



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

***Week of 18 February - 24 February, 2007***

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Equity Market Indicators					
Index	Closing Level (2/23/2007)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change 2006 Low
S&P 500	1,451.19	-0.3%	2.3%	16.3%	18.6%
Dow Jones Industrial Avg.	12,647.48	-0.9%	1.5%	18.0%	18.6%
Dow Jones Tech. Index	420.11	-0.1%	1.8%	12.0%	24.7%
Dow Jones Telecom. Index	271.35	-0.5%	4.3%	34.6%	34.8%
NASDAQ Composite	2,515.10	0.8%	4.1%	14.0%	24.5%
The Street.com Net	260.73	0.5%	5.4%	24.0%	35.4%
Japan Nikkei 225	18,188.42	1.7%	5.6%	12.9%	27.9%
JASDAQ	92.01	1.9%	6.8%	-29.3%	13.8%
Japan Mothers	1,189.61	6.9%	7.1%	-53.2%	17.9%
Korea KOSPI Composite	1,469.88	1.5%	2.5%	6.6%	22.1%
Korea Kosdaq	610.83	1.0%	0.8%	-11.6%	13.3%
Taiwan Stock Exchange	7,809.45	0.0%	-0.2%	19.3%	24.8%
Singapore Straight Times	3,310.44	2.3%	10.9%	41.0%	45.2%
Hong Kong Hang Seng	20,711.65	0.7%	3.7%	39.2%	38.6%
Hong Kong GEM	1,354.06	2.0%	10.6%	34.4%	34.7%
China Shanghai (A-Share)	3,142.94	0.0%	11.6%	157.4%	153.1%
China Shenzhen (A-Share)	787.78	0.0%	38.3%	171.6%	167.1%
China Shanghai (B-Share)	188.08	0.0%	44.5%	203.3%	198.9%
China Shenzhen (B-Share)	536.25	0.0%	23.8%	174.1%	169.2%

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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
2/21/07	Xinhua Finance Media Ltd. [XFML.US] (NASDAQ)	Media	US\$323.1	A diversified media company in China, operating in media production, broadcasting, print, advertising and research	JP Morgan/ UBS	ABN Amro Rothschild/ CIBC / WR Hambrecht

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/23/07	% 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 2/23/07	% 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
2/21/07	Enbigs Co., Ltd. [054170.KS]	Consults and provides electronic storage systems for industrial and financial companies	2/22/08	US\$2.1	3,154 shares	1/22/08

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## Weekly Highlights

### International

#### *Mobile/Wireless*

- **Industry observers are saying that the latest iteration of the Subscriber Identity Module (SIM) card, which is supported by new technologies, could prove to be the most significant development in the market.** The new standard has been called the Release 7 and is set for approval by the middle of the year by the Third Generation Partnership Project (3GPP), a collaboration established between a handful of telecommunications standards bodies such as the China Communications Standards Association, Alliance for Telecommunications Industry Solutions and the European Telecommunications Standards Institute (ETSI). Its primary objective is to produce internationally applicable technical specifications and reports for 3G mobile systems and technologies. According to analysts at Frost & Sullivan, the SIM card will continue to have a bright future as mobile operators look to boost their average revenue per user (ARPU), and data traffic is projected to grow considerably. Industry observers see a big potential for the new card given the massive deployment of the 3G mobile networks around the globe.

#### *Hardware*

- **According to Gartner, worldwide server shipments and revenues showed single-digit growth last year, with Sun Microsystems posting its first jump in market share based on sales in five years.** The report said server shipments went up by 8.9 percent from 2005 to 8.2 million units in 2006, while revenues posted a 2 percent rise to US\$52.7 billion. Mainframes had the strongest revenue growth of any segment for the year, increasing 3.9 percent over 2005. The rise in mainframe sales benefited IBM, which continued to lead the overall market based on revenue. IBM increased sales by 1.7 percent to US\$16.9 billion. Sun managed to reverse an annual decline in revenue share that started in 2001. The company increased its share to 10.8 percent from 9.6 percent in 2005, with its revenues in 2006 growing by 15.4 percent to US\$5.7 billion. Gartner said the market for RISC-Itanium Unix servers was weak in 2006, with its worldwide shipments and revenue registering a 1.6 percent and 0.8 percent drop, respectively. The popularity of blade servers continued to grow in 2006, with blade leader IBM and No. 2 Hewlett-Packard remaining dominant in the market. Together, the two companies accounted for almost 74 percent of global blade server revenue. In terms of overall server revenue, the top five vendors and their shares were IBM, 32.1 percent; HP, 27 percent; Sun, 10.8 percent; Dell, 10.3 percent; and Fujitsu/Fujitsu Siemens, 4.8 percent. Based on shipments, the top vendors were HP, 27.5 percent; Dell, 21.7 percent; IBM, 15.7 percent; Sun, 4.5 percent; and Fujitsu/Fujitsu Siemens, 3.1 percent.

#### *Semiconductors*

- **According to the SEMI Silicon Manufacturers Group (SMG), worldwide silicon wafer area shipments posted a 20 percent growth in 2006, in its year-end analysis of the silicon wafer industry.** The group said revenues also rose by 27 percent in 2006, as a result of 300mm contributing to an overall better product mix. Silicon wafer area shipments in 2006 totaled 7.9 million square inches (MSI), up from the 6.6 million square inches shipped during 2005. Revenues grew to US\$10.0 billion from US\$7.9 billion posted in 2005. Silicon wafers are the fundamental building material for

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semiconductors, which in turn, are vital components of virtually all electronics goods, including computers, telecommunications products, and consumer electronics.

