

IRG WMR



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

Week of 15 April - 21 April, 2007

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Equity Market Indicators					
Index	Closing Level (4/20/2007)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change 2006 Low
S&P 500	1,484.35	2.2%	4.7%	18.9%	21.3%
Dow Jones Industrial Avg.	12,961.98	2.8%	4.0%	20.9%	21.5%
Dow Jones Tech. Index	422.76	1.3%	2.4%	12.7%	25.4%
Dow Jones Telecom. Index	281.55	2.1%	8.3%	39.6%	39.9%
NASDAQ Composite	2,526.39	1.4%	4.6%	14.6%	25.0%
The Street.com Net	252.40	0.5%	2.1%	20.0%	31.1%
Japan Nikkei 225	17,452.62	0.5%	1.3%	8.3%	22.7%
JASDAQ	79.36	-3.1%	-7.9%	-39.1%	-1.8%
Japan Mothers	935.49	-7.6%	-15.8%	-63.2%	-7.3%
Korea KOSPI Composite	1,533.08	0.8%	6.9%	11.1%	27.3%
Korea Kosdaq	691.56	0.9%	14.1%	0.0%	28.3%
Taiwan Stock Exchange	7,942.67	-1.1%	1.5%	21.3%	26.9%
Singapore Straight Times	3,360.67	-0.4%	12.6%	43.2%	47.4%
Hong Kong Hang Seng	20,566.59	1.1%	3.0%	38.2%	37.6%
Hong Kong GEM	1,358.51	-0.1%	10.9%	34.9%	35.1%
China Shanghai (A-Share)	3,766.84	1.8%	33.8%	208.5%	203.3%
China Shenzhen (A-Share)	1,052.17	6.0%	84.7%	262.7%	256.7%
China Shanghai (B-Share)	201.30	5.8%	54.7%	224.6%	219.9%
China Shenzhen (B-Share)	558.71	2.1%	28.9%	185.6%	180.4%

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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
4/16/07	Qiao Xing Mobile Communications [QXM.US] (NYSE)	Telecom	US\$216.7	Manufactures handsets for mobile devices	UBS	CIBC/ Cowen & Co.
4/16/07	Soundbite Communications [SDBT.US] (NASDAQ)	Software	US\$69.0	Offers automated voice messaging computer software and services to customer contact centers	Cowen & Co./ Thomas Weisel	America Growth Capital/ Cantor Fitzgerald/ Needham & Co.

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 4/20/07	% Change From Offer
4/18/07	MetroPCS Communications [PCS.US] (NYSE)	A wireless cable provider in the U.S. offering unlimited wireless voice and data services to the mass market	US\$1,050.0	US\$23.00	US\$28.55	24.1%

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 4/20/07	% Change From Offer
4/20/07	Tianjin Zhonghuan Semiconductor [002129.CH] (Shenzhen Exchange)	A semiconductor manufacturer of discrete semiconductor devices such as diodes for microwaves, air conditioners and washing machines	US\$75.3	RMB 5.81	RMB 17.37	198.9%
4/20/07	Carenet Inc. [2150.JP] (TSE)	Provides medicine and medical related information for doctors through the Internet, satellite broadcasting and DVD	US\$14.3	¥170,000	¥223,000	31.2%
4/19/07	ITmedia Inc. [2148.JP] (TSE)	Operates an information portal website specialized in information technology fields providing advertising services and mail magazines	US\$20.5	¥450,000	¥508,000	12.8%

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

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Weekly Highlights

International

Mobile/Wireless

- **According to Global Insight, China and India will remain the world's growth engine for wireless services, accounting for 60 percent of the 1.2 billion predicted new mobile subscribers over the next five years.** The research firm predicts that market penetration of wireless services will grow from 34.8 percent to 69.1 percent in China and from 13.4 percent to 31.0 percent in India. The report said China would outpace the other markets in terms of broadband growth, accounting for more than one-third of the 350 million-plus new broadband subscriptions anticipated over the next five years. By 2011, China, with broadband revenues of more than US\$19 billion and four times the subscribers, will surpass Japan as the world's second-largest broadband market even as the U.S. will remain the world's largest mobile and broadband market by revenues over the forecast period. According to the study, more than US\$50 billion in revenues will be lost worldwide over the forecast period due to fixed-line subscriber declines and the migration of voice traffic to mobile and VoIP networks.

