOI with Japan's **Kashiwabara Token Corp** to form a JV providing wireless broadband and communications system in Japan. Through Kashiwabara's existing cellular and cable infrastructure, the JV will establish a broadband wireless system in Japan soon. (September 8, 2005)

**KDDI Corp**, Japan's second-largest telecoms operator signed an agreed to acquire Tokyo Electric Power Company's (TEPCO) fixed-line telecoms unit **PoweredCom** in a stock-swap deal. TEPCO will transfer its entire 84% stake in PoweredCom

in exchange for KDDI shares in a deal that would value PoweredCom at around US\$900m. (August 24, 2005)

**NTT Data**, Japan's largest independent IT systems integrator, and **Capgemini** announced a nonexclusive global alliance as preferred partners in the US, Europe and Japan. Under the agreement, NTT Data will also acquire 95% of Capgemini's Japanese subsidiary for an undisclosed sum. (July 20, 2005)

**Rakuten Inc**, Japan's most diversified internet portal, signed an agreement to acquire **LinkShare Corporation** for US\$425m. LinkShare is a US-based technology solutions provider to track, manage, and analyze the performance of sales, marketing, and business development initiatives. (September 6, 2005)

**WebEx Communications Inc**, a Nasdaq-listed provider of web meeting applications, entered into an agreement with **NTT Communications Corporation** to launch a contact center solution for small and medium size businesses in the Japanese market. (August 4, 2005)

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## KOREA

**LG Electronics** and **Nortel Networks** signed a definitive agreement to form a telecommunications equipment JV in Korea to tap the fast-growing telecoms market in Asia. Nortel will invest US\$145m for a 51% stake in the JV. (August 17, 2005)

**Siemens** and **Hyundai Motor** acquired a controlling 42% in Hyundai Autonet for US\$231m. Hyundai Autonet makes car audios, onboard navigations systems and auto computers. Siemens is bullish on the Korean auto electronic market and improved its share in the market through the acquisition. (July 27, 2005)

## MALAYSIA / INDONESIA / PHILIPPINES

**Modular Techcorp Holdings Bhd**, a Malaysia smart card technology provider, acquired a 70% stake in **Blue-I Network Sdn Bhd** for US\$6m. Blue-I engages in mobile communication, computer and internet protocol solutions sales and services. Modular will develop post-issuance applications using the mobile communications, computer and internet protocol solutions of Blue-I. (September 7, 2005)

**SkyNetGlobal Ltd**, the Australian wireless broadband company, announced an agreement to acquire a 60% stake in Malaysian company **E-Pay Sdn Bhd**, which provides electronic payment and top-up services for mobile phone users. SkyNetGlobal will pay an initial US\$22m plus a further US\$11m depending on performance. (September 6, 2005)

**Solar-Fabrik AG**, a German solar modules producer, acquired Malaysian solar wafer manufacturer **Global Expertise Wafer Division Ltd**. Through the acquisition, Solar-Fabrik will secure solar wafer deliveries with a total volume of more than 30 MW annually for 2006 and will be able to double its current output. (July 27, 2005)

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## SINGAPORE

**Singapore Technologies Engineering Ltd**, a technology conglomerate in Singapore, acquired **iDirect Technologies Inc** for US\$165m. iDirect Technologies is a US-based company that makes satellite-based routing equipment to deliver

broadband Internet service to remote areas. (August 30, 2005)

**Telekom Malaysia** and Malaysia government investment unit **Khazanah** acquired 12.1% of second-placed Singaporean mobile operator **Mobile One** for US\$260m. The deal will bring their combined interest in the company up to 17.7%, making them the company's largest shareholders. (August 19, 2005)

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## TAIWAN

**CellStar**, a value-added wireless logistics services provider, announced that it has sold its operations in Taiwan to a former employee of those operations in August. In September, it further announced that it entered into an agreement to sell its operations in China and Hong Kong to A.S. Horng, the head of the company's Asia-Pacific Region. The steps signal the completion of CellStar's exit from Asia market. (August 25, 2005 / September 3, 2005)

**EZconn** acquired part of German chipmaker **Infineon's** fibre-optics business for an undisclosed price. EZconn is a Taiwan-based components maker. The acquisition will strengthen EZconn's market access in Europe and North America. (August 19, 2005)

**Hannstar Display**, the Taiwanese flat panel display maker, signed a contract manufacturing and technology transfer agreement with **Casio Computer** of Japan. Under the seven-year contract, Casio will provide Hannstar with technology for flat

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panel displays in digital cameras, mobile phones and other niche applications. (September 1, 2005)

**Lite-On Technology**, the parent company of Lite-On IT, acquired a 10% stake of **AOpen** from Wistron, AOpen's parent company for US\$12m. The deal will in effect form a strategic alliance between Lite-On Technology, the largest maker of optical disc drives in Taiwan, and Wistron, Taiwan's third largest maker of notebook PCs. (September 7, 2005)

**National Technical Systems** (NTS) signed an agreement with **SGS Taiwan** to jointly develop testing facilities to serve Taiwan and South Korean markets. NTS provides integrated engineering solutions, product testing, standards compliance, project management and technical resources globally. The testing services planned to be offered initially will include USB Device and Hub, USB On-the-Go, USB Cable and Connector

and Microsoft Windows Hardware Quality Laboratory certifications. (September 7, 2005)

**Teco Group**, a major manufacturer of telecommunications equipment, and **VIBO Telecommunications of Kinpo-Compal group** announced the establishment of a JV to sell 3G cellular handsets in Taiwan. TECOM will take a 60% stake in the JV while VIBO will take the other 40%. (August 26, 2005)

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Andrew Huntley, Managing Director

Christine Ma, 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 our offices below.

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