

IRG WMR



IRG Technology, Media and Telecommunications and Life Sciences Weekly Market Review

Week of 14 January - 20 January, 2007

For more information on IRG, please email communications@irg.biz or visit www.irg.biz.

Hong Kong (HQ)

No.1-2A, 17/F, The Centrium,
60 Wyndham Street, Central,
Hong Kong

Tel: (852) 2237 6000
Fax: (852) 2237 6100

Singapore

5 Rhu Cross, #04-16
Olivia Block, Singapore

437434 Singapore
Tel: (65) 6325 1191
Fax: (65) 6348 9583

Japan

JT Building 15Fl, 2-2-1
Toranomon, Minato-ku,

Tokyo, Japan 105-0001
Tel: (813) 5114 8395
Fax: (813) 5114 8396

Korea

37/F, Asem Tower, Samsung-
dong, 158-1, Kangnam-gu,
Seoul, Korea

Tel: (822) 6001 3840 ext. 3841
Fax: (822) 6001 3711

Philippines

2/F, State Condominium Bldg.,
186 Sacledo St. Legazpi Village,

Makati, Philippines
Tel: (632) 728 5307
Fax: (632) 728 5307

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Equity Market Indicators					
Index	Closing Level (1/19/2007)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change 2006 Low
S&P 500	1,430.50	0.0%	0.9%	14.6%	16.9%
Dow Jones Industrial Avg.	12,565.53	0.1%	0.8%	17.2%	17.8%
Dow Jones Tech. Index	413.42	-2.6%	0.2%	10.2%	22.7%
Dow Jones Telecom. Index	262.05	0.4%	0.8%	30.0%	30.2%
NASDAQ Composite	2,451.31	-2.1%	1.5%	11.2%	21.3%
The Street.com Net	248.57	-2.7%	0.5%	18.2%	29.1%
Japan Nikkei 225	17,310.44	1.5%	0.5%	7.4%	21.7%
JASDAQ	91.92	5.8%	6.6%	-29.4%	13.7%
Japan Mothers	1,247.00	14.8%	12.3%	-51.0%	23.6%
Korea KOSPI Composite	1,360.56	-2.0%	-5.2%	-1.4%	13.0%
Korea Kosdaq	583.62	-4.0%	-3.7%	-15.6%	8.3%
Taiwan Stock Exchange	7,840.08	1.0%	0.2%	19.7%	25.3%
Singapore Straight Times	3,072.88	2.1%	2.9%	30.9%	34.7%
Hong Kong Hang Seng	20,327.72	3.6%	1.8%	36.6%	36.0%
Hong Kong GEM	1,269.82	3.9%	3.7%	26.1%	26.3%
China Shanghai (A-Share)	2,974.88	6.1%	5.7%	143.7%	139.5%
China Shenzhen (A-Share)	696.43	12.4%	22.3%	140.1%	136.1%
China Shanghai (B-Share)	172.14	8.6%	32.3%	177.6%	173.5%
China Shenzhen (B-Share)	511.93	5.4%	18.1%	161.7%	157.0%

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Technology, Media, Telecommunications and Life Sciences Market Activity						
NASDAQ/NYSE TMT and Life Sciences IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
1/17/07	Cellcom Israel Ltd. [CEL.US] (NYSE)	Telecom	US\$341.5	Provides cellular communication services in Israel	Citigroup/ Deutsche Bank/ Goldman Sachs	Merrill Lynch/Jefferies and Co./William Blair
1/16/07	JA Solar Holdings Co. Ltd. [JASO.US] (NASDAQ)	Alternative Energy	US\$217.5	Based in China, it sells products to solar module manufacturers, which assemble and integrate into their own systems	CIBC/Piper Jaffray	Needham & Co/RBC Capital

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 1/19/07	% Change From Offer
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 1/19/07	% Change From Offer
N/A						

Asian Markets: TMT and Life Sciences Convertibles						
Issuance Date	Issuer [Equity Ticker]	Description of Issuer	Maturity Date	Size (US\$MM)	Per US\$10,000 converts to	Convertible Until
N/A						

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Weekly Highlights

International

Internet

- **According to global market research firm, Frost & Sullivan, Internet access services in Asia Pacific will see revenue growth, mainly as a result of the growing migration to broadband services.** The research firm indicated that broadband is needed for fixed line service providers to reclaim lost fixed lines and maintain core revenues. The report stated that overall Internet subscriptions posted a growth of 5.9 percent in the Asia Pacific region, reaching 161.8 million at end of 2005. Future Internet revenues are expected to largely emanate from the continuous migration to broadband services and the growth in first-time user markets particularly in India, Indonesia and the Philippines. Frost & Sullivan released its Internet Access Services Market report, which showed that revenues in this region (covering 13 major economies) amounted to US\$24.6 billion in 2005 and is seen as hitting an estimated US\$40.3 billion by 2012. As a result of rapid end-user migration, broadband has now surpassed narrowband's subscriber base, accounting for 53.3 percent of total Internet subscribers in 2005. The broadband subscriber base is seen as registering a CAGR (compounded annual growth rate) of 12.7 percent from 2005 to 2012. By the end of 2012, broadband subscribers are expected to account for more than 80 percent of the total Internet subscriber base in the region, with much of this growth seen as coming from Southeast Asia, China and India. China alone is expected to account for more than 45 percent of the region's broadband subscribers in 2012.

