



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

***Week of 22 July - 28 July, 2007***

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Equity Market Indicators					
Index	Closing Level (7/27/2007)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change 2006 Low
S&P 500	1,458.95	-4.9%	2.9%	16.9%	19.2%
Dow Jones Industrial Avg.	13,265.47	-4.2%	6.4%	23.8%	24.4%
Dow Jones Tech. Index	449.23	-4.7%	8.9%	19.8%	33.3%
Dow Jones Telecom. Index	283.21	-4.6%	8.9%	40.5%	40.7%
NASDAQ Composite	2,562.24	-4.7%	6.1%	16.2%	26.8%
The Street.com Net	272.36	-2.6%	10.1%	29.5%	41.5%
Japan Nikkei 225	17,283.81	-4.8%	0.3%	7.3%	21.6%
JASDAQ	76.76	-2.9%	-10.9%	-41.0%	-5.0%
Japan Mothers	839.27	-1.9%	-24.4%	-67.0%	-16.8%
Korea KOSPI Composite	1,883.22	-5.1%	31.3%	36.5%	56.4%
Korea Kosdaq	792.06	-4.0%	30.7%	14.6%	46.9%
Taiwan Stock Exchange	9,162.28	-4.4%	17.1%	39.9%	46.4%
Singapore Straight Times	3,492.70	-4.3%	17.0%	48.8%	53.1%
Hong Kong Hang Seng	22,570.41	-3.1%	13.1%	51.7%	51.0%
Hong Kong GEM	1,755.72	-0.6%	43.4%	74.3%	74.6%
China Shanghai (A-Share)	4,557.43	7.0%	61.9%	273.3%	267.0%
China Shenzhen (A-Share)	1,301.80	11.0%	128.6%	348.8%	341.3%
China Shanghai (B-Share)	317.57	10.8%	144.1%	412.1%	404.7%
China Shenzhen (B-Share)	774.36	4.9%	78.7%	295.9%	288.7%

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Technology, Media, Telecommunications and Life Sciences Market Activity						
NASDAQ/NYSE TMT and Life Sciences IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
7/27/07	Entropic Communications [ENTR.US] (NASDAQ)	Semiconductors	US\$100.0	Provides system solutions for integrated chips and associated software	Credit Suisse/Lehman Brothers	JMP Securities/Think Equity Partners/Thomas Weisel
7/23/07	Maxcom Telecom [1033942Z.US] (NASDAQ)	Telecom	US\$175.0	Offers various telecom services in Mexico	Morgan Stanley	

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 7/27/07	% Change From Offer
7/25/07	Perfect World [PWRD.US] (NASDAQ)	Develops and operates online games	US\$165.0	US\$16.00	US\$25.65	60.3%
7/25/07	Voltaire Ltd [VOLT.US] (NASDAQ)	Designs and develops server and storage switching and software solutions	US\$46	US\$9.00	US\$8.40	-6.6%
7/24/07	Bladelogic Ltd [BLDG.US] (NASDAQ)	Provides data center automation software to enterprises, services provider and other organizations	US\$70.0	US\$17.00	US\$25.29	48.7%
7/24/07	Monotype Imaging [TYPE.US] (NASDAQ)	Provides text imaging solutions to display digital text on consumer electronic devices	US\$165.0	US\$11.00	US\$12.06	9.6%

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Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 7/27/07	% Change From Offer
7/27/07	Argus Inc. [078670.KS] (KOSDAQ)	Manufactures video recorders such as digital recorders, network video recorders and related components	US\$25.3	KRW 14,500	KRW 16,900	16.5%
7/26/07	MAP Technologies [MAP.SP] (Straight Times)	Manufactures data storage products	US\$16.3	S\$0.32	S\$0.61	90.6%
7/25/07	AVI-Tech Electronics Ltd [AVIT.SP] (Straight Times)	Provides services and products to the semi-conductor industry such as designing and manufacturing board related products	US\$19.3	S\$0.33	S\$0.73	121.2%

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
7/27/07	ZenCom Co., [060900.KS]	Distributes IT software and solutions such as consulting, marketing and statistical research	7/30/10	US\$2.1	3,184 shares	6/30/10
7/26/07	Netsecure [033280.KS]	Provides data security service and products such as firewall and enterprise security management	8/13/10	US\$3.5	8,771 shares	6/13/10

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## Weekly Highlights

### International

#### *Semiconductors*

- **According to market researcher iSuppli, Hynix Semiconductor grabbed the No. 3 spot in sales, overtaking Samsung Electronics for the first time in the pan-Chinese market.** iSuppli reported that Hynix sold US\$3.4 billion in semiconductor chips in China, Hong Kong, and Taiwan last year. During the same period and in the same region, Samsung Electronics posted US\$3.4 billion in sales. In the study, Intel remained the top seller in the pan-Chinese semiconductor market with US\$8.4 billion in revenue, which is more than twice the amount recorded by the first runner-up Texas Instruments at US\$4.4 billion. Hynix was in No. 3, followed by Samsung Electronics in fourth. For two straight years, Samsung held on to No. 2, before slipping down to fourth place in 2006. Samsung's decline is ascribed to the downward spiraling price of DRAM.