Japan

Media, Entertainment and Gaming

- **Cable broadcaster Usen Corp announced its move to raise 25 billion yen (US\$210.4 million) by allotting some 24.5 million new shares to a Goldman Sachs group company to finance the repayment of loans.** The new share issue, with payment due on May 11, is expected to turn the Tokyo-based company of the major U.S. brokerage house group, called GSTK Holdings 2, into the second largest shareholder in Usen with a stake of 18 percent, with Usen President Yasuhide Uno holding a stake of 44.5 percent.
- **Industry sources said business tie-up negotiations between Rakuten Inc and Tokyo Broadcasting System Inc have become problematic, with Rakuten telling TBS that it will seek to turn the broadcaster into an equity-valued affiliate by raising its 19.8 percent stake to "a little more than 20 percent."** Sources also said that Rakuten proposed that TBS accept Rakuten President Hiroshi Mikitani and Muneaki Masuda, president of Culture Convenience Club Co and an external director of Rakuten, as outside members of its board.
- **According to study conducted by Dentsu Communication Institute Inc., domestic spending on online advertising will more than double by 2011, with the intensifying competition with other advertising media, especially newspapers and TV.** The report said spending on Internet advertising would grow to 755.8 billion yen (US\$6.3 billion) in 2011 from 363 billion yen (US\$3 billion) in 2006. Dentsu forecasts that advertising expenditures are going to post an annual average growth of 15.8 percent during the five years through 2011. According to the forecasts, fixed Internet ads, including banner ads, streaming video ads posted on web sites, and ads sent to registered e-mail addresses, will account for 400.9 billion yen (US\$3.3 billion), which stands for more than half the total online advertising in 2011. Advertising based on search engines are forecast to account for 226.5 billion yen (US\$2 billion), or nearly 30 percent, of the 755.8 billion yen (US\$6.3 billion). About 17

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percent, or 128.4 billion yen (US\$1 billion), will be spent on ads for Internet services through mobile phones in 2011, more than triple the 39 billion yen (US\$328.5 million) in 2006.

- **Industry sources are looking to the move to revise the Broadcast Law, paving the way for NHK to provide past TV programs for a fee through Internet broadband telecommunications systems.** The new development is expected to ensure a new revenue source for the public broadcasting now facing some financial problems. At present, NHK delivers programs through the Internet on a limited scale as a "supplementary broadcasting business." Many of them are educational programs while others include those on welfare, science and news programs. In addition to the secondary use of programs, NHK provides program-related information. The broadcaster looks to about 176 such programs for the current fiscal year to be made all accessible free of charge from NHK's web site.

Hardware

- **U.S. recording disk and tape maker Imation Corp. announced its plan to acquire Tokyo-based TDK Corp.'s brand and sales operations in recording media in a deal valued at US\$300 million in stock and cash.** Under the deal, Imation would gain the TDK brand, the world's No. 2 brand in optical disks in a price-competitive market, while TDK is set to become lead shareholder in Imation through the deal, slated for completion in the July-September quarter. Industry observers also see the deal as helping TDK streamline its recording media business. TDK would sell its shares in six sales units as well as assets at three other units. The deal would affect roughly 400 TDK employees. According to its official, the sale would allow TDK to focus on developing and making audiotapes and optical devices such as Blu-ray discs, which the company would continue to supply to Imation and other companies.
- **Fujitsu Ltd and Sun Microsystems announced unveiling a new line-up of co-developed servers that is expected to reshaping the computing market by delivering mainframe-class reliability with open systems advantages.** Fujitsu said the new servers, based on the SPARC architecture and running the Solaris 10 operating system (OS), are the fastest SPARC servers ever, and will be marketed by both companies and affiliates under the SPARC Enterprise product brand. The new servers address the growing customer need to maximize system utilization by offering an array of highly granular partitioning and domaining technologies.

Korea

Internet

- **Local media reported that the Seoul Central District Court has accepted a request from 19 music labels and entertainment agencies to provisionally seize 5 billion won (US\$5.3 million) of Soribada's bonds.** Soribada countered by arguing that it has agreements with 90 percent of record labels. The company also stated that it is different from Bugs Music, another popular music downloading service that did not have contracts with record labels. Bugs shut down its downloading service after encountering a series of lawsuits. Industry observers note that, despite these problems with music companies, investors have been favorable toward Soribada, boosting share prices by 87 percent the past three months. Analysts are saying the rise may be brought about by rumors circulating that Samsung may eventually acquire Soribada.