Media, Entertainment and Gaming

- **ProGames Network, a new gaming lifestyle site, announced that that it has entered into a partnership with nine gaming companies within the last two months.** The partners are the following: FUN Technologies a provider of skill games for cash and prizes with a network of more than 12 million subscribers; Virgin Comics and Virgin Animation, an international comic book publisher. India Games a major provider of mobile games; Convera, a leading provider of search technologies for professional workers; Entriq, which develops and manages Pay Media infrastructure; Typhoon Games, a leading publisher, developer and distributor of multi-platform online and offline entertainment software with channel partners in North America and Europe, and distribution in Singapore, Malaysia, Thailand, Philippines, India, Hong Kong, Taiwan, China, Korea and Japan; Try Media, which provides solutions based on its proprietary ActiveMARK Technology that enables game and software publishers to securely sell and market content over the Internet; ERDO, a Chinese manufacturer of mobile games, five games of which will be distributed by ProGames on its web site; Greystripe, the world's the first mobile in-game advertising network and ad-supported mobile game distributor, which under the arrangement will provide ProGames with over 250 free mobile games for download on the PG portal; Intent Media Works, a leader in digital media distribution. ProGames Network, is a subsidiary of MobilePro Corp., one of North America's leading wireless broadband companies.

Telecommunications

- **According to IDC's Asia/Pacific Telecommunications 2007 Top 10 Predictions, 2007 will be a period of evolution, and network and IT equipment will shift its focus from hardware to a**

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greater emphasis on software and services. The report excludes Japan. IDC's Asia/Pacific Communications, Peripherals, and Services research noted that from convergence to shifting go-to-market strategies, both equipment vendors and telecommunication companies will need to better position themselves for the changes that are about to come. IDC said the Asia/Pacific (excluding Japan) telecom services market was worth over US\$183 billion in 2006 and is projected to achieve 10 percent growth to exceed US\$202 billion in 2007. Growth will continue to come from VoIP, Broadband, IP Services and 3G Services. In addition, the networking equipment market, estimated at over US\$7.2 billion in 2006, is expected to grow to over US\$8 billion in 2007.

Japan

Media, Entertainment and Gaming

- **Sony Computer Entertainment Inc. (SCE) announced that domestic shipments of its PlayStation 3 stationary game console reached 1 million units as of January 16, 2007.** The company achieved this in about two months from the product's release on November 11, 2006. Worldwide shipments extended to 2 million units, which SCE claimed as is the fastest growth among all the game consoles it has ever released. Total shipments of compatible software in Japan and the U.S. surpassed 5 million titles as of the end of December 2006. SCE said total registration for PlayStation Network online service for PS3 users also exceeded 0.5 million accounts combining those in Japan and the US. This service allows the user to download the latest sample software and other files. The number of total downloads of Gran Turismo HD Concept, whose free distribution started in December 2006, has already surpassed 300,000 combining those in Japan and the U.S.

Semiconductors

- **Renesas Technology, a Japanese semiconductor maker, and Taiwan's Powerchip Semiconductor, revealed their plans to set up a joint venture to design memory chips that will have higher performance at a lower cost.** Under the arrangement, Renesas Technology will hold a 35 percent stake in the joint venture, with the remaining 65 percent owned by Powerchip Semiconductor. To be set up in Japan, the joint venture will specialize in designing advanced memory chips targeted to possess more high performance and low cost. Renesas is a company set up jointly by Japanese electronics makers Hitachi and Mitsubishi Electric in 2003 and is one of the largest semiconductor companies in the world and a leading microcontroller supplier globally. At present, Hitachi held a 55 percent stake in Renesas and Mitsubishi Electric the remaining 45 percent stake. Powerchip Semiconductor is Taiwan's largest memory chipmaker by revenue.

Software

- **NEC Electronics Corp. announced the release of AP131 LSI chip for music playback, the chip reportedly enables mobile phones to replay music files like those encoded using iTunes and Windows Media Player.** In addition, the company said this chip also lowers power consumption and allows 60 hours of continuous playback. The AP131 supports audio formats including MP4 and ASF. Mobile phones will be able to share and play the same music files (excluding files compatible with DRM copyright protection) designed for portable digital music players and PCs without changing the encoding formats. Like the company's previous model, the latest chip can also support playback of SD-Audio files encoded using MOOCS Player music player software. . NEC Electronics plans to achieve a monthly output of about 1 million units by the end of FY2007. The company intends to

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present this chip at the 3GSM World Congress 2007 event to be held in Barcelona, Spain in February 2007.