#### *Internet*

- **According to a global e-government study done by Brown University of the U.S., Asian countries continue to top international e-government ratings.** The survey showed three of the top four spots in a global e-government ranking dominated by Asian countries, with South Korea getting the No. 1 spot. Singapore is No. 2, followed by Taiwan, the U.S., Great Britain and Canada. The study indicates that 28 percent of government agencies around the world are offering online services, a figure that remains almost unchanged compared to that in 2006. The seventh annual survey conducted by the Taubman Center for Public Policy at Brown University evaluated online government web sites of 198 countries around the globe. The researchers based their evaluation on two-dozen criteria, which included disability access, the existence of publications and databases, privacy policies, security policies, contact information, and number of online services. This year, the center looked into 1,687 government web sites in 198 countries during June and July 2007. Various sites were included in the analysis including executive, legislative and judicial offices as well as departments and ministries of the government. The survey showed 96 percent of web sites with online publications and 80 percent with links to databases. Twenty-nine percent have privacy policies, representing a rise of 26 percent from 2006 and 21 percent with security policies, representing a 14 percent increase from 2006. Using the software provided by Watchfire Inc. in assessing whether sites provide assistance for the vision- or hearing-impaired, the study found that government web sites are still falling short when it comes to providing disability access. The report showed that 23 percent of sites provide disability access.

### Japan

#### *Media, Entertainment and Gaming*

- **GDH K.K. announced that its group company GONZO Rosso K.K. has closed a game licensing deal with SONOV Corporation to provide SONOV's online game Shaiya-Light and Darkness, a popular MMORPG featuring extensive player-versus-player combat, in Japan.** Following its successful launch in Korea in 2004, the game is now available in China and Vietnam, and has also been licensed for release in the U.S. Shaiya recorded 300,000 simultaneous users immediately after launch of its open beta service in China. GONZO Rosso also revealed plans to launch full

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service of Shaiya after a closed beta service scheduled to start from this September. SONOV was set up with the aim of becoming the prominent worldwide provider of digital content and is specialized in global online entertainment. GDH is a Japanese media company founded in February 2000. The group produces cutting edge entertainment for teens and young adults through its GONZO animation brand.

## *Internet*

- **Media sources said Softbank Corp. is launching an Internet Protocol (IP) phone service using a fiber-optic network in August.** The move is seen as a strategy to attract clients away from rivals Nippon Telegraph and Telephone Corp. Under the offering, Softbank subscribers will be able to make calls for free after a small monthly charge. The subscribers will include the 5 million under its BB Phone IP phone service. The reports said Softbank sees the IP phone service over both ASDL and fiber-optic networks as the service that will make it a strong competitor against NTT. No comments could be taken from Softbank about this development. NTT, which is reportedly investing to boost its fiber-optic network to 30 million users by 2010, could not be reached for comment either.

## *Mobile/Wireless*

- **NTT DoCoMo Inc. announced that it has entered into an agreement with the wireless unit of AT&T Inc. to provide technical and financial support valued at US\$24 million for the deployment of AT&T's 3G mobile phone network in Hawaii.** Under the agreement, AT&T will launch a 3G network based on W-CDMA technology on the island of Oahu by the end of this year, with the plans to widen coverage to the rest of Hawaii by early next year. The deal would also see NTT DoCoMo making arrangements to provide enhanced 3G services for customers traveling to Hawaii.
- **Media sources said Sanyo Electric Co. Ltd. is planning to sell its cell phone sales unit, Telecom Sanyo, in a deal estimated to be worth up to 10 billion yen (US\$85 million).** Telecom Sanyo operates 60 stores in Japan and serves as a sales agent for NTT DoCoMo Inc. and other mobile operators. Industry observers note that Sanyo has been selling off businesses as part of its restructuring. The company is expected to hold an auction for the unit, with Telepark Corp., NEC Mobiling Ltd. and Marubeni Telecom Co. identified as possible bidders. No comment could be secured from Sanyo about this development.

## *Hardware*

- **Toshiba announced its decision to recall about 10,000 laptop computer batteries released in Japan and other countries because the Sony-made batteries are likely to cause fire as a result of overheating.** A Toshiba spokesperson announced that from September 2006 to June 2007, the Sony-made batteries have already caused three fire accidents. The company said the batteries to be recalled this time are different from those recalled in 2006.
- **Dell Inc. announced the expansion of its retail presence to Japan, a move that will enable it to sell different types of computers at Bic Camera stores.** With the agreement, Dell said it will sell XPS M1330, Inspiron 1520 and 6400 notebooks as well as the Inspiron 530s desktop at 22 stores beginning in early August. The partnership is based on the business relationship the two companies have forged since 2000, when Dell began putting kiosks in Bic Camera stores and other retail outlets. The alliance allowed clients to order Dell products and have them shipped; it did not allow them to buy and take home units from the store. Industry observers note that until 2006, Dell dominated the

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PC business by selling systems directly to consumers and businesses over the Internet or telephone, at a savings accruing to customers.

- **Eastman Kodak Co., the world's largest photography company, disclosed that it has filed a suit against Matsushita Electric Industrial Co., with the complaint filed in a federal court in Texas, stating that the Japanese company is using Kodak's inventions without permission.** Included in the complaint were Panasonic Corp., Victor Co., and JVC Americas Corp. Matsushita owns all of Panasonic and holds also a majority stake in Victor, which makes the JVC brand. The suit mentioned how Kodak has been "damaged by the infringement" and thus seeks a court order to stop the use of its technology.

## *Semiconductors*

- **Toshiba Corp., Fujitsu Ltd. and NEC Electronics Corp. announced entering an alliance to jointly develop advanced 32-nanometer chips in a bid to face the strong competition in the market.** Reports indicated that the three companies had been discussing sharing the estimated 100-200 billion yen (US\$830 million-US\$1.6 billion) development costs estimated to be needed to compete against chip industry leaders such as Intel Corp. and Samsung Electronics Co. Toshiba, Fujitsu and NEC said they aim to setup a joint venture to make the chips, used in flat TVs and other high-power home electronics. In the alliance, Toshiba is expected to hold a leading non-majority share.

