

# 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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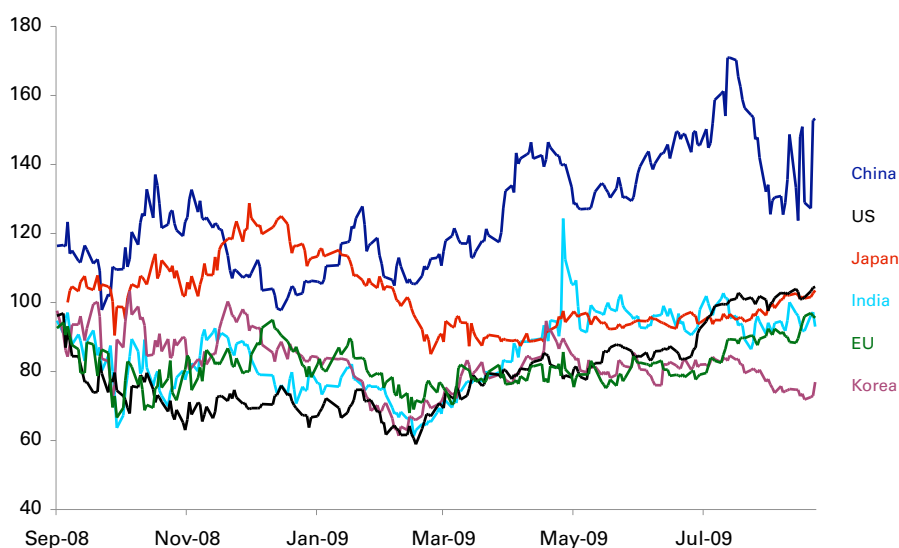
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## China

**3i Infotech**, an Indian IT company, has agreed to acquire the remaining 49% of **Elegon Technologies** from **Yucheng Technologies**, a Chinese IT solution and services provider to the Chinese banking industry. Elegon Technologies is a JV between 3i Infotech and Yucheng, and will become a wholly-owned subsidiary of 3i Infotech. *July 15, 2009*

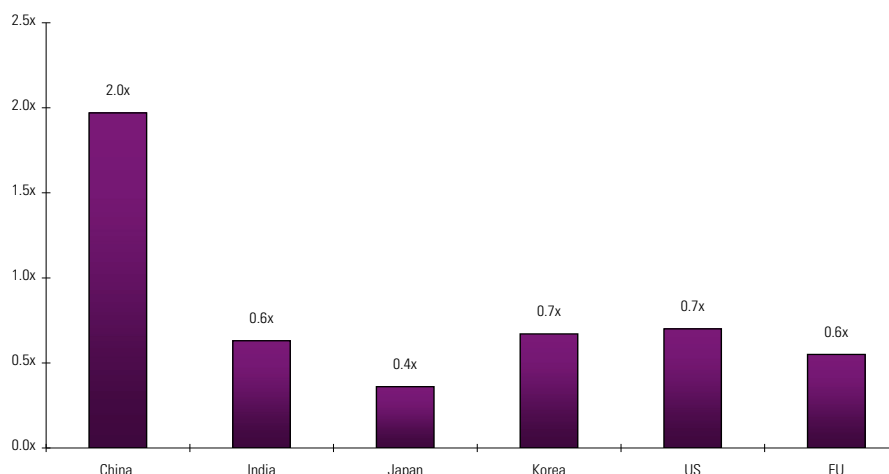
**China Mobile**, China’s largest mobile carrier, aims to sign a series of deals with key Taiwanese firms, helping them gain access into China’s rapidly growing telecoms market. The deals include an agreement with smartphone maker **HTC** to launch at least one model in China this year to be called the *Ophone* and at least five models in 2010. China Mobile is also working with the **Foxconn Group**,

Technology Stock Indices (12 months ending 17Sep09)



Source: ThomsonOne, BDA

Technology P/R Multiples for Selected Countries (17Sep09)



Source: ThomsonOne, BDA

which includes electronics firm **Hon Hai** and contract cellphone maker **Foxconn** among its subsidiaries, to jointly develop and manufacture e-books to be sold in China. China Mobile is also looking at a deal with Taiwanese chip designer **Mediatek** to jointly develop mobile phone chipsets that can run on the company's 3G network. *August 24, 2009*

