

IRG WMR



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

Week of 4 March - 10 March, 2007

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Equity Market Indicators					
Index	Closing Level (3/9/2007)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change 2006 Low
S&P 500	1,402.85	1.1%	-1.1%	12.4%	14.6%
Dow Jones Industrial Avg.	12,276.32	1.3%	-1.5%	14.5%	15.1%
Dow Jones Tech. Index	401.44	0.8%	-2.7%	7.0%	19.1%
Dow Jones Telecom. Index	259.52	0.3%	-0.2%	28.7%	28.9%
NASDAQ Composite	2,387.55	0.8%	-1.1%	8.3%	18.2%
The Street.com Net	244.16	-0.1%	-1.3%	16.1%	26.8%
Japan Nikkei 225	17,164.04	-0.3%	-0.4%	6.5%	20.7%
JASDAQ	86.13	-1.7%	-0.1%	-33.9%	6.6%
Japan Mothers	1,057.08	-1.0%	-4.8%	-58.4%	4.8%
Korea KOSPI Composite	1,423.58	0.6%	-0.8%	3.2%	18.3%
Korea Kosdaq	613.41	1.1%	1.2%	-11.3%	13.8%
Taiwan Stock Exchange	7,568.20	-0.5%	-3.3%	15.6%	20.9%
Singapore Straight Times	3,143.71	2.1%	5.3%	33.9%	37.8%
Hong Kong Hang Seng	19,134.88	-1.6%	-4.2%	28.6%	28.0%
Hong Kong GEM	1,263.71	-2.5%	3.2%	25.5%	25.7%
China Shanghai (A-Share)	3,087.02	3.8%	9.7%	152.8%	148.6%
China Shenzhen (A-Share)	793.65	4.3%	39.3%	173.6%	169.1%
China Shanghai (B-Share)	169.75	-2.1%	30.5%	173.7%	169.7%
China Shenzhen (B-Share)	483.55	-1.9%	11.6%	147.2%	142.7%

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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
3/6/07	Starnet Networks Corp [STAR.US] (NASDAQ)	Telecom	US\$115.0	Delivers network infrastructure solutions that enable mobile operators to deliver multimedia services	Goldman Sachs/Lehman Brothers	JP Morgan/Thomas Weisel

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 3/9/07	% Change From Offer
3/8/07	Sourcefire Inc. [FIRE.US] (NASDAQ)	Provides real-time network defense solutions, which encompass hardware and web analysis	US\$80.8	US\$15.00	US\$15.49	3.2%
3/8/07	Xinhua Finance Media Ltd [XFML.US] (NASDAQ)	A diversified media company in China, operating in media production, broadcasting, print, advertising and research	US\$323.0	US\$13.00	US\$11.35	-12.6%
3/7/07	Clearwire Corp [CLWR.US] (NASDAQ)	Provides wireless broadband services, operating networks in the U.S. and other countries	US\$500.0	US\$25.00	US\$22.10	-11.6%

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 3/9/07	% Change From Offer
3/9/07	Soliton Systems KK [3040.JP] (JASDAQ)	Builds and manages video on demand systems for residence an hotels, as well as security related software	US\$17.5	¥1,850	¥1,585	-16.7%

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
3/6/07	Digilant FEF Co Ltd [052300.KS]	Manufactures communication equipment such as transmitters and transponders	3/6/10	US\$2.1	13,698 shares	3/6/10

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Weekly Highlights

International

Internet

- **According to the Interactive Advertising Bureau (IAB) and PricewaterhouseCoopers, Internet advertising revenues last year posted 34 percent growth in 2005, with total online advertising spending hitting US\$16.8 billion in 2006.** The report said the figure tops the already record-breaking 2005 total of US\$12.5 billion. IAB noted that online advertising revenues for the fourth quarter alone totaled just under US\$4.8 billion, making it the highest quarter reported. Fourth-quarter revenues for 2006 represent a 32 percent increase over the same period in 2005, and a 15 percent increase over the third quarter of 2006, estimated at slightly under US\$4.2 billion. According to a partner with PricewaterhouseCoopers, the results of the 2006 study confirm a “healthy environment” for online advertising.

Japan

Internet

- **FreeBit Co., a network-related skills provider, announced that it has set a premarket price of 340,000 yen (US\$300) a share for its IPO of 2,000 common shares at the Tokyo Stock Exchange's Mothers market.** The price gives the IPO a total value of 680 million yen (US\$5.7 million). The premarket price is based on the results of the company's book-building exercise.

