

IRG WMR



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

Week of 29th July - 4th August, 2007

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Equity Market Indicators					
Index	Closing Level (8/3/2007)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change 2006 Low
S&P 500	1,433.06	-1.8%	1.0%	14.8%	17.1%
Dow Jones Industrial Avg.	13,181.91	-0.6%	5.8%	23.0%	23.6%
Dow Jones Tech. Index	443.22	-1.3%	7.4%	18.2%	31.5%
Dow Jones Telecom. Index	284.36	0.4%	9.3%	41.0%	41.3%
NASDAQ Composite	2,511.25	-2.0%	4.0%	13.9%	24.3%
The Street.com Net	265.93	-2.4%	7.5%	26.4%	38.1%
Japan Nikkei 225	16,708.59	-3.3%	-3.0%	3.7%	17.5%
JASDAQ	75.70	-1.4%	-12.2%	-41.9%	-6.3%
Japan Mothers	817.27	-2.6%	-26.4%	-67.9%	-19.0%
Korea KOSPI Composite	1,842.50	-2.2%	28.4%	33.6%	53.0%
Korea Kosdaq	788.70	-0.4%	30.1%	14.1%	46.3%
Taiwan Stock Exchange	9,057.82	-1.1%	15.8%	38.3%	44.7%
Singapore Strait Times	3,436.04	-1.6%	15.1%	46.4%	50.7%
Hong Kong Hang Seng	22,538.44	-0.1%	12.9%	51.5%	50.8%
Hong Kong GEM	1,690.71	-3.7%	38.1%	67.8%	68.2%
China Shanghai (A-Share)	4,784.39	5.0%	70.0%	291.9%	285.2%
China Shenzhen (A-Share)	1,384.25	6.3%	143.0%	377.2%	369.3%
China Shanghai (B-Share)	324.27	2.1%	149.2%	422.9%	415.3%
China Shenzhen (B-Share)	783.39	1.2%	80.8%	300.5%	293.2%

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Technology, Media, Telecommunications and Life Sciences Market Activity						
NASDAQ/NYSE TMT and Life Sciences IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
7/31/07	MSCI Inc. [1039915Z.US] (NASDAQ)	Software	US\$200.0	Provides investment decision support tools to investment institutions	Morgan Stanley	

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 8/3/07	% Change From Offer
8/2/07	Virtusa Corp [VRTU.US] (NASDAQ)	A global information technology services company that offers IT consulting, technology implementation and application	US\$70.4	US\$14.00	US\$11.86	-15.2%
8/1/07	Dolan Media Co. [DM.US] (NYSE)	Publishes business, court, and commercial newspapers and other print and electronic media products	US\$162.7	US\$14.50	US\$17.60	21.3%

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 8/3/07	% Change From Offer
8/2/07	Full Speed Inc. [2159.JP] (TSE)	Offers consulting services for search engine optimization and site promotion	US\$14.0	¥510,000	¥642,000	25.8%
7/30/07	GMA Network [GMA7.PM] (PSE)	Provides a range of broadcasting services in the Philippines	US\$152.8	PHP 8.50	PHP 10.25	20.5%

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
8/1/07	3Soft Inc. [036360.KS]	Develops and provides various Internet related software and solutions	8/10/10	US\$9.2	2,207 shares	7/10/10
8/1/07	Mococo Inc. [058900.KS]	Provides a variety of integrated application software packages	8/30/10	US\$11.9	3,546 shares	7/30/10

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Weekly Highlights

International

Internet

- **Analysts at comScore Networks Inc. noted the increase in the popularity of buying products online and streaming online videos, which have become the leading activities across Europe and the U.S.** The study maintained that even as there is not much difference in search and web site viewing habits, globally access to the Internet is growing across the large populations of India and China. In terms of worldwide performance, comScore listed the top 10 website properties: Google (and subsidiaries) Microsoft (and subsidiaries) Yahoo!, Time Warner (AOL) eBay, Wikipedia, Fox Interactive, Amazon (and subsidiaries,) CNET, and Apple Inc. The research firm estimates global online unique visitors (total audience) for second quarter stood at about three-quarters of a billion. According to comScore networks, product aggregator websites led the keyword-purchasing marketplace through June. The top 10 website brands purchasing keywords to drive sales from major search engines were (auctioneer) eBay, smarter.com, shopping.com, bizrate.com, amazon.com, dealtime.com, shopzilla.com, target.com, nextag.com, and shop.com.

Mobile/Wireless

- **According to research firm ABI Research, mobile data applications, like mobile email mapping applications and Internet access will generate over US\$100 billion in worldwide revenues by 2012.** The study indicated that even as voice will provide the bulk of revenues from customers, mobile and mobile data services revenues will form 26 percent of ARPU by 2012. Business applications and services for handsets cover the range of communications, information access, computing, integrated information access/computing, and business process solutions. The communications category includes real-time communications and messaging. ABI Research said the total revenues from all mobile business categories (including voice services) will rise from US\$242 billion in 2007 to US\$389 billion by 2012.