**China TechFaith Wireless**, a Chinese mobile design and manufacturing company, will acquire smartphone maker **QiGi**, for US\$13m. China TechFaith will pay US\$500,000 in cash and 4.4m Nasdaq traded shares. The number of shares issued is contingent on QiGi earning US\$8m in 2010 and US\$10m in 2011. *August 17, 2009*

**Jingwei International Ltd**, a Chinese data mining and customer relationship marketing services provider, announced

that its wholly-owned subsidiary, **Shenzhen Xinguochuang Information Technology Co**, has acquired the value-added service and channel sales business of **Shenzhen Newway Digital S & T Co** ("Newway Technology"). Newway Technology, launched in 2006, is a hi-tech enterprise whose main business is the development and manufacturing of digital mobile phones. *August 6, 2009*

**KongZhong Corp**, a Chinese wireless value-added services firm, will acquire **Simlife International Inc**, a mobile game developer in China, for a consideration of US\$4.25m in cash and the issuance of 6 million of KongZhong's ordinary shares to certain shareholders of Simlife, contingent upon Simlife's performance in the year subsequent to completion of the acquisition. *June 22, 2009*

**Pypo China Holdings Ltd**, a Chinese

wireless communication products distributor, will acquire **Shanghai Xieheng Telecommunications Equipment Co**, a Chinese mobile phone retailer, for US\$46.8m plus the value of the net assets of Xieheng (estimated to be no more than US\$1.5m as of July 31, 2009). The transaction is expected to close in the fourth quarter of 2009. *August 6, 2009*

## Hong Kong

**VancelInfo Technologies Inc**, a Chinese offshore software developer, has acquired the operating subsidiaries of Hong Kong CRM firm **TP Corp Ltd**. VancelInfo will pay an initial US\$1.1m. Contingent consideration will be paid based on TP's financial performance in the next 18 to 30 months. Headquartered in Hong Kong, TP develops and markets customer care software products in China and Southeast Asia and provides call center outsourcing services in Hong Kong. *July 6, 2009*

## India

**Gemini Communications Ltd** ("GCL"), an Indian communications solutions provider, has acquired 51% of Indian start-up firm **SANAT Technologies**. SANAT Technologies is a producer of data storage products and a unified network solutions provider. *June 27, 2009*

**IBN18 Broadcast Ltd**, an Indian

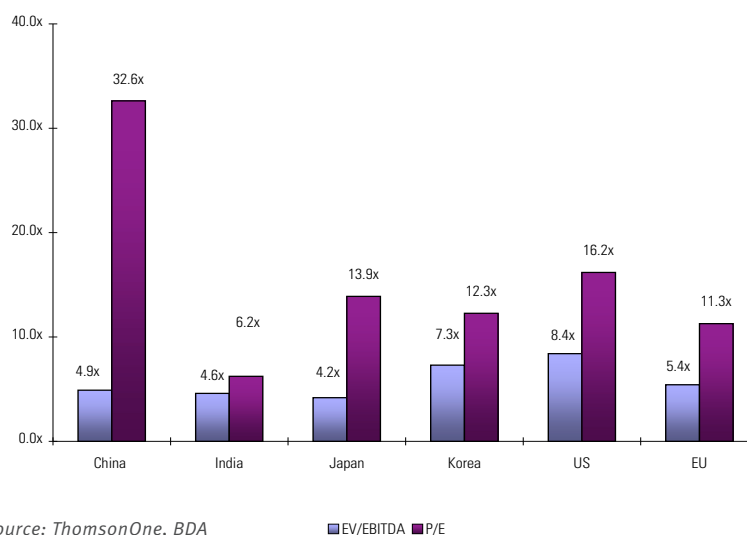
broadcasting company, has acquired **Television Eighteen's** 15.47% stake in **Viacom18 Media**, for US\$31.1m, which includes US\$6.1m as an option premium. IBN18's stake in Viacom18 has increased to 50%, making IBN18 a 50% partner in all Viacom18 channels. *July 14, 2009*

**MphasiS Ltd**, a business process outsourcing services provider, will acquire **AIG Systems Solutions Private Ltd** ("AIGSS"), a provider of software application development and services, from **American International Group**, the US based insurance and financial services company, for US\$25m. Both MphasiS and AIGSS are based in India. *August 13, 2009*

