

# ASIAN TECHNOLOGY NEWSLETTER

Issue 33, October 2002

A bimonthly newsletter of developments in the IT, semiconductor and telecoms industries

## CONTENTS

INTRODUCTION .....	1
CHINA/HK .....	1
INDIA .....	3
JAPAN .....	3
KOREA .....	4
MALAYSIA .....	4
SINGAPORE .....	4
TAIWAN .....	5
THAILAND .....	6

## CHINA/HK

**Hanbit Soft Co**, a Korean online game and entertainment services company, announced that it has set up a JV, to be called **Tyfo Network & Information Technology**, in China with two local Chinese partners. The new JV is intended to expand its online game business into China. Its two local partners are **Sichuan Public Information Technology Co**, a Chinese Internet Data Center (IDC) operator, and **Beijing Ray Network Advertisement Co**, an advertising company. These two companies will have a combined 70% stake, while Hanbit Soft owns the remaining 30%. Hanbit Soft is listed on KOSDAQ and has grown into a major game service firm in Asia, with W82.7bn (US\$69m) revenues in 2001 (August 23, 2002)

**IMP Inc**, a NASDAQ-listed analog semiconductor solutions provider, announced that it has entered into a JV agreement with **Minghua Co** to establish a manufacturing base in China. The 50/50 JV is located in Ningbo, East China, and is expected to be in full operation by July 2003. Initially, operations of the JV will be managed by IMP Inc. Total investment in the new JV is US\$31m, with IMP Inc contributing its share by means of equipment, technology and business, while Minghua will provide its share through facilities, workspace and infrastructure. The new JV will focus on the design, development, production and sale of integrated circuits, electronic module products and software. (September 13, 2002)

**Nikon Corp**, a Japanese manufacturer of optical and precision equipment, announced that it has invested US\$3m to set up a new company in Shanghai, **Shanghai Nikon Precision Instrument Co Ltd**. The new company will offer storage, logistics, technical consultation and personnel

## INTRODUCTION

We hope you find the *Asian Technology Newsletter* informative.

BDA is a corporate finance advisory firm which helps multinational clients to identify and to execute acquisitions, divestments, JVs and other strategic alliances in Asia.

Please visit our website [www.bdallc.com](http://www.bdallc.com) or contact me at [ahuntley@bdallc.com](mailto:ahuntley@bdallc.com) to learn more about our services.

Andrew Huntley  
Managing Director

training services related to semiconductor manufacturing equipment and other precision instruments. Nikon Corporation recently established a new production facility in Wuxi, Jiangsu, China, to enhance the cost competitiveness and production capacity of digital cameras and other products of its Imaging products business. Nikon's such investment into China is another example of global semiconductor companies shifting their manufacturing bases into China. (September 2, 2002)

**ON Semiconductor**, a NASDAQ-listed manufacturer of semiconductor components for electronic products, appliances and automobiles, announced that it will be expanding its JV operation in China to add a 6-inch wafer fabrication plant to its existing portfolio. The new investment, amounting to US\$231m, will make ON Semiconductor the first foreign company to introduce 6-inch wafer manufacturing into western China. Together with its JV partner, **Leshan Radio Company**, the largest manufacturer in China of small signal devices, ON Semiconductor plans to produce advanced metal oxide semiconductor (MOS) devices and introduce more sophisticated analog technologies down to 0.25 microns following the completion of the expansion. ON Semiconductor owns 51% of the JV company, **Leshan-Phoenix Semiconductor Company Limited**. Its JV partner, Leshan Radio Company, holds a 39% stake in the JV with **Motorola holding** the remaining 10% stake. (August 12, 2002)

**Shougang Concord Technology Holdings Ltd**, a Hong Kong-listed holding company with subsidiaries dealing in electronics and machinery parts, announced that, through its unit **Printronic Circuit Ltd**, it has agreed to sell its entire 60.2% stake in **Shanghai Printronics Circuit Corp** to **Shanghai Jinling Holdings Co Ltd** for RMB48 (US\$6m). Shanghai Printronics, which is currently 39.8% owned by Shanghai Jinling, will become a wholly-owned subsidiary of Shanghai Jinling. (September 26, 2002)

