

# IRG WMR



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

***Week of 6 May - 12 May, 2007***

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Equity Market Indicators					
Index	Closing Level (5/11/2007)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change 2006 Low
S&P 500	1,505.85	0.0%	6.2%	20.6%	23.1%
Dow Jones Industrial Avg.	13,326.22	0.5%	6.9%	24.3%	24.9%
Dow Jones Tech. Index	433.54	0.3%	5.1%	15.6%	28.6%
Dow Jones Telecom. Index	281.01	-0.7%	8.0%	39.4%	39.6%
NASDAQ Composite	2,562.22	-0.4%	6.1%	16.2%	26.8%
The Street.com Net	264.35	0.1%	6.9%	25.7%	37.3%
Japan Nikkei 225	17,553.72	0.9%	1.9%	9.0%	23.5%
JASDAQ	81.94	0.1%	-4.9%	-37.1%	1.4%
Japan Mothers	904.47	-4.7%	-18.6%	-64.4%	-10.3%
Korea KOSPI Composite	1,603.56	2.3%	11.8%	16.3%	33.2%
Korea Kosdaq	707.97	2.1%	16.8%	2.4%	31.3%
Taiwan Stock Exchange	8,031.54	-0.4%	2.7%	22.7%	28.3%
Singapore Straight Times	3,446.92	-1.1%	15.4%	46.8%	51.1%
Hong Kong Hang Seng	20,468.21	-1.8%	2.5%	37.6%	37.0%
Hong Kong GEM	1,492.78	2.8%	21.9%	48.2%	48.5%
China Shanghai (A-Share)	4,218.73	4.6%	49.9%	245.5%	239.7%
China Shenzhen (A-Share)	1,162.56	4.3%	104.1%	300.8%	294.1%
China Shanghai (B-Share)	289.21	25.1%	122.3%	366.4%	359.6%
China Shenzhen (B-Share)	723.03	15.7%	66.9%	269.6%	262.9%

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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
5/10/07	Orbitz Worldwide [970824Z.US] (NASDAQ)	Internet	US\$750.0	Offers travel services over the Internet such as air, hotel and car rental	Goldman Sachs/ JP Morgan/ Lehman Brothers/ Morgan Stanley	Credit Suisse/ Pacific Crest/ Piper Jaffray/ Stifel Nicolaus/ Thomas Weisel/ UBS
5/8/07	Deltek Inc. [PROJ.US] (NASDAQ)	Software	US\$200.0	Develops and markets enterprise management software	Credit Suisse	JP Morgan/ Lehman Brothers/ Merrill Lynch/ Montgomery & Co./ Wachovia/ William Blair

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 5/11/07	% Change From Offer
5/10/07	Solera Holdings [SLH.US] (NYSE)	Provides software and services to the automobile insurance claims processing industry	US\$371.8	US\$16.00	US\$18.40	15.0%

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 5/11/07	% Change From Offer
5/7/07	Capxon International [469.HK] (HKSE)	Manufactures electronic aluminum electrolytic capacitors, which are used in home appliances and automotive products	US\$25.1	HK\$0.93	HK\$0.80	-13.9%

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

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## Weekly Highlights

### International

#### *Internet*

- **According to In-Stat, about 10 percent of all broadband Internet connections in Asia were being delivered over ultra-high speed fiber optic lines by the end of last year.** The report said Japan and Korea are leading the way with significant fiber broadband infrastructure in 'last mile' systems such as fiber-to-the-home and fiber-to-the-building. Telecom carriers in these countries, such as (NTT) and Korea Telecom, are investing heavily in replacing xDSL over copper infrastructure with fiber by 2011. Over six million users of NTT's broadband Internet service in Japan had fiber optic connections installed by the end of March, exceeding the number using slower ADSL links for the first time. An In-Stat analyst commented that the next-generation broadband access services strategy, as proven in markets like Japan, South Korea and Hong Kong, is to focus on market proliferation of value-added broadband services. The study noted that over 225 million people in the Asia-Pacific region will be using fiber broadband connections by 2011. The majority of these users would be coming from the new markets.

#### *Software*

- **According to the Business Software Alliance (BSA), software vendors are making a dent in their effort to counter the illegal use of software, with piracy rates showing a drop in most Asian countries.** BSA, an organization made up by some of the world's biggest software companies, declared that piracy rates in Asia have been declining steadily. In China, where the piracy rate is one of the highest in the world, illegal software use went down 86 percent in 2005 from 92 percent in 2003. The report also noted Malaysia's piracy rate declining by 60 percent in the same period from 63 percent in 2003. Other Asian countries also posted improvements in the fight against illegal software use. Piracy rates in Indonesia, Japan, Singapore, Vietnam, Philippines, South Korea, and India were also down over the same period even as in Taiwan, Thailand, New Zealand, and Australia, there was little change in pirated software use. The report, however, said that software use in Hong Kong went up 54 percent from 52 percent in 2003. Pakistan also reported a higher piracy rate with 86 percent from 83 percent in the previous study period. One of the officials of the group remarked that, for the last few years, governments in Asia have begun to realize the importance of cultivating a thriving IT economy and government-led enforcement actions against illegal software distributors.

### Japan

#### *Mobile/Wireless*

- **Following Vodafone Group's agreement to acquire a controlling stake in Hutchison Essar, NTT DoCoMo announced that it has revoked a license given to the Indian operator.** According to the company, this is the first time it has cancelled an i-mode contract even as it is already considering other options to provide i-mode in India. DoCoMo initiated i-mode in 1999, which enables users to surf the Internet, send e-mail and download games.

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## *Internet*

- **According to the Tokyo Stock Exchange, Carview Corp., an automobile information web site operator received approval to list on the Tokyo Stock Exchange's Mothers market.** The company will offer 6,050 shares to the public in its IPO. Of those, 2,500 are newly issued shares and 3,550 are shares currently held in private. The company will offer all the shares through the book-building method. The company said it expects to net 3.4 billion yen (US\$28.2 million) from the IPO. For the current fiscal year through March 2008, the company forecasts a group pretax profit of 1 billion yen (US\$8.3 million), net profit of 594 million yen (US\$5 million), and revenue of 5.8 billion yen (US\$48.2 million). Shinko Securities is the lead underwriter of the offer.