**Quippo Telecom Infrastructure Ltd** ("QTIL") has completed the merger with **Wireless-TT Info-Services Ltd** ("WTTIL"), the tower arm of **Tata Teleservices Ltd** ("TTSL"). QTIL acquired 49% in the merged entity of WTTIL for US\$488m and transfer of its 5,000 telecom towers in the merged entity. Although TTSL will have five board seats by virtue of its 51% stake in the merged company, QTIL will nominate an independent chairman to the 10-member board besides having four board members in the 51:49 JV. *August 25, 2009*

**Travelocity Global**, a US based online travel firm, has acquired India's online hotel distribution network **Travelguru**. Travelguru is estimated to be valued at US\$12m. Venture capital firms **Sequoia Capital India** and **Battery Ventures** have committed US\$25m in two rounds of funding to Travelguru. Both Travelguru

Technology Trading Multiples for Selected Countries (17Sep09)



Source: ThomsonOne, BDA

■ EV/EBITDA ■ P/E

and Travelocity will continue to operate as standalone properties after the transaction. *August 20, 2009*

**Viper Networks Inc**, a US-based communications company, has signed a letter of intent to merge with **Cirilium India Pvt Ltd**, a private Indian communications provider. Viper expects to close the transaction by September 30, 2009. *August 19, 2009*

**Web Spiders**, an Indian software consulting company, has acquired 51% of **Netwings Infotech Pvt Ltd** ("NIPL"), which is engaged in delivering fibre optic networking and GIS solutions, for an undisclosed consideration. *July 27, 2009*

**Ybrant Digital**, an Indian digital marketing solutions company, has acquired **Max Interactive**, an Australian interactive advertising, sales, and marketing network focusing on email, SMS and one-to-one marketing, for an undisclosed amount.

**Max Interactive** will continue under the same name and become part of the Ybrant Digital Network. *August 04, 2009*

**Megasoft Ltd** has approved the sale and transfer of its IT division **BlueAlly**, to **Trianz Inc, USA** for US\$15m. Trianz Inc, USA is a wholly owned subsidiary of Bangalore based **Trianz Holdings Pvt Ltd**. *August 19, 2009*

**Frontline Strategy Ltd**, a private equity firm, has acquired an unspecified stake in **Tejas Networks Ltd**, an Indian optical networking equipment manufacturer. The investment comes out of Frontline's **India Industrial Growth Fund** ("IIGF"), a US\$200m fund launched in 2007 focusing on growth sectors and SMEs. Frontline acquired the stake through a secondary transaction. Tejas had raised US\$75m in funding, and investors reportedly hold nearly a 50% stake in the company. *August 21, 2009*

**Japan** 

**NTT DoCoMo Inc**, Japan's largest mobile operator, has acquired a 35% stake in **NextWave Wireless Inc's** software unit **PacketVideo** for US\$45.5m, to strengthen its music and video services. *July 6, 2009*

**Turbolinux Inc**, a Japanese provider of Linux operating systems and related services, will form a software development 49:51 JV in Japan with Chinese software firm **iSoft Infrastructure Software Co**. Scheduled to be established in September, the JV is expected to be capitalized at US\$1m. The JV will develop new Linux operating systems for servers. *August 17, 2009*

**Korea** 

Creditors of Korea's **Hynix Semiconductor Inc** will invite bids for a major stake in the world's No. 2 memory chipmaker. The stake sale, which is estimated to be worth US\$3.7bn, is being managed by **Credit Suisse, Woori Investment & Securities Co** and state-run **Korea Development Bank**. *September 8, 2009*

**Samsung Electronics**, a Korean chipmaker, has dropped its bid to acquire Korean storage company **SanDisk**. In September 2008, SanDisk rejected a US\$5.9bn takeover bid by Samsung. *September 9, 2009*

**SK Telecom Co**, Korea's leading mobile carrier, will sell its entire stake in **Virgin**

**Mobile USA Inc** after the parent company of the US mobile firm acquires it. SK Telecom holds a 15.3% stake in Virgin Mobile, a JV between **Virgin Group** of Britain and **Sprint Nextel Corp** of the USA. Sprint Nextel announced it will buy Virgin Mobile USA Inc for US\$483m and merge it. After the completion of the merger, SK Telecom is likely to be offered a 0.53% stake in Sprint Nextel. *July 30, 2009*