Media, Entertainment and Gaming

- **Sony announced the launching of its own virtual universe and another 3-D game built almost entirely by players.** Called Home, the virtual universe is a real-time, networked world for the PlayStation 3 in which players create human-looking characters called avatars. They can buy clothing, furniture and videos to play on a virtual flat-screen television in their virtual apartments. Industry observers see the concept as similar to Linden Lab's Second Life, a Web-based phenomenon with nearly 4.5 million residents.
- **Nintendo announced its second quarter lineup for the North American market, with the focus on Pokemon Battle Revolution, the first Wii game that will take advantage of the console's online capabilities.** Aside from being the first online title, Pokemon Battle Revolution when released will mark the first game to feature Wii and DS connectivity. Through this feature, users not only have the option of importing saved characters from the upcoming Pokemon Diamond and Pokemon Pearl, but they can also use the DS as a makeshift controller. Pokemon Battle Revolution has already been available in the Japanese market since last December, but will be released for North American audiences on June 25th. Other upcoming Nintendo titles for the Wii include Super Paper Mario in April, Mario Party in May, and Big Brain Academy in June.

Hardware

- **Hitachi announced that it will sell business personal computers made by Hewlett-Packard Co. under the Hitachi brand in Japan.** The latest deal is seen as enhancing the longtime cooperative ties with the American PC and software company, which includes Hewlett-Packard

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providing Hitachi Ltd. with servers. Hitachi, which sells about 350,000 business personal computers a year, said the HP-made computers will replace those currently sold by Hitachi, called Flora, as well as the consumer line called Prius will continue with products manufactured by Hitachi.

- **Sony Corp, Matsushita Electric Industrial and Lenovo Group are among seven computer and electronics makers being sued by 3M on claims they infringed patents used for rechargeable lithium-ion batteries.** 3M, which makes products from Post-it Notes to road signs, filed the patent-infringement lawsuit in the U.S. The suit also asked the U.S. International Trade Commission to block U.S. imports of the batteries or products such as notebook computers containing them. 3M is also seeking unspecified damages in the dispute over battery cathode materials, a market the firm estimates at US\$700 million. The suit, which claimed the patented inventions made the batteries last longer and less likely to overheat, came after Sony said it would spend US\$440 million to replace 9.6 million lithium-ion cells that were fire hazards, the biggest recall in consumer-electronics history. 3M and Batteries Com are also included in the suit, while Hitachi is part of the suit for batteries used in a cordless screwdriver. Matsushita and its Panasonic Corp unit were named for the "Revolithium" batteries in cordless power tools.

Korea

Internet

- **According to the survey conducted by BBC/Reuters Media Center, about one third of South Koreans or 34 percent consider the Internet as their primary source of news.** The figure is considerably higher than the 9 percent world average. Among countries polled were the United Kingdom, the United States, Egypt, Germany, India, Indonesia, Nigeria and South Korea. About 56 percent of those surveyed said TV news is the most important sources of news. Newspapers came second with 21 percent, followed by the Internet and radio with 9 percent, respectively. Among online sources, blogs got the smallest percentage of trust, with South Korea coming in as the exception with about 17 percent saying they trusted blogs as their main news source compared to the 3 percent of all respondents who consider blogs are their main news source. When asked which media is the most important news source, 41 percent of South Korean respondents chose television, followed by the Internet with 34 percent, the highest proportion of the 10 countries. Newspapers followed with 19 percent, then radio with 4 percent in South Korea.
- **According to NHN, the amount of knowledge search database at Naver surpassed the 60 million milestone just three months after it reached the 50 million mark last October.** NHN says it looks to the database posting bigger growth. Currently, NHN is by far the largest Internet company in the nation with its market capitalization amounting to 6 trillion won (US\$6.3 billion), compared to Daum Communication, Naver's closest competitor, with its 800 billion won (US\$843.2 million).

Media, Entertainment and Gaming

- **The chairman of Time Warner Inc. announced the plans of the company plans to launch Korean language broadcasting of CNN and a mobile digital video broadcast service.** The company said the move is part of its plan to expand its business in South Korea.

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Software

- **DIOTEK, a leading developer of mobile software, announced its release of SmartCJK - Korean support for Smartphone WM5, the first Korean language enabling software for Smartphone running Windows Mobile 5.0.** With the device, the users can read Korean text in e-mails, web pages and document files on a Smartphone with English OS such as Samsung Blackjack and Motorola Moto Q. DIOTEK is a mobile software developing company based in Korea mainly developing handwriting recognition, mobile dictionary, note-taking software and language supporting software solutions.
- **Axiom Technologies, Inc. announced the completion of a licensing agreement with Samsung Techwin for its Maximum Software and the Software-Based Network Video Recorder Products.** Under the terms of agreement, Axiom will create versions of the Maximum Software and the Network Video Products that specifically operate with the Samsung Techwin suite of Digital Video Recorders. The initial delivery of products is scheduled for 4th quarter of 2007. When the integration work is completed Axiom will retain industrial and intellectual property rights for the products. Axiom Technologies, Inc is a provider in surveillance security systems software and hardware. The company maintains its corporate presence in Pasadena, CA and its Research and Development Facility in South Korea.