Hardware

- **Hitachi Global Storage Technologies announced the industry's first terabyte (TB) hard drive, dubbed the Deskstar 7K1000.** Along with the product, the company also announced a CinemaStar version 1TB hard drive, which provides optimized capabilities specifically designed for digital video recording (DVR) applications. Consumers have come to rely on their digital video recorders (DVR) to record and store their favorite programs, and with the increasing availability of high-definition (HD) TV programming, 1TB of storage will become a necessity. High-definition video requires four to five times more storage capacity than standard-definition video and a terabyte drive allows viewers to easily store and retrieve almost 250 hours of HD programming. Also, an enterprise version of the TB drive designed for lower duty-cycle, high-capacity enterprise environments is currently under evaluation at major OEM customers and is expected to be available in the second quarter. The Deskstar 7K1000 SATA version will be available in Q1 2007 at 750GB and 1TB capacities. The 1TB capacity point will have a suggested retail price of US\$399. The CinemaStar 1TB hard drive will be available in the second quarter.
- **Canon announced that it would take full control of a joint venture for flat panel TVs using a new technology called SED, with the company aiming to transform SED into a wholly owned subsidiary.** SED is an equally owned venture with Toshiba. The move is to own it wholly and is said to be a response to litigation against Canon over SED technology. Nano-Proprietary, a U.S. technology company that has licensed key SED technology to Canon, claims SED is not covered under the agreement because the company is not a Canon subsidiary. SED, which stands for surface-conduction electron-emitter display. Industry sources place the acquisition price at about 10 billion yen (US\$82.4 million).

Korea

Mobile/Wireless

- **LG Electronics Co. announced that it will start selling next month a new mobile phone that incorporates a buttonless touch-screen resembling the iPhone from Apple Inc.** LG calls it the Prada Phone as it is being produced in partnership with the Italian fashion brand, and is targeted to be sold in late February for 600 euros (US\$780) at mobile phone dealers and Prada stores in Britain, France, Germany and Italy. In Asia, it is slated to be introduced in March even as no plans yet for the U.S. launching has been set. The LG phone has a wide-screen display and can play most popular digital music and video formats, and has a 2-megapixel camera like the iPhone. Its memory can be expanded with cards.
- **Pantech Group announced the signing of a deal to supply handsets to LG Telecom Ltd., the country's smallest mobile operator.** The supply deal comes more than a month after Pantech Group asked for a debt workout program from its creditors in the face of mounting debt and tough market competition. The creditor banks led by the state-run Korea Development Bank agreed to stop debt repayments from the two mobile phone makers for as long as three months, allowing the ailing firms to avoid bankruptcy. As of the end of September, Pantech and the affiliate had a total of US\$2.1 billion in combined liabilities. Earlier in the first week of January, Pantech Group signed a similar deal with KTF Co. to provide nine handset models to the nation's second-largest mobile

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service carrier within this year. The company, the third largest mobile phone maker in terms of combined sales of its two units, said that it sold 3.1 million to 3.2 million units of handsets in the local market last year, lower than its annual guidance of 3.5 million. The figures stand for some 20 percent of the local market where 16 million handsets were in 2006.

Media, Entertainment and Gaming

- **Industry observers see the Japanese video game maker Nintendo aggressively making its entry into the South Korean market.** Following its establishment of an office in Seoul last year, Nintendo, one of the world's top three game makers, has just released its latest portable game machine in the country. The Nintendo DS Lite, a top seller in Japan with some 8 million units sold. Observers note that Nintendo Korea has even hired a popular movie star to promote its products to local gamers, with the company saying that they aim to attract people who do not usually play video games or those who show little interest in video games. Later in the year, the company will introduce its highly anticipated Wii game console.
- **Industry sources announced that land-based digital multimedia broadcasting will be available across South Korea starting in the first half of this year.** Also known as terrestrial or T-DMB, the service was launched by South Korean broadcasters in late 2005, mainly in the Seoul metropolitan area. Through it, TV shows can be viewed for free on cell phones and other hand-held devices. The country's Information and Communication Ministry said that it will select next month more regional broadcasters to offer T-DMB services, with the expanded service to be offered in major cities starting in March and branch out nationwide by the end of June. Market sources revealed that some 3 million T-DMB handsets were sold in the country in 2006.
- **NDS, the leading provider of technology solutions for digital Pay-TV, has announced that KT and the C-Cube consortium have selected NDS' market-leading content protection solutions and has successfully completed one of the first IPTV trials in South Korea.** The IPTV trial was concluded in December of 2006, and final technical evaluation will be submitted to the Ministry of Information and Communications and the Korean Broadcasting Commission for consideration. The Ministry of Information and Communication and the Korean Broadcasting Commission are conducting rigorous technical verification and stability testing of the C-Cube consortium's IPTV service. The information will be utilized for the review of legislation that will authorize the launch of commercial IPTV services for the first time in Korea. The C-Cube consortium is comprised of 54 companies, including KT, SK Telecom, Hanaro Telecom, LG Dacom, Onse Telecom, KBS, MBC, Samsung Electronics and other partners. The IPTV service included a broad range of state-of-the-art applications, such as broadcast TV, video on demand, streaming and multimedia messaging, digital photos, and interactive TV services delivering stock market, weather and sports information. NDS Group plc, a majority owned subsidiary of News Corporation, supplies open end-to-end digital technology and services to digital pay-television platform operators and content providers.