## Japan

### *Internet*

- **Yahoo Japan Corp announced its decision to increase its stake in Internet food delivery firm, Yumenomachi Souzou-linkai, in a bid to expand its food-related business.** The company said it will be buying 3,200 shares at 401,190 yen each (US\$3,313), via a tender offer. Yumenomachi Souzou-linkai is listed on the Osaka Securities Exchange's Hercules board.
- **Industry sources said that Mitsubishi UFJ Financial Group (MUFG), Japan's biggest bank, has plans to increase its stake in online brokerage affiliate kabu.com Securities Co. through a tender offer.** Some sources said Japan's biggest bank is looking to getting more control of the brokerage firm, with other reports claiming that the bank intends to raise its stake to around 40 percent from the 30 percent it currently holds. According to an MUFG spokesman, the company has not decided on anything. The company said it was targeting a group net profit of 1.1 trillion yen (US\$9.1 billion) in the business year to March 2010, up 26 percent from a forecast 870 billion yen (US\$7.1 billion) this year.

### *Mobile/Wireless*

- **eMobile Ltd. announced that it will launch fixed-rate broadband wireless services next month and put its keyboard-equipped handset into the bargain.** With the move, eMobile, a wholly owned subsidiary of broadband service operator eAccess Ltd., will be the first new company to tap into Japan's increasingly competitive wireless market in 13 years. The new Em-One handset was developed with Sharp Corp. and Microsoft Corp. The company said eMobile's services would begin March 31, within Tokyo's 23 wards, central parts of Nagoya, Osaka and Kyoto, with the monthly fixed-rate basic charge placed at 5,980 yen (US\$49). Under the offering, a two-year contract that includes the price of the handset is valued at 39,800 yen (US\$329).
- **I-Freek Co., a provider of mobile phone services, announced that it has received approval to list on the Osaka Securities Exchange's Hercules market on March 19.** The company said it will offer 3,800 shares in its IPO. Of those, 2,500 are newly issued shares and 1,300 are currently held privately. The company said it will offer all the shares through the book-building method. In the last fiscal year ended March 2006, the company posted a parent pretax profit of 142.8 million yen (US\$1.1 million), net profit of 80.6 million yen (US\$665,000), and revenue of 448.8 million yen (US\$3.7 million). Mitsubishi UFJ Securities is the lead underwriter of the offer.
- **On2 Technologies, Inc., a leader in video-compression software and solutions, announced that it is increasing its presence in the Japanese video market with the appointment of Marubeni Solutions Corp. as its reseller and development partner.** Under this agreement, Marubeni Solutions will provide a sales channel for On2 Flix Engine and Publisher product line to media companies, publishers and enterprises for Internet portals and social networking sites using Flash video. The arrangement is expected to give On2 access to Marubeni Solutions' customer base representing large media companies and leading device manufacturers in the digital camera and mobile handset industries through its sales force and engineering teams. On2 Technologies is a leading technology firm at the forefront of digital video compression. MSOL is a leader in the introduction of advanced technology products into Japan and Asia from all over the world.

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## *Media, Entertainment and Gaming*

- **Tomy Co., a Japanese toy maker, disclosed that it was slashing its annual net profit forecast by two-thirds, with the company ascribing its move to weak demand for toys.** Tomy stated that consumers had spent more on Nintendo Co.'s new video game players. Tomy said it now expects to post a group net profit of 1.7 billion yen (US\$14 million) in the year to March, down from its previous forecast of a 5 billion yen (US\$41.2 million) profit. The company retained its sales forecast at 170 billion yen (US\$1.4 billion), indicating the strong performance of the unit that wholesales Nintendo products, a business that generates lower margins than its core toy business.
- **According to data from Media Create Co. Ltd, the launch of Sega Corp.'s Virtual Fighter 5 for the PlayStation 3 was the reason for the console's biggest hit of the year.** The title launched on Feb. 8 topped the Japan software charts for that week with sales of almost 50,000 copies, with the company ascribing to the launch the jump in sales of the console during the week of Feb. 5, to 23,431 units from 18,727 units in the previous week. The report said sales of Nintendo Co. Ltd.'s Wii also jumped to 78,550 units for the week, according to the estimates. Nintendo's handheld DS Lite device remained on top of the hardware sales ranking at 201,770 units. Sony Computer Entertainment Inc.'s PlayStation Portable posted sales of 32,175 units, according to Media Create. Software titles for new-generation consoles occupied the top three positions for the week. Following Virtual Fighter 5 at number one were Wii Sports and Wii Play in second and third place, respectively. Media Create receives actual sales data from around 3,000 stores across Japan and uses that to estimate nationwide sales.
- **Several sources are reporting that Intel Capital and Yoshimoto Kogyo have bought a small stake in Faith Inc., a Kyoto-based content service provider for mobile devices and Internet.** Earlier last week, Faith's U.S. arm Moderati was sold to Bellrock Media. According to their statement, the U.S. subsidiary is losing money and plagued with problems, including a postponed trial launch of its Mobile Virtual Network Operator (MVNO) service and heavy capital requirements. Intel Capital is a company that aims at investing and supporting profitable enterprises that will drive Internet growth, enable new usage models, and advance industry standards. Yoshimoto Kogyo Co., Ltd. describes its major aim as providing entertainment programs, with its operations carried out through the following divisions: production (comedies, theatrical, live show and distribution of television/radio programs); real estate (real estate rental and leasing); and management of restaurants and cruise liners, as well as sale of sundry goods.
- **According to sales bulletin from analyst firm NPD, Nintendo's Wii game console outsold its competitors in January, even as it maintains its lead against rivals Sony and Microsoft.** Nintendo sold 436,000 units during the month, with Sony's previous iteration of its console, the PlayStation 2, coming in second place. Microsoft's Xbox 360 was third, followed by the PlayStation 3. Nintendo has maintained its lead primarily through ease-of-use, a lower price, and strong game titles at launch time, analysts have said. Sony and Microsoft, in contrast, have tried to develop consoles that are cutting edge, which has increased the price of the units.