**Sina.com Inc**, a NASDAQ-listed online media and Internet services company for China and for global Chinese communities, announced that it is planning to acquire Shanghai-based **Techur Technology Development Co Ltd** in order to strengthen its

business-to-business operations. Techur offers online business matchmaking services through its portal [www.eastchina.com](http://www.eastchina.com) and sells software for shipping and warehouse management to export-oriented companies in eastern China. (September 5, 2002)

**Taiwan Semiconductor Manufacturing Co (TSMC)**, the world's largest manufacturer of computer chips, announced that it will build a wafer plant in China. TSMC will invest up to US\$898m directly to establish a plant in the Songjiang industrial park located in Shanghai. Taiwan previously banned its high-tech industry from going to China over fears the export of sensitive technology would weaken Taiwan's leading position in the semiconductor industry. However, In March 2002, owing to growing pressure from high-tech companies, the Taiwan government moved to ease its long-standing ban and has allowed some chipmakers to invest in less-advanced wafer fabrication plants in China. Under the unprecedented policy, manufacturers are granted permission only when their plants in Taiwan using next-generation 12-inch silicon wafers have been in stable mass production for six months. (September 19, 2002)

**Telson Electronics Co Ltd**, a Korean mobile phone manufacturer, announced that it has signed a JV agreement with **China's Shandong province** to set up a mobile handset manufacturing plant in the Yantai economic development zone. Telson will invest US\$12m in the Chinese operation, tentatively named **Telson Electronics Yantai Co Ltd**, which plans to produce 2.4million units of mobile handsets per month. The JV production plant is its first overseas manufacturing facility and will mainly focus on the Chinese market. Telson Electronics recently won a contract to sell 500,000 CDMA handsets to **Ningbo Bird** of China for US\$67.5m. (August 29, 2002)

**Tom.com Ltd**, a Hong Kong-based multi-media company, announced that it will form a JV with **Popular Computer Group**, a Chinese publisher of IT journals and other media. Tom.com will finance RMB312m (US\$40m) for its 49% stake in the JV by issuing new shares and with RMB120m (US\$14.5m) of cash. Popular Computer Group will hold a 51% stake in the new JV, and will help the JV in the advertising and distribution operations of

its publications and the right to use the publications trademarks and brands. In turn, Tom.com will use its resources to help the JV explore the overseas market. (September 19, 2002)

---

## INDIA

**HCL Technologies**, a Bombay-listed IT services company, and **M.A. Partners**, a London-based consulting firm, have agreed to set up a JV to offer financial software services in the global market. The new JV, to be called as **HCL M.A. Ltd**, will be headquartered in London and offer end-to-end services from solution design to software services delivery and maintenance. HCL will have a 51% stake in the venture, which will have a total initial funding of £800,000 (US\$1.2m). (August 19, 2002)

**NIIT**, an Indian IT services company, announced that it has acquired **Data Executives International (DEI)**, a US-based IT services company serving insurance and finance sectors. This acquisition aims to make NIIT a stronger player in the IT services market for finance and insurance sectors. The acquisition also gives NIIT an expanded management team and a consulting team of 15 professionals. Upon completion of this deal, DEI will become a division of NIIT in the US and will focus on its business in the US. (September 5, 2002)

**Samsung Electronics Co Ltd** of Korea announced that it plans to purchase an additional 26% stake in **Samsung Electronics India** for approximately US\$24m by the end of 2002 from its JV partner, the Dhoots family, to make the firm its wholly owned subsidiary. Samsung Electronics currently holds a 74% stake in its Indian unit. Samsung Electronics believes that this transaction will allow it to expand the scope of its business and better serve the Indian market. Samsung Electronics India currently manufactures television sets, computer monitors and air conditioners, posting annual sales of US\$500m. Samsung Electronics is also planning to invest further in its Indian subsidiary upon the completion of this deal. (August 30, 2002)