Software

- **The South Korean government announced a major project called the SW Flagship Project, which is aimed at boosting growth momentum in software development.** The project will involve state funding of 10 billion won (US\$10.6 million) every year until 2011. The plan, which is focused on developing key computer systems for airplanes and Internet servers, is also targeting the development of its own technology for its KF-16 fighter jets. The report said the country's Communication and Information Ministry will select research institutes for the project.

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Hardware

- **LG Electronics Co. announced that it has signed a deal with Sinolink Worldwide Holdings Ltd to provide its home network systems for newly built apartments in China.** Home network system is designed to build network-connected electronics appliances in high-end houses, helping people to enjoy a more convenient lifestyle. It is LG Electronics' second such deal with the Chinese builder since 2003 when it supplied 15 billion won (US\$16 million) worth of its home network system to large-scale apartments in the southeastern Chinese city of Shenzhen. The terms and value of the deal were not disclosed.
- **Samsung Electronics Co. announced the signing of an agreement with U.S. cable giant Time Warner Cable to cooperate in selling its TVs and set-top box products in one of the world's largest markets.** Under the deal, Samsung said that it will supply its open cable application platform-based (OCAP) TVs and set-top boxes, designed to enable people to use its interactive broadcasting service, which kicks off in the U.S. nationwide this year. In a separate development, Samsung Electro-Mechanics Co., a South Korean electronics parts maker, said Thursday that it posted a profit during the fourth quarter for the year on brisk sales of its core products. The firm said its net profit reached 32.7 billion won (US\$34.9 million) during the October-December period, a turnaround from the previous year's loss of 9.9 billion won (US\$10.5 million) during the same period.
- **LG.Philips LCD Co., the world's second-largest maker of liquid crystal displays, announced that it posted a net loss in the fourth quarter, with the company ascribing the results to decline in price and a strong local currency.** The company posted a net loss of 174 billion won (US\$185.9 million) in the October-December period, a sharp turnaround from a 328 billion won (US\$349.5 million) profit a year earlier, the company said in a regulatory filing.

Semiconductors

- **According to the Korea Customs Service, the 10 leading export items – semiconductors, cars, telecommunications, ships, petroleum products, computers, flat display panels, synthetic resins, steel products and auto parts – made up 58.8 percent of total exports last year, up from 58.5 percent a year earlier and 56.9 percent two years earlier.** In 2003, the items accounted for 55 percent of the export volume. The report noted that the best-selling item for South Korea last year was semiconductors, with the country shipping chips valued at some US\$33.2 billion. China retained its position as the best buyer of Korean products last year. Exports to China made up 21.3 percent of the total export volume, while that to the United States accounted for 13.3 percent. Exports to Japan made up 8.2 percent of the total.

Information Technology

- **The country's Fair Trade Commission has given Shinhan Financial Group the permission to take over the country's largest credit card company, LG Card.** Earlier the commission had reviewed if the acquisition would lead to a monopoly by Shinhan, which is Korea's second-largest financial service company. The commission's approval has been reported to the country's financial watchdog. In December, Shinhan agreed to buy a majority stake in LG Card for 5.2 trillion (US\$5.5 billion).

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China

Internet

- **FastBooking announced entering into an agreement on Internet Booking with Gloria International Hotels in China.** Gloria International Hotels is a hotel development and management company with a total inventory of more than 4,500 hotel rooms all over China. The deal will allow Gloria International Hotels to use the FastBooking System, which will then enable it to offer its customers personalized offers accessible online, real-time availability and immediate reservation and confirmation in 24 languages.
- **AsiaInfo announced that it has entered into a deal with China Unicom to develop its national CDMA push mail platform, an agreement that is seen as putting Unicom's push mail platform in synch with their multimedia e-mail system.** Push mail allows users to send and receive emails and view multimedia attachments via a mobile device. The product has been gaining massive popularity worldwide. In China, China Unicom's push mail service has seen strong user growth since it was introduced in early 2006.
- **Industry observers said that Tencent has to decide whether it will allow other instant messaging providers to connect to its popular QQ platform.** According to Analysys, QQ accounted for 81.6 percent of the total active instant messaging service accounts in China in 2006. Tencent has always appeared to be not open to interoperability even as MSN of Microsoft and Yahoo have made their services already mutually accessible. In some cases, some companies have tried to connect their service by technical means without Tencent's prior agreement, moves that pushed Tencent to resort to legal action. The company, however, said that if it would allow instant messaging operators to connect if they applied for interoperability. Tencent said so far no one has applied yet. At present, Mobile QQ contributes up to 10 percent of Tencent's revenue.