## *Hardware*

- **TDK Corp., the world's largest maker of magnetic tapes, revealed its decision to go into a capital tie-up with Tabuchi Electric Co. next month in a bid to enhance its electronic component business.** Under the agreement, TDK said it will acquire a 14.2 percent stake in Tabuchi, a leading maker of high-voltage transformers and power supplies, through a third-party allocation of new shares, with TDK spending 810 million yen (US\$6.6 million) to acquire 5 million new shares in

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Osaka-based Tabuchi. After the acquisition, TDK is expected to become Tabuchi's biggest shareholder.

## Korea

### *Internet*

- **According to the report made by the Ministry of Information and Communication, the number of broadband Internet users in South Korea rose in January.** The report, however, noted that even with the figures, the digital gap between urban and rural areas remained wide. The government report said 14.1 million South Koreans had access to the broadband Internet as of the end of January, up 600,000 from a month earlier.
- **According to the Bank of Korea, the number of Internet banking subscribers as of the end of 2006, registered in 19 financial institutions, went up 34.3 percent to 35.9 million.** The report said the number of individual customers went up by 34.9 percent to 34.1 million and corporate subscribers by 24.8 percent to 179. Internet banking usage last year averaged 12.8 million per day, up by 15.1 percent compared with the previous year and its inquiry service, which comprises 82.8 percent of the total, averaged 10.6 million per year, up by 15.2 percent compared with the previous year. The use of wire transfer service averaged 2.2 million per day, which was valued at 15 trillion won (US\$16 billion), up by 14.6 percent in usage and 20.5 percent in value, respectively. The number of mobile banking usage using telecommunications devices such as cellular phones and PDAs last year averaged at 450,000 per day, up by 59.9 percent from the previous year.
- **Altech and Samsung Electronics announced their agreement to work jointly for trial service of a Mobile WiMAX broadband network in South Africa.** Following the successful test license application to ICASA, Altech and Samsung will install the Mobile WiMAX network in Gauteng, South Africa. According to the contract, Samsung will provide Altech with Mobile WiMAX infrastructure equipment along with various types of devices in the second half of this year. After the success of initial trial service, Altech will decide the mass deployment of Mobile WiMAX service in South Africa. Altech is a leading South African multi-billion rand high-technology group involved in the design, development, convergence, manufacture, installation and distribution of telecommunications equipment, multimedia systems, IT solutions, electronic components, cellular telephony and industrial electronic products while Samsung is a leader and innovator of mobile technology.
- **Korea Telecom announced the new deployment of DWDM PON technology from Novera Optics with advanced operation, administration and maintenance (OAM) features.** The new deployment is expected to support Korea Telecom's broadband subscribers, and increase the total number of Novera-supported Korea Telecom lines to more than 100,000. Novera Optics' DWDM transport technologies are being deployed by Korea Telecom for Internet and data services through Novera's SpeedLIGHT platform. Implementing DWDM PON point-to-point bidirectional optical links through a single feeder fiber, SpeedLIGHT provides Korea Telecom with an upgrade path, symmetrical bandwidth (downstream and upstream), and multiprotocol transparency for fiber-to-the-home (FTTH) and fiber-to-the-curb (FTTC) applications.

### *Mobile/Wireless*

- **Following the due diligence results announced by Earnest & Young, the South Korean handset maker Pantech Co. and its affiliate showed that the two firms have more value as ongoing entities, than if they were liquidated.** The creditor banks led by the state-run Korea

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Development Bank agreed to stop debt repayments from the two mobile phone makers for up to three months, allowing the ailing firms to avoid bankruptcy. Following the outcome, creditors reportedly plan to convene a meeting in early March to arrange a debt-restricting scheme and make a final decision on the workout plan by March 11. As of the end of September, Pantech and Pantech & Curitel, the third-largest handset maker by their combined sales, had a total of 2 trillion won (US\$2.1 billion) in liabilities.

- **According to the Korea Trade Investment Promotion Agency, South Korean mobile phone exports to the Middle East are forecasted to continue to decline this year, with the state-run trade promotion agency ascribing this to intense market competition.** The country's mobile phone shipments to members of the Gulf Cooperation Council (GCC) – Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the UAE – are expected to fall 18.8 percent to US\$326.81 million this year.
- **Two mobile telecommunication companies – KTF and SK Telecom – announced the launching of 3G High Speed Downlink Packet Access (HSDPA) network service nationwide.** With the launch, music videos, Internet broadcast shows, animation and news will become downloadable from mobile phones, and videophone service is possible. With this service, mobile phones can play the roles of both TV and PC. 3G mobile telecommunication service is expected to bring great change to people's daily lives. Video calls will become common, enabling users to talk on the phone while seeing each other's faces. Ring-back tones, SMS, and other existing services are expected to upgrade to video. Wireless Internet using a mobile phone will become as fast as household ADSL. It is predicted that mobile telecom companies will lower their video call and data communications fees and mobile phone devices as much as possible in order to attract users to the 3G services early. At present, some countries provide HSDPA-enabled video call service, but South Korea is the first country to provide the service nationwide.