Japan

Media, Entertainment and Gaming

- **Sony announced that it is closing its Portable-TV (P-TV) service in Japan, a service that is seen as the equivalent of what the company is bringing to UK and Ireland.** Earlier, the company announced that it has entered into a deal with Sky Television to bring on-demand video to PlayStation Portable owners in the two countries. The service is also expected to widen to cover Europe in the future. All of P-TV's downloadable media is DRM-protected (Digital Rights Management) and only accessible for a limited amount of time - ranging from 5-30 days. Media sources, however, indicated that Sony has plans to bring improved service, which is similar, in the future for Japanese clients.

Internet

- **Openwave Systems Inc, the leading provider of independent software products and services for the communications industry, announced that SoftBank Telecom, the fixed-line telecommunications segment of SoftBank group and one of Japan's largest telecommunication companies, has selected Openwave Rich Mail, an AJAX-based Adaptive**

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Communications solution that provides a dynamic web interface for broadband and mobile communications solutions. SoftBank Telecom recently launched its Rich Mail services to provide an innovative and feature-rich messaging experience to its ODN and SpinNet Internet customers. Openwave Rich Mail is designed for carrier-scale deployment by broadband and mobile operators around the world and enables operators to brand and personalize their messaging and Internet offerings. SoftBank Telecom is one of the largest ICT (Information & Communication Technology) solution companies in Japan with a nationwide fiber-optic network. With headquarters in California, Openwave Systems Inc. offers IP-based handset-to-network solutions that enable the rapid launch of information, communication and entertainment services.

Software

- **OkI Japan announced the introduction of its iris recognition software or Iris Authentication Middleware for Windows Mobile and Symbian-based mobile phones.** With the software, a user can register with an eye. Taking only seconds, the system works by allowing the application to use the camera to lock and unlock the phone.
- **FutureDial Incorporated, a provider of mobile device management solutions to wireless carriers around the world, announced that the company and one of its major shareholders – Sun Corporation in Japan – have completed the acquisition of all of the assets of Cellebrite Mobile Synchronization, Ltd, an Israel-based provider of mobile content transfer solutions previously held by private investors.** Financial details of the Cellebrite buyout deal were not disclosed. Founded in 1999, FutureDial is a privately held software company focused on developing mobile device content management solutions that increase both revenue and customer satisfaction for leading wireless carriers.
- **Paisley, the leading provider of governance, risk and compliance (GRC) software solutions announced its move to widen its operations in Japan by entering into a partnership with eSolia, a globally minded, Tokyo-based bilingual information technology management firm.** The company provides high-quality, business-focused consulting, project and outsourcing services to a variety of blue-chip foreign and Japanese organizations in Japan and abroad. Under the agreement, Paisley, known for its financial controls management software will team with eSolia to help Japanese businesses address the requirements of the J-SOX or the Financial Instruments and Exchange Law. In the alliance, the two companies will jointly offer an accelerated implementation program that enables organizations to achieve J-SOX compliance in 90 days.

Hardware

- **Observers believe Hitachi Ltd. could be first to market a digital video camcorder based on Blu-ray Disc.** The company said that it is set put two such cameras on sale at the end of this month in Japan and later this year in North America. The cameras will use a new variety of Blu-ray Disc that is 8 centimeters in diameter. Hitachi Maxell said it will put the 7.5G-byte discs on sale in August. The DZ-BD70 will be based solely on the discs and the DZ-BD7H is a hybrid model with 30G-byte hard disk drive. The company said it to launch both cameras in Japan on August 30th. Even as Hitachi has not really decided on a price in Japan, the device is already being advertised online for US\$1,362 for the DZ-BD70 and US\$1,567 for the DZ-BD7H. They will be available in North America in October and will cost US\$1,299 and US\$1,499 respectively.
- **Pioneer Corp. announced that it will launch its first full high-definition plasma TVs in October, a move that may enable it to join its rivals such as Matsushita Electric Industrial Co. Ltd. in the market.** Pioneer's plasma operations went through a quarterly loss in April-June, with the

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company affected by intense competition in the flat TV market, where plasma televisions are losing market share to rival liquid crystal display (LCD) models. Pioneer's new 50- and 60-inch full high-definition sets, featuring an ability to recreate deeper black than conventional models, are expected to sell for US\$6,060 and US\$8,340 in Japan, compared to Matsushita's 50-inch full high-definition plasma TVs, which sell for US\$3,811.

Telecommunications

- **Nippon Telegraph & Telephone (NTT), Japan's biggest telecommunications company, reported a 3.4 percent rise in its group net profit for the April-June quarter, which the company ascribed to a diminished tax payment bought about by NTT DoCoMo's share buyback.** The company's net profit climbed to 149.5 billion yen (US\$1.2 billion) from 144.6 billion yen (US\$1.2 billion) the same period a year earlier. NTT DoCoMo is the company's subsidiary. The company's group revenue registered a 1.5 percent decline to 2.5 trillion yen (US\$21.8 billion) from 2.6 trillion yen (US\$22 billion) even as revenue from broadband Internet access services posted a growth. NTT's group operating profit also posted a 17 percent drop to 299.2 billion yen (US\$2.5