## *Information Technology*

- **Springboard Research, a leading innovator in the IT market research industry, announced a research alliance with Nork Research of Japan, a dedicated IT market research company specializing in research on the IT needs of small- and medium businesses (SMBs) in Japan.** Under the agreement, Springboard and Nork will work a series of research reports, in English, on the Japanese SMB market, based on data collected from on-going annual surveys of several thousand SMBs in Japan undertaken by Nork Research. Within Japan, Nork Research will also resell Springboard's syndicated research focused on IT markets across Asia. The two companies said they will jointly conduct client studies focused on the SMB market in Japan, emerging software paradigms and business models, including SOA (Services Oriented Architecture) and SaaS (Software-as-a-Service), and general IT market trends in the Asia Pacific region. A comprehensive study on the status of SaaS business models in Japan and SaaS acceptance within Japanese SMBs based on vendor and user data undertaken jointly by Springboard Research Japan and Nork Research is scheduled for release shortly.

## **Korea**

### *Internet*

- **SK Telecom, South Korea's leading wireless operator, revealed that it is looking to launch an Internet television service, indicating that it has formed a special group to review an IPTV unit.** The group is expected to look into the feasibility of the business. Industry observers note that for a long time SK Telecom has been resistant to joining the Internet-based broadcasting sector. The reports said that Hanaro Telecom, which operates its own Internet TV business Hana TV, and other operators with cable Internet networks are possible targets for M&A. Hana TV signed up 540,000 subscribers as of the end of June. Korea Telecom began airing HD programming on its Internet TV service Mega TV. LG Dacom plans to launch an Internet TV service in September.



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## *Mobile/Wireless*

- **Strix Systems, the leader in high-performance wireless mesh networking, announced that KT Corp. is deploying Strix's Access/One Network Outdoor Wireless Systems (OWS).** The Strix wireless mesh network enables seamless mobile access to KT's NESPOT Wi-Fi Internet service. NESPOT integrates fixed-line and wireless services, offering wireless Internet access to laptops, PDAs, and homes. In this first wave of deployments, Strix distributor Broadwave, Inc., of South Korea installed the Strix network in cooperation with its sales partner, Hyundai HDS, at the Westin Chosun Hotel in Busan, South Korea. Strix Systems is the worldwide leader in wireless mesh networking. Strix's Access/One products are the industry's only modular mesh systems. This new generation of products is expected to provide the broadband mobility and reach to support voice, video, and data applications. KT Corp., Korea's largest phone company, provides fixed-line telephone services as well as business and data communications services.
- **According to a recent IDC study, the HSDPA usage rate in South Korea is predicted to climb 14 percent in 2008, 20.5 percent in 2009, and 32.6 percent by 2011.** The growth stands for about 14.9 million users by 2011. IDC said the sales of HSDPA devices are projected to rise to 38.8 percent by 2011. The study said it looks to HSDPA networks being upgraded to HSUPA (High-Speed Uplink Packet Access) by the end of the year. The report noted that universal subscriber identification module chips (USIM), will play an important role in the development of HSDPA in the country. USIM chips, which store mobile communication information as well as personal data, are installed in mobile phones. Under the Korean Ministry of Information and Communication's (MIC) current regulations, USIMs inside mobile devices have to be locked by the mobile operators. The ministry, however, stated that it is setting up a way to unlock the USIM chips for the purpose of achieving complete openness. The body also disclosed its plans to unlock USIM chips on all HSDPA- and HSUPA-enabled mobile phones by 2008. In pursuit of this, the Ministry says it will create a USIM team. Industry observers also believe that. USIM openness is expected to expand the market presence of HSDPA.
- **EarthLink Inc., the Atlanta-based Internet service provider, reported a net loss of US\$16.3 million on US\$312.2 million in revenue, compared with net income of US\$16.6 million on US\$332.1 million in revenue in the second quarter of 2006.** The report said the results include a US\$40.1 million equity loss from its Helio wireless venture with SK Telecom of Korea. Helio posted a loss of US\$83.3 million on US\$33.2 million in revenue in the period, the loss mainly attributed to the company's spending on infrastructure, products and marketing. After a year of its launching, Helio registered more than 100,000 subscribers. Earthlink also revealed that it has plans to invest some US\$100 million in Helio, even as its total subscribers at the end of the second quarter declined to 4.3 million from the 5.3 million it posted at the end of the same period of 2006.
- **The country's top mobile carrier, SK Telecom, posted a 403.3 billion won (US\$441.4 million) net profit in the second quarter to June, missing slightly the 417.2 billion won (US\$452 million) reflected in the forecast from eight analysts surveyed by Reuters Estimates.** The company posted 373.3 billion won (US\$404.5 million) profit a year earlier and 396.3 billion won (US\$429.4 million) in the previous quarter. SK Telecom said its revenue went up 8 percent to 2.8 trillion (US\$3 billion). SK Telecom controls 50.5 percent of the country's mobile phone market. Analysts look to an improvement in the earnings in the second half as they expect SK Telecom to be

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cautious about its marketing spending. Analysts also indicated that SK might be planning to acquire a small stake in Sprint Nextel.

