

ASIAN TECHNOLOGY NEWSLETTER

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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.

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China

Acorn International (ATV), a Chinese marketing company, acquired **Yiyang Yukang Communication Equipment Co.**, a Chinese communication equipment company, for US\$7m. This acquisition will broaden ATV’s distribution in China.

December 30, 2008

Best Buy, a US-based electronics retailer, will acquire the remaining 25% of **Five Star Appliance**, a Chinese electronics retailer, of which Best Buy already owns 75% stake, for US\$185m. Five Star Appliance will be a wholly foreign-owned company. *February 16, 2009*

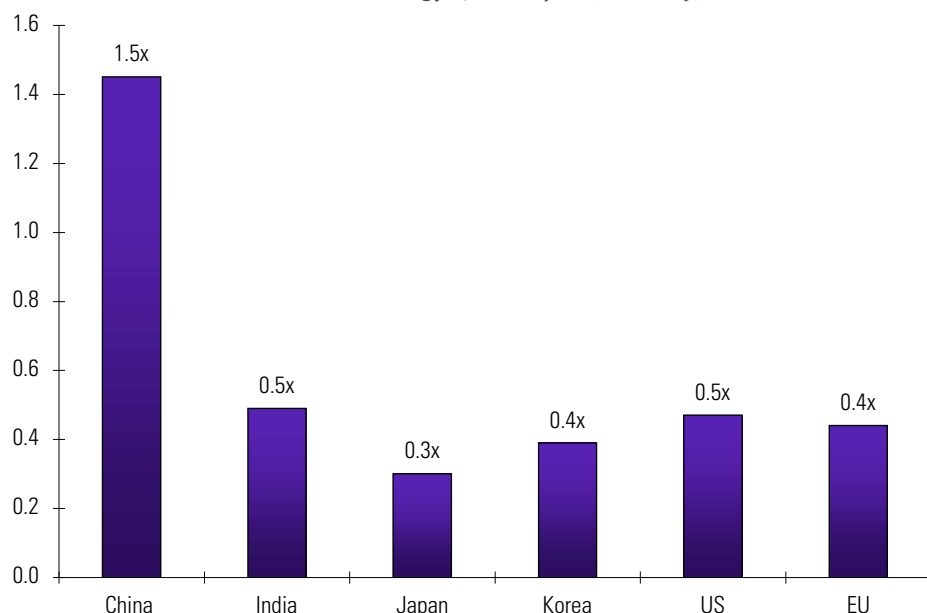
CDC Software, a Chinese software company, will acquire **WKD Solutions Ltd**, a UK-based business process solutions company, for an undisclosed

Technology Stock Indices (12 months ending Mar 2009)



Source: Bloomberg, BDA

Technology P/R Multiples (Mar 2009)



Source: Bloomberg, BDA

consideration to integrate WKD Solution's technology into CDC Software's products.

February 10, 2009

China 3C Group, a Chinese electronics distributor, has agreed to acquire **Jinhua Baofa Logistic Ltd**, a Chinese logistic company, through its subsidiaries **Zhejiang Yong Xin Digital Technology Co** and **Yiwu Yong Xin Communication**, for US\$18m. This acquisition will increase the competitiveness of China 3C Group.

December 30, 2008

ChinaTel Group Inc (ChinaTel), a Chinese telecommunication company, acquired 95% of **Perusat SA**, a Peruvian telecommunication company, for US\$3m. This acquisition will enable ChinaTel to enter the Peruvian telecom market.

March 10, 2009

China United Network Communications

Group Co (China Unicom), a Chinese telecommunication company, will acquire fixed-line and broadband assets from its parent company, **China Network Communication Group Corp**, for US\$940m. This acquisition will expand China Unicom's business.

HiChina, a Chinese network services provider, acquired **Langyan Network Technology Co**, a Chinese website establisher, for an undisclosed consideration. Langyan Network Technology Co specializes in e-commerce hosting and has 100,000 customers.

Kingsoft, a Chinese software maker, will acquire 30% of **Sky Profit**, a holding company of Chinese game software companies, for US\$8m. Kingsoft agreed to form a strategic partnership with Sky

Profit. December 19, 2008

Net263.com, a Chinese telecoms service provider, will acquire 50% of **iTalk Global Communications Inc**, a US-based VoIP service provider, for US\$15m. This acquisition will enable Net263.com to penetrate overseas markets.

Oak Pacific, a Chinese social networking service developer, acquired 23.7% of **eLong.com**, a Chinese travel company, for US\$19m. This acquisition may lead to a merger between Oak Pacific and eLong.com.

Rockwell Automation Inc, a US-based industrial automation power solutions company, will acquire **Xi'An Hengsheng Science & Technology Co**, a Chinese engineering firm, for an undisclosed consideration.

United Technologies Far East Ltd (UTFE) plans to acquire **GST Holdings Ltd**, a Chinese fire alarm solutions company, for US\$249m. UTFE will privatize GST Holdings upon the acquisition.