## *Software*

- **Vivisimo, a leading provider of enterprise search software and expertise, announced the addition of several new customers last quarter, including Basic Inc., the University of Tokyo, and an FT Global 500 pharmaceutical company, who join existing customers such as Bitratings, Carview Corporation, Kadokawa Cross Media, and Suginami-ku Parenting Site.** In 2006, Vivisimo signed a reseller agreement with Groupnet Corp. in Tokyo, and the recent customer growth is indicative of the universal need for high-performance search solutions across a wide range of markets. Customers in Japan are using Vivisimo Velocity to strengthen their online brand through enhanced web site search capabilities and improve information worker knowledge. The Vivisimo Velocity platform provides enterprises with innovative search solutions that allow users to access, extract, and manipulate all available content, regardless of location. Vivisimo does search by combining the simplicity and innovation of consumer search with the flexibility and control of enterprise software. Vivisimo serves its global client base through its headquarters in Pittsburgh, PA, and Paris, France, as well as partners throughout the world.
- **The Japanese government wants to go open source, as a way to rely less on a single vendor IT software infrastructure.** Among the 10 vendors waiting in line to help make this possible are Oracle, NEC, IBM, HP, Hitachi and Dell. Industry sources said these IT equipment and software vendors are forming a consortium to develop and sell Linux-based servers and computers for the Japanese market. The move by the vendors to collaborate on Linux in Japan comes from an announcement from the country's government to make Linux an open source a priority for all IT procurements, starting this July. The central government of Japan says it plans to spend approximately 1.2 trillion yen, (US\$10.4 billion) on IT over the next year. The government has said explicitly it wants to decrease its reliance on Microsoft as a server operating system platform. Analysts note the absence of any major Linux operating system distributor as part of the announcement.
- **According to Tokyo Stock Exchange, NTT Data Intramart Corp., a Japanese developer of software for web-based system development has received approval to list on the Tokyo Stock Exchange's Mothers market.** The company will offer 4,500 shares to the public in its IPO. Of those, 3,200 are newly issued shares, with the remaining 1,300 are shares currently held in private, including 700 shares to be offered by NTT Data Corp. The company will offer all the shares through the book-building method. The company said it expects to net 577.2 million yen (US\$4.8 million) from the IPO. For the current fiscal year through March 2008, the company forecasts a parent pretax profit of 300 million yen (US\$2.4 million), net profit of 169 million yen (US\$1.4 million), and revenue of 2.5 billion yen (US\$20.7 million). Daiwa Securities SMBC, the lead underwriter of the offer, has an option to offer additional 675 shares in the event of exceptional demand.

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## *Hardware*

- **Toshiba is reportedly opening a development center next month in Hanoi, Vietnam. The Toshiba Software Development (Vietnam) will focus on the development of embedded software for consumer electronics products.** The center's low-level software processes will be combined with upper processes from Japan designers to develop the embedded software used in the company's digital consumer electronics products and cell phones. According to Toshiba, the Vietnam center is part of its goal to increase software development work over the medium term while not concentrating resources in any one country. The company also has software development centers in India and China.
- **Funai Electric revealed its decision to leave the PDP (plasma display panel) TV market, a move the company ascribed to sharply falling ASP (average selling price) and rising competition from vendors.** Funai offers 42-inch PDP TVs in North America with panels sourcing from LG Electronics (LGE), with the TVs manufactured in Malaysia. The company said its sales volume from its PDP TVs in North America could not go beyond 100,000 units in 2006. In the future, the company said it will focus on LCD TV business and said it is also planning to seek for more LCD TV OEM orders. In a related development, Funai announced that its new LCD TV plant in Poland will commence operation next month with monthly capacity of 200,000 units. The company looks to the new plant as helping the company shorten lead-time, reduce the inventory level of finished goods and lower tariffs. Funai shipped about 600,000 LCD TVs in fiscal year 2005, and it is aiming for LCD TV shipments of 1.8 million units worldwide in fiscal year 2006. It holds a 1.2 percent stake in Chi Mei Optoelectronics (CMO) and about 90 percent of Funai's LCD TVs use panels from CMO. Earlier in March, Royal Philips Electronics announced it has decided to phase out of the PDP TV market and focus on LCD TVs in the future. In 2005, Sony also decided to drop out of the PDP TV sector.

## *Telecommunications*

- **Nippon Telegraph & Telephone Corp., Japan's largest phone company, reported a 4.4 percent drop in its annual net income to 476.9 billion yen (US\$4 billion), with the company ascribing the decline to its wireless unit NTT DoCoMo Inc. having spent more on mobile phone subsidies.** The company said sales posted a 0.2 percent growth to 10.7 trillion yen (US\$89 billion). DoCoMo, which controls 54 percent of Japan's mobile-phone market, contributes about 45 percent of NTT's revenue. To reduce dependency on its wireless unit, former government monopoly NTT announced that it is building a 3 trillion-yen (US\$25 billion) fiber-optic network nationwide that is expected to enable movie providers and wireless operators to transfer data such as videos and songs via simpler and cheaper means. Earlier, DoCoMo said payments for handset subsidies went up 4.2 percent to 1.8 trillion yen (US\$15 billion) in the year ended March 31. NTT's annual operating profit also went down by 7 percent to 1.1 trillion yen (US\$9.1 billion). The company forecasted net income to drop to 460 billion yen (US\$3.8 billion) and sales to 10.7 trillion yen (US\$89 billion) for the 12 months ending March 31, 2008, with operating profit estimated to remain flat at 1.1 trillion yen (US\$9.1 billion). NTT revealed plans to pay a dividend of 9,000 yen (US\$74.8) a share this fiscal year, rising from 8,000 yen (US\$66.5) a share for the 12 months just ended.

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## Korea

### *Internet*

- **According to the country's Fair Trade Commission (FTC), it has initiated an investigation into major Internet portal operators for alleged price-fixing.** The report said FTC has started the inquiry into six operators including NHN Corp, Daum Communications and SK Communications Co. Yahoo! Korea said it was also part of the investigation. A source was quoted saying the move is not merely aimed at a few portal operators but the whole industry. FTC officials declined to comment, saying they will hold a press conference soon. Earlier this year, FTC said it would look into portal operators for their alleged abuse of market dominance and other unfair business activities. Some firms are suspected of fixing prices for advertisements and imposing a ceiling on payments to content providers.
- **Gmarket reported total revenues of US\$51.3 million for the first quarter of 2007, which stands for a 70 percent increase from total revenues of US\$30.2 million for the first quarter of 2006.** The report indicated that the company's gross merchandise value (GMV), which represents the total value of all items sold on Gmarket's web site, posted a 54 percent rise to US\$771.6 million for the first quarter of 2007 compared to US\$500.8 million for the same period in 2006. The company said advertising and other non-transaction revenues for the first quarter of 2007 went up by 114 percent to US\$19 million from US\$8.9 million for the same period in 2006. Operating income for the first quarter of 2007 rose by 256 percent to US\$5.8 million from US\$1.6 million for the same period in 2006. Gmarket's net income for the first quarter of 2007 posted a 246 percent growth to US\$7.1 million from US\$2.0 million for the same period in 2006. During the first quarter of 2007, the company's registered user base grew to about 11.8 million from 11 million registered users at the end of the fourth quarter of 2006. Gmarket said it also averaged 16.9 million monthly unique visitors in the first quarter of 2007, compared to 15.2 million unique visitors during the first quarter of 2006. Gmarket Inc. is a leading retail e-commerce marketplace in South Korea.
- **NHN Corp., South Korea's top Internet company by market value, reported better-than-expected earnings for the first quarter, which it ascribed on gains from search-related online advertisements and games.** The company said net income went up 77.6 percent to 62.3 billion won (US\$67.6 million) in the January-March period, from 35.1 billion won (US\$3.7 million) it posted a year earlier. Revenues grew 63.9 percent year on year to 199.6 billion won (US\$215.3 million), with its operating profit climbing 83.8 percent to 85.6 billion won (US\$92.3 million). The company noted that its first-quarter earnings were higher than the market consensus. The company ascribed the earnings improvement to increased revenue from its search-related Internet ads and online games. The first quarter also saw NHN's sales from online ads linked to the Internet surging 84.8 percent from a year earlier to 108.4 billion won (US\$117 million), with revenues from online games also posting a 62.2 percent increase, to 50.3 billion won (US\$54.2 million) over the same period. On these improved results, NHN said it also raised by 9 percent the company's target for annual sales to 870 billion won (US\$938.7 million) this year, from the guidance that it has released earlier.