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Mobile/Wireless

- **SK Telecom announced that Millions of South Koreans can get access to the Encyclopedia Britannica through their mobile phones.** According to a company spokesperson, the new service, which costs users typically around 100-150 won (US\$0.11-0.16 cents) a minute, is part of the company's efforts to tap the promising cell phone-based search market. Observers see cell phone-based search as becoming a key application of the wireless Internet.
- **KTF Co., the country's No. 2 mobile carrier, announced an increase in its number of customers for its 3G communications service, causing the figure to go beyond 300,000.** The results bring KTF away from its rival SK Telecom Co. in the high-potential market. Earlier in March, after an eight-month pilot run, KTF launched the high-speed downlink packet access (HSDPA) service nationwide, a move that is seen as a way to preempt the market for 3G mobile communications, which promises faster and more seamless video telephony and data link services.
- **Samsung Electronics Co. and Nokia announced their agreement to work together to achieve interoperability among digital video broadcasting-handheld (DVB-H) enabled mobile devices and the open standards-based Nokia network services system.** DVB-H is a technology for deploying broadcast mobile TV among the many digital technologies available to deliver mobile TV services. Even as the technology is mainly used in parts of Europe, the extensive pilots of broadcast mobile TV currently taking place across the globe has led analysts to predict that the market for commercial broadcast services is expected to grow throughout 2007. The deployment of mobile TV services will offer new business opportunities for companies involved in the industry. The availability of interoperable DVB-H enabled devices and services is a key factor in further opening up the market. In parallel to supporting mobile operators launching mobile TV services based on existing technologies in their networks, Samsung and Nokia are both active in ongoing standardization and technology development to optimize the broadcast mobile TV experience.
- **The Korea Consumer Agency announced that it had gotten 31.2 percent more complaints in 2006 about damaged cell phones than it did the year before.** The body noted that the market for slimmer designs has led to easier damage to the main boards and LCD, parts of cell phones that are vulnerable to external shocks. The government agency said it has received 443 reports from consumers demanding remedies regarding cell phones last year, compared with 330 cases a year earlier. Poor cell phone quality was blamed in 73 percent of the cases, with power problems, malfunctions of liquid crystal displays, and problems with chargers and embedded digital cameras forming the other complaints. Pantech & Curitel received the most complaints with 167, or 39 percent of all of the cases. Samsung Electronics had the second-highest number, at 13 percent, followed by LG Electronics, Motorola, VK and KTF. The agency said it would encourage cell phone producers to work on its quality control efforts and put in place stricter after-sales service regulations.
- **With creditors reaching a settlement on how to approach investors' losses arising from the debt resolution process, rescue activities for Pantech & Curitel and its affiliate Pantech Co. are now underway.** Under the debt rescheduling, main creditor Korea Development Bank and others have deferred repayment of outstanding debt until 2011, and will issue 120 billion won (US\$129.1 million) in fresh loans for the beleaguered companies. The deal will also see creditors swapping 455.8 billion won (US\$49.3 million) of the companies' debt for new equity. Pantech & Curitel will then cancel 29 out of every 30 outstanding shares, slashing its capital 97 percent. Pantech will remove 19 out of every 20 outstanding shares. The reduction process could finish by May 10. A company official said the sale of the companies' new headquarters in western Seoul, is expected to raise some 160

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billion won (US\$172.4 million), from which 80 billion won (US\$86.2 million) is expected to come from the sale, which could be used to operate the companies, while the rest will be returned to the bank. The official disclosed that once the turnaround takes place, the creditors will seek mergers and acquisitions to further stabilize the companies' operations. The start of the debt rescheduling had been delayed for several weeks, as Korea Development Bank and other creditors had been at odds over managing the Pantech companies' short-term corporate bonds.

- **As early as the second half of this year, customers will be able to use mobile phone numbers instead of credit card numbers to buy products.** The country's three mobile service providers, SK Telecom, KTF and LG Telecom, announced signing of a memorandum of agreement to begin "mobile safe payment services." Under this offering, customers will be able to use mobile phone numbers instead of credit cards when they purchase products. Up to the present, consumers have to tell the operator the details of their credit card. In the new scenario where the mobile service is activated, consumers will only have to reveal their cell phone numbers. They will then receive a text message and connect to the credit card company's authorization system. This service is currently available with SK Telecom at a few test stores.

Media, Entertainment and Gaming

- **Following the prediction of analysts that NHN was going to post a first-quarter profit, the company's market value surged past 7 trillion won (US\$7.5 billion) for the first time.** The value of NHN's common stock also went up to about 7.2 trillion won (US\$7.7 billion) after its share price jumped 3.9 percent to close at a record high of 150,600 won (US\$162) after the forecast was made. Analysts said investors have scooped up NHN shares on anticipation of improved earnings during the first quarter. According to a poll of 17 brokers taken by private stock information provider FnGuide Inc., NHN is expected to post 56.3 billion won (US\$60.6 million) in net profit for the first quarter on sales of 187.8 billion won (US\$202.4 million).