Media, Entertainment and Gaming

- **Gigamedia announced signing of agreement to acquire majority ownership of T2CN Holding Limited, an online sports and casual game operator in China.** According to Gigamedia, T2CN is the number one online sports game portal in China, and thus is expected to provide Gigamedia with a platform in one of the most important markets in the world. The acquisition is one the latest moves of Gigamedia in a bid to build a dominant online entertainment platform in Asia. The agreement also follows Gigamedia's investment in Infocomm Asia Holdings, a Singapore-based online game leader. Under the deal, GigaMedia said it will acquire up to 18.3 million shares of T2CN, which represents about 40.3 percent of the outstanding common shares of T2CN, for a total consideration of US\$22.9 million, subject to adjustment based upon T2CN financial performance in the first half of 2007. Gigamedia also holds convertible preferred shares of T2CN, which may be converted into an additional 15 million common shares of T2CN and an option to purchase an additional 4.3 million common shares of T2CN. Both are exercisable beginning in May 2007.
- **Baidu.com and EMI Music revealed plans to launch an advertising-supported online music streaming service in China, an agreement that will enable Chinese collections from EMI's Typhoon Music being made available for streaming to Baidu users for free.** Under the deal, Baidu will set up a special 'EMI Music Zone' in its music search channel, which will legally stream all of EMI Music's Chinese repertoire. While consumers listen to the music for free they will be exposed to Internet advertising, with EMI and Baidu looking to share the revenue generated by the advertising.

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Industry sources indicate that Baidu holds a market share of about 62.1 percent, with iResearch placing the company's share of music searches at 84 percent.

- **Reader, considered to be China's highest-circulation monthly magazine, announced the launching of an online edition.** The media firm said that with the online version, it is looking to enhancing its reach via the Internet and into the foreign markets. Apprehension about copyright infringement has been the main reason for the delay of the magazine's venturing into the Internet. Reader Publishing earlier released plans to boost its readership in Europe and the U.S.
- **CryptoLogic Inc., a leading software developer to the global Internet gaming industry, has signed a Memorandum of Understanding with Brilliance Technology Co. and 568 Network Inc. in a bid to penetrate the high growth, high potential Chinese market, including China, Macau, Taiwan and Hong Kong.** The three companies will jointly establish a new company in China to adapt CryptoLogic's online casino and poker games to the Chinese market and develop new poker and casual, skill-based games that are more familiar to players in those areas. Brilliance will establish a division to deliver the games in two modes: "play-for-fun" subscriptions for users in Internet cafes and on mobile devices, and "play-for-money" through sites licensed by China Welfare Lottery, the nation's gaming licensing authority. Game568, headquartered in Ontario, Canada, is a game developer, publisher and operator with a Chinese subsidiary and has a database with more than one million registered players in the portals it owns and those it operates for other developers. CryptoLogic Inc. is a leading, blue chip public developer and supplier of Internet gaming software. The Brilliance group, headquartered in Beijing, China, is a nationwide supplier of software, computer system integration consulting services, project management and payment processing systems.

Mobile/Wireless

- **The China Mobile Communications Association disclosed that the Shenzhen Futian District Government has plans to invest a significant amount to help China Telecommunication Technology Labs (CTTL) open a branch in Shenzhen.** CTTL said that they are currently working on the foundation of the Shenzhen branch, even as they still need to discuss details with the local Shenzhen government. Currently, there are more than 20 licensed mobile phone companies in Shenzhen, which accounts for one quarter of China's total. The production of these firms contributes from 50-60 percent of the country's total mobile phone production. CTTL is the organization responsible for testing mobile phones in China and is located in Beijing. Because of its position in China's capital, these Shenzhen-based mobile phone companies have to go a long way to have their mobile phone products tested. After the Shenzhen Mobile Phone Testing center is set up, nearly all the testing procedures can be completed in Shenzhen, a development that is seen as enhancing their competitiveness.
- **Beijing Digital Telecom (BDT), the country's reseller of mobile handsets, announced entering a contract with Siemens Network for the commercial deployment of the first digital rights management-protected Chinese mobile full-track music download service.** A top official of Beijing Digital Telecoms said that securing mobile music downloading is one the key revenue drivers for the future of mobile applications and value-added services. Under the agreement, Siemens will operate and provide its Music2You platform to BDT. With M2Y, BDT customers will be able to select music titles from a comprehensive catalog, and then download the complete version, with CD sound quality, straight onto their mobile phone. Unlike its local rivals, the Siemens M2Y complies with the DRM standards of the music industry, which protects music files against unauthorized copying.

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The agreement will see Siemens M2Y employ the DRM and Java client from SDC, a leading DRM company.