### *Media, Entertainment and Gaming*

- **Gravity Co., Ltd., an online game developer and publisher, announced that it has entered into a two year game service agreement with NHN Corp., the operator of Naver and one of the largest Korean Internet companies.** The source said the move is aimed at expanding its market share in Korea. Under the agreement, the two parties agreed to jointly service and market Gravity's online game line-up through establishment of a Gravity Zone in NHN's Hangame web site, the largest

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game portal site in Korea. In accordance with the agreement, Gravity will provide certain online games, which include its flagship title Ragnarok Online and its anticipated upcoming titles Ragnarok Online2, Requiem, and Emil Chronicle Online through their own web sites as well as Gravity Zone, in order to provide easier access, attract new users and to implement aggressive marketing strategies. Gravity Zone is expected to offer up to twelve online games, with Emil Chronicle Online seen as the first online game offered through Gravity Zone by the end of May 2007. Gravity expects to increase its market share in Korea by providing its large online game titles, such as Ragnarok Online2 and Requiem through individual game sites and Hangame. According to Gravity officials, the agreement between NHN and Gravity is not a mere channeling alliance, but a new business model for online game service. Gravity is a developer and distributor of online games.

## *Software*

- **FalconStor Software, Inc., the market leader in disk-based data protection solutions, announced that Korea Telecom has implemented FalconStor's VirtualTape Library (VTL) disk-based backup solution built on the IPStor platform.** Korea Telecom has the country's largest integrated enterprise resource planning (ERP) system, which it uses to unite all data and processes for approximately 38,000 Korea Telecom employees. Industry observers note that managing the data growth in this environment is an extremely challenging, yet important operation. With FalconStor's VTL, Korea Telecom is seen as able to achieve speed and efficiency of backup operations. FalconStor's unique VirtualTape Library solution consolidates the management of backup resources while enhancing the reliability of backup operations and accelerating the speed of recovery. Korea Telecom is South Korea's top integrated wired/wireless communications service provider, with over US\$20 billion in total assets and 38,000 employees. KT provides a broad range of products and services for domestic Korean customers, including telephone, broadband Internet, land-to-mobile (LM), and wireless. FalconStor Software, Inc. is the market leader in disk-based data protection solutions that optimize data center efficiency and business continuity for all IT infrastructures.
- **Zi Corporation, a leading provider of intelligent interface solutions, announced that Nintendo has deployed its handwriting recognition software, Decuma Korean, for use with its Nintendo DS handheld video game system.** The video game system was earlier launched in South Korea this year. Decuma Korean handwriting recognition software is now available for licensing by OEMs. Zi had first announced its licensing agreement with Nintendo Co., Ltd. for Decuma in October 2005, which was deployed in Japan and Europe. In November of 2006, Zi also announced that it had signed a licensing agreement with Nintendo Co., Ltd. to embed Zi eZiText predictive text input technology into Nintendo's new Wii video games console. The worldwide leader and innovator in the creation of interactive entertainment, Nintendo Co., Ltd., of Kyoto, Japan, manufactures and markets hardware and software for its popular home and portable video game systems. Zi Corporation is a technology company that delivers intelligent interface solutions to enhance the user experience of wireless and consumer technologies.

## *Telecommunications*

- **Hanarotelecom Inc., the country's leading integrated telecommunications company, announced that the company registered the highest-ever quarterly revenues of 451.1 billion won (US\$486.7 million), with its operating profit becoming positive, at 12.4 billion won (US\$13.3 million) for the first quarter of 2007.** Hanaro attributed the quarter-on-quarter surge in its revenues to 4.6 percent growth across all business segments including broadband, voice and corporate business. The company said its net loss went down by 80 percent from the previous quarter to 9.6

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billion won (US\$10.3 million). Hanaro also reported strong subscriber growth, with broadband net posting an additional 34,000 and voice net some 73,000 for the first quarter, backed by marketing activities focused on bundled products. Hanaro also said that the 100Mbps service coverage it offered has expanded to 7.3 million households as of the end of the first quarter of 2007 from 4.3 million households as of the end of 2006, on the right track to achieve the full-year target of 12.6 million households.

## *Hardware*

- **Samsung Electronics Co. announced its development of a digital TV receiving chip using 65-nano technology for the first time in the world.** The new chip uses nearly half the electricity than current products and is more effective in receiving TV signals. The company said the TV receiving chip will mainly be used in digital TVs both in South Korea and the U.S. Samsung also said it is the first time for a digital TV chip to be developed based on 65-nano technology. According to industry researcher DisplaySearch, 87 million units of digital TVs expect to be sold worldwide this year and the number will grow to 147 million in 2010.

## *Information Technology*

- **According to IDC, South Korea's IT security market is forecast to post an average annual growth of 11.1 percent over the next five years.** The forecast is made amidst the scenario where there is an increased demand for firewalls aimed at defending attacks by viruses and malicious codes. The study said the software and hardware industries related to the development of security solutions for computers and other networks predict market valued to be 815 billion won (US\$883 million) by 2011.