**United National Film Corporation (UNFC)**, a US producer of independent films, announced that it is planning to purchase a 40% stake in **Kaashyap Radiant Systems Ltd**, a Bombay-listed IT consulting company. This share transaction is intended to bring UNFC the ability to produce computer graphics special effects and related film software. It has completed due diligence and is in the process of seeking an approval from the government authorities. (September 13, 2002)

---

## JAPAN

**Net One Systems Co Ltd**, a TSE-listed technology company engaged in network computing systems and the consulting and design of optimum network systems, and **IBM Japan**, will establish a JV in Japan to provide integrated storage networking solutions. The new JV will be called **ProStorage Co Ltd**, and Net One Systems will own 65% and IBM Japan 35%. ProStorage is aiming to gain a foothold early in the market of *IP-based storage area networks (IP-SAN)*, a storage-only network using an IP network, which is expected to grow rapidly in the next few years. By combining the technologies of Net One Systems and IBM Japan, ProStorage is planning to develop practical storage networking solutions. (August 28, 2002)

**Tokyo Electron Ltd**, a Japanese manufacturer of semiconductor equipment, **Ebara Corp**, a Japanese manufacturer of industrial machinery, and **Dainippon Screen Mfg Co**, a Japanese manufacturer of desktop publishing (DTP) press equipment and systems for the graphic arts industry, announced that they will form a JV company to develop and manufacture next-generation semiconductor production equipment. The new JV will focus on developing equipment to draw circuit patterns with electron beams, which do not require photomasks. The JV will make use of basic technology licensed from **Toshiba Corp** and will develop equipment capable of drawing lines with a width of 65 nanometers by 2005. Tokyo Electron and Ebara will each hold a 40% stake, and Dainippon Screen will hold the remaining 20% in the JV. (September 11, 2002)

---

## KOREA

**Duzon Digital Ware Co Ltd**, a KOSDAQ-listed company engaged in the development of corporation information solutions such as MIS, ERP and ASP, announced that the company will merge with **New Soft Technologies Co Ltd**, a KOSDAQ-listed ERP solutions provider, to further diversify its software businesses and strengthen competitiveness. Under the merger agreement, one New Soft share will be exchanged for 0.4 Duzon Digital shares. The merged entity will officially launch in December 2002. (September 10, 2002)

**Hynix** announced that it has signed an MoU to sell its flat-panel display unit to **BOE Technology Group**, a Chinese manufacturer of optical electronics, for approximately US\$380m. Hynix, which is currently controlled by **Korea Exchange Bank** and other creditors, is the world's third largest memory chip maker and still faces a challenge recouping US\$5bn of loans after memory chip prices fell by about a fifth in 2002. Hynix is trying to raise cash to persuade its creditors to give it a third bailout in two years. BOE Technology Group's expects that this acquisition will lift its annual sales by US\$602m. (September 26, 2002)

**KTF Corp**, Korea's second-largest mobile carrier under **KT group**, announced that it plans to merge with **KT ICOM**, the 3G business unit of KT group, by the end of 2002. KTF Corp cited that the merger will take place with a view toward minimizing the dilution of its share value. KTF has 653,000 customers for its *CDMA2000 1X* networks, also known as 2.5-generation mobile telephony. KTF is currently undertaking trials for the upgrade of its *1X* service and plans to invest W90bn (US\$75m) by the end of 2002. (September 4, 2002)

**LG Electronics Investment (LGEI)**, an investment holding company of **LG Electronics Inc**, announced that it has raised its stake in LG Electronics Inc from 9.17% to 27%. In Korea, a holding company is required to have a minimum 30% stake in a unit listed on the stock exchange within two years of its establishment. LGEI is still 3% short of this

requirement, thus it is considering various ways to increase its stake in LG Electronics including purchasing from the market, a tender offer to institutional investors, or a purchase of LGCI's shareholdings in the unit. LG Electronics is an electronics and telecommunications company, operating 75 subsidiaries with 55,500 staff globally. The company generated W16tr (US\$13bn) revenues in 2001. (September 11, 2002)