- **China Mobile, the country's largest mobile-telephone carrier, posted a record 4.8 million users in December; a performance that saw it beating China Unicom and China Telecom Corp.** China Mobile registered a 26 percent rise in its users to 53.2 million from 2005, bringing the total to more than 318 million users. Unicom saw some 1.2 million new users last month, 902,000 of which subscribed to its global system for mobile communications (GSM) network and 361,000 to its code-division multiple access (CDMA) network. With the additions, Unicom's GSM users hit 105 million, with CDMA users reaching 36 million to post a total of 141 million subscribers. Analysts said the growth in mobile subscriptions partly came from users of fixed-line services offered by operators such as China Telecom. China Telecom, the nation largest fixed-line operator, recorded 640,000 new users last month, the smallest monthly net additions for the year. The company noted an additional 12.9 million users last year, compared with net additions of 23.4 million in 2005. Analysts ascribed the result to a reduction in promotions for its limited mobile service, Xiaolingtong.

Software

- **CDC Software, a subsidiary of CDC Corporation, expects to report record software license revenues for the fourth quarter of 2006 in the range of US\$13.8 million to US\$14.2 million.** The results stand for a 37 percent growth compared to software license revenues of US\$10.2 million in Q4 2005, and an increase of approximately 18 percent from US\$11.9 million in the third quarter of 2006, the prior record quarter. The company plans to report preliminary earnings estimates for the fourth quarter of 2006 by early February.
- **Open Country announced entering into a partnership agreement with Linux solutions provider Turbolinux to deliver management capabilities for Turbolinux's Chinese customers.** Under the agreement, a customized Mandarin version of Open Country's OCM Universal Systems Management Suite will be bundled with Turbolinux Server 10.5 for the Chinese market. OCM provides organizations with an affordable solution, enabling administrators to effectively provision, manage, monitor, and maintain Linux-based servers, desktops, blades and appliances. Open Country becomes the first commercial software vendor to offer a systems management solution for Turbolinux users. With the agreement, it adds Turbolinux to its industry list of over 20 supported Linux distributions, which include offerings from Red Hat, Novell, Debian, Fedora, CentOS, Ubuntu, Asianux, Red Flag, Haansoft, Co-Create, CS2C, Miracle Linux, and Mandriva.

Telecommunications

- **Zhongsou.com announced that it has signed a partnership with Guangdong Telecom in a bid to boost its Individual Gateway service through the telecom's influence and strength.** Under the deal, Zhongsou.com has bound its IG products with Guangdong Telecom's Vnet software, a free software given by China Telecom to its broadband service users, with the companies stating that the cooperation between the parties is seen as going beyond a mere marketing cooperation. The companies said that they look to forging deeper cooperation on technology services and market promotion in the coming two years.
- **China Netcom Group Corp., the mainland's No. 2 fixed-line operator, disclosed its decision to sell back its loss-making networks in Guangdong and Shanghai to its parent, China Netcom Group, for 6.5 billion yuan (US\$835.8 million).** China Netcom looks to registering a 711 million yuan (US\$91.4 million) gain from the sale. As part of the deal, the parent, China Netcom Group, will assume 3 billion yuan (US\$385.7 million) of debt owed by the operations in Guangdong

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Province and Shanghai Municipality to independent third-party creditors. The remaining 3.5 billion yuan (US\$450 million) will be paid in cash by the parent, with the deal to be completed before the end of next month and was subject to the approval of independent shareholders and relevant authorities. China Netcom said part of the proceeds will be for its general working capital.

Taiwan

Mobile/Wireless

- **Vibo Telecom, an operator of 3G mobile communication services in Taiwan, revealed its decision to invest NT\$75 million (US\$2.3 million) for just under a 52 percent stake in TRUST Incorporated, a local undertaker of business process outsourcing (BPO).** The company said Vibo's investment will expand TRUST's paid-in capital from NT\$70 million (US\$2.1 million) at present to NT\$145 million (US\$4.4 million). In addition to reducing operating costs, the investment is intended to generate non-operating profit for Vibo by helping bring in multinational clients for TRUST. The BPO service provider claims TRUST's existing clients include a number of international and local companies. In related news, Vibo aims to increase the number of its 3G subscribers from over 300,000 at the end of last year to one million by the end of 2007.

Information Technology

- **Industry sources said High Tech Computer (HTC) and Inventec Appliances are in the process of rolling out 3.5G data cards, with HTC tapping the market for HSDPA (high speed downlink packet access) supporting data cards via its subsidiary BandRich.** HTC said it will begin volume production in March. Inventec, in the meantime, is also showing a presence in the 3.5G data card segment. Sources noted that the company has already landed new orders from leading U.S. players and shipments started in the fourth quarter of 2006. The data cards are used with notebook computers and serve as a wireless modem, with 3.5G data cards supporting data transfer speeds of 1.8-7.2Mbps, making the platform an attractive alternative to Wi-Fi and ADSL.

Semiconductors

- **Industry sources said that Taiwan Semiconductor Manufacturing Company (TSMC) has applied for a preliminary injunction against its rival Semiconductor Manufacturing International Corporation (SMIC), which would block further shipments of SMIC products to the U.S. until the court issues a final rule.** SMIC executives protested against the proposal, saying that TSMC complicates the case. They pointed at the process of documents preparation, characterizing it as wasteful, and also noted that it has an impact on other companies.