**The Nielsen Company**, a Dutch-American information and media company, has acquired **KoreanClick**, a web measurement company, for an undisclosed consideration. The acquisition offers Nielsen access to over 30 markets worldwide and Korea's 40m web users. *September 9, 2009*

Selected Asian Technology Transactions with Multiples (12 months ending in 17Sep09)

Announce Date	Target Name	Target Country	Acquirer Name	Acquirer Country	Deal Value	Acquisition Type	EV / EBITDA	EV / Revenue	P/E
10-Sep-09	DMX Technologies Group Ltd	Hong Kong	KDDI Corp	Japan	\$132.3	-	-	np	265.8x
7-Sep-09	Chartered Semiconductor Mngf	Singapore	Advanced Tech Invest Co LLC	Utd Arab Em	\$3,923.2	-	9.8x	2.2x	nm
28-Jul-09	Hitachi Software Engineering	Japan	Hitachi Ltd	Japan	\$833.1	-	9.3x	1.1x	24.7x
17-Jul-09	China Great Wall Computer	China	Investor Group	China	\$169.8	-	117.5x	1.4x	75.2x
16-Jul-09	Chunghwa Picture Tubes Ltd	Taiwan	Investor Group	Taiwan	\$304.2	-	-	1.1x	nm
29-Nov-07	CHEERTEK INC	TW	NOVATEK MICROELECTRONICS LTD	TW	\$111.0	100.0%	N.A.	1.0x	63.8x
6-Jul-09	Satyam Computer Services Ltd	India	Venturbay Consultants Pvt Ltd	India	\$237.6	16.9%	-	nm	1.9x
2-Jul-09	CSK Holdings Corp	Japan	ACA Investments	Japan	\$173.3	-	0.2x	nm	nm
30-Jun-09	Elpida Memory Inc	Japan	Development Bank of Japan Inc	Japan	\$311.4	14.3%	-	2.2x	nm
22-Jun-09	M Setek Co Ltd	Japan	AU Optronics Corp	Taiwan	\$125.0	15%	-	0.6x	np
12-Jun-09	Elpida Memory Inc	Japan	Taiwan Memory Co	Taiwan	\$207.6	-	-	2.2x	nm
8-Jun-09	Shanghai SVA Electron Co Ltd	China	Shanghai Yidian Hldg(Grp)Corp	China	\$162.6	-	-	7.7x	nm
22-May-09	Elec & Eltek International Co	Singapore	Kingboard Chemical Holdings	Hong Kong	\$121.7	-	6.6x	1.2x	13.5x
21-May-09	Fujitsu Business Systems Ltd	Japan	Fujitsu Ltd	Japan	\$227.6	47%	6.5x	0.2x	26.7x
14-May-09	Kakaku.Com Inc	Japan	Culture Convenience Club	Japan	\$188.6	20.3%	18.9x	8.5x	39.2x
27-Apr-09	Renesas Technology Corp	Japan	NEC Electronics Corp	Japan	\$1,417.9	-	-	0.2x	nm
13-Apr-09	Satyam Computer Services Ltd	India	Venturbay Consultants Pvt Ltd	India	\$352.1	31.0%	-	nm	1.9x
6-Apr-09	Oak Lawn Marketing Inc	Japan	NTT DoCoMo Inc	Japan	\$307.0	51%	-	1.5x	np
27-Mar-09	FDK Corp	Japan	Fujitsu Ltd	Japan	\$112.4	32.1%	-	0.6x	nm
20-Mar-09	Phoenix Precision Tech Corp	Taiwan	Unimicron Technology Corp	Taiwan	\$234.0	-	4.7x	0.9x	254.2x
11-Mar-09	Epson Toyocom Corp	Japan	Seiko Epson Corp	Japan	\$134.2	24.4%	4.1x	0.6x	26.1x
27-Jan-09	NEC TOKIN Corp	Japan	NEC Corp	Japan	\$426.1	57%	-	0.8x	nm
14-Jan-09	Hitachi Koki Co Ltd	Japan	Hitachi Ltd	Japan	\$182.4	12.3%	-	1.0x	13.1x
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

Source: ThomsonOne, 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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