---

## MALAYSIA

**Berjaya Group Bhd**, a Malaysian investment holding company, announced that it will sell its entire 50.5% stake in **Iris Technologies (M) Sdn Bhd** to **Iris Corp Bhd** for RM84.6m (US\$22.2m). Iris Technologies is a Malaysian IT company engaged in R&D of smart technology and manufacturing of contactless smart technology products. Iris Technologies is 49.5% owned by Iris Corp, which was recently listed on Mesdaq. The Berjaya Group will use the capital raised by its share sale to repay its debts. (September 5, 2002)

**SDKM Fibres, Wires & Cables Bhd**, a Malaysian manufacturer of AV accessory cables and digital optic cables, announced that it will purchase a 48% stake in Taiwan-based **TSDK Co Ltd**. TSDK, which is involved in the trading of computer peripherals, will help SDKM to further expand its services and products into China and Taiwan. This share acquisition is also expected to help SDKM to reduce operational costs for its business in the Greater China region. (September 22, 2002)

---

## SINGAPORE

**aspnetcentre Ltd**, a Singapore-listed IT services provider for training and software development, announced it will acquire several education businesses from **Iverson Computer Associates**, to expand its current scope of activities. Iverson

Computer Associates is a private company founded in 1992 as a training business and is currently undergoing voluntary liquidation. aspnetcentre is acquiring five companies that provide IT training and education to corporate clients in Singapore, Malaysia, Indonesia and Thailand, and will be holding these units through its subsidiary. The acquisition will be funded by cash proceeds raised from its recent IPO. This acquisition comes shortly after listed **Panpac Media.com** bought an 81.2% stake in private education services group, **Auston Technology Group** for S\$15.8m (US\$9m). (August 25, 2002)

**CSE Systems & Engineering**, a Singapore-listed IT services and industrial automation specialist, announced that it has signed a LoI to acquire **Control Concepts & Technology Corp (CCT)** for US\$11.5m. CCT is a Louisiana-based engineering systems integrator in the offshore oil and gas industry. Customers of CCT include Devon Energy and Remington Oil & Gas. CSE Systems & Engineering believes that this acquisition will consolidate CSE's market position in the US with an enhanced presence in Louisiana. The deal is in line with the CSE's long-term business plan to expand through acquiring companies with complementary specialized skills and technologies. (August 7, 2002)

**New Wave Technologies**, a Singapore-listed company engaged in electronics component distribution, e-commerce and IT services, announced that it has agreed to form a JV company, **New Stone Technologies**, with **Changchun Stone Yin Long Tech Co**, a 51% IT subsidiary of **Stone Investment Co**. New Wave Technologies will hold a 51% stake in the new JV and the remaining 49% stake will be held by Changchun Stone Yin Long Tech Co. The JV is expected to expand New Wave's existing business and enter into a new business of marketing, distribution and sale of ultra-violet light air sterilizers and digital promotion display systems in China.

To submit stories to future editions of this newsletter, please contact Terrence Giang in New York on 212.265.5300 or tgiang@bdallc.com or Eric Chung in Singapore on 65.6339.9500 or echung@bdallc.com.

Changchun Stone was incorporated in China in 2001, and it is engaged in research, development and production of computer software and hardware, network design and management, systems integration and e-commerce activities. (August 22, 2002)

**Singapore Telecommunications Limited (SingTel)** announced that **National Computer Systems Pte Ltd (NCS)**, a wholly-owned subsidiary of SingTel, will acquire a 51% stake in **Computer Services (S) Pte Ltd (IPACS)** for a cash consideration of S\$19.6m (US\$11.2m). IPACS is a privately owned company incorporated in Singapore and is engaged in the systems integration business in China. The company has operations in Beijing, Shanghai, Fuzhou, Chengdu and Guangzhou. NCS will use IPACS as a platform to expand its business in China. (September 22, 2002)