- **KTF, South Korea's No. 2 mobile operator, posted a 37 percent decline in quarterly profit, results that the company ascribed to higher marketing costs aimed at attracting subscribers for its high-speed mobile service.** KTF posted a net profit of 51.1 billion won (US\$55.9 million) in the quarter to June, slightly below a forecast for a 58.6 billion won (US\$63.5 million) profit coming from Reuters Estimates. KTF holds about 32 percent of the country's mobile market. The current result compares with an 80.6 billion won (US\$87.3 million) profit it posted a year earlier and 77.1 billion won (US\$83.5 million) earned in the previous quarter. The company said revenues were up 10 percent to 1.8 trillion won (US\$2 billion). KTF explained the 35 percent rise in its marketing costs to 412 billion won (US\$446.4 million) to 3G services. The company said its subscriber base went up 7 percent to hit 13.5 million from a year earlier.

## *Media, Entertainment and Gaming*

- **Cartoon Network announced the debut of its first massively multi-player online game (MMOG), Cartoon Network Universe: FusionFall, an MMOG set in a Cartoon Network universe.** The game is described as "a mix of all the action of a 3-D console platform game and all the customization, character development and open-ended world exploration of an MMORPG (massively multi-player online role-playing game)." FusionFall was developed through a partnership with leading South Korean MMOG developer, Grigon Entertainment, which is known for successfully developing and launching several online games in Asia. Cartoon Network New Media is responsible for the production of Cartoon Network's popular web sites, which include CartoonNetwork.com and CartoonNetworkYa.com (the Spanish-language site for kids). CartoonNetwork.com is one of the most popular entertainment sites in the world for kids. Cartoon Network New Media is the creative force behind Cartoon Network's video-on-demand offerings, interactive TV and mobile offerings, which include alliances with Sprint, Cingular and Verizon. Cartoon Network is currently seen in more than 91 million U.S. homes and 160 countries around the world.
- **Valve and Nexon, two prominent game and technology studios, announced the release of Counter-Strike Online, a new online version of the world's No. 1 first-person multiplayer game, described to be made specifically for Asia.** Released in 1999, Counter-Strike is considered the world's No. 1 first person multiplayer game. Industry sources said the game has over 7 billion player minutes per month and has sold over 9 million retail copies worldwide. Nexon is the South Korean-based publisher and developer of blockbuster titles such as MapleStory and KartRider. Valve is the creator of many popular first person games and the Steam online platform for PC games. Under the terms of the agreement, Nexon will develop and be the exclusive publisher for Counter-Strike Online in South Korea, Japan, China and Taiwan. Services in Korea and Japan will be carried out respectively by its Korean and Japanese entities, Nexon Corporation and Nexon Japan Co., Ltd., and in China and Taiwan through collaboration with local publishers. Founded in 1994, Nexon developed the world's first graphic massive multiplayer online role-playing game (MMORPG), The Kingdom of the Winds. Valve is an entertainment software and technology company founded in 1996 and based in Washington.

## *Software*

- **OJsys Inc. announced that its wholly owned NTN, Inc. subsidiary has completed its co-development with Samsung Electronics of operating software for Samsung's digital camera.** The software provides the camera with the capacity to scroll a menu and achieve a multi-layered

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picture viewing. The software also gives the ability to edit moving pictures and is an addition to OJsys Satellite TV set-top box as the second product done under the partnership of Samsung and OJsys.

## *Hardware*

- **According to the Korean Intellectual Property Office, LG Electronics holds the record for highest international patent output in Korea during the first half of this year.** As of the end of June, some 3,190 patent applications, which stand for a 23.4 percent rise from the same period last year, were filed in the country. LG Electronics filed 406 international patent applications, followed by Samsung Electronics with 318. No. 3 was LG Chem, followed by the Electronics and Telecommunications Research Institute and the Seoul National University Industry Foundation. The report noted that the IT sector, including electronics and electrical engineering, information and telecommunications, showed the highest output with 1,393 applications, followed by chemistry and biotechnology sector with 734 and mechanical and metal engineering with 480.

## *Telecommunications*

- **Media reports cite SingTel and AT&T as two companies that have submitted separate bids to take over Hanarotelecom.** The reports also said that it is not known if SK Telecom Co. and LG Telecom have also made bids for Hanarotelecom.

## **China**

### *Internet*

- **China Post announced the unveiling of its third-party e-payment platform that comes in the form of Wang Hui Tong card.** Made to pay for online gaming, the card is being marketed at some 3,000 booths all over Beijing. The card is described as different from other e-payment platforms like those created by 99bill and Alipay because the Wang Hui Tong card can be used to add value at post offices in Beijing. An official of Wang Hui Tong says the service marks the entry of China Post into the online game market. The official said the company is looking for more alliances with game operators in the future.
- **Baidu.com posted a 109.4 percent surge in its total revenues for the second quarter ended June 30, 2007 to 401.3 million yuan (US\$53 million) from the same period in 2006.** The Internet search engine said its net income in the second quarter of 2007 has gone up 142.7 percent to 141.9 million yuan (US\$18.7 million) from the same period in 2006. Baidu said traffic acquisition costs, which form part of the cost of revenues posted an 11.2 percent growth to 44.9 million yuan (US\$6 million), compared to the 9.2 percent it has posted in the same period in 2006. The company's operating profit went up 122.4 percent to 129 million yuan (US\$17 million) from the corresponding period in 2006. As of June 30, 2007, Baidu reported cash, cash equivalents and short-term investments worth 1.3 billion yuan (US\$172 million).
- **China.com announced that it has entered into a strategic partnership with real estate web site SouFun.** Under the agreement, SouFun will acquire exclusive rights for one year to sell advertisements on the real estate channel of China.com, a Hong Kong listed subsidiary of CDC Corporation. The agreement will allow Soufun to set up marketing events for advertisers across China. The agreement gives SouFun the option to extend the contract beyond the initial one-year term. SouFun is a 51 percent owned company of Telstra, Australia's leading telecommunications and

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information services company. SouFun.com boasts over 44 million user visits and 1.3 billion page views each month.