## **China**

### *Internet*

- **51job.com, an online recruitment web site, released its unaudited financial results for the first quarter of 2007 ended March 31, 2007 indicating that its total revenues has climbed to 200.5 million yuan (US\$26.1 million).** The results follow the guidance announced by the company. The company said print advertising revenues for the first quarter of 2007 went up 6.5 percent to 113.6 million yuan (US\$14.7 million) compared with 106.7 million yuan (US\$13.8 million) for the same quarter in 2006, which the company ascribed primarily to a greater volume of advertisements in 51job Weekly which was partially offset by lower average revenue per page. Its online recruitment services revenues for the first quarter of 2007 went up 26.9 percent to 61.6 million yuan (US\$8 million) from 48.5 million yuan (US\$6.3 million) it posted for the same quarter last year. Operating expenses for the first quarter of 2007 were 62.7 million yuan (US\$8.1 million) compared with 56.1 million yuan (US\$7.3 million) for the same quarter last year. Its net income for the first quarter of 2007 increased 21.3 percent to 32.2 million yuan (US\$4.1 million) from 26.5 million yuan (US\$3.4 million) for the same quarter in 2006.
- **Baidu.com, the largest Chinese search engine service provider, announced that it is offering a large scale website ranking program that will provide web site certification rankings for its 110,000 partner web sites.** Observers see the launching of the new service as a way for Baidu to face its rival Google. According to Baidu's preliminary quarterly results, its partner web sites have earned more than 70 million yuan (US\$91.1 million) in 2006. With the launching of the service, the partners even forecast to derive more income share from Baidu.com.

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- **Ninetowns announced the launching of tootoo.com, the company's new business-to business vertical search platform.** According to the company's top official, tootoo.com will be the cornerstone of Ninetowns' new B2B strategy of providing vertical search and trade services. Ninetowns said tootoo.com is built upon its market intelligence in business-to-government trade processing and its experience in evaluating supplier capabilities for companies ranging from small businesses to large multinational corporations. Industry observers state that, by leveraging this foundation with the recent acquisition of Ample Spring and strategic partnership with ThomasNet, tootoo.com is positioned to become a leading edge B2B search and service provider. In addition to the core search services, tootoo.com will also offer value-added services such as MeiMaoTong, which is a customized catalog solution provided through Ninetowns' recent strategic partnership with ThomasNet.
- **PacificNet announced that it will sell its entire 51 percent ownership in Guangzhou 3G IT Company to HeySpace International Limited in a deal valued at US\$6 million.** According to the CEO of PacificNet, the "strategic" sale is in line with its "new focus on gaming." The sale will be paid in cash in five installments over seven months. PacificNet acquired 51 percent of controlling interest in Guangzhou 3G in March of 2005 for US\$5.5 million, which was paid partially in cash and mostly in PACT stock. Based in Guangzhou and Hong Kong, HeySpace International Limited is one of the many social network services and virtual community service providers operating in China.
- **Sohu.com reported its unaudited financial results for the first quarter ended March 31, 2007, declaring total revenues for the first quarter declining to US\$33.1 million, compared to revenues of US\$34.4 million for the fourth quarter ended December 31, 2006, and up from US\$30.4 million for first quarter ended March 31, 2006.** Sohu posted net income of US\$4.5 million for the first quarter of 2007. Non-GAAP net income for first quarter of 2007 was placed at US\$7.0 million compared to non-GAAP net income of US\$8.1 million and US\$7.8 million for first quarter of 2006. Sohu said its advertising revenues for first quarter of 2007 totaled US\$25.6 million, representing a 27 percent year-on-year increase and a 3 percent quarter-on-quarter increase.

## *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 the launching of its open beta program for Special Force, the first free-to-play, pay-for-merchandise FPS (first person shooter) game in China.** Industry sources said that Special Force was recently ranked as the top online game in Korean Internet cafes for more than 50 consecutive weeks and provides CDC Games with first-mover advantage in securing significant market-share in the FPS category of online gaming in China. Special Force, which was developed by Dragonfly, has been deployed into 9 Internet Data Centers in China in Anhui, Dongguan, Xian, Qingdao, Zhengzhou, Shenyang, Shanghai, Tianjin and Chengdu on China Telecom and China Netcom. Users from around the country can download the client for free, which is available via China content distribution networks. The open beta of Special force will also be promoted in over 1,200 Internet cafe events in more than 100 cities across China during May. Special Force is a first person shooter online game that originated in Korea. CDC Games is targeting the commercial launch of Special Force before the end of the second quarter 2007. The CDC family of companies includes CDC Software is focused on enterprise software applications and services, CDC Mobile is focused on mobile applications, CDC Games is focused on online games, and China.com is focused on portals for the greater China markets. CDC Games is one of the market leaders of online and mobile games in China with over 46.5 million registered users.

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## *Mobile/Wireless*

- **China Unicom said it has finally introduced its new IM (Instant Messaging) software called Chaoxin, a comprehensive instant communications service.** It enables users to enjoy instant messaging services, including emoticons, graphics and voice communications through BREW-enabled devices, PCs, short message terminals, WAP client terminals, and IVR client terminals. There are currently many instant communications software on the Chinese market, including QQ, MSN, POPO, and ICQ. China Unicom was the first to announce its plan to launch its instant messaging service although China Mobile got to launch its competing IM system called Fetion.
- **Qualcomm and Lenovo Mobile, a subsidiary of Lenovo Group, announced entering into a subscriber unit license agreement to cover WCDMA subscriber products.** An official of Lenovo Mobile declared that “this license agreement with Qualcomm, the leader of CDMA technologies, will help us deliver the best mobile-product experience possible, while enabling Lenovo to offer new and more flexible products to fulfill consumers' diverse connectivity needs.” Under the terms of the worldwide royalty-bearing agreement, Qualcomm granted Lenovo Mobile a patent license to develop, manufacture and sell WCDMA subscriber units for high-speed broadband wireless access. The royalties payable by Lenovo Mobile are at Qualcomm's standard worldwide rates. Additionally, the two companies intend to cooperate in the development of certain subscriber unit products incorporating CDMA technology.
- **Nokia said it has secured a phone order valued at US\$2.5 billion from China's largest distributor China Postel for deliveries during 2007.** Nokia said some of the phones have already been delivered. Nokia and China Postel also said the companies' look to enhancing their strategic ties. China Postel has already distributed more than 37 million Nokia mobile phones across China since 1998. The Finnish firm, which sells more than a third of all mobile phones across the world, maintains a strong position in emerging markets like China. According research firm GfK, Nokia's share of the Chinese market topped 35 percent in late 2006.