Telecommunications

- **According to its major creditor, Hana Bank, SK Networks Co., the trading arm of SK Group, has already graduated from a debt-restructuring program, a development that is about eight months early.** Over 96 percent of its creditors, including the bank, agreed to end their joint supervision of the company in recognition of its faster-than-expected normalization process. The creditors also attributed to SK Group Chairman Chey Tae-won's decision last week to donate his 40.7 percent stake in the Walkerhill Hotel in Seoul to the company. The completion of the workout scheme had been projected for the end of the year. SK Networks earned a record-high profit of 388 billion won (US\$418 million) last year, gradually increasing the amount from 192 billion won (US\$207 million) in 2003, when the bailout started. The company, formerly SK Global, was placed on the verge of bankruptcy because of a liquidity crisis after being found to have been involved in a 1.5 trillion won (US\$1.6 billion) accounting fraud in early 2003. Hana Bank and other creditors own a combined 55.8 percent stake in SK Networks and are scheduled to sell their stake in the company in a phased manner.
- **KTF Co. announced that the number of customers for its 3G communications service has gone beyond 300,000, outperforming key rival SK Telecom Co. in the high-potential market.** After an eight-month pilot run, KTF launched its high-speed downlink packet access, or HSDPA, service nationwide in March to capture the market for 3G mobile communications, which promises faster and more seamless video telephony and data link services. KTF said that its HSDPA customer base presently stands at 307,000, which are nearly 100,000 more than that of SK Telecom. KTF, a

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perennial second-ranked mobile service operator in the 2G voice-centered telephony market, has been pinning its hopes on the 3G market. The company's share of the 2G voiced-centered mobile service market is around 32 percent, while SK Telecom's market share remains at 50 percent. According to the company, its 3G customer base stood at 210,000 as of April 3.

Hardware

- **Microsoft Corp. and Samsung Electronics Co. Ltd. announced signing an agreement to a broad technology patent pact to develop future products.** Under the partnership, the two companies said they will both receive monetary payments compensating them for the patent usage. Microsoft and Samsung expect the deal to help speed up development of new products including digital media players, televisions and computer-related devices. Under the terms of the deal, Samsung will get Microsoft technology that can be used for such products as computers, digital media players, camcorders, televisions, printers, home appliances and television set-top-boxes while Microsoft will gain access to Samsung's patent portfolio relating to digital media and computer devices. In the past twelve months, Microsoft has entered into similar agreements with other companies like such as Novell, NEC, Fuji-Xerox, Seiko-Epson and Nortel. Financial terms of the deal were not disclosed.
- **In a regulatory filing, Samsung Electro-Mechanics Co., South Korea's largest electronics parts manufacturer, announced a 96 percent decline in its net income to 1.1 billion won (US\$1.2 million) in the January-March period from 26.8 billion won (US\$28.8 million) a year earlier.** The company ascribed the drop in its first-quarter earnings to unfavorable market conditions including sluggish seasonal demand and falling product prices.
- **LG Electronics Inc. reported its biggest quarterly loss in four years, with the company ascribing the results to increasing competition and a glut of television screens, which pushed the company to slash its prices.** LG reported a first-quarter net loss of 122.6 billion won (US\$132 million), compared with a profit of 151 billion won (US\$162.7 million) a year earlier. It reported a 4 percent rise in its sales to 6 trillion won (US\$6.4 billion). The loss was the largest since the fourth quarter of 2004 and is seen as putting pressure on its top official to consider reorganizing or selling part of the unprofitable display division. LG also predicted continued losses in its plasma business for this quarter. LG's display division, which sells plasma displays and flat-screen TVs, posted a record loss of 194 billion won (US\$209.1 million), from a profit of 30 billion won (US\$32.2 million) a year earlier. Its mobile-phone division, which remains LG's biggest business by revenue, reported a profit of 141 billion won (US\$152 million) in the first quarter, compared with a loss of 31 billion won (US\$33.4 million) a year earlier.

Information Technology

- **SK C&C Co., South Korea's third-largest information technology (IT) service provider, announced the opening of its first wholly owned subsidiary in Beijing.** The move is part of the company's plan to widen its presence in the Chinese market. SK C&C, a unit of SK Group, one of the nations' largest conglomerates, has a 100 percent interest in its Chinese subsidiary with an initial investment of US\$500,000.
- **Tele Atlas, the world's leading provider of digital maps and location-based solutions, announced that it has opened an office in South Korea in a bid to expand into the Asia-Pacific navigation device market.** Headquartered in the Netherlands, Tele Atlas is one of the world's largest digital map providers. It provides map solutions to companies such as BMW, Nokia and Google.

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China

Internet

- **According to local media reports, Tom Eachnet is planning to launch a new C2C platform this year. The reports indicated that by the time of the launching, Tom Eachnet may have created a new platform with a different domain name that will carry all the goods of eBay Eachnet users.** The new platform is specially designed for the China market and is different from the current eBay Eachnet web site even as its new domain name has not been revealed yet. Tom Eachnet was set up in December 2006 as a joint venture company between eBay and Tom Online. eBay holds 49 percent of the company's stake and Tom Online the remaining 51 percent. The new platform will combine eBay's experience in e-commerce and Tom Online's resources in wireless services, with Tom Online tasked for the actual operation of the new platform.