- **AsiaInfo announced that it has secured an agreement with China Mobile to service the deployment of its next-generation IP infrastructure.** Under the contract, AsiaInfo will provide advanced professional services to the project, including making technical specifications, supervising integration, network design, network traffic analysis, as well as network performance evaluation and optimization. AsiaInfo is considered a pioneer in China's Internet development. In a separate development, AsiaInfo posted a 40 percent year-over-year rise to US\$26.6 million for its net revenue for the second quarter ended June 30, 2007. The company said its net income from continuing operations for the second quarter of 2007 was US\$2.5 million, compared to the US\$1.1 million it posted in the same period a year ago.
- **Tom Online, an Internet portal and wireless value-added services firm, reported a 30.4 percent decline in its total revenues to US\$34.3 million for the second quarter ended June 30, 2007 from the same period last year and a decrease of 2.1 percent from the last quarter.** The company said its net loss included a goodwill impairment charge of US\$6.8 million attributed to its wireless Internet business and losses ascribed to its share in the Tom Eachnet Joint Venture worth some US\$3.9 million. The results included a 5 percent quarterly decline its mobile revenue. Tom Online reported a net loss of US\$9.5 million compared to the net income of US\$11.7 million it posted in 2006 and net income of US\$0.1 million reported in the first quarter of 2007. Its wireless Internet service revenues, which make up 87.9 percent of the company's total quarterly revenues, went down 32.9 percent to US\$30.2 million. Online advertising revenues, contributing 9.8 percent of the company's total quarterly revenues, saw a 13.2 percent rise to US\$3.3 million, which represents also a 27 percent rise from the previous quarter.

## *Media, Entertainment and Gaming*

- **Perfect World, a Chinese online game developer, announced its entry into share trading by way of the NASDAQ, with an IPO of 11.8 million American Depositary Shares at US\$16 per ADS.** The offering is part of an IPO of 9 million ADSs by Perfect World and an additional offering of 2.8 million ADSs by certain shareholders of Perfect World as stated in the prospectus. Morgan Stanley and Credit Suisse are the joint book runners for this offering and have the option to acquire an additional 1.7 million ADSs from existing shareholders of the company at the IPO price less the underwriting discounts and commissions.

## *Mobile/Wireless*

- **SkyCross, a provider of antenna-centric, radio-frequency (RF) solutions, announced its plan to open additional design centers in Shanghai, China and Gumi, South Korea, in order to meet increasing demand.** Gartner Group has cited the strong growth of mobile phone sales in Asia-Pacific and Japan in the first-quarter of 2007, which pushed worldwide sales up by 14 percent compared with the same period in 2006. The company said the new facilities are expected to complement the existing ones, and enhance SkyCross' ability to work in-region with customers to obtain early feedback on the industrial designs. SkyCross designs and makes antennas for a wide range of wireless applications, including cellular phones, wireless broadband (UWB), wireless LANs, and global positioning systems (GPS).

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## *Hardware*

- **A top official of Dell revealed company plans for a large expansion that will bring Dell to the fourth and fifth tier cities in China.** The company was so specific it even marked the country's National Day holiday this year as the beginning of that expansion. The official said the company is not moving away from its direct-selling pattern even as it expands its coverage. Dell, according to the official, is also seeking more partners.

## *Ventures/Investments*

- **According to the country's Ministry of Science and Technology, the signing ceremony for the Cooperation Agreement on Venture Capital Fund in Shanxi Province has been held in Taiyuan.** The fund is valued at 800 million yuan (US\$105.8 million) and is forecast to draw in some 2 billion yuan (US\$264.5 million) of domestic and overseas organizations with plans to set up sub-funds. China Development Bank and Shanxi Science and Technology Department contributed each 400 million yuan (US\$53 million). The fund is the first steering fund set up by China Development Bank and the provincial government of Shanxi. The fund has been earmarked for startups and the growth of science and technology projects in the area.
- **Following the completion of its comprehensive strategic plan, Merix Corporation revealed its plans to expand the capacity and technological capabilities of its Huiyang factory.** The company said the expansion will come in two phases spread over 18 months and is aimed at boosting the inner layer capacity of the Huiyang facilities and raising its capabilities to produce higher layer count printed circuit boards. The company said the first phase will be done with the infusion of some US\$2 million of equipment in the facility. The second phase will see the construction of a larger facility with state-of-the art equipment to produce high-tech products, a project valued at about US\$13 million. Merix is a leading manufacturer of circuit boards with facilities in the U.S. and Asia.

## **Taiwan**

### *Semiconductors*

- **CMC Magnetics announced that it is getting ready for an IPO following its establishment of Sun Well Technology, a subsidiary set up by the company for the production of thin-film solar cells.** A company official said the offering is part of the planned growth of Sun Well. CMC said it aims to explore the mainstream silicon-based solar cell market together with thin-film sector.