## *Semiconductors*

- **Dongbu Electronics and Dongbu Hannong Chemicals, both publicly held South Korean companies that operate within the Dongbu Group, announced that their respective boards have agreed to a merger, effective May 2007.** The newly merged entity expects looks to the merger union to create a world class "Bio-Semiconductor" enterprise that provides comprehensive foundry services as well as advanced chemicals and materials, including those used in bioengineering, nanotechnology and semiconductor processing. Dongbu Hannong Chemicals has achieved significant growth and strategic diversification over the years. Its recent diversification efforts, especially into electronic materials such as silicon and silicon manganese for semiconductor processing, has set the stage for the merger with Dongbu Electronics, Korea's leading wafer processing foundry. The companies said the top management teams of the two merged companies will continue with their current roles.

## *Hardware*

- **Industry sources disclosed that South Korea's Samsung Electronics Co. was sued by a U.S. tech company, Texas MP3 Technologies, for its alleged infringement on patented technology related to MP3 music player production.** The U.S.-based company filed the lawsuit against Samsung, Apple Inc. and SanDisk Corp. in a federal court, claiming the companies violated its sound-reproducing technology. This marks the first time for Samsung to be sued in relation to MP3 music player technologies, though it has faced legal action in the semiconductor and flat panel-making industries.

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## *Information Technology*

- The Bank of Korea announced that it has initiated the setting up of a next-generation financial network that processes the real-time settlement of a large amount of money valued at a daily average of 128 trillion won (US\$137 billion). Earlier, the Bank of Korea announced that it would introduce a mixed-type settlement system that is added with an offsetting settlement function other than the existing total settlement function and establish the Bank's next-generation financial network that links participating institutions with the Bank of Korea in order for bank branches to input wire transfer orders between financial institutions not to mention of each institutions headquarters. The bank said that once the operator is selected, it would develop an IT system, finish testing by the coming 2008 and start the operation within the first half of 2009

## **China**

### *Media, Entertainment and Gaming*

- **China Unicom NewSpace Co, Ltd. announced that it will officially initiate the broadcasting of Global Music International's collection of music videos from both Chinese and Western musicians on the cellular network of China Unicom.** The agreement is expected to allow China Unicom NewSpace to be one of first to deliver music video content to the mobile platform. The company will gain access to innovative, international content that will allow its parent, China Unicom, to maintain and grow market share through customer acquisition. Under the partnership, Global Music International gains potential new reach into China Unicom's 36 million CDMA subscribers for music video content and all of its 141 million subscribers for ring tone services. Global Music International partnered with China Unicom through China Unicom NewSpace, is the subsidiary responsible for the carrier's wireless music services, among other rich mobile media content.
- **Xinhua Finance Media announced plans to sell 23 million American depositary shares on the NASDAQ Global Market at an estimated price of between US\$12 to US\$14 per ADS.** The company, with links to state-run Xinhua News Agency, said it plans to raise up to US\$371.5 million in an IPO in New York. The company said underwriters have the option to buy up to 3.4 million additional shares from Xinhua Finance Media and existing shareholders. The filing indicated that, after the share sale, Xinhua Finance Media's parent company, Xinhua Finance Ltd., will hold a 36.7 percent stake, with Patriarch Partners Media Holdings holding 8 percent and founder, chairman and CEO Fredy Bush holding 5.8 percent. Xinhua Finance will still hold effective control of 85.3 percent of Xinhua Finance Media's voting rights. JPMorgan, UBS Investment Bank, CIBC World Markets, WR Hambrecht & Co. and ABN AMRO Rothschild are listed as underwriters for the offering. Xinhua Finance Media, which provides business and financial news, wealth management and "affluent lifestyle" programming, said the funds generated by way of the offering will be used to pay off about US\$50 million in debt to Xinhua Finance and other affiliated companies, with the remainder to be used for strategic acquisitions and other purposes. Xinhua Finance Media posted in 2006 a profit of US\$3.3 million.

### *Mobile/Wireless*

- **China Mobile, the mainland's largest mobile service operator, registered a record 4.8 million new subscribers in January, a performance that the company attributes to its foray into rural areas and its newly introduced free incoming-call packages.** The company said it had 306 million users by the end of last month. In a separate report, China Telecom earlier announced weak January

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subscriptions figures. According to brokerage CLSA, China Mobile “will likely gain more dominance with the delay of 3G licensing, as it will face only limited competition in 2007 from fixed-line operators.” Anticipating the release of 3G licenses, China Telecom and China Netcom stopped their respective investment last year in their limited wireless service Xiaolingtong, which they used to try to counter China Mobile's efforts to lure their subscribers. The 3G licenses were expected to be released as early as the fourth quarter of last year. China Mobile added 4.8 million users in December last year. China Telecom, the mainland's largest fixed-line operator, said it registered only 250,000 new users last month, down from 640,000 in December. Total users of the fixed-line service reached 223 million. The broadband service added 760,000 users last month, bringing the total number of broadband users to 29 million, up from 28.3 million in previous months.