Hardware

- **Samsung Electronics Co. announced that it has secured a deal to build an LCD module production plant in the Slovak Republic, with an initial investment of 147.4 billion won (US\$155.4 million).** The company, however, did not specify the total amount of the investment and other details, including the plant's production capacity. Samsung said it looks to the LCD module plant as giving it a foothold in European markets for its flat panel business. Samsung Electronics Co. also said it has signed a deal to supply a 3G mobile communications system to an Indonesian telecom operator in a bid to bolster its presence in the Southeast Asian market. The deal is valued at some US\$373 million with PT. Mobile-8 Telecom called for Samsung Electronics to provide the CDMA 2000 system including base stations required to install the 3G telecommunications platform in Indonesia over the next five years until 2011.
- **Government sources said that South Korea's digital electronics exports posted an 8 percent growth in February from a year earlier.** The report pointed the strong overseas demand for semiconductors and displays as one of the main reasons for the surge. The country's Ministry of Commerce, Industry and Energy said in a monthly report that overseas shipments of digital electronics goods reached US\$9.1 billion last month, compared with US\$8.4 billion posted a year ago.

Semiconductors

- **Samsung Electronics Co., Ltd., a leader in advanced semiconductor technology, announced that it has initiated the mass production of its new, broad 256-channel display driver IC (DDI) for plasma display panels (PDP).** The company said the new DDI offers a lower power consumption rate over conventional PDP driver ICs, and creates greater cost efficiencies by reducing the number of DDIs per panel. According to the market forecast firm Display Search, the demand for 40 inch and larger PDP screens is expected to grow at 20 percent, from 12.2 million units in 2007 to 18.8 million units in 2010.

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Information Technology

- **The country's Ministry of Information and Communication released a report indicating a 6 percent growth in South Korean exports of information technology products in February from a year earlier.** The report ascribed the growth to brisk sales of semiconductors and flat panels in overseas markets. The report said South Korean companies sold US\$8.9 billion worth of IT goods last month, with their imports posting a 0.4 percent rise to US\$4.5 billion.

Ventures/Investments

- **INNOCOM Technology Holdings, Inc. announced that it has entered into a memorandum of understanding with Seoul-based Industry Community Online Service Co., Ltd (ICOLS) to set up a joint venture in China to promote ICOLS' advanced 3D mobile interoperability system to the China market.** Through the joint venture, INNOCOM and ICOLS are seeking to allow content such as games, MP3 players, television, GPS and other in-demand applications to be easily operated on any mobile device embedded with the partnership's technology. ICOLS is the controlling company of Sinjisoft, a pioneering wireless mobile Internet platform & software developer. INNOCOM is a leading mobile communication technology company with two principal business lines: mobile phone handset design and trading of mobile phone handsets and components. INNOCOM provides customized mobile phone design services to licensed manufacturers in China. ICOLS is a Seoul-based IT systems and software developer traded on the Korean KOSDAQ stock exchange.
- **Advanced Micro-Fabrication Equipment Inc. (AMEC), an emerging Asia-based developer of proprietary innovative semiconductor processing technology and equipment, announced that it has raised US\$8 million from Samsung Venture Investment Corp. (SVIC) and other investors.** The new funding represents the second and final closing of AMEC's Series B effort, which secured a total of US\$43 million. Under the terms of its investment, SVIC will hold board observer rights. The first closing of AMEC's Series B round was announced in October 2006, with the amount secured at that time posted at US\$35 million. The investors include: Walden International, Lightspeed Venture Partners, Goldman Sachs, Redpoint Ventures, Interwest Partners, Bay Partners, Global Catalyst Partners and KT Venture Group. Samsung Venture Investment Corporation manages investment and investment-related activities for the Samsung Group. The investment mandate for Samsung Venture Investment Corporation tracks closely to the strategic priorities of Samsung Electronics' and other Group companies' core operating divisions and encompasses investments in semiconductors, displays, telecommunications, and consumer electronics. Advanced Micro-Fabrication Equipment Inc. (AMEC) is an emerging Asia-based semiconductor equipment company with a portfolio of proprietary wafer fabrication solutions designed to advance technology, increase productivity and reduce manufacturing costs for leading global semiconductor manufacturers.