### *Hardware*

- **Microvision announced that it has entered into an agreement with Motorola to develop pico projector display solutions for mobile applications using Microvision's ultra-miniature laser-based display engine, called PicoP.** The company said the laser-based projectors are expected to enable a "big screen" viewing experience from mobile devices. By projecting content displayed on the device screen onto a wall, mobile users could share websites or multimedia applications.
- **Innolux Display announced a series of investments in preparation for its next-generation plant, with the investment funds coming from the securities market, bank loans, and existing funds.** No details about the plan were disclosed. The company also announced that it would increase the size of the capital of its wholly owned subsidiary in Taiwan to NT\$550 million (US\$16.6 million), even as it revealed its plans to set up a branch office in South Korea. Taiwan-based panel maker Innolux Display has denied a newspaper report that it had plans to merge with flat-panel display



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maker Amtran Technology through a stock-swap scheme. Innolux, a member of the Foxconn (Hong Hai Precision Industry) group, issued a denial about the speculations that it was engaged in merger talks with Amtran. The Taiwan-based company markets its TVs bearing the name Vizio in the U.S. The rumors mentioned that Innolux would merge with Amtran through a 1:3 ratio stock swap to facilitate its access to the LCD TV assembly and brand name markets. The rumors are sweeping the market amidst the announcement of Innolux regarding a series of investments. Amtran posted record sales of NT\$5.6 billion (US\$170.8 million).

- **Allied Material Technology Corporation (AMTC), a maker of color filter (CF) announced its decision to delist from Taiwan's over-the-counter (OTC) stock market in August.** The trading of the company's shares has already been suspended for more than three months following the halt of the company's operations. Industry sources said there are rumors that Sintek Photronic, a local CF competitor, has plans to merge with AMTC. Sintek denied the rumors.
- **Asustek Computer revealed its plans to enter into a strategic alliance with Ability Enterprise, globally the No. 3 OEM (Original Equipment Manufacturer) of digital still cameras.** Under the plans, Asustek said it looks to purchase 13 percent of Ability's shares in a deal valued at NT\$2.8 billion (US\$85.4 million). The acquisition is seen as putting Ability's future operations under Unihan Technology, which will be in charge of non-PC OEM and chassis molds after Asustek's spin-off. According to Asustek president, the alliance will widen the company's operations of its optical-related consumer product lines and could help the company's development in the Japanese market.

## Hong Kong

### *Hardware*

- **With second-hand TV sets and computer monitors exported from Japan to Hong Kong as one category of goods refused entry by Hong Kong's Special Administrative Region (SAR), Japan's Ministry of the Environment issued a reminder to industry sectors and groups about the ban.** The report also reiterated that the presence of harmful chemicals in those products is the reason for the ban. According to Greenpeace, the improper disposition of second-hand electrical appliances is apt to turn them into e-waste. The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal supported by many countries has prevented e-waste from being brought from developed countries into developing ones. Hong Kong's status as a free harbor makes it a transfer station and appears to facilitate the movement of second-hand home appliances or e-waste in the territory. The decision of Hong Kong to put in place the ban is seen as helping reduce the flow of e-waste into other countries.

### *Mobile/Wireless*

- **Media reports indicate that China Unicom may eventually secure a 3G license from Hong Kong's CDMA2000 as early as the end of this year.** The reports note that China Unicom's entry comes with some incentives in the form of an annual minimum HK\$30 million (US\$3.8 million) roaming fee income and the reduction of its outsourcing of equipment costs by half, which are expected to attract Hong Kong local operators to be its bidding partners for this license. China Unicom has invited Hutchison, Chengdian Group and Wharf T&T to submit a cooperation plan after the office of the Telecommunications Authority in Hong Kong formally issues a detailed rule on CDMA2000 license issuance. Industry observers said the CDMA2000 will be the fifth 3G license for

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Hong Kong. There are currently 4 holders of the existing 3G licenses of Hong Kong: GSL, PCCW, SmarTone and Hutchison.

- **Hong Kong-based Artificial Life, Inc., a leading provider of award-winning mobile 3G technology, games and applications, announced its entering into an agreement with Oxygen Media to develop The Bad Girls Club 3G mobile game.** The game is based on the highest-rated reality TV show on the Oxygen network. The companies said the mobile game is set to be launched in late August, and marks the first 3G mobile game for the network. In addition to the 3G game, Oxygen and Artificial Life will also launch several other 2G games based on The Bad Girls Club in the coming months.

## Singapore/Malaysia/Philippines/Indonesia

### *Mobile/Wireless*

- **NXP Semiconductors disclosed its plans to invest more than 90 million euros (US\$124.3 million) over the next five years in a bid to strengthen its research and development (R&D) efforts in wireless USB (Universal Serial Bus), or W-USB.** The report said the funds will be channeled to the NXP's R&D facility in Singapore, which focuses on R&D work. Based on the WiMedia Alliance's ultra-wideband (UWB) technology, W-USB is expected to support data rates of up to 480 megabits per second (Mbps) at distances of up to 3 meters, dropping to 110Mbps at up to 10 meters. NXP said the investment will be used to further develop the expertise of its Singapore USB Innovation Center in the complete technology "lifecycle", including standardization, test and product engineering, and system and software development. NXP was formerly known as Philips Semiconductors.
- **MediaQuest Holdings Inc., a subsidiary of the Philippine telecommunications giant Philippine Long Distance Telephone Co. (PLDT) announced its acquisition of GV Broadcasting Systems, the partner of another PLDT unit that launched the first mobile TV service in the country.** The acquisition is seen as part of the company's entry into mobile TV service. Under the deal, GV Broadcasting Systems has been renamed 360media Corp. and will serve as the partner of PLDT's wireless subsidiary, Smart Communications, in myTV, which will broadcast TV shows on mobile phones. 360media has a legislative franchise to provide broadcast service via satellite. In a separate development, PLDT and Smart president announced that Smart will fund the rollout of mobile TV service in the next three years in a program valued at US\$50 million, with an initial fund worth US\$30 million having been invested already. Smart said its looks to register up to 70,000 subscribers to myTV in the next few months.