- **Millicom International Cellular S.A. announced that it has completed the sale of its 88.8 percent shareholding in Paktel Limited to China Mobile Communications Corporation, which finalizes Millicom's exit from Pakistan.** Millicom International Cellular S.A. is a global telecommunications investor with cellular operations in Asia, Latin America and Africa. It currently has cellular operations and licenses in 16 countries. The company's cellular operations have a combined population under license of approximately 280 million people.
- **According to the country's top telecommunications operator, China Mobile, Chinese people would send more than 14 billion greeting text messages during the weeklong Spring Festival holiday.** The figure is excellent income for professional message writers who write for websites that provide downloading services to message seekers. According to a source in China Mobile, in the past week, some productive text message writers earned more than 10,000 yuan (US\$1,280), estimated to be equivalent to their average monthly income. Industry sources said subscribers want unique and ingenious messages to extend greetings and bring joy and fun to their friends. The market also demands that writers have basic training in art and music in order to come up with multimedia messages.
- **Huawei Technologies Co Ltd of China said sales of its first customized Vodafone-branded 3G handset jointly developed by both companies, the V710, has reached its 500,000th across 14 European countries since its launch in September 2006.** The two companies also celebrated the first year anniversary of their strategic 3G handset partnership and plan to enhance their partnership in 2007. In 2007, the two companies said they will deepen their co-operation in design concepts and customization, rolling-out a series of jointly developed Vodafone-branded 3G devices.

## *Hardware*

- **U.S.-based Advanced Battery Technologies Inc announced that its wholly owned subsidiary, ZQ Power-Tech, was issued a patent of invention by The Intellectual Property Bureau of China for the invention of the nano material lithium-ion battery and its technology process.** The in-house R&D team worked jointly with experts from Harbin Institute of Technology (HIT) on this project to make this technology ready for commercialization. Compared to other lithium-ion battery technologies, the nano material batteries is expected to have a greater power capacity, longer cycle life and shorter recharge time; therefore it enjoys great potential for application in powering electric vehicles. The company believes this patent represents a technology breakthrough in step with the industrial trend.

## *Telecommunications*

- **According to the China Equity Exchange Information Center, China Network Communications Group (Netcom), the mainland's second-largest fixed-line operator, is**

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aiming to derive at least 318 million yuan (US\$41 million) for its 50 percent stake in a broadband service venture with PCCW. A source claimed that PCCW deputy chairman Edward Tian Suning is leading a consortium to join the bidding for the asset. CNC Broadband was set up in 2005 to offer broadband access services in Hangzhou and Ningbo as part of the two companies' joint expansion plans on the mainland. China Netcom Group bought a 20 percent stake in PCCW for US\$1 billion in early 2005. No confirmation was made from any of the sources in the company.

- **According to an official of the Ministry of Information Industry (MII), the total investment in 3G telecom network construction in China is estimated to reach 114.1 billion yuan (US\$14.7 billion) in the first year after its commercial launch.** The report said the number of users of 3G services is forecast to reach 10 million in one year. The official said the 3G commercial launch needs a two-year "warm up" period before 3G services can establish its prevalence in the country. In the meantime, the report indicated that during the two-year period, 2G services still dominate, with its number of users seen as posting a growth at a relatively slow pace. When the 3G-network coverage is completed, the 2G-network will phase out, the report said. With 3G technologies, users are expected to enjoy multimedia services, including instant messaging and mobile TV, even as the average revenue user for 3G would not be much higher than that for other mobile users in the mainland.
- **ZTE Corp of China announced that it has signed an agreement with Samsung of Korea to jointly work on the research and development of WCDMA-based Home NodeB products.** The Home NodeB, also referred to as femtocells, will be specifically designed to manage indoor telecommunications and enable new broadband network applications, such as assisting in the convergence of fixed and wireless telecoms in the home. The Home NodeB optimizes the in-building 3G experience for the subscriber within their home or work place. A typical Home NodeB can automatically transfer a call session between the mobile network and the user's home DSL connection, as well as enable wireless computer networking, broadband Internet access and fixed line VoIP services all via the one device

## *Semiconductors*

- **Elpida Memory, Inc. announced it will sell its 200-mm wafer processing equipment to Cension Semiconductor Manufacturing Corp. (Cension) of China.** Cension is a company that is engaged in contracted manufacturing of semiconductors and the production base of Semiconductor Manufacturing International Corp. (SMIC) of China. SMIC will run the transferred equipment as well. The companies will discuss details including a schedule.

## **Taiwan**

### *Hardware*

- **HannStar Display Corp one of the nation's leading flat-panel makers, posted its first quarterly earnings in ten quarters, with the company ascribing the results mainly on asset gains and improving screen prices.** During the quarter ended on Dec. 31, HannStar posted earnings of NT\$998 million (US\$30.1 million), compared to losses of NT\$1.2 billion (US\$36.2 million) a year ago and NT\$3 billion (US\$90.6 million) in the third quarter. The panel maker disclosed its plans to reduce capital from NT\$60.5 billion (US\$1.8 billion) to NT\$50.1 billion (US\$1.5 billion) by cutting the number of outstanding shares to 5 billion. For 2007, HannStar said it plans to spend NT\$900 million (US\$27.1 million) in new facilities and equipment, compared to the NT\$7.7 billion (US\$232.6 million) in capital spending last year.