Media, Entertainment and Gaming

- **Prague-based ITonis, a developer of Video on Demand and IPTV solutions, and China's iOcean announced forming a joint venture to develop and operate an IPTV service in Shandong.** ITonis said it has developed a video over IP solution for video content owners and video content distributors that would enable the viewer to see favorite national or local TV programs from anywhere in the world through a set-top box connected to a TV or through a computer. Under the partnership, ITonis will bring its software and technical know-how, with iOcean providing its local knowledge and expertise on the Chinese market. No details about ownership structure of the joint venture were disclosed.
- **BIZ Outsourzng announced its acquisition of the business operations of Guangzhou Yin Han Technology Company Limited, a mobile game developer and distributor incorporated in Guangzhou.** The share exchange agreement stipulated the acquisition by BIZ of all the outstanding shares of common stock of Free World International Limited, a company incorporated in the British Virgin Islands, through the exchange for 40 million newly issued shares of common stock of BIZ. With all the outstanding shares of capital stock of YinHan held in trust by Free World, YinHan thus becomes a wholly owned operating subsidiary of BIZ. YinHan is a mobile games developer in China whose game library includes popular role playing game Journey to the West and Essence of Swords. Both distribute via the China Mobile's network, the games posted accumulated subscribers of about 4 million in Guangdong Province as of December 2006, with 1.3 million in Guangzhou.
- **Industry sources said Asia Media Co., a Beijing-based provider of TV program guides, is going to be the first company from mainland China to launch an IPO in Japan, with the Tokyo Stock Exchange approving the company to list its shares on the Mothers market for emerging companies.** Asia Media said it plans to make an IPO of 4.7 million new shares, with the company indicating that it will use proceeds from the listing to expand its operations in China. The company is expected to expand into Japan.

Software

- **Lenovo China and Microsoft China announced signing a memorandum of understanding in Beijing, setting up of an innovation center.** Called the Lenovo-Microsoft Joint Innovation Center, it is considered the first of its kind that Microsoft has ever set up with a business partner. Analysts see this as an indicator that Microsoft will be forging closer cooperation with Lenovo in the future. A key official of Lenovo disclosed that the joint innovation center is located inside Lenovo's Beijing research

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institute, with Lenovo providing about 40 engineers and Microsoft offering its innovation ideas and technology development experience as well as technical training for the center.

Hardware

- **Lenovo announced plans to eliminate some 1,400 jobs, representing an estimated 5 percent of the company's global workforce.** The company said, out of this figure, about 750 positions will be transitioned into emerging markets closer to Lenovo's suppliers and manufacturing operations. With the move, Lenovo said it looks to generating savings of approximately US\$100 million for the next fiscal year. The company anticipates taking a pre-tax restructuring charge of approximately US\$50 to US\$60 million, most of which will be taken in the first fiscal quarter. The company said it arrived at its decision by an analysis of both Lenovo's global operations and current PC market conditions.

Telecommunications

- **According to Beijing Equity Exchange's web site, China Telecom is publicly selling 37 asset projects in Sichuan, Xinjiang, Jiangxi and Chongqing.** Local media sources said China Telecom is selling the assets in a bid to generate more funds as well as optimize the value of its assets in the regions indicated. The total value of those assets is priced at about 266 million yuan (US\$34.4 million). Of all the projects, the price for Xinjiang Gongzong Information Industry Holdings Company is the highest at 44.2 million yuan (US\$5.7 million). About ten of the projects from Sichuan are valued at 120 million yuan (US\$15.5 million). Some 96.7 percent of Xinjiang Gongzong's stake expects to be sold. China Telecom previously sold all or part of the stakes of its 22 sideline business companies across China. Analysts quoted in local media say that China Telecom is selling these assets to raise more funds, but it also wants to optimize the assets of its industrial companies in the concerned regions.
- **PacificNet finally reported its unaudited results for the fourth quarter and fiscal year ended December 31, 2006, with the results indicating that the company had a huge fourth quarter loss of US\$19.9 million on revenue of US\$10.4 million.** The company ascribed the losses to Chinese mobile regulations for the outcome. Total revenues for the year ended December 31, 2006 were US\$42.7 million, which represented a growth of 148.7 percent compared to revenues of US\$17.1 million for the same period in 2005. Operating loss for the year ended December 31, 2006 was US\$14.9 million.