## *Hardware*

- **Even as companies are opting to place Linux in their computers, Lenovo has announced its move to work with Microsoft to promote the benefits of validly licensed Microsoft software products through joint sales, marketing and training programs in China and around the world.** Under the agreement, the two firms are continuing their strategic business partnership with the aim of protecting intellectual property. Industry observers also see the agreement as allowing customers to enjoy the Windows capabilities they expect, and take advantage of ongoing system improvements that let them do more with their PCs. Lenovo sells pre-installed genuine Microsoft software on its PCs sold in more than 65 countries and regions around the world.
- **TechnoConcepts, Inc. announced that its Chinese subsidiary, Jinshilin Techno Ltd. (Jinshilin), has signed an expanded Memorandum of Understanding (MOU) with Changzhou Xingqiu Electronic Co., Ltd. (Xingqiu).** Xingqiu is one of China's largest Home Entertainment manufacturing companies, concentrating on the design, sale and production of high-quality communication devices, high-volume electronics, and other audio and video products. Under this expanded MOU, Xingqiu has agreed to assist in the development of Jinshilin's IPTV set-top box by providing manufacturing engineering and design of IPTV product cases and circuit boards. Both parties have agreed to co-develop marketing and engineering plans for the development of next generation IPTV set-top boxes. Additional functionality that the parties intend to include in their products includes: High Definition, 5.1 Stereo Surround Sound, 'Last Mile' access via WiMAX, and

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Femto Cell capability and adoption of China's new AVS standard for video communications. Xingqiu has also agreed to provide the financial resources necessary to fulfill contractual production obligations.

## *Semiconductors*

- **Semiconductor Manufacturing International Corporation's reported sales for the first quarter of 2007, climbing to US\$388.3 million from US\$383.8 million in the fourth quarter of 2006.** The company also posted a decrease in capacity to 177,150 8-inch equivalent wafers per month and a utilization rate of 86.2 percent in the first quarter of 2007. It declared a net income of US\$8.8 million in the first quarter of 2007, compared to a net loss of US\$9.6 million in the first quarter of 2006 and a net income of US\$0.1 million in the fourth quarter of 2006.

## *Ventures/Investments*

- **Tsinghua Science Park Development Center announced a RMB10 billion-fund support (US\$1.3 billion), which is aimed at excellent enterprises dubbed "diamond enterprises."** To pursue this, Tsinghua Science Park said it has set up branches in Kunshan, Xi'an, Nanchang, Beijing, and Shanghai and is contacting high-tech zones in Shenzhen, Dalian and Weihai to promote the support policy to each of these branches. An official said to be part of the "diamond enterprises, enterprises should be marked by self-innovation and possess self-owned intellectual property rights. Other requirements include that they must be a leader of their sector and must have reciprocal relations with institutions of higher learning. The first batch of ten "diamond enterprises" include GigaDevice Semiconductor Inc, THUNIP Holdings Limited Company, Sumavision, Spreadtrum, Highlander, ChineseAll.com, Smartdot, Trry, Net.cn, and Ctnet.cn. According to an official, there are more than 400 innovation firms in Tsinghua Science Park, and 45 of them have applied to join the Diamond Plan, but these ten became the final winners. Tsinghua Science Park looks to training from three to five diamond enterprises that possess world-class technology and have them listed on NASDAQ or main boards in the domestic Chinese market.
- **Chinese electronics retailer Suning disclosed its investment of some 730 million yuan (US\$95 million) in the acquisition of two properties in Shanghai and Wuhan, respectively, for flagship store construction.** The two properties Suning purchased are located at Shanghai Pudong Yuandong Plaza and Tower B and Tower C of Gonghang Square at Wuchang in Wuhan. Excluding tax, Suning said it has spent 532 million yuan (US\$69.3 million) on the Shanghai property and 204 million yuan (US\$26.5 million) on the Wuhan property. The company said that it would use most of the two properties for building flagship stores and lease the rest to other businesses. Suning said that they would develop franchise stores and boost their brand awareness in core business areas of key cities in the future through self-building and purchasing properties.
- **Industry sources said that China Unicom, the second largest mobile service provider in the country, is planning to make an investment worth some 70 million yuan (US\$9.1 million) in order to build a WiMax experimental network in 21 provinces in China.** The reports noted that that China Unicom started WiMax a long time ago and is now testing on some relevant nodes on the network. No details were released as to when the full roll-out of the service will begin.

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## Taiwan

### *Internet*

- **Shine Want Technology the operator of the community website YouthWant in Taiwan, stated that South Korea-based Bugs Interactive is planning to make an investment of US\$3.3 million for a 39 percent stake in the company.** The report stated, however, that the company has no plans to participate in its business operations. YouthWant features an online community of college and high school students aged 16-22. It currently has 1.7 million members and the number is expected to grow to 2 million at the end of this year. Shine Want said it is tapping the China market with a “conservative attitude” because competitors in China have many advantages. In China to date, Shine Want has been a content provider rather than a web site operator in China. It acts as a sales agent of online teaching for TOEFL, GRE, GMAT, IELTS tests offered by the China-based web site Koolearn.com. In addition, Shine Want has cooperated with China Mobile Communications to provide Taiwan-produced articles for online reading through the latter's MMS (multimedia messaging service) and WAP (wireless application protocol) network.
- **Allproducts, an online marketing company, announced that it has become the first agent for Google's Adwords service in Taiwan.** According to the general manager of Google Taiwan, some 1.2 million medium and small enterprises in Taiwan can now apply for Google AdWords through this new agent, while webmasters and bloggers can apply for the service online. Google currently ranks second in the Taiwan market, right after Yahoo. Google has 23 agents in mainland China, with 18 of them working only with Google.

### *Ventures/Investments*

- **Tatung, a worldwide leader in the design and manufacturing of a vast array of digital consumer products, including LCD TVs and PDPs, network-connected devices, storage-based media players and home appliances, announced plans to invest US\$20 million in Proview, a Hong Kong-listed display specialist.** With the investment, Tatung is expected to secure a nearly 20 percent stake in Proview and make it the second largest shareholder of the display maker. Media sources said that Proview would begin to purchase panels for monitors and LCD TVs from Chunghwa Picture Tubes (CPT), an affiliate of Tatung. At present, Proview buys panels mainly from AU Optronics (AUO) and Chi Mei Optoelectronics (CMO). In the future, Proview may also place orders for LCD TVs and monitors with Tatung, which will produce the products at its plants located in China, Mexico, Czech Republic and the Netherlands. Established in 1989 in Taiwan, Proview focuses on the manufacturing of CRT/ LCD monitors, LCD TVs, PDP (plasma display panel) TVs as well as own-brand business and, according to DisplaySearch, is ranked No. 8 in worldwide LCD monitor manufacturing market in 2006.

### *Semiconductors*

- **Powerchip Semiconductor Corporation (PSC) revealed that it is adjusting its strategy over the allocation of its fabs, a decision that includes spinning off fabs that do not have optimized production on commodity DRAM.** The company said it is also exploring the possibility of a tie up with Renesas Technology on 8-inch wafer production in China. Following the recent spin-off of its 8-inch fab (Fab 8A), PSC said it is considering doing the same with its 12-inch fab, Fab 12A within two to three years. If PSC chooses to continue running Fab 12A, it will need extra funding in order to upgrade it to meet 50nm requirements. Regarding the update of its 8-inch wafer production status in China, PSC said production in China will extend to logic ICs in a bid to broaden its product portfolio.