China

Internet

- **UUSee, a mainland Internet TV and interactive video operator, announced that it had raised US\$23.5 million in new financing.** Draper Fisher Jurvetson Growth Fund and Highland Capital Partners led the financing round. Beijing-based UUSee's services allow users to watch interactive videos and television online, and counts among its partners, broadcasters and television programmers CCTV, and Shanghai Media Group. The mainland is the world's second-largest Internet market after

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the United States, with about 137 million web users, and has seen a boom in local video web sites. Mainland YouTube clones, including Tudou, 56.com and Yoqoo, have become popular online destinations for the country's Internet surfers. Major companies such as Sina Corp, Sohu.com and Baidu.com are considering expanding their online video services. UUSee's existing investors include SIG and Sequoia Capital. According to consultancy firm Zero2IPO, local and international venture capital funds invested a total of US\$1.7 billion in China from January to November last year, an almost 60 percent increase over all of 2005.

- **Market sources say 11 record companies are suing Yahoo China, including international major companies like EMI, Sony BMG Music Entertainment, Warner Music and Universal Music.** Led by the International Federation of the Phonographic Industry (IFPI), the group seeks 5.5 million yuan (US\$710,000) in damages. The group claimed Yahoo China's website allowed illegal downloads of songs by providing links to the unlicensed music. IFPI said it has been talking to Yahoo China since April of 2006 about illegal music downloads on its web site. The case, filed on January 3, was accepted by Beijing's Intermediate Court, the same court that acquitted Baidu, the mainland's largest search engine, from similar charges in November last year. It must be noted in the case of Baidu that one of the original petitioners, EMI, withdrew its case after it made a separate agreement in January under which its music was made legally available on Baidu while sharing advertising revenue with the search engine. Yahoo China said it might seek a similar arrangement.
- **Shares of Beijing-based online travel company eLong Inc. posted a decline following the company announcement that it missed its fourth-quarter forecast.** The company reported a fourth-quarter loss of US\$234,000, much narrower than last year's loss of \$1.1 million, but below third-quarter profit of US\$337,000. It did not help the company when a statement from an analyst from Susquehanna Financial commented that eLong is losing market share to Ctrip. The company said its total sales went up to US\$8.9 million from US\$7.2 million a year ago, but the results also fell short of forecasts. eLong's fourth-quarter hotel commissions went up 23 percent to US\$7.2 million, but a 3 percent drop from third-quarter results. Air ticketing commissions posted a 31 percent growth to US\$1.2 million, from the previous year, but down 12 percent from the third-quarter.
- **Tom Online released the confirmation that it will be privatized, a move that will be followed by its return to the control of its parent company Tom Group.** Both Tom Online and Tom Group have stopped their respective transactions on the Hong Kong Stock Exchange and NASDAQ. Tom Group currently holds 65.7 percent of the stock of Tom Online. Based on the stock price of Tom Online in Hong Kong, Tom Group needs to pay US\$206.6 million to purchase the circulating stock of Tom Online at US\$516.5 million to US\$645.6 million to take Tom Online private.

Media, Entertainment and Gaming

- **CDC Games, a business unit of CDC Corporation and pioneer of the "free-to-play, pay-for-merchandise" model for online games in China, announced entering into a definitive agreement to invest in Auran, a leading developer of online games in Australia.** Under the agreement, CDC Games will invest about US\$3 million in Auran, and in exchange for providing Auran with strategic advice, CDC Games also will obtain certain rights to receive a percentage of revenues received from Fury, an innovative game that blends MMORPG (massively multiplayer online role-playing game) and FPS (first person shooter) genres. This is CDC Games' latest investment as part of its previously announced establishment of CDC Games Studio, a wholly owned subsidiary of CDC Games that will have up to US\$100 million in investment funding. CDC Games Studio invests

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in strategic games development partners to accelerate the development of new and original online games for the China market.

- **Shanda Interactive Entertainment Ltd. announced plans for its board approval to repurchase US\$50 million of the company's American Depositary shares effective this month of March.** As of Dec. 31, 2006, Shanda had about US\$71.6 million outstanding American Depositary shares. Shanda said it will buy back the shares over the next 12 months.

Semiconductors

- **National Semiconductor Corp. announced a 45 percent decline in its third-quarter profit to US\$71.5 million from US\$130.1 million.** The company ascribed the drop to slow sales and increased expenses. The company said revenue for the quarter went down 21 percent to US\$431 million from US\$547.7 million.

Hardware

- **Palm announced that it would launch its Treo 680 handheld in China. With the launch of the product, the company said it aims to boost its presence in the Chinese market by opening a research and development (R&D) center there.** The company said the smartphone will be sold in cooperation with CEC Telecom Science and Technology Co., and distributed by Beijing Riverwill Communication Technology Co. Industry observers note that PDAs have not yet made their mark in China, although they are growing in popularity, mostly thanks to aggressive pushes by manufacturers such as Lenovo Group, Dopod International, and Motorola, all of which have tailored their devices to the local market. One key design factor is recognition of handwritten Chinese characters.