Information Technology

- **Intel announced the expansion of its Multi-core University Program to 37 universities in China, with the company enhancing its partnership to include another 32 additional universities in designing multi-core curriculum, research and training programs.** The program provides Chinese university students training with multi-core technology and is designed to mold the next generation of multi-core developers for the global IT industry. Industry observers see the development as another milestone in the integration of multi-core technology into Chinese higher education, with the program aiming to boost the teaching and research of Chinese universities in multi-core development. Intel currently has established five multi-core labs with top universities in China, and plans to establish multi-core labs in 32 Chinese universities. By the start of 2008, Intel intends to have Multi-core Curriculum Programs in 235 universities throughout Asia and in over 400 universities worldwide.

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Taiwan

Media, Entertainment and Gaming

- **Sony Computer Entertainment (SCE) Asia announced the signing of an agreement with Actainment, a Taiwan-based games developer established six months ago, for the latter's assistance with the development of the PlayStation 3 (PS3) game Railfan Taiwan High-Speed Rail.** Sources said this marks the first time SCE has cooperated with Taiwan-based games developers. Railfan is a train-driving simulation game, which enables users to drive trains in environments including stations and scenery based on the real world. Japan-based Ongakukan is the developer of the Railfan series and has developed versions for more than 70 railway systems around the world.

Semiconductors

- **According to a filing with the Taiwan Stock Exchange, Chi Mei Optoelectronics (CMO) announced plans to add investments of US\$35 million and US\$30 million in its LCD module (LCM) plant in Nanhai (Nanhai Chi Mei Optoelectronics) and Ningbo Ningbo Chi Mei Optoelectronics (Ningbo Chi Mei Optoelectronics), China, respectively.** CMO said it will launch the investments once the Investment Commission of Taiwan's Ministry of Economic Affairs (MOEA) approves the plan.

Hardware

- **Darfon Electronics, an LCD inverter maker and a subsidiary of BenQ, recently announced temporarily suspending a plan to have its stocks listed on the Taiwan Stock Exchange (TSE).** A subsidiary of BenQ, Darfon said it will apply for the listing in a proper time in the future, with the company saying the decision will not affect the company's operations. In a different filing, Darfon stated it will issue a total of 25 million new shares to fund its operations and pay off its debts.

Hong Kong

Internet

- **Travelzoo Inc., a global Internet media company, announced the opening of its office in Hong Kong. The company said this marks the launch of its new Asia Pacific business segment.** Travelzoo said it plans to invest significantly in the Asia Pacific region. Travelzoo's media properties reach more than 11 million travel enthusiasts in the U.S., Canada, the U.K. and Germany. Headquartered in New York, Travelzoo publishes offers from more than 600 advertisers.

Mobile/Wireless

- **New Zealand-based Telecom announced an agreement with CSL, a leading mobile operator in Hong Kong, which will see Telecom's WorldMode coverage extend to over 180 countries internationally.** The three-year agreement, which comes into effect mid this year, is initially for voice and texting services and will extend to mobile data before the end of 2007. CSL is a pioneer in the mobile communications market in Hong Kong.

Ventures/Investments

- **Esprit Financial Group Inc., formerly known as Cash Now Corporation, announced that it will be opening a branch office in Hong Kong.** The company said the office will provide a local presence in Asia, as Esprit prepares to rollout an Asian Forex website in the mid-term. It will also

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provide local support for some of the electronic funds management services from the newly established Advanced Electronics Funds Management (AEFM) division. Esprit Financial Group Inc is a public company engaged in a diversified number of online financial services.

Singapore/Malaysia/Philippines/Indonesia

Telecommunications

- **SPI, ePLDT Inc.'s wholly-owned business process outsourcing (BPO) subsidiary, announced its acquisition of U.S.-based Springfield Service Corp. (SSC) in a deal valued at US\$44 million.** Springfield is the 10th largest player in the medical billing and revenue cycle management market. It operates in five locations in the U.S. and provides billing and accounts receivable management services for over US\$1.3 billion of physician charges annually. ePLDT, meanwhile, is 10-percent owned by Philippine Long Distance Telephone Co., the Philippines's largest company by market value. According to ePLDT official, the SSC acquisition is the largest to date for SPI.

Information Technology

- **Infineon Technologies AG of Europe announced the expansion of its research and development activities in Singapore.** The expansion is seen as enabling the company to better serve the growing demand for products in the energy efficiency, connectivity and security areas. Infineon said it will invest approximately 200 million euros (US\$271.8 million) and add about 150 new positions in R&D in this expansion. With the expansion of the Singapore R&D center, the company will strengthen its development activities in next-generation home-networking technologies, customer premises equipment (CPE), Internet access devices (IAD), mobile phone platforms (ultra-low cost), digital video broadcasting (DVB) for mobile-TV, digital power control for power management, microcontroller for automotive and industrial applications, process technologies for wafer fabrication and packaging, and application specific IC (ASIC) design. The development center in Singapore provides IC and system development solutions in communication, automotive, industrial and security systems within this region.