India

Altruist Group (Altruist), an Indian Value-Added Service (VAS) company, acquired **Mobile2Win** (M2W), a leading VAS company, for an undisclosed consideration. M2W will become a subsidiary of Altruist.

Bahrain Telecommunications Co agreed

to acquire 49% of **S Tel Ltd**, an Indian mobile operator, for US\$225m. A new entity, **Batelco Millennium India Co** was formed to purchase the shares in S Tel.

January 20, 2009

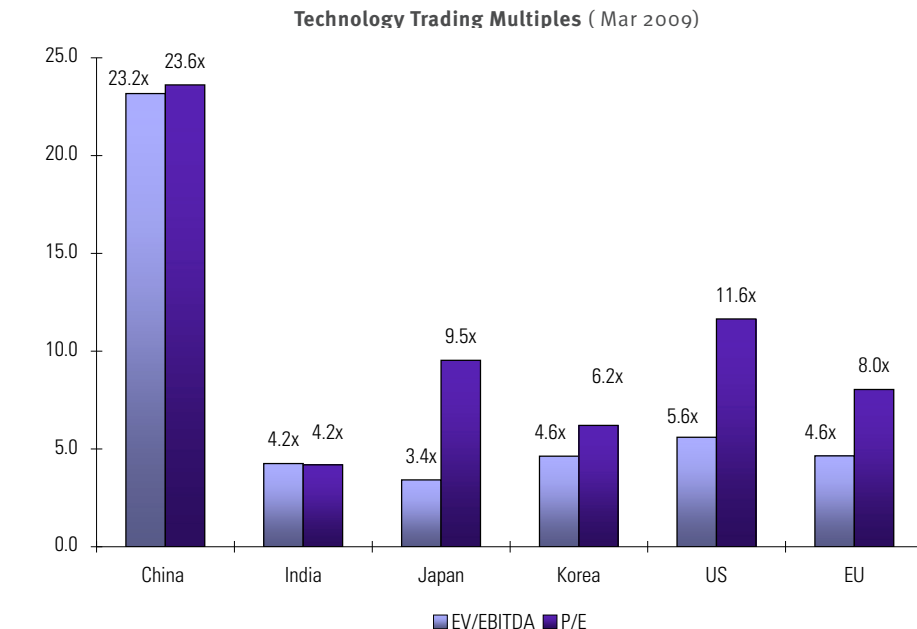
HCL Technologies Ltd, an Indian IT company, acquired **Axon Group PLC**, a UK-based SAP consulting firm, for US\$608m. *November 25, 2008*

Providence Equity Partners, a US-based PE group scaled down its deal to acquire **Aditya Birla Telecom**, an Indian telecom company, from 20% to 16.1%, for US\$428m. This will increase Providence's total exposure to **AV Birla Group's** telecom business to US\$828m.

January 30, 2008

Samtel Display Systems is forming a 74:26 JV with French defense equipment manufacturer **Thales**. The proposed JV will manufacture helmet mounted sight displays in India for the Ministry of Defense. Thales is an international electronics and systems conglomerate, addressing defense, aerospace and security markets worldwide. Samtel Group is an Indian integrated manufacturer of electronic displays and their components mainly used in television, avionics and professional applications. *March 7, 2009*

Sasken Communication Technologies, an Indian telecommunications company, has called off a planned JV with the **Tata Group**. 100 people working for the JV, **TACO Sasken Automotive Electronics**, have been asked to quit. In January 2007, Sasken and **Tata AutoComp Systems**, a Tata Group company had formed the JV to



Source: Bloomberg, BDA

make automotive electronics products. *January 19, 2009*

Tata Communications, an Indian communication company, has increased its stake in **Neotel**, a South African communications network operator, to 56% for an undisclosed consideration. *January 19, 2009*

Tata Teleservices, an Indian telecom company, announced the merger of its telecom tower arm with **Quippo Telecom Infrastructure Ltd**, an Indian infrastructure equipment rental company, for US\$2.4bn. Quippo will acquire 49% of **Wireless Tata Telecom Infrastructure Ltd** for US\$490m. Quippo will also merge its telecom towers with Tata Teleservices' tower arm. *January 5, 2009*

Tecnomen, a Finland-based telecom software firm, acquired 96.6% of **Lifetree**

Convergence Pvt Ltd, an Indian IT solutions provider, for US\$46m. The new entity will be called **Tecnomen Lifetree**. *December 18, 2008*

Walt Disney, a US media house, acquired 22.7% of **UTV Software**, an Indian media company, for US\$136m. This acquisition raised Walt Disney's holding of UTV Software to 59.9%. *November 20, 2008*

Wipro Technologies (Wipro), an Indian IT company, acquired **Citi Technology Services**, the technology and infrastructure outsourcing arm of **Citigroup**, for US\$127m. Wipro agreed to deliver IT services and application development and maintenance services for Citigroup. *December 23, 2008*

XING AG, a German professional networking site, acquired **Socialmedian Inc**, a New York-based social news

aggregator developed by **True Sparrow Systems**, for US\$8m. True Sparrow Systems, an Indian IT company, will be a XING shareholder. *December 24, 2008*