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## *Media, Entertainment and Gaming*

- **Next Media announced that it is looking to spin off the Taiwan editions of Apple Daily and Next Magazine by way of a backdoor listing on the Taiwan stock exchange.** Industry sources said that the owner of the two publications plan to acquire a listed company and inject it with the Taiwan editions of Next and Apple. Next Media officials could not be reached for comment. Analysts believe that the new listing would not only unlock the value of the Taiwan business but have a positive impact on the company's Hong Kong-traded shares as well. The Taiwan business reported an operating profit of HK\$33 million (US\$4.2 million), which represents about 16 percent of group operating profit, and revenues of HK\$683 million (US\$81 million), which stands for 42 percent of group revenues in the first half. A source at Next acknowledged that the company was preparing to launch Sudden Weekly in Taiwan.

## **Hong Kong**

### *Telecommunications*

- **Shares in Hutchison Telecommunications International Ltd (HTIL) went on a decline following the sale of its stake in its Indian assets.** Analysts stated that the market was responding to the news that the firm would be paying a special dividend to shareholders that had previously been factored into the share price. Analysts said the group's lack of clarity on plans also contributed to the decline in the shares. HTIL announced recently that it would sell its 67 percent stake in India's Hutchison Essar to British mobile giant Vodafone Group for US\$11.1 billion. HTIL said the proposed disposal unlocked substantial value for its shareholders, enabling it to generate an expected gain before tax of US\$9.6 billion. HTIL said it would pay a special dividend of HK\$6.7 (US\$0.8) per share to shareholders and will use as much as US\$1.8 billion to reduce debt. Goldman Sachs said the special dividend was at the mid to low end of the market's average expected range and added that investors were also generally disappointed that HTIL was not clear about its potential new markets. HTIL said it would retain about US\$640.2 million to reinvest in both its existing and new markets, with US\$1.1 billion to be spent on operations in Indonesia, Vietnam and Sri Lanka over the next two years.

### *Media, Entertainment and Gaming*

- **i-Cable Communications announced that it is trying to build a new free TV model by tapping advertising revenue in a bid to cushion the impact of losing its exclusive rights to air English Premier League football matches later this year.** Earlier, PCCW's Now TV won the exclusive rights to broadcast EPL matches from August. Analysts see this development as indicating that i-Cable Communications' Cable TV is losing its dominance as a broadcaster of foreign sport programs. To make matters worse, PCCW broke Cable TV's monopoly on Italian football Series A matches by securing about 130 matches each season for three years, also from August. Cable TV will keep the rights to show about 250 matches over the same period. Industry observers note that sports programs had always helped i-Cable establish a leading position in the market but their costs were "one-off", with said programs not generating new revenue after being resold to other stations after their initial broadcast

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## Singapore/Malaysia/Philippines/Indonesia

### *Internet*

- **Pacific Internet announced the appointment of three new independent directors to its board. They are Sajjad Ahmad Akhtar, managing director of accounting firm Corporate Advisory Partners, Stephen William Berger, managing director of corporate finance advisory firm Imprimis Singapore, and Dr Neil Robert Jones, from the Singapore Management University.** The new Directors join the existing Board comprising of the CEO Phey Teck Moh, James Tan Meng Dong, Zhang Yun, Koh Boon Hwee and Steven Barry Simpson, and complete the reconstitution of its audit, compensation, and corporate governance committees to comprise of all the three independent directors only.

### *Software*

- **Samootha (S) Pte Ltd, a Singapore based software company committed to promoting Open Innovation in Enterprise Software, announced the availability of its Samootha-S business software platform as a starting point for innovators and independent thinkers for technology in Asia and around the world to explore new possibilities of inter-enterprise connectivity.** The company said the main objective of the project is to bring immense cost benefits for emerging entrepreneurs. The project will focus on regions where Enterprise Software such as Accounting & Financial, Inventory and Warehouse, ERP, CRM, Supply Chain Management (SCM) are yet to be adopted widely and thus target Asia, Africa, South America and any region from where it receives support.
- **Software firm Teledata Informatics Ltd announced its investment of some US\$105 million to acquire a majority stake in Singapore-based eSys Technologies Pte. Ltd.** Teledata Informatics said it would benefit hugely from the strategic investment in the Singapore-based IT distribution major and PC maker, as there is a lot of synergy between the company and eSys, helping to accelerate the business levels. Teledata Informatics is a US\$234 million software solutions and services company with global operations across 15 countries. The company is one of the fastest growing in India and is among the top 50 software services providers globally.

## United States/Canada

### *Internet*

- **Google announced that will begin selling corporate America an online suite of software that includes e-mail, word processing, spreadsheets and calendar management.** Analysts see the entry of Google into a field that is dominated by Microsoft and IBM as providing also the chance for the company to becoming a major player in the market. The offering is also seen as providing competition to Microsoft's latest version of its market-leading Office suite that was developed along with its Vista operating system as well as to IBM and its Lotus suite. Google said it has been offering a free version of its online software suite called Google Apps for the past six months, with more than 100,000 small businesses and hundreds of universities nationwide using the free service. The fee-based version, Google Apps Premier Edition, includes five times more e-mail storage, with 10 gigabytes per e-mail box, as well as a guarantee that all services will be available 99.9 percent of the time with around-the-clock technical support. Google also disclosed that it is adding mobile access to e-mail accounts through BlackBerry devices.