United States/Canada

Internet

- **Online music retailer Napster Inc. announced its partnership with Circuit City Stores Inc., an electronics retail chain, to launch a new digital music service.** The co-branded service, called Circuit City + Napster, will be powered by Napster's subscription service, but will offer some exclusive tracks on a weekly basis not available to Napster users. Unlimited access to the service costs almost US\$15 a month, with new subscribers to receive the first month of access free and five free song downloads. Prepaid download cards will also be available in-store and online in bundles of 15, 25 or 60 tracks. Industry observers see Circuit City's entry into online music as following a similar move by rival electronics chain Best Buy Co., which launched a digital music store using RealNetworks Inc.'s Rhapsody service last year. The partnership with Napster is expected to help Circuit City generate revenue and set itself up as a destination for online music. Financial terms of the agreement were not revealed.
- **MySpace announced the launching of a news service that will allow members of the popular social-networking web site to pick which stories bouncing about the Internet are most**

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deserving of attention. The MySpace News service searches the Internet for news ranging from gossip in online journals known as blogs to stories from media conglomerates such as News Corporation, the company that owns MySpace. According to the company, placement of items on MySpace News web pages will be dictated by feedback from members, who get to rank stories on a scaled of loved it to hated it from items organized into categories such as politics, sports, technology and style.

- **Yahoo Inc. announced the expansion of its recently upgraded web search advertising system overseas and added an online payments service as part of its partnership with eBay.** With the initial U.S. debut of Panama, its recently upgraded web search advertising system, Yahoo has offered its recently upgraded web search advertising system to key Japanese clients. Yahoo said fuller international expansion of Panama would occur over the next several months, including European and South Korean markets by the end of the current quarter. The PayPal checkout program is aimed at providing merchants and advertisers a streamlined transaction checkout process and improved conversion of window shoppers into buyers among active Yahoo shoppers.

Media, Entertainment and Gaming

- **AnywhereCD, an online music retailer barely two weeks in its existence, filed a lawsuit against Warner Music Group, alleging breach of contract, business defamation and trade libel.** Warner Music said it responded by filing an action asking the court to move to enforce Warner's termination of contract with AnywhereCD. Sources said the dispute stems from a cease and desist order issued by Warner Music asking AnywhereCD, which offers both CDs and MP3s, to stop selling its artists' albums as MP3 files, a digital download format without anti-piracy protection. Warner Music, like two of the other major record companies, Universal Music and Sony BMG Music Entertainment, only sells its digital music with anti-piracy protection software, known as digital rights management (DRM). DRM is used to by retail partners such as Apple Inc.'s iTunes Music Store to prevent illegal copying and distribution. In a separate development, EMI Group Plc recently announced it would be dropping DRM on its music with various online retail partners. Warner said AnywhereCD did not have a license to sell its music in the MP3 format. AnywhereCD also claims that Warner had made false and damaging statements to the press.
- **Clear Channel Communications Inc. announced its move to sell its TV group to private equity firm Providence Equity Partners Inc. in a deal valued at about US\$1.2 billion.** The sale follows Clear Channel's shareholders decision to consider a nearly US\$19.5 billion private equity buyout offer for the company. Bidders Thomas H. Lee and Bain Capital raised their offer for Clear Channel earlier this week from the original bid of US\$37.6 to US\$39. Observers said that it is not clear whether the new offer they will persuade enough shareholders to support the deal. Earlier, In November Clear Channel announced its plans to sell the television group as well as 448 of its 1,150 radio stations when it agreed to the original buyout deal with T.H. Lee and Bain. The company said it will sell to Providence Equity 56 television stations in 24 markets across the U.S. as well as their related Internet sites and wireless projects. The deal is expected to close in the fourth quarter, subject to regulatory approval. Clear Channel said it retains its divestiture plan for its 287 radio stations in 54 markets, having already reached agreements to sell 161 radio stations in 34 markets for a total of US\$331 million. Analysts forecast that the asset sales will bring Clear Channel from US\$2.7 billion to US\$2.8 billion total.
- **According to market research firm NPD, U.S. sales of video games, devices and accessories went up 33 percent to US\$1.1 billion in March, with the report ascribing the surge to sales of**

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new video game consoles like the popular Wii from Nintendo Co. Ltd. The report said Wii was again the No. 1 current-generation video game console, selling 259,000 units. Microsoft Corp.'s Xbox 360 U.S. posted unit sales of 199,000 in March and outpaced Sony Corp.'s PlayStation 3 unit sales of 130,000. The high-end versions of those machines sell for US\$400 and US\$600, respectively. Sony's last-generation PlayStation 2 continued to see strong sales with consumers picking up 280,000 units. Market figures show that the PS2, which now sells for US\$130, was the leading console in the last generation with lifetime unit sales of 38 million in the U.S. In the hand-held category, sales of the Nintendo DS hit 508,000 in March, ahead of Sony's PlayStation Portable, or PSP, with 180,000. Portable game hardware sales went up to US\$114 million. Overall game sales registered a 5 percent rise to US\$574 million, with overall video game related sales up 54 percent in the first three months of 2007, to US\$3.3 billion.