Ventures/Investments

- **Legend Holdings, the parent firm of mainland computer maker Lenovo Group, disclosed its plans to engage more companies under its investment portfolio to list in the A-share market.** The decision follows after one of its units recently raised US\$570 million, a record for a domestic buyout fund. Hony Capital, one of Legend's three investment units, closed its third buyout fund after raising US\$570 million, more than five times the US\$108 million raised by the first two combined. A company official said another unit, technology-focused Legend Capital raised US\$170 million. Analysts note that the mainland's venture capital industry has been growing at a rapid pace over the past few years. Government sources said the central government is also encouraging direct investments by private equity and buyout firms as a means for local companies to raise funds, so as to reduce the reliance on bank loans. An official said Legend would look to more cooperation with foreign funds.

Taiwan

Semiconductors

- **Royal Philips Electronics disclosed its plan to sell its 16.2 percent stake in Taiwan Semiconductor Manufacturing Co, valued at about US\$8.5 billion at current market prices.** The company explained the plan as selling US\$1.7 billion worth of shares on the Taiwan Stock Exchange, a further US\$2.5 billion worth of depository shares on the New York Stock Exchange, and for TSMC to repurchase an additional US\$1.5 billion worth of shares from Philips, all this year. In their statement, TSMC said it would repurchase Philips' remaining shares by 2010. The divestment follows another major deal where Philips divested its interests and holdings in semiconductors. Philips

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sold an 80.1 percent stake in NXP Semiconductors, its own former semiconductor division, to a group of private equity investors led by Kohlberg Kravis Roberts for 4.3 billion euros (US\$5.6 billion) in August.

- **Taiwan Semiconductor Manufacturing Company (TSMC), the world's largest chip foundry, posted a 2.1 percent decline in sales to NT\$20.9 billion (US\$637 million) in February from January.** In its guidance given in late January, TSMC said it expected sales in the first quarter to March to drop between NT\$62 billion (US\$1.8 billion) to NT\$64 billion (US\$1.9 billion) from NT\$74.9 billion (US\$2.2 billion) in the fourth quarter of 2006.

Internet

- **Yahoo-Kimo Inc announced its decision to stop providing online music and downloading on its music site.** The country's largest Internet portal explained its move as strategic. The company also said it had teamed up with KKBOX, another online music operator run by Skysoft Co, to provide the service to local music lovers. Yahoo-Kimo said it has decided to refocus on its core businesses that include an Internet portal, an online community and online advertising. Under its new plan, the Yahoo-Kimo Music site will become an information-based portal providing news about the music industry and will include ads for and links to KKBOX to help guide users. Yahoo-Kimo Music registered close to 600,000 downloads of its software during the free trial period, but secured only a small number of paid subscribers after the period. IBIZ Entertainment Technology Corp, the nation's first legal online music store, was closed in May 2004 following a deficit. The market was then led by peer-to-peer (P2P) operators Kuro and Ezpeer, which allowed users to swap music files via their site without the authorization of record labels. The two P2P operators became legal sites last year, but traffic plunged significantly as customers were reluctant to pay for online music, according to the International Federation of the Phonographic Industry (IFPI) Taiwan.

Hong Kong

Telecommunications

- **Hutchison Telecommunications International Ltd. announced that its shareholders have approved plans to sell its 52 percent stake in Indian mobile phone operator Hutchison Essar to Britain's Vodafone Group PLC.** An official of the company described the support from its shareholders as "overwhelming." Analysts said the market expected the result because Hutchison Telecom's controlling shareholder, conglomerate Hutchison Whampoa Ltd., could also vote. Some of Hutchison Telecom's minority shareholders said they voted in favor of the plan because of the special dividend of HK\$6.7 (US\$0.8) a share to be paid on the deal's completion. The Hong Kong-listed company said it would use HK\$40 billion (US\$5.1 billion) from the proceeds of the sale to invest in new and existing businesses and for general working capital, with HK\$13.9 billion (US\$1.7 billion) going into pay down debts.
- **Asia Satellite Telecommunications Holdings announced a 24 percent growth in its net profit last year to HK\$453.4 million (US\$58 million) from HK\$365.3 million (US\$46.7 million) a year earlier.** The company ascribed the growth to a surge in interest income. The company also posted a 5.8 percent rise in its sales to HK\$929.9 million (US\$119 million), thanks to a surge in interest income. The company said it has booked interest income of HK\$92.7 million (US\$11.8 million), more than double the HK\$43.6 million (US\$5.5 million) it registered in 2005. The company said it would delay the launch of AsiaSat 5 from the second half of next year to 2009. A top company official said

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demand for delivery services from mobile-telephone networks in rural areas had been on the rise as the government and service providers wanted to bring communications to the most remote areas. Demand was also rising in emerging countries such as India. Revenue from recurring provisions of satellite transponder capacity remained at about HK\$850 million (US\$108.7 million), representing some 91 percent of its total revenue. The company said sales in China, including Taiwan, posted a 3.9 percent to HK\$194.8 million (US\$25 million), representing about 21 percent of the total. Its sales in Hong Kong hit HK\$341 million (US\$25.3 million), with the rest contributed by markets such as Britain and Australia, and the U.S.