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- **E-Trade Financial announced the launching of a global trading platform that makes it the first major U.S. discount brokerage to allow customers the ability to trade foreign-listed stocks online.** The pilot project, which begins with 1,000 E-Trade customers this week, allows them to buy, hold and sell stocks in Canada, France, Germany, Hong Kong, Japan and Britain, with the rollout expected to take two months before all customers have access. The offering is seen only as being available in 42 international markets. Industry observers note that the launch unlocks thousands of stocks previously unavailable to online traders, and pressures top rivals Charles Schwab and TD Ameritrade Holding to make similar moves. It also comes as stock exchanges in Asia have bounced to unprecedented highs and far outpaced Western markets.

## *Media, Gaming and Entertainment*

- **In what is seen as a bid to boost its ad revenue from its online division, News Corp. said it is completing the acquisition of Internet ad placement company Strategic Data Corp.** Under the deal, the California-based SDC will become part of Fox Interactive Media (FIM), the News Corp. division that oversees the company's online properties, including the popular social-networking web site MySpace.com. The deal's financial terms were not disclosed. According to a company spokesperson, advertising remains the core focus of generating revenue at FIM, and the acquisition of SDC is expected to optimize ad delivery for the division. The financial details of the deal were not disclosed.

## *Mobile/Wireless*

- **Nuance Communications announced its plan to acquire BeVocal Inc. to beef up its presence in the speech-based mobile phone consumer market in a deal valued at some US\$140 million.** BeVocal provides self-service customer care to Cingular Wireless, Virgin Mobile, and Liberty Wireless, and aims its offerings at the mobile market, offering services such as handset activation, customer care, as well as sales and fulfillment of add-on features. While Nuance's business is focused more on core technologies, BeVocal's business has traditionally been targeted more at products and services. Nuance said the acquisition will help it eliminate the deployment of custom services while creating more opportunities to expand speech solutions for specific markets.
- **With the development of two new chips supporting alternative technologies, analyst see Qualcomm as offering mobile phone makers a choice of technologies to tune into mobile TV services.** Aside from these chips, Qualcomm is pushing its own MediaFlo system as an alternative to the DVB-H (Digital Video Broadcasting - Handheld) standard supported by Nokia and Sony Ericsson Mobile Communications, or the Japanese ISDB-T (Integrated Services Digital Broadcasting - Terrestrial) system. The company has also developed a new chip that supports Multimedia Broadcast Multicast Service (MBMS). This technology allows mobile phone network operators to offer streamed mobile TV services more efficiently by multicasting programs instead of having to establish point-to-point links for each device as they currently do. As a result, operators will be able to position their streaming services more competitively to meet future demands of mobile TV users during peak live TV broadcasts, such as sporting events and breaking news.

## *Software*

- **A U.S. jury declared Microsoft guilty of infringing Alcatel-Lucent patents and ordered the software giant to pay the French-US firm the amount of US\$1.5 billion.** Before the merger with Alcatel, Lucent said it has filed a U.S. federal lawsuit in 2003 claiming Microsoft partners, including computer makers Dell and Gateway, used Windows software that infringed its patented technology. The jury trial centered on MP3 audio technology used in the Windows Media Player software. Alcatel-

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Lucent declared in court that technology used to encode and decode digital audio files in Media Player infringed on its patents. But Microsoft insisted it had paid license fees for the technology it used and violated no patent rights. Microsoft said it had paid Munich-based licensing firm Fraunhofer-Gesellschaft US\$16 million to legally use the disputed MP3 technology. The case is part of a broader intellectual property dispute between Microsoft and Alcatel-Lucent. A total of 15 patents were in dispute when the litigation began. Two of the claims were dismissed and the remaining patents were divided into six groups, each the subject of separate jury trials in San Diego.

## *Hardware*

- **Cisco Systems and Apple announced settling of the trademark-infringement lawsuit that almost stalled Apple's use of the "iPhone" name for its much-hyped new iPod-cellular phone gadget.** The companies said they reached an agreement allowing Apple the use of the name for its new multimedia device in exchange for exploring wide-ranging "interoperability" between the companies' products in the areas of security, consumer and business communications. With the agreement, the two companies indicated that they would dismiss any pending legal actions regarding the trademark. No other details of the agreement were released. The companies both said they would dismiss any pending legal actions regarding the trademark.
- **Hewlett-Packard reported a 26 percent rise in its first-quarter profit to US\$1.5 billion compared with US\$1.2 billion for the same period last year.** The company ascribed the results to increased sales of laptop computers, printers and printing supplies during a robust Christmas spending season. The company said revenue for the period was US\$25.1 billion, compared with US\$22.7 billion during the same quarter last year. Excluding one-time charges, HP said it earned US\$1.8 billion, beating analyst forecast of US\$24.3 billion in revenue, according to a survey by Thomson Financial. In the latest in a series of cost-cutting measures, the company said it was offering an early retirement program to an unspecified number of eligible employees. HP said it expected to pay for the program with the approximately US\$500 million saved from changes to its defined-benefit pension plan. For the second quarter, HP said it expects to earn an estimated US\$24.5 billion in revenue. For this year fiscal year, HP said it predicts revenue of US\$98 billion to US\$99 billion.