Telecommunications

- **According to a Saudi regulator, a consortia led by Bahrain Telecommunications Co. Hong Kong's PCCW and U.S. Verizon Communications have won initial approval to operate Saudi Arabia's new fixed-line phone network.** The deputy governor at the Communications and Information Technology Commission (CITC) said it has short listed the three groups from 10 applicants earlier this month for licenses to end the monopoly of state-controlled Saudi Telecom Co. The consortium, which is led by Verizon, also includes telecommunications operator Millicom International Cellular SA. The group has paid a license fee of 5 million riyals (US\$1.3 million) to operate a cable network in the kingdom. Saudi Arabia, the Gulf Arab region's biggest telecom market, offers room for growth for fixed-line operators.

Europe

Mobile/Wireless

- **Sony Ericsson posted for the first quarter 2007, net income of 254 million euros (US\$345 million), up from 109 million euros (US\$148.1 million) for the first quarter 2006.** The company said group turnover posted a 43 percent year-on-year to 2.9 billion euros (US\$3.9 billion). Sony Ericsson said it sold 21.8 million handsets during first quarter 2007, compared to 13.3 million units in the corresponding business period 2006. In the fourth quarter of 2006, the group sold 26 million handsets. The group said it estimated that global handset sales in 2007 would hit 1.1 billion units, with Sony Ericsson noting strong growth in markets in Asia Pacific, Latin America and Europe.

Internet

- **According to Ireland's Minister for Enterprise, Trade and Employment, Gala Inc a Japanese online community company, is establishing a European HQ in the Digital Hub, Dublin in a bid to expand its growing base of online game users in Europe.** GALA Incorporated, which was established in 1993, has become one of Japan's largest operators of online communities. In 2000 the company was listed on NASDAQ Japan. In 2006 it acquired various South Korean game development studios. Under its strategic review, Gala-Net in San Jose, California was established in early 2006 to serve its U.S. based online game users.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 4/20/07)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change Last 12 Mth.
Japanese yen	¥/US\$	118.6600	0.3%	-0.3%	0.8%	0.8%
Hong Kong dollar	HK\$/ US\$	7.8144	0.0%	0.5%	0.8%	0.8%
Chinese renmenbi	RMB/ US\$	7.7179	0.0%	-1.1%	-4.4%	-3.7%
Singapore dollar	S\$/ US\$	1.5106	-0.3%	-1.8%	-9.2%	-5.4%
South Korean won	KRW/ US\$	927.5000	-0.2%	-0.3%	-8.2%	-2.2%
New Taiwan dollar	NT\$/ US\$	33.1550	0.1%	1.7%	1.0%	2.6%
Australian dollar	US\$/A\$	0.8346	0.2%	5.8%	13.9%	12.4%
New Zealand dollar	US\$/NZ\$	0.7444	1.0%	5.8%	8.9%	18.1%
Philippine peso	PHP/ US\$	47.5000	-0.8%	-3.1%	-10.5%	-7.7%
Euro	US\$/€	1.3605	0.5%	3.1%	14.8%	10.4%
British pound	US\$/£	2.0034	0.9%	2.3%	16.3%	12.5%

Fixed Income Prices and Yields

Note	Currency	Current (on 4/20/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	98.4688	4.83%	97.2813	4.88%	98.0675	4.84%
Japan 30-year	¥	103.5080	2.29%	103.2950	2.31%	104.9190	2.22%
Hong Kong 10-year	HK\$	105.1437	4.36%	105.3731	4.36%	106.0450	4.08%
China (06/16)	US\$	110.7754	3.31%	110.7725	3.31%	111.0600	3.29%
Singapore 10-year	S\$	105.0480	2.76%	103.0254	3.00%	102.4880	3.02%
South Korea 20-year	US\$	106.3507	5.22%	106.3844	5.24%	107.4180	5.15%
Australia 15-year	A\$	152.8240	2.56%	152.6820	2.58%	153.7680	2.50%
New Zealand (12/17)	NZ\$	98.3576	6.22%	99.5783	5.97%	100.5780	5.93%
Philippines 20-year	PHP	130.9650	8.25%	130.9520	8.26%	130.9200	8.26%
India 30-year	INR	88.7000	8.46%	88.2700	8.49%	89.7587	8.35%
UK 30-year	£	95.6370	4.52%	94.7590	4.53%	98.1389	4.36%
Germany 30-year	€	93.6170	4.38%	92.8800	4.38%	96.7860	4.19%

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