### *Hardware*

- **Creative Technology revealed that it has postponed plans to delist from the NASDAQ stock exchange until August 31.** The company explained the decision as giving investors more time to sell their shares. Earlier, Creative mentioned the difficulty it was having in complying with U.S. securities as one reason for its move to delist. Creative also revealed that less than 10 percent of the trading volume in its shares takes place on NASDAQ, as most of the trading was done at the Singapore Exchange, where the company has a secondary listing. The plan to move out of the U.S. stock market has previously existed with the company, but those plans were never acted upon. When the company has completed its delisting moves, Creative said the investors can transfer their remaining shares to the

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Singapore Exchange, which will be the company's sole listing. Creative makes MP3 players and PC sound cards.

## United States/Canada

### *Internet*

- **Google Inc. announced that it has agreed to acquire Postini, a web-based security provider, in a deal valued at US\$625 million, in a bid to widen its package of online applications.** Privately held Postini provides security and encryption services, protecting instant messaging, e-mail and other communications to more than 35,000 businesses and 10 million users globally. The deal is seen as enabling Google to provide larger organizations with more web-based services like the ones being offered by Google Apps package. The package is known for its e-mail service Gmail. Postini is backed by investors that include August Capital, Bessemer Venture Partners, Mobius Venture Capital, Pacifica Fund, Summit Partners and SunMicrosystems Inc.

### *Media, Entertainment and Gaming*

- **Time Warner's AOL Internet unit announced that it has agreed to buy Tacoda, a company that offers behavioral targeted ads.** Industry observers say behavioral ads constitute the next phase of online advertising. According to research firm eMarketer, behavioral targeted ad spending is forecast to more than double in 2008 to US\$1 billion and more than triple to US\$3.8 billion by 2011. Observers note a move towards consolidation, with Google revealing its plan to acquire online ad company DoubleClick for US\$3.1 billion. Microsoft said it is interested to acquire Aquantive for US\$6 billion. Reports are also indicating that the WPP Group is buying 24/7 for about US\$650 million. AOL's transaction is the company's latest ad-related purchase following its acquisition of mobile advertising company Third Screen Media and AdTech AG, a Germany-based online ad-serving company, earlier this year. Under the agreement, New York-based Tacoda will operate as a wholly owned subsidiary of AOL. Financial terms of the deal were not reported.
- **Microsoft announced its acquisition of AdECN, a company that offers a stock market for display ads.** Earlier this year, AdECN launched an auction-based exchange for online advertising. The service enables members to buy ad inventory for advertisers and sell on behalf of publishers. Industry observers see the acquisition as complementing Microsoft's AdCenter and extending the technology offered by aQuantive, another company that Microsoft said it is aiming to purchase. AdECN, in particular, is seen as widening Microsoft's capabilities by offering an auction exchange for display ads. The financial details of the deal were not revealed. Following its agreement with Electric Arts, Microsoft announced that it is entering into an agreement with the popular social news venue known as Digg.com. Microsoft defined its alliance with Digg as aiming to create relevant advertising to the Web 2.0 brand's 17 million unique monthly visitors. Until this agreement, Digg used to be a partner of Google.
- **Blizzard Entertainment, Inc. announced that World of Warcraft, its award-winning MMORPG, has posted a player base of more than 9 million subscribers worldwide.** The company said it is currently working with its partner for World of Warcraft in China, The9, to prepare the game's first expansion, World of Warcraft: The Burning Crusade, for launch in mainland China. The company said it looks to a surge of new and returning subscribers in conjunction with that event. Since its debut in North America in 2004, World of Warcraft has become the most popular MMORPG around the world, with the record of being the bestselling PC game of 2005 and 2006. In a



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related development, Blizzard's Burning Crusade also broke PC-game sales records in North America and Europe, with nearly 2.4 million copies sold in its first 24 hours of release and approximately 3.5 million in its first month. World of Warcraft is currently available in seven different languages. Outside of North America and Europe, the game is played in mainland China, Korea, Australia, New Zealand, Singapore, Thailand, Malaysia, and the regions of Taiwan, Hong Kong, and Macau. , Blizzard Entertainment, Inc., a division of Vivendi Games, is a premier developer and publisher of entertainment software renowned for creating many of the industry's most critically acclaimed games.

## *Hardware*

- **Dell Inc. announced that it will soon offer more personal computers that use the Linux operating system instead of Microsoft Corp.'s Windows.** Dell, the world's second-largest PC maker after Hewlett-Packard Co. (HPQ.N), now offers three consumer PCs that run the Ubuntu Linux operating system. Industry observers see the Linux OS as the biggest threat to Microsoft's Windows operating system. There are dozens of versions of Linux available for different types of computers, from PCs to mainframes and tiny mobile devices.
- **Silicon Storage Technology, Inc. (SST), a leader in flash memory technology, announced for the second quarter ended June 30, 2007 net revenues of US\$99.3 million, compared with US\$97.5 million in the first quarter of 2007 and US\$107.7 million in the second quarter of 2006.** The company said it completed the second quarter 2007 with US\$167.3 million in cash, cash equivalents and short-term investments, an increase of US\$19.3 million from the prior quarter. The increase in cash was impacted by decreases in inventory and accounts receivable and an increase in accounts payable among other things. In the third quarter, SST expects to report revenues of between US\$100 million and US\$108 million. With headquarters in California, SST designs, manufactures and markets a diversified range of memory and non-memory products for high volume applications in the digital consumer, networking, wireless communications and Internet computing markets.