---

## TAIWAN

**ChipMOS Technologies (Bermuda) Ltd (ChipMOS/Bermuda)**, a provider of semiconductor testing and assembly services to customers in Taiwan, Japan and the US, announced that its 70% owned subsidiary, **ChipMOS Technologies Inc (ChipMOS Taiwan)**, will acquire a 34% stake in **Chantek Electronic Co Ltd**, a semiconductor assembly services company listed on the OTC market in Taiwan. In addition, PlusMOS Technologies Inc, 25% owned by ChipMOS Taiwan, will also acquire a 17% stake in Chantek, giving ChipMOS Taiwan a total holding of 38%. ChipMOS Taiwan and PlusMOS will pay a combined NT\$320m (US\$9.1m) for their stakes. This transaction is intended to offer Chantek's current customers a broader set of solutions by allowing them to tap into the capabilities of ChipMOS/Bermuda and PlusMOS. Upon completion of the transaction, Chantek plans to strengthen its management team, upgrade its technologies, control the quality and lead-time of its products, and improve its overall business performance. (September 12, 2002)

---

## THAILAND

**Asia Pacific Wire & Cable Corporation Limited (APWC)**, a manufacturer of wire and cable products for the telecommunications and power industries in Singapore and Thailand, announced that its Thai operations, **Charoong Thai Wire & Cable Public Company Limited (CTW)**, has completed an acquisition of a 100% stake in **Siam Pacific and Siam-Pacific Electric Wire & Cable Co Ltd**. APWC believes that the integration of CTW and Siam Pacific operations will establish the combined

entity's place as one of the largest manufacturers and distributors of wire and cable products in Thailand and will enhance its global distribution channels. CTW manufactures medium and high voltage power cable, telecommunications cable and electric wire. Siam Pacific is a JV between **Pacific Electric Wire & Cable Company** and **Italian-Thai Development Company**, and produces telecommunications cable and power cable for the Thai domestic market. CTW and Siam Pacific are two of the five largest telecommunications and power cable and wire manufacturers in Thailand and are government-approved suppliers of telecommunications cable for major public telecommunications projects. (August 15, 2002)

---

Andrew Huntley, Managing Director

Terrence Giang, Analyst  
Eric Chung, Analyst

---

## 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. BDA helps has senior advisors in Bangkok, Jakarta, Kuala Lumpur, Manila, Seoul, Shanghai, Taipei and Tokyo. For further information on BDA's services or on any of the articles in this newsletter, please contact Charles Maynard in Tokyo, Euan Rellie in London, Andrew Huntley in New York, Genevieve Wong in Singapore, Simon Wu in Shanghai or Paul DiGiacomo in Hong Kong.

### **New York**

Andrew Huntley  
Business Development Asia LLC  
The Economist Building, Suite 1105  
111 West 57th Street  
New York, NY 10019  
Tel: (212) 265-5300  
Fax: (212) 265-4300

### **Singapore**

Genevieve Wong  
Business Development Asia Utd Pte Ltd  
7 Temasek Boulevard  
#17-02 Suntec City Tower 1  
Singapore 038987  
Tel: (65) 6359-9500  
Fax: (65) 6359-9501

### **London**

Euan Rellie  
Business Development Asia Ltd  
10 Crown Place  
London EC2A 4FT  
United Kingdom  
Tel: (44) 20-7655-3748  
Fax: (44) 20-7655-8953

### **Shanghai**

Simon Wu  
Business Development Asia  
Shanghai Centre, Suite 504B  
1376 Nanjing Road West  
Shanghai, China, 200040  
Tel: (86) 21-6279-8390  
Fax: (86) 21-6279-8906

### **Tokyo**

Charles Maynard  
Business Development Asia  
#505 Sengokuyama Annex  
5-3-20 Toranomon, Minato-ku  
Tokyo, Japan  
Tel: (81) 3-3433-5803  
Fax: (81) 3-3433-5269

### **Hong Kong**

Paul DiGiacomo  
Business Development Asia (HK)  
Ltd  
23/F Tung Hip Commercial  
244-256 Des Voeux Road Central  
Hong Kong  
Tel: (852) 2537-9565  
Fax: (852) 2537-4406

bda@bdallc.com

www.bdallc.com