Hardware

- **EMC Corp announced the opening of its Asia-Pacific logistics center in Hong Kong, with the new operation, backed by integrated logistics services provider DHL Exel Supply Chain, expected to speed up shipments for EMC's mainland original equipment manufacturing partners and its other customers in the region.** EMC's computer storage devices are used as part of the telecommunications systems from Huawei Technologies and ZTE. The EMC Asia-Pacific and Japan Supply Chain and Logistics Center is under the management of DHL Exel Supply Chain, a unit of global express and logistics firm DHL. Financial terms were not given. Earlier, DHL Exel Supply Chain and EMC also collaborated to develop a software program called Global Visibility Tool to provide EMC's partners and sales teams with instant tracking of orders. According to research firm International Data Corp, the mainland continues to be the major contributor to the Asia-Pacific, excluding Japan, in terms of storage hardware demand. External disk storage revenue on the mainland in the third quarter of last year reached US\$168.6 million, which accounted for 33.2 percent of the total market valued at US\$507.7 million in the region, excluding Japan. Financial details of the deal were not disclosed.

Singapore/Malaysia/Philippines/Indonesia

Telecommunications

- **Singapore Telecommunications Limited (SingTel) and Cisco announced jointly launching an integrated office communications solution to help enterprises streamline business operations and improve productivity.** The SingTel Enterprise360 solution is a fully managed telephony, data, Internet and security service that significantly reduces the risks and complexities that enterprises face in implementing and maintaining a robust communications network. Industry observers note that this is the first of its kind in Singapore, offering IP telephony, mobility, videoconferencing and security provide to businesses. However, the complexity of operating these services is also increasing and requires time, expertise and experience that most enterprises do not readily have. SingTel is Asia's leading communications company with operations and investments in more than 20 countries and territories around the world.
- **Qatar Telecom announced its acquisition of some 25 percent equity stake in Singapore Technologies Telemedia Pte Ltd (ST Telemedia) even as ST Telemedia remains the controlling shareholder with a 75 percent equity stake in the company.** Earlier, the two companies announced their strategic alliance, with the investment transaction being completed in March. This development comes after the report that Qtel had signed a partnership agreement for a 38.2 percent stake in NavLink, a Middle East-managed data services provider, in a deal valued at US\$27.5 million.

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Information Technology

- **PeopleSupport, Inc.** a leading offshore business process outsourcing (BPO) provider, **announced financial results for its fourth quarter and fiscal year ended December 31, 2006, with its revenue in the fourth quarter of 2006 posting a record US\$31.0 million, an increase of 82 percent from the US\$17.0 million reported in the fourth quarter of 2005.** The company said its net income for the fourth quarter of 2006 was US\$4 million as compared to net income for the fourth quarter of 2005 of US\$12.3 million. Included in net income was a tax benefit of US\$9.6 million in the fourth quarter of 2005. PeopleSupport, Inc. is a leading offshore business process outsourcing (BPO) provider that offers customer management, transcription and captioning and additional BPO services from its centers in the Philippines, Costa Rica and the U.S.

United States/Canada

Internet

- **A jury said Vonage infringed on three patents held by Verizon Communications and ruled that the Internet phone company pay US\$58 million plus possible future royalties to its competitor.** The judgment by the jury is far less than the US\$197 million Verizon had requested, and was even slightly less than what Vonage had suggested would be fair if it were found liable. The decision is not clear whether Vonage will be barred from using Verizon's technology or how the verdict might affect the Internet phone company's 2.2 million subscribers. Verizon sued Vonage in 2006 for infringing on five patents that it said makes the Internet telephone service network functional. The jury found Vonage infringed on three of them -- including one for linking Internet calls to the traditional phone network and another for features like call waiting.
- **Informatica Corp. announce its introduction of a hosted service for integrating Salesforce.com with a company's internal database, which could be used as a backup system or as a source for business intelligence.** The service is dubbed Informatica On Demand Data Replicator. The company said the service, which can feed data to any relational database with an Internet protocol (IP) connection, can be implemented in less than an hour by most Salesforce.com subscribers. To get started, subscribers go to Informatica's site, where they could log into Salesforce.com and identify the data tables they want copied. Subscribers also would have to define the IP connection to the database.
- **Clearwire Corp., a wireless Internet services provider founded by cellular phone pioneer Craig McCaw, announced that it has raised US\$600 million in its IPO.** The offering valued the entire company at just over US\$4 billion. Clearwire is rolling out a next-generation wireless technology known as WiMax, which offers higher speeds and greater range than today's Wi-Fi. Industry observers see WiMax as a potential threat to cellular carriers. Proceeds from the sale are projected to total US\$559 million after underwriting fees and the company said it will use them for market and network expansion, spectrum acquisitions and general corporate purposes. Clearwire was founded in October 2003 by McCaw, a Seattle-based billionaire, who founded McCaw Cellular, which was eventually acquired by AT&T. In July 2006, Intel Corp.'s venture capital arm agreed to invest US\$600 million in Clearwire as part of a US\$900 million deal, which included mobile phone maker Motorola Inc. The underwriters, which include Merrill Lynch & Co., Morgan Stanley, and J.P. Morgan Securities, have been granted the option to purchase up to an additional 3.6 million shares of common stock to cover any over-allotments.