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To achieve this goal, PSC is considering strategic partners, and Renesas Technology is a one of those being considered.

## *Telecommunications*

- **Chunghwa Telecom (CHT) reported self-estimated net profits of NT\$15.4 billion (US\$462.4 million) for January-April 2007.** The figures stand for about 34.6 percent of the company's goal for the year. CHT reported about 4.1 million subscribers of ADSL and FTTx (fiber to the home/building) in aggregate at the end of April. Of the ADSL subscribers, more than 2.4 million used bandwidth of over 2Mbps. In addition, CHT had 4.3 million subscribers of its Internet-access service HiNet and over 1.4 million subscribers of 3G mobile communications at the end of April.

## **Hong Kong**

### *Telecommunications*

- **Hutchison Telecom announced the completion of its transaction with Vodafone. The company disclosed the estimated pre-tax gain from the sale, which is expected to be about US\$9 billion following certain adjustments.** The adjustments include the provisions for the previously announced settlement agreement with the Essar Group, retention of US\$352 million by Vodafone in consideration for their waiving of certain potential claims against Hutchison, the receipt of interest from Vodafone and transaction costs and expenses. The net cash inflow to Hutchison Telecom before payment of the settlement amount is placed at about US\$10.8 billion. The company's board also confirmed the declaration of a special dividend of HK\$6.7 (US\$0.8) per share following the completion of the necessary formalities.
- **Redback Networks Inc. announced that New World Telecommunications Limited (NWT), a leading provider of a next generation IP and telecom services for Hong Kong, Greater China and beyond selected Redback's SmartEdge routers to power its next-generation consumer and business services.** Redback Networks is an Ericsson company that makes video-centric routers for 75 percent of the world's triple-play networks. With a growing number of subscribers and bandwidth demand, NWT needed to improve its network to enable higher performance and stability, and provide a simpler architecture to support multiple broadband services. Established in 1995, New World Telecommunications Limited (NWT) is a member of New World Development Company Ltd. It has evolved from a traditional telecom carrier into a next generation IP and telecom service provider offering a wide spectrum of customer-focused, innovative and quality communications solutions, digital media, and managed services, such as broadband, IP telephony as well as local and international voice services. An Ericsson company since January 2007 Redback Networks Inc. manages triple play services for over 50 million broadband subscribers. Its customers include 15 of the top 20 telephone carriers worldwide.

### *Mobile/Wireless*

- **The CDMA Development Group (CDG) commended the Office of the Telecommunications Authority (OFTA) on announcing the plan to release spectrum through an open auction to enable the provision of CDMA2000 services in Hong Kong beginning November 2008.** The auction expects to be held in the fourth quarter of 2007 when the OFTA will grant one license to a CDMA2000 operator in the standard 850 MHz band for voice and advanced broadband data services. Currently, CDMA voice services and roaming are available in Hong Kong. However, this spectrum allocation will enable the provision of CDMA2000 1xEV-DO advanced broadband data services and

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international data roaming. Hong Kong will join nearby Macau, which has already launched CDMA2000 1X services and will soon introduce 1xEV-DO Rev A broadband data services, and mainland China, which is expected to award 3G licenses within the next 12 months. Asia Pacific is the largest region for CDMA2000 with 63 commercial CDMA2000 1X and 13 1xEV-DO networks and nearly 150 million users, and CDMA2000 is expanding rapidly in the region, growing at 34 percent annually, fueled by the rapid subscriber growth in China and India.

## *Ventures/Investments*

- **Industry sources said an Australian entertainment giant is set to become the newest foreign entrant to the Macau gambling industry, with Crown Macau preparing to open a hotel casino on the island.** The complex, which features a 36-storey tower with 216 hotel rooms, 220 gaming tables and 500 slot machines, is being funded by Melco-PBL Entertainment, a joint venture between Hong Kong-listed Melco and Australia's Publishing and Broadcasting Ltd (PBL). According to sources, Macau's casinos earned some US\$7.2 billion in revenue last year, reportedly outstripping the US\$6.6 billion dollars reported in Las Vegas, to become the world's biggest casino draw. Apart from Crown Macau, the Melco-PBL consortium said it will also build a large integrated resort to be known as the 'City of Dreams', targeted for opening in late 2008. The joint venture had also acquired a site on the Macau Peninsula on which a third hotel and casino project will be developed for a 2009 opening. PBL has a portfolio of television, gaming and entertainment interests. Hong Kong-listed Melco is run by Lawrence Ho, the son of Macau gaming magnate Stanley Ho.

## **Singapore/Malaysia/Philippines/Indonesia**

### *Telecommunications*

- **Singapore Telecommunications Ltd. disclosed a 41 percent decline in its net profit in the January-March quarter, with lower profit margins in its home market offsetting growth from mobile telephones in the region.** SingTel said its net profit for the fiscal fourth quarter was S\$989 million Singapore (US\$651 million), down from S\$1.6 billion (US\$1 billion) a year earlier. For its underlying net profit, which removes goodwill and exceptional items, the company posted S\$971 million (US\$639 million) in the three months ended March 31, down 3.7 percent from S\$1 billion (US\$658.4 million) year earlier. Underlying net profit for the year ended March 31 went up 7.9 percent from the previous year to S\$3.5 billion (US\$2.3 billion). Operating revenue, which includes only Singapore and Australia, registered a 2.1 percent growth in the fiscal fourth quarter to S\$3.3 billion (US\$2.1 billion). SingTel has stakes in Thailand's Advanced Info Service PCL, India's Bharti Airtel Ltd., Globe Telecom Inc. in the Philippines, Indonesia's PT Telkomsel, and Pacific Bangladesh Telecom. The company declared that quarterly earnings from these regional mobile associates registered a 20 percent rise from a year earlier to S\$561 million (US\$369 million), which was attributed by the company to strong growth in customer numbers.
- **Philippine Long Distance Telephone Co. (PLDT) announced its target to double its broadband subscribers this year as it rolls out its next generation network (NGN), with the company aiming to reach a subscriber base of more than 530,000.** In the first quarter this year, PLDT said its service called SmartBro added 42,000 subscribers to 164,000. In order to achieve this target, the company said it is investing some US\$100 million to enhance its international cable capacity to support the expansion of its broadband and other next generation services for corporate and retail clients. PLDT had allotted about 20 billion pesos (US\$423.7 million) to 22 billion pesos (US\$466.1 million) as capital expenditures for this year. Earlier, PLDT posted a net income of 8.5 billion pesos

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(US\$180.1 million) in the first quarter from P8.5 billion (US\$180.1 million) in the same period in 2006, with the company ascribing the flat growth largely due to foreign exchange losses. The company reported a 10 percent rise in its consolidated wireless service revenues to 20.8 billion (US\$441.4 million) pesos from the 18.9 billion pesos (US\$397.8 million) it posted in the same period last year, with cellular subsidiaries, Smart Communications Inc. and Pilipino Telephone Corp. maintaining their solid performance. In a separate development, PLDT and Smart are co-hosting the 3rd Asian Carriers Conference, which will be attended by more than 300 delegates from over 100 telcos in Asia, Europe and the Pacific Rim, to be held in Cebu, Philippines next week.