## *Information Technology*

- **Dot Hill Systems Corp. announced that the company has entered into a manufacturing agreement with MiTAC International Corporation, a leading provider of contract manufacturing and original design manufacturing services, and SYNEX Corporation, a leading global IT supply chain services company.** Under the terms of the agreement, MiTAC will supply Dot Hill with manufacturing, assembly and test services from its facilities in China and SYNEX will provide Dot Hill with final assembly, testing and configure-to-order services through its facilities in California and United Kingdom.

## **Europe**

### *Ventures/Investments*

- **STMicroelectronics of Europe announced that it is setting up joint research and innovation labs at two premier Indian technology institutes, BITS Pilani and IIT Delhi.** The partnership agreements aim to combine the best of the company's electronic skills and capabilities with the educational and research talents of the two institutes, with the two labs expected to be operational by the second quarter of 2007. The company said the main aim of these partnerships is to facilitate

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proliferation of very large scale integration (VLSI) design and embedded systems knowledge among students by undertaking research projects with the involvement of faculty, students and STM representatives. The areas of initial research focus include analog and mixed-signal design in the area of VLSI, image and speech pattern recognition, sensory organ modeling and digital data protection in algorithm research, along with generic intellectual property (IP) blocks for embedded solutions. STMicroelectronics said it will equip the labs with the necessary hardware, software tools, reference boards and technology parameters needed for successful execution of projects in the identified areas. The institutes will provide the necessary space on the campus and assign a faculty member to participate in the partnership activities.

## *Internet*

- **Industry sources are saying some European countries are proposing outlawing the use of fake information to open e-mail accounts or set up web sites.** The move, while aimed at aiding investigation of terrorist-related concerns, is seen as facing resistance from nations that value privacy. Reports show that the German and Dutch governments have taken the lead on the proposals, crafting legislation that would make it illegal to provide false information to Internet service providers and require phone companies to save detailed records on customer usage. The Germans and Dutch are moving well ahead of a 2009 EU deadline to implement its Data Retention directive, which calls for storing names and addresses of Internet subscribers, including those who use Web-based e-mail accounts. Details of the new proposals have yet to be released.

## *Mobile/Wireless*

- **Alcatel-Lucent SA announced that it has invested in WiMax chipmaker Sequans Communications, a move that shows the popularity of the emerging long-range wireless broadband technology.** The companies did not reveal the size of the investment but said it extends a US\$24 million round of financing that Sequans raised last year. The companies are both based in France and have worked together in the past. Last year they said they would make a low-cost end-user WiMax device for developing countries. They expect to start production of that product in the second quarter.

## *Telecommunications*

- **Belgian telecommunications operator Belgacom announced that it was selling its stake in the Belgian arm of French mobile operator Orange for 147.8 million euros (US\$193.5 million dollars).** Belgacom acquired an interest of about 3 percent stake in Mobistar with its acquisition of Belgian telecommunications services group Telindus in January 2007. Belgacom also owns rival Belgian mobile operator Proximus.

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## Other Economic Data

### Currency Exchange Rates

Currency	Units	Current Rate (on 2/23/07)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change Last 12 Mth.
Japanese yen	¥/US\$	121.3950	-0.1%	2.0%	3.1%	3.8%
Hong Kong dollar	HK\$/ US\$	7.8099	0.0%	0.4%	0.7%	0.7%
Chinese renmenbi	RMB/ US\$	7.7426	-0.1%	-0.8%	-4.1%	-3.8%
Singapore dollar	S\$/ US\$	1.5332	0.1%	-0.3%	-7.8%	-5.6%
South Korean won	KRW/ US\$	938.0500	0.4%	0.9%	-7.1%	-3.2%
New Taiwan dollar	NT\$/ US\$	32.9820	0.0%	1.2%	0.5%	1.3%
Australian dollar	US\$/A\$	0.7895	1.4%	0.1%	7.7%	6.5%
New Zealand dollar	US\$/NZ\$	0.7058	3.5%	0.3%	3.2%	6.7%
Philippine peso	PHP/ US\$	48.1100	-0.4%	-1.8%	-9.4%	-6.9%
Euro	US\$/€	1.3117	0.9%	-0.6%	10.7%	9.6%
British pound	US\$/£	1.9574	0.4%	-0.1%	13.6%	12.9%

### Fixed Income Prices and Yields

Note	Currency	Current (on 2/23/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	99.5156	4.83%	99.1620	4.79%	98.0810	4.82%
Japan 30-year	¥	104.1175	2.28%	102.9475	2.37%	102.7010	2.34%
Hong Kong 10-year	HK\$	104.7052	4.36%	104.5712	4.36%	105.8140	4.12%
China (06/16)	US\$	113.1424	3.04%	113.5187	3.01%	113.6900	3.00%
Singapore 10-year	S\$	99.1700	3.27%	99.7440	3.25%	99.7300	3.28%
South Korea 20-year	US\$	110.8249	5.08%	110.1020	5.14%	108.7520	5.21%
Australia 15-year	A\$	152.6265	2.51%	152.5445	2.57%	151.7070	2.63%
New Zealand (12/17)	NZ\$	100.4864	5.92%	100.5442	5.94%	100.0310	6.00%
Philippines 20-year	PHP	135.0101	7.88%	135.1223	7.87%	135.8600	7.90%
India 30-year	INR	91.5920	8.17%	92.4649	8.03%	91.2250	8.20%
UK 30-year	£	98.2860	4.38%	97.4700	4.35%	97.6269	4.40%
Germany 30-year	€	97.2130	4.20%	96.4870	4.16%	96.6400	4.20%

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