Hong Kong

Mobile/Wireless

- **Hutchison Whampoa announced that it will stop roaming charges for its 3G mobile-telephone subscribers using any of its eight networks across the world.** The move is said to be a response to the European Commission's campaign to eliminate roaming costs in Europe. Under the new pricing scheme launched in Britain, traveling subscribers of Hutchison's 3G telephone service will just pay whatever they are charged at home for calls and data downloads as long as they are logging into one of the company's networks in Australia, Austria, Denmark, Hong Kong, Italy, Ireland, Sweden

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and Britain. A company spokesperson said the new scheme, which would cover Hong Kong, would not affect the finances of the firm.

Hardware

- **A deal is going to make Philip Electronics become the largest shareholder of Hong Kong-listed TPV Technology, the world's largest computer monitor maker.** This development is expected to follow the plans of BOE Technology Group of China to sell half its stake for up to HK\$1.1 billion (US\$141.7). After the sale, Philips will become TPV's largest shareholder with a 13.6 percent stake, followed by BOE's 11.5 percent. Market sources said that BOE would not be allowed to sell more shares for 90 days after the deal. UBS is the sole co-coordinator and bookrunner of the offering.

Singapore/Malaysia/Philippines/Indonesia

Media, Entertainment and Gaming

- **Singapore's sole cable operator StarHub announced the launching of a high-definition TV (HDTV) service for subscribers in the city-state, a move that makes it the first country to offer the facility in Southeast Asia.** With HDTV, viewers can expect sharply improved picture clarity, better sound quality and access to interactive applications offered by StarHub. Under the offering, StarHub will offer viewers two HD channels -- the National Geographic Channel HD and Discovery HD. The US, Australia, Korea and Japan have already launched HDTV services, while China has committed to HDTV telecasts for the 2008 Beijing Olympic Games.

Internet

- **Pacific Internet Limited is expected to create even more interest in Wireless@SG, an island-wide wireless broadband access initiative in Singapore, through a partnership signed in a memorandum of understanding (MOU) with iCELL Network Pte Ltd, one of the three service providers to the initiative.** The MOU seals a tie-up that will allow all Pacific Internet subscribers to have free wireless connectivity to the Internet at public hotspots with speeds up to 512kbps.
- **Industry sources said that Singapore Telecommunications has received a license to roll out nationwide Internet Protocol television services.** The move is seen as breaking the monopoly held by StarHub. In a related development, Qatar Telecommunications Co., the fifth-largest Gulf Arab telecoms firm by market value, will invest up to US\$635 million in cash in a unit of ST Telemedia, according to the joint statement by the two companies.

United States/Canada

Internet

- **In a bid to boost its own finances, Yahoo Inc. said it will begin dispensing advice about personal finances by way of a new management package.** The company said the offering is an extension of Yahoo's old finance section considered as one of the web's top-ranked destinations for business and investment information. Yahoo said it decided to widen its focus to include more simple money matters because many people are more interested in balancing their checkbooks than juggling their stock portfolios. The personal finance section will include tips and tools for household

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budgeting, tax planning, careers, real estate and debt management, with most of the content to be provided by other sources, including The Wall Street Journal, The Motley Fool, Consumer Reports and CNNMoney.com. Through the new package, Yahoo said it hopes to attract more advertisers and hasten its revenue growth. According to comScore Media Metrix, Yahoo's finance section registered 9.6 million U.S visitors, putting it in No. 2 behind Microsoft's MSN Money.

Software

- **Texas Instruments (TI), which has established its Asia headquarters in Taiwan in 1994, said that the global semiconductor industry could bottom out in either the first quarter or the second quarter this year after inventory corrections came to an end.** A TI official said, however, that the recovery would not be big. Analysts have widely expected the sector would recover from the second quarter, with customers placing new orders for chips used in personal computers and new-generation consumer gadgets. TI said it would strengthen efforts on R&D and manufacturing of chips related to wireless communications, video and other multimedia applications.
- **Intel reported a 39 percent decline in its fourth-quarter profit, a 39 percent plunge as the company faced a price war with Advanced Micro Devices.** Intel said net income for the period ended Dec. 30 was US\$1.5 billion compared to the US\$2.4 billion it posted in the same period a year ago. Revenue for the quarter was US\$9.7 billion, which stands for a 5 percent decline from US\$10.2 billion a year ago. Excluding one-time charges, Intel said it earned US\$1.7 billion beating analyst estimates.