## *Software*

- **Oracle announced its setting up of one R&D network, which was achieved by linking its 19 development and solution centers in Asia Pacific and Japan.** The company said the aim of the network is to "build, test, and showcase leading-edge technology innovations across the region." Oracle has six Oracle Asia Research and Development Centers (OARDC) in Beijing, Gurgaon, Seoul, Shenzhen, Singapore, and Tokyo, and 13 solution centers found in various strategic locations in the Asia Pacific region.

## *Ventures/Investments*

- **Market sources reported that the proposal of the joint venture of Nokia and Siemens for a bid worth US\$7 billion is being entertained by Tellabs, a U.S. telecommunications equipment maker.** Sources said the news sent the company's share surging. One source said the joint venture was offering about US\$16 to US\$17 a share for Tellabs.

## **Europe**

### *Mobile/Wireless*

- **Ericsson announced that it has secured a deal with India's largest telco, Bharti Airtel, to widen the Indian company's reach of its GSM (Global System for Mobile Communications) cellular network across the Asian country.** The two-year deal is valued at US\$2 billion. Sweden-

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based Ericsson has been a strategic partner of Bharti since 1995, and currently manages about 70 percent of Bharti's GSM network, segregated over 15 zones in India. Under the two-year supply-and-services contract, Ericsson said it will design, plan, deploy, optimize and manage Bharti's GSM network across India's 15 zones, as well as for its pan-India pre-paid platform, which covers 23 zones within the country. Ericsson added that it will also deliver integrated device management tools that will enable Bharti's mobile customers across retail and enterprise segments to gain access to advanced data services.

## *Software*

- **England's RAP International announced that it has been commissioned to apply its electronic safety assessment system to a US\$3.5 billion oil and petrochemical complex in China.** The plant is RAP International's third implementation in China and represents a growing business opportunity for the company. RAP (risk assessment process) is a highly effective risk assessment software package that ensures greater workplace safety by identifying where vital safety systems need to be installed. The unique feature of the RAP software program is that it is inter-lingual, which means that the information is translated by mother tongue speakers in the individual countries, where it is also checked for cultural appropriateness, thereby avoiding misinterpretation.

## *Hardware*

- **Market sources said that Hewlett-Packard is in negotiations to acquire the French group Bull for 720 million euros (US\$983 million).** Sources described the talks as being in "advanced" stage, with HP seen as submitting a proposal in August worth some 720 million euros (US\$983 million). The French group has been through a lot of problems and is reportedly now concentrating on computer services. In 2006 it reported a net loss of 17.1 million euros (US\$23.3 million) from sales of 1.1 billion euros (US\$1.5 billion). No comments on the news were secured from Bull and Hewlett-Packard.
- **The European Union announced its decision to remove tariffs of as much as 200 percent on Japanese TV cameras.** The decision is seen by industry observers as a policy reversal that eventually denies protection for the French electronics company Thomson. The duties were imposed by the EU on Japanese makers for selling their products in Europe far below domestic prices or production costs. Before the decision, the duties stood at 200.3 percent on Ikegami Tsushinki, 108.3 percent on Sony, 52.7 percent on Hitachi Denshi, and 96.8 percent on any other Japanese exporters of the product.

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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 7/27/07)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change Last 12 Mth.
Japanese yen	¥/US\$	118.9800	-2.7%	-0.1%	1.0%	3.0%
Hong Kong dollar	HK\$/ US\$	7.8231	0.0%	0.6%	0.9%	0.6%
Chinese renmenbi	RMB/ US\$	7.5722	0.0%	-3.0%	-6.2%	-5.0%
Singapore dollar	S\$/ US\$	1.5141	0.2%	-1.5%	-9.0%	-4.0%
South Korean won	KRW/ US\$	924.0500	1.0%	-0.6%	-8.5%	-3.0%
New Taiwan dollar	NT\$/ US\$	32.8400	0.1%	0.8%	0.0%	0.3%
Australian dollar	US\$/A\$	0.8628	-2.0%	9.4%	17.7%	12.9%
New Zealand dollar	US\$/NZ\$	0.7779	-2.2%	10.5%	13.8%	25.1%
Philippine peso	PHP/ US\$	45.6950	2.1%	-6.8%	-13.9%	-11.7%
Euro	US\$/€	1.3655	-1.0%	3.5%	15.2%	7.1%
British pound	US\$/£	2.0318	-1.0%	3.7%	17.9%	9.1%

Fixed Income Prices and Yields							
Note	Currency	Current (on 7/27/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	96.9844	4.95%	95.2500	5.11%	94.2969	5.20%
Japan 30-year	¥	102.1390	2.46%	100.2675	2.51%	101.0295	2.50%
Hong Kong 10-year	HK\$	102.2292	4.36%	100.9249	4.36%	100.9419	4.36%
China (06/16)	US\$	103.0213	4.32%	102.5566	4.34%	102.9733	4.29%
Singapore 10-year	S\$	101.0460	3.11%	101.0880	3.20%	102.542	3.03%
South Korea 20-year	US\$	105.5517	5.48%	103.3803	5.63%	103.6462	5.56%
Australia 15-year	A\$	153.3135	2.67%	151.0410	2.69%	150.6635	2.73%
New Zealand (12/17)	NZ\$	94.9597	6.82%	93.5614	6.87%	94.7231	6.69%
Philippines 20-year	PHP	100.0358	9.30%	121.5449	8.96%	121.5449	8.96%
India 30-year	INR	90.0589	8.31%	100.1200	9.30%	100.376	9.30%
UK 30-year	£	94.8220	4.58%	93.4700	4.75%	91.018	4.81%
Germany 30-year	€	92.3170	4.47%	91.0370	4.66%	88.995	4.69%

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