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- **Amazon.com Inc. announced the launching of a service that allows users watch video purchased on the Internet and sent to a home television hooked up to a TiVo set-top box.** The service called Amazon Unbox on TiVo is said to boost the online retailer's Unbox download service to more than 1.5 million TiVo Inc. subscribers whose boxes can access the Internet via a high-speed connection. The development echoes what analysts said earlier, that content companies may be embracing TiVo as both a potential partner and a distribution platform. Under an introductory offer, TiVo is offering US\$15 in free movie and TV show downloads to those who sign up. Industry observers also see the service in the context of media and technology companies experimenting with new ways to attract viewers who split their time between viewing traditional media, surfing the Internet and playing video games.

Mobile/Wireless

- **AT&T Inc. announced that its subscribers can now use their cell phones to record TV shows on home TVs via Homezone, a video-on-demand service that AT&T offers with satellite TV provider EchoStar Communications.** In a separate development, No. 2 mobile provider Verizon Wireless, owned by Verizon Communications and Vodafone Group Plc, disclosed its plans to allow its customers use their phones to program TiVo Inc. digital video recorders remotely. Sprint Nextel Corp., the No. 3 wireless service, is also planning a similar offer later in the year through its venture with cable providers such as Comcast Corp. and Time Warner Cable Inc. Noting this trend, analysts are saying that these services may help attract or retain customers. A survey conducted by Jupiter Research indicated that less than 10 percent of respondents said they wanted such a feature.
- **Market observers note that Alltel Corp. has stepped up efforts to sell itself to carriers such as AT&T Inc. Verizon Communications Inc. and Sprint Nextel Corp.** Sources said Alltel has discussed something with AT&T, along with other telecom giants reportedly willing to entertain the possibility. Other reports, however, indicated that AT&T remains skeptical about a combination because of potential antitrust problems, technology-integration issues and Alltel's stock-market capitalization, which Friday stood at nearly US\$22 billion. Verizon and several private-equity firms also have considered buying the nation's fifth-largest wireless operator by subscribers.

Software

- **NewsGator Technologies announced that it has entered into an agreement enabling it to integrate /N Software's RSSBus software with the NewsGator Enterprise Server.** The result is a product that can convert business data into an RSS feed and deliver the information to a corporate portal, e-mail client, desktop application or mobile device. Under the agreement, NewsGator said it will offer customers technology that can access content from databases, business applications, spreadsheets and directories. Among the products the feed generation and distribution engine would support are Oracle, Microsoft and MySQL databases, and Microsoft Excel. NewsGator plans to offer /N Software's technology to Enterprise Server customers as a co-branded product. The technology is scheduled for release in the second quarter. Pricing was not disclosed. NewsGator has been trying to extend its reach in the business market, with the company earlier introducing an RSS system for Salesforce.com. In January, it unveiled an on-demand RSS reader for small and medium-sized businesses, and entered an alliance with Motorola to extend corporate news feeds to mobile workers.
- **Opware Inc., a systems and software management vendor, announced that it has agreed to the acquisition of IConclude Co. in a cash and stock deal.** The company revealed that with the deal it has paid US\$30 million in cash, plus 3.3 million shares, for IConclude. Opware sells software that automates IT operations across servers, software and networks. The company's products

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automate tasks such as discovering, provisioning, patching, reporting, configuring and recovering of servers, software, business applications and network devices. IConclude software is used to automate IT infrastructure and fix data center problems. It uses a graphical user interface to build process maps that orchestrate the interaction between tasks, users and systems. The software integrates with ticketing, asset management, source control, monitoring and other operations software used in IT departments. Such systems management software includes BMC Remedy, Hewlett-Packard's Openview, and IBM Tivoli.

