

Telecommunications - Taiwan

Major telecommunications companies embrace fixed-mobile convergence

Authors

Contributed by **Shay & Partners**

Arthur Shay

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On June 25 2010 Taiwan's third-largest telecommunications company, Far EasTone Telecommunications Co, announced that its board had approved a public tender offer for shares of its fixed-line subsidiary, New Century InfoComm Tech Co. Far EasTone, which currently owns 695 million shares (or a 26.74% stake) of New Century, will pay a total of NT\$20.81 billion to acquire the remaining 73.26% shares through this tender offer. Far EasTone becomes the third operator providing fixed-mobile convergence services.

David CL Yeh



Far EasTone's move to acquire New Century came as no surprise to the market. In April 2008 Far EasTone consolidated its telecommunications subsidiaries, including New Century and broadband access service Digital United (Seednet), into a single brand. In March 2009 New Century acquired Seednet to become the second largest internet service provider in Taiwan. In addition to the recent fixed-mobile convergence merger, in 2007 Far EasTone merged with Qware Inc – the biggest Wireless Local Area Network (WLAN) Service Provider in Taipei City – and it obtained a Worldwide Interoperability for Microwave Access (WiMAX) service licence in December 2009. Far EasTone believes that the cooperation between the group's mobile and fixed-line networks will achieve a long-term synergy in operating costs. Far EasTone aims to increase revenue and improve cost efficiency to better compete with its rivals, Chunghwa Telecom Co and Taiwan Mobile Co.

Far EasTone has a triple-play service (fixed-line, mobile and broadband), but the other two market leaders have provided a quadruple-play service (triple-play plus television) for years. Chunghwa Telecom, the industry leader, originally offered fixed-line, mobile and broadband services, and it recently invested in Global Mobile Corp, a WiMAX operator. Chunghwa also owns a nationwide digital cable television service and provides Multimedia on Demand (MOD), to compete with local cable system operators.

Taiwan Mobile Co, the second runner, acquired Taiwan Fixed Network and Taiwan Telecommunication Network Service Co in 2007 and entered into the cable business in 2005. On July 26 2010 Taiwan Mobile's chairmen announced a NT\$65 billion takeover of Kbro, the largest cable company in the Carlyle Group, through a private investment firm. The deal is arguably the largest telecommunications merger in the Asian market this year.

Arrangements among major telecommunication companies

Groups	Chunghwa Telecom	Taiwan Mobile	Far EasTone
Fixed-line	The largest market shares in fixed-mobile convergence	Taiwan Fixed Network	New Century InfoComm Tech Co
Mobile		Taiwan Mobile	Far EasTone
Broadband	The largest Asymmetric Digital Subscriber Line (ADSL) operator and invested in one WiMAX operator	Taiwan Fixed Network and Taiwan Telecommunications Network	Merged with Qware (WLAN) and Seednet (ADSL) and obtained a WiMAX licence of the southern zone
Television	MOD with 700,000 subscribers	Taiwan Fixed Network Media and Kbro with a total of 1.65 million subscribers	N/A

For further information on this topic please contact [Arthur Shay](#) or [David CL Yeh](#) at [Shay & Partners](#) by telephone (+886 2 8773 3600), fax (+886 2 8773 3611) or email (arthur@elitelaw.com or davidyeh@elitelaw.com).

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