Hardware

- **IBM posted a report showing an 11 percent gain in net profit, to US\$3.5 billion on revenue of US\$26.3 billion, a result which was above the US\$25.7 billion in revenue expected by analysts surveyed by Thomson Financial.** The quarterly figures all surpassed results from a year earlier, when profit reached US\$3.2 billion, with revenue of US\$24.4 billion. In the fourth quarter, IBM's services division posted revenue of US\$12.8 billion, up 6 percent from the prior year. Without currency fluctuations, however, the rise would have been 3 percent. IBM's next-largest division, the hardware-focused systems and technology group, saw a 3 percent revenue growth to US\$7.1 billion. The company's software division, which remains its most profitable unit, registered a growth of 14 percent in revenue, to US\$5.6 billion, an increase of 14 percent. For 2006, IBM earned US\$9.4 billion on revenue of US\$91.4 billion, which represents a 20 percent increase in net profit from 2005, when IBM earned US\$7.9 billion on revenue of US\$91.1 billion.
- **Apple forecasted second-quarter sales of as much as US\$4.9 billion, with the first-quarter profit showing a 78 percent rise to US\$1 billion.** For the first time, sales of Apple went beyond US\$7 billion as it posted a 24 percent growth to US\$7.1 billion in the period ended last month. JP Morgan Chase analysts cut their rating on Apple's stock to neutral from overweight, reducing their revenue for the March quarter to US\$5.1 billion from US\$5.4 billion. Mac shipments increased 28 percent to 1.6 million machines, compared to the 1.7 million computers many analysts had predicted. Apple said it plans to sell 10 million iPhones next year in a bid to get 1 percent slice in the mobile phone market.

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Europe

Telecommunications

- **France Telecom announced the launch of its Orange Labs network, which groups all of its entities dedicated to innovation around the world.** Industry observers see this announcement as solidifying France Telecom's aim to be a benchmark telecommunications operator, delivering innovative, user-focused services to its customers in 220 countries and territories around the world. The Orange Labs network includes 15 R&D laboratories in 7 countries (France, China, Japan, South Korea, United States, United Kingdom and Poland), with each R&D site integrated into its own geographic ecosystem, enabling it to leverage the technological advances and evolving user habits around the world. The network also integrates the Technocenter based in Chatillon and the Explocenter in Paris, which operate as nerve centers for all new products or services.

Mobile/Wireless

- **Sony Ericsson announced that its net profit more than tripled in the fourth quarter to 447 million euros (US\$579.1 million) from the 144 million euros (US\$186.5 million) for the same period in 2005.** The company said the sales volumes of its handsets surged 61 percent to 26 million units, with the company ascribing the rise to continued high demand for its music and camera brands namely Walkman and Cyber-Shot. Total sales for the company came in at 3.7 billion euros (US\$4.7 billion). The London-based company is a joint venture of Japan's Sony and Sweden's LM Ericsson. It reported gaining market shares of about 2 percent globally for the quarter, to about 9 percent of the total market. Sony Ericsson noted its particularly strong growth in Latin America and the Asia-Pacific region.

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Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 1/19/07)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change Last 12 Mth.
Japanese yen	¥/US\$	121.2350	0.8%	1.8%	3.0%	6.0%
Hong Kong dollar	HK\$/ US\$	7.8080	0.1%	0.4%	0.7%	0.7%
Chinese renmenbi	RMB/ US\$	7.7739	-0.3%	-0.4%	-3.7%	-1.9%
Singapore dollar	S\$/ US\$	1.5379	-0.4%	0.0%	-7.5%	-5.6%
South Korean won	KRW/ US\$	936.3500	-0.4%	0.7%	-7.3%	-4.9%
New Taiwan dollar	NT\$/ US\$	32.8095	0.2%	0.7%	0.0%	2.1%
Australian dollar	US\$/A\$	0.7899	0.8%	0.2%	7.8%	5.8%
New Zealand dollar	US\$/NZ\$	0.6956	0.7%	-1.2%	1.7%	2.5%
Philippine peso	PHP/ US\$	48.8150	-0.3%	-0.4%	-8.0%	-7.1%
Euro	US\$/€	1.2959	0.3%	-1.8%	9.4%	7.1%
British pound	US\$/£	1.9737	0.7%	0.8%	14.5%	12.2%

Fixed Income Prices and Yields

Note	Currency	Current (on 1/19/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	94.3594	4.84%	94.4219	4.82%	95.6750	4.76%
Japan 30-year	¥	103.5260	2.34%	102.7915	2.32%	105.7320	2.18%
Hong Kong 10-year	HK\$	106.3646	4.36%	108.0323	4.36%	109.0350	3.72%
China (06/16)	US\$	113.8139	3.00%	113.8789	2.99%	113.6900	3.01%
Singapore 10-year	S\$	100.3290	3.22%	100.7940	3.11%	101.5990	3.11%
South Korea 20-year	US\$	109.2659	5.18%	109.1737	5.09%	109.1220	5.14%
Australia 15-year	A\$	151.3270	2.64%	150.4645	2.67%	151.6510	2.57%
New Zealand (12/17)	NZ\$	100.6999	5.90%	100.8301	5.89%	101.4330	5.82%
Philippines 20-year	PHP	136.3161	7.87%	136.1653	7.85%	136.3300	7.86%
India 30-year	INR	91.6333	8.13%	94.9011	7.69%	96.0500	7.74%
UK 30-year	£	99.4710	4.28%	98.9410	4.26%	100.8450	4.20%
Germany 30-year	€	97.1930	4.19%	96.6270	4.15%	99.8040	4.01%

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