## *Internet*

- **DiGi.Com Bhd of Malaysia announced its interest to acquire a rival or form partnerships to offer high-speed Internet access, with the company revealing that it is in talks with several parties.** The company revealed no names. It also did not comment on reports that it was in discussions with a possible partnership with Time dotCom Bhd, which has a 3G spectrum and a virtually unused fiber optic network. The company's rivals, Telekom Malaysia Bhd and Maxis Communications Bhd offer broadband services. Recently, four new WiMAX licenses were issued to help speed up broadband penetration in Malaysia. Industry sources indicate that DiGi approached some of the four winners but nothing has been disclosed if the talks could lead to a deal or agreement.

## **United States/Canada**

### *Internet*

- **Streaming21, a world leader in broadcast-quality streaming solutions, announced the launching of its new wholly owned subsidiary in Tokyo, Japan.** The new subsidiary, Streaming21 K.K. is expected to better serve its Japan customers with high-quality local engineering, project management and sales supports. The company indicated that it would also aggressively look for new channels and local strategic partners to expand business in the fast-growing IPTV market in Japan. As IPTV service providers in Japan upgrade their service portfolios to HDTV and IPv6 standards, Streaming21 Japan is seen as continuing innovations to help deliver high-impact services. Currently, Streaming21 has already set up offices in the U.S., Taiwan, Japan and China. The Company's end-to-end IPTV solution is adopted by many Tier 1 Telcos and IPTV service providers around the world, such as NTT Communications, NEO Index, VIC TOKAI, Enterwave and TEPCO in Japan, as well as Korea Telecom (KT), and Chunghwa Telecom (CHT) in Taiwan. Streaming21 is the world leader in providing interactive IPTV solutions over Fixed-Mobile-Convergence (FMC) and open networks.
- **Buzz Technologies, Inc. announced the release of its own online ad server/ad market place seen as directly competing with Google, Yahoo!, MSN and Double-Click in the advertising sector.** The server is also considered the first technology of its type to be released by an Asian-based company. Industry observers note the competitive advantage of Buzz against large companies encountering difficulty in establishing their operations in Asia and Buzzbiz certainly has an advantage in that area. Buzz has a reputation of having good and ongoing relationships with the legislative bodies in prime Asian markets. Buzz has also started a number of new developments, many of which are visible on site, including Assisted Online Shopping, an Information Exchange, Assisted Online Travel and its own free integrated messaging/email service that is Wireless, VoIP, Video and Text/SMS enabled. Traffic to the site has gone up by 3,000 percent in the last 90 days. Traffic in the U.S., Germany, India, Hong Kong and Brazil has also surged in recent months. Buzz Technology is a diverse group of Telecommunications and Internet related products and services aimed at the new

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frontier of next generation technology from telephony, fixed line and VoIP, to state of the art Search Engines and the delivery of Information, News, Entertainment and Communications.

## *Mobile/Wireless*

- **Motorola Inc. announced that it is ready to introduce a mobile phone with full-motion video display, with the capacity to play feature films on small removable storage cards.** The new device would initially be targeted for European market, where faster, 3G networks are more widely available than in Motorola's home U.S. market. Sources said Motorola has partnered with another company that can fit feature-length movies on Secure Digital (SD) cards capable of storing several gigabytes of data. Industry observers noted that the adoption of such cards could provide a new form of mass distribution for movies, just as videocassettes or DVDs have done previously. In previous reports, Motorola attributed a lack of 3G devices for its recent weak sales. According to Infonetics, a telecommunications market research group, 46 million mobile phone users will own mobile videophones by 2010, with network carrier revenue in the emerging market for video services posting a growth of 317 percent in 2006 to almost US\$200 million.

## *Media, Entertainment and Gaming*

- **24/7 Real Media, Inc. a leading global digital marketing company registered a 34 percent rise in its revenue for the first quarter of 2007 to US\$57.7 million over the US\$42.9 million reported for the first quarter of 2006, with the company indicating that revenue contribution from international operations came at about 64 percent for the quarter.** Under GAAP, the company said its net loss for the first quarter of 2007 was US\$0.1 million, compared to a GAAP net loss of US\$7.5 million it posted for the first quarter of 2006. During the first quarter, 24/7 Real Media's joint venture with Dentsu opened the first of five planned offices to address strategic Asian markets outside of Japan, with a new office having opened in April in Seoul, South Korea. The company said revenue in the Media Solutions segment posted a 13 percent rise to US\$20.6 million in the first quarter of 2007 from US\$18.2 million in the first quarter of 2006. Its Search Solutions revenue went up by 61 percent to US\$28.7 million in the first quarter of 2007 from US\$17.8 million in the first quarter of 2006. Technology Solutions revenue showed a 21 percent growth to US\$8.3 million in the first quarter of 2007 from US\$6.9 million in the first quarter of 2006. The company said its looks to second quarter revenue for 2007 of between US\$61 million and US\$65 million. 24/7 Real Media, Inc. is a leading global digital marketing company headquartered in New York, with 20 offices in 12 countries throughout North America, Europe and the Asia Pacific region.
- **Industry sources noted that Canadian conglomerate Thomson Corp., is reportedly negotiating to acquire the Reuters financial information agency, selling its education division to investors for US\$7.7 billion.** Thomson was quoted as saying the sale would help the company "pursue opportunities" in other key growth areas, without elaborating. The Canadian group said it had signed "definitive agreements" with funds controlled by private equity firm Apex Partners and pension plan manager OMERS Capital Partners to sell its higher education, careers and library reference assets including a unit known as Thomson Learning. Apex manages US\$30 billion in global assets. OMERS, one of Canada's largest pension plans, controls US\$48 billion in assets. Thomson Learning brands and businesses include Wadsworth, Delmar Learning, Gale, Heinle, Brooks/Cole and South-Western. Thomson said the deal is expected to close in the third quarter of this year, subject to regulatory approvals. Earlier, Thomson, the world's third-biggest provider of financial news and data, had prepared a bid for Reuters in a takeover valued at about US\$17.4 billion, a move that is seen as pushing the combined company above industry leader Bloomberg into first place, with 34 percent of

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the financial information market, while also handing Thomson ownership of Reuters' non-financial news and photo agency. The merger is also expected to put together Thomson's strong U.S. presence with Reuters's popularity in Britain and in continental Europe.