Indonesia

PT Telekomunikasi Indonesia Tbk (Telkom) plans to create a consortium with Iranian government-linked agencies to acquire an undisclosed stake in the state-owned **Iranian Telecom Co** for an estimated US\$100m. *January 18, 2009*

Japan

Fujifilm Corp, a Japanese film company, has acquired **Empiric Systems LLC**, a US-based radiology information systems company, for an undisclosed consideration. Empiric will become a wholly-owned subsidiary of Fujifilm Corp. *December 19, 2008*

Fujitsu Ltd, a Japanese electronics company, will acquire **Siemens AG's** 50% share in their JV **Fujitsu Siemens Computers (Holding) BV**, for US\$567m. Fujitsu Siemens Computers will continue to operate as a JV until the transaction is completed. *January 7, 2009*

Honda will establish a 49:51 JV with battery-maker **GS Yuasa** to form **Blue Energy Co**, which will manufacture lithium-ion batteries for hybrid vehicles. The two companies will make an initial investment of US\$30m into the JV, which will eventually rise to US\$150m. The new company will manufacture batteries

based on GS Yuasa's 6Ah-class prismatic Li-ion EH6 cell and will also explore ways of optimizing the performance of next-generation hybrid vehicles. *March 25, 2009*

JAFCO Asia, a Japanese VC firm, and **Ventureast**, an Indian VC firm, acquired 25% of **S12 Microsystems**, a hardware manufacturing firm, for US\$13m. *February 13, 2009*

KDDI, a Japanese telecom operator, plans to acquire **TEPCO Cable Television** and **Kawagoe Cablevision Corp**, two Japanese local TV operations belonging to the **Tokyo Electric Power Company**, for US\$222m. This acquisition will increase KDDI's customer base. *December 25, 2008*

Koei Co, a Japanese videogame publisher, agreed to acquire **Tecmo Ltd**, a smaller competitor, and will become **Tecmo Koei Holdings**, which will be 75% owned by Koei. The deal is valued at an estimated US\$200m. *February 2, 2009*

24/7 Real Media Inc, a US-based marketing company, and **Cyber Communications Inc**, a Japanese media company, announced the merger of their subsidiaries **DENTSU e-LINK INC** and **K K 24-7 Search** to form **Dentsu Search & Link**, for an undisclosed consideration. *January 14, 2009*

Yahoo Japan Corp will acquire **SOFTBANK IDC Solutions Corp** (IDC), a Japanese information security management system, for US\$478m. This acquisition will enhance Yahoo Japan's data center

business. *February 19, 2009*

Korea

Advanced Cell Technology Inc, a US-based biotechnology company, will form a JV with **CHA Biotech Co** (CHA), a Korean biotechnology company, for an undisclosed consideration. The new company, **Allied Cell Technology**, will be majority owned by CHA. *December 1, 2008*

Dong Hoon Shin, an individual investor in Seoul, acquired 6% of **Han Wireless Co**, a Korean IT Management company, for US\$1.4m. *February 19, 2009*

Philippines

Philippine Long Distance Telephone Company (PLDT) has agreed to acquire **Philippine Global Communications** (Philcom), a telephone service provider, for US\$2m. PLDT also agreed to buy all of Philcom debt from **PremierGlobal Resources Corp** for US\$8m. *January 9, 2009*

Saudi Arabia

HBL Power Systems, an Indian battery maker, will invest US\$3m to acquire 40% of a JV with **Advance Electronics Co**, a Saudi company specialized in advanced electronics research and manufacturing for defense and communications, and **Abdullah H Al Shuwayer & Sons T&C Co** in Saudi Arabia. The JV, named

Gulf Batteries Co., will make industrial batteries. *January 18, 2009*

Taiwan

Compal Electronics, a Taiwan-based notebook maker, and **Ju Teng International Holdings**, a Hong Kong-listed chassis maker, announced the formation of a JV, **Compal Precision Module**, in Nanjing, China. The JV will produce magnesium-aluminum alloy and plastic chassis. *February 20, 2009*

Elpida Memory, a Japanese chipmaker, agreed to integrate its operations with **Powerchip Semiconductor**, **ProMOS Technologies** and **Rexchip Electronics**, three Taiwanese chipmakers. *February 10, 2009*

IC Plus, a Taiwanese integrated circuits

design company, will acquire **Conwise Technology**, a Bluetooth chip design company, for US\$3m. This acquisition will enable IC Plus to enter the wireless networking chip market. *February 20, 2009*

Selected Asian Technology Transactions with Multiples (12 months ending in Mar 2009)

Announce Date	Target Name	Target Country	Acquirer Name	Acquirer Country	Deal Value	Acquisition Type	EV / EBITDA	EV / Revenue	P/E
12-Feb-09	D3	JP	Namco Bandai	JP	\$63.0	100% ACQ	5.5x	0.4x	5.0x
9-Jan-09	Siemens Info Systems	IN	Siemens Corp Finance	IN	\$93.0	100% ACQ	N.A.	0.4x	N.A.
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

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.

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