- **Microsoft announced that it had signed up its first licensee, Quest Software for a program it was told to set up some three years ago by European Union regulators.** The program is meant to share code that helps servers work with the Windows operating platform. Earlier, the European Commission threatened the software giant with new daily fines of 3 million euros (US\$4 million) for not obeying its March 2004 antitrust order, claiming Microsoft was overcharging rivals for “complete and accurate” documentation. Microsoft said signing up U.S.-based Quest Software, a company that enables businesses to help manage the different IT systems they run was an important part of its efforts to comply with regulators’ demands. The company said it was still talking to other potential licensees.

Europe

Telecommunications

- **Telecom Italia SpA, Italy's largest telecommunications operator, disclosed that it has slashed its revenue growth forecast through 2009.** The company expects sales to rise by between 1 percent and 2 percent annually through 2009, cutting its earlier prediction of as much as 3 percent to 4 percent annually through 2008. In 2007 Telecom Italia expects a decline in revenue at both its domestic fixed and mobile businesses. In particular fixed-line revenue is expected to fall by between 2.5 percent and 3.5 percent, while mobile sales are forecast to fall by between 2 percent and 3 percent. The company’s 2007-2009 business plan, however, indicates its boosting international business within the group. The company aims to increase revenue from international operations to 30 percent from 16 percent of total revenue by 2009.
- **Telefonica SA, the largest telecommunications company in Spain and Latin America, confirmed that it is considering selling all or part of its 75 percent stake in Dutch television production company Endemol Entertainment Holding.** Telefonica indicated that it considers Endemol, known for its "Big Brother" reality television format, as a noncore business that it is looking to sell. In a related development, Spanish broadcaster Gestevisión Telecinco SA said Thursday that it will meet next week with its Italian parent firm, Mediaset SpA, to discuss a possible bid for Telefonica's Endemol stake. Telecinco is studying an idea to form a bidding group with Endemol's second-largest shareholder, John de Mol, Mediaset and a venture capital firm. De Mol holds a stake of 5.2 percent in Endemol via investment firm Cyrte Investments. Telefonica said it has secured the services of Lehman Brothers as adviser. The company said Merrill Lynch & Co. will offer financing for any acquisition.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 3/9/07)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change Last 12 Mth.
Japanese yen	¥/US\$	117.4825	0.0%	-1.3%	-0.2%	0.2%
Hong Kong dollar	HK\$/ US\$	7.8153	0.0%	0.5%	0.8%	0.7%
Chinese renmenbi	RMB/ US\$	7.7440	0.0%	-0.8%	-4.0%	-3.8%
Singapore dollar	S\$/ US\$	1.5261	0.0%	-0.8%	-8.2%	-6.2%
South Korean won	KRW/ US\$	945.9000	0.1%	1.7%	-6.3%	-3.7%
New Taiwan dollar	NT\$/ US\$	32.9660	0.1%	1.2%	0.4%	1.4%
Australian dollar	US\$/A\$	0.7794	-0.5%	-1.2%	6.4%	5.8%
New Zealand dollar	US\$/NZ\$	0.6889	0.4%	-2.1%	0.8%	5.7%
Philippine peso	PHP/ US\$	48.5550	-0.3%	-0.9%	-8.5%	-5.5%
Euro	US\$/€	1.3153	-0.1%	-0.3%	11.0%	10.2%
British pound	US\$/£	1.9310	-1.0%	-1.4%	12.1%	11.1%

Fixed Income Prices and Yields							
Note	Currency	Current (on 3/9/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	100.4688	4.66%	101.7031	4.68%	98.0810	4.86%
Japan 30-year	¥	105.1270	2.21%	104.3995	2.25%	102.9480	2.33%
Hong Kong 10-year	HK\$	105.3870	4.36%	105.1985	4.36%	104.5710	4.28%
China (06/16)	US\$	112.5803	3.11%	112.9534	3.06%	113.5200	3.01%
Singapore 10-year	S\$	100.6940	3.19%	100.7660	3.18%	99.8060	3.27%
South Korea 20-year	US\$	108.0502	5.08%	110.6138	5.07%	110.1020	5.12%
Australia 15-year	A\$	154.9850	2.41%	154.7160	2.42%	152.5440	2.53%
New Zealand (12/17)	NZ\$	101.6538	5.79%	101.3517	5.84%	100.5440	5.93%
Philippines 20-year	PHP	134.9558	7.97%	134.4342	8.06%	136.1800	7.87%
India 30-year	INR	89.6450	8.27%	91.1950	8.18%	93.0000	8.03%
UK 30-year	£	99.1360	4.26%	100.2570	4.24%	97.5328	4.40%
Germany 30-year	€	97.8610	4.09%	98.4260	4.09%	96.5370	4.21%

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