- **Industry analysts say violence in video games is entering a new scenario with Sega of America and Sega of Europe announcing their plans to release *Condemned 2: Bloodshot*, the sequel to the earlier successful release of *Condemned: Criminal Origins*.** The game will be developed by Monolith Productions, and will be distributed for the Xbox 360 and PlayStation 3 platforms. Sega expects the game to earn a rating of "M" for mature audiences only. The predicted M rating is also expected to engage federal legislators to regulate violence in video games.

## *Software*

- **Klegg Electronics, Inc. announced that it has secured a master distribution and strategic alliance agreement with Ximeta, Inc.** Under the agreement, Klegg will acquire the NetDisk product line, with the aim of generating sales by selling to existing NetDisk customers and by marketing to new customers. The NetDisk product line features NDAS technology, an innovative way to store data directly on a local area network without the need for a PC. A NetDisk can attach directly to a switch or home router allowing every computer and NDAS-enabled device in an office or home to access data at speeds of up to 10 times faster than that of other NAS (Network Attached Storage) devices. With the device, Klegg Media Center TV users will have the ability to save recorded TV, movies, music, and media directly to a Klegg NetDisk on the network. In 2006, Ximeta generated over US\$3.5 million in U.S. sales for the NetDisk products alone. Based on current orders, Klegg expects to generate over US\$5 million in sales by year-end from the NetDisk product itself. The agreement is seen as representing a major partnership and business alliance between both companies. Klegg Electronics, Inc. is a manufacturer and distributor of high quality consumer electronics. Ximeta is the pioneer of Network Direct Attached Storage (NDAS) technology. Using patented chip and software technology, Ximeta offers the industry's first high-performance, fully scalable and portable networked storage solutions for consumer. Ximeta's Headquarters are in California, while it also maintains R&D centers in Fremont CA and Seoul, Korea.
- **Propalms USA, Inc. announced that the Company has signed a new distribution contract to supply the TSE software to the Toyota Group on a worldwide exclusive basis.** Propalms USA signed the agreement with TT Network Integration (Thailand) Co., Ltd. Under the agreement, TT Network Integration (Thailand) Co., Ltd. will supply Propalms' TSE software throughout Thailand and exclusively to the Toyota Group on a worldwide basis. With Toyota Group having over 286,000 employees worldwide, the deal is expected to bring in over US\$3.2 million in sales transactions. TT Network Integration (Thailand) Co., Ltd. is a shareholder with Toyota Tsusho (Thailand) Co., Ltd. The company offers services through the network to Toyota Company Group. TT Network Integration has a strategic business organization and collaboration between TT Network Integration Asia Pte.Ltd. and Toyota Tsusho Thailand Corporation. The organization serves the network needs of Toyota group and its affiliates outside Japan. The company focuses on global network construction, application development, digital engineering, and support systems to promote seamless technology throughout the group. TT Network Integration (Thailand) Co., Ltd. performs network infrastructure design based on customers' needs and implements existing systems for customers.

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## Europe

### *Telecommunications*

- **Following the strike of Europe's biggest telecoms operator, a Deutsche Telekom official released a warning saying that failure to reach fast an agreement to end a strike could force the group to sell off branches of services.** The warning, according to industry observers, is the strongest, given the strike was caused by Telekom's plans to transfer up to 50,000 staff to a newly created T-Service customer service division, where they would be paid less to work a longer week. The workers are also offered job security until 2011. The measures are said to aim at helping Telekom cope with the collapse in its fixed-line business.

### *Internet*

- **Joost, an Internet-based TV service being launched by the creators of Skype and Kazaa, announced that it has generated more than US\$45 million from five investors including CBS Corp. and Viacom Inc. and an influential Hong Kong telecommunications executive.** Index Ventures, a European venture capital firm, and Sequoia Capital were the lead contributors to the investment. The fifth participant is Li Ka-shing, chairman of Hutchison Whampoa Ltd. and Cheung Kong Holdings, who invested in Joost through his charitable foundation, the Li Ka Shing Foundation. Joost transmits video with peer-to-peer technology, the signature approach that co-founders Janus Friis and Niklas Zennstrom used to launch Skype calling and Kazaa music-sharing services. No copyright troubles are envisioned with Joost, which has gone the mainstream route by signing deals with major content providers, including its new investors.

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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 5/11/07)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change Last 12 Mth.
Japanese yen	¥/US\$	119.7050	-0.5%	0.5%	1.7%	7.7%
Hong Kong dollar	HK\$/ US\$	7.8205	0.0%	0.5%	0.9%	0.9%
Chinese renmenbi	RMB/ US\$	7.6765	-0.4%	-1.6%	-4.9%	-4.1%
Singapore dollar	S\$/ US\$	1.5189	0.0%	-1.2%	-8.7%	-3.1%
South Korean won	KRW/ US\$	926.8000	-0.1%	-0.3%	-8.2%	-0.8%
New Taiwan dollar	NT\$/ US\$	33.3000	0.0%	2.2%	1.4%	5.9%
Australian dollar	US\$/A\$	0.8295	1.3%	5.2%	13.2%	7.5%
New Zealand dollar	US\$/NZ\$	0.7308	-0.4%	3.8%	6.9%	16.1%
Philippine peso	PHP/ US\$	47.1700	-0.6%	-3.8%	-11.1%	-8.7%
Euro	US\$/€	1.3481	-0.6%	2.1%	13.8%	6.0%
British pound	US\$/£	1.9791	-0.4%	1.0%	14.9%	6.1%

Fixed Income Prices and Yields							
Note	Currency	Current (on 5/11/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	98.4219	4.82%	99.1094	4.84%	97.0810	4.93%
Japan 30-year	¥	104.0265	2.29%	104.4110	2.24%	103.2050	2.32%
Hong Kong 10-year	HK\$	105.0687	4.36%	104.5050	4.36%	104.7230	4.25%
China (06/16)	US\$	110.0362	3.38%	110.1320	3.39%	110.8000	3.31%
Singapore 10-year	S\$	104.1200	2.91%	103.4130	2.90%	103.6890	2.92%
South Korea 20-year	US\$	107.1045	5.27%	108.0897	5.20%	106.1800	5.28%
Australia 15-year	A\$	152.5095	2.58%	154.0200	2.50%	152.6820	2.59%
New Zealand (12/17)	NZ\$	99.5454	6.10%	99.2970	6.07%	99.5780	6.05%
Philippines 20-year	PHP	131.0073	8.25%	130.9916	8.25%	130.9500	8.26%
India 30-year	INR	88.2833	8.51%	87.9961	8.51%	87.6900	8.56%
UK 30-year	£	95.1090	4.56%	94.6710	4.60%	94.8211	4.58%
Germany 30-year	€	93.5150	4.38%	93.9560	4.40%	94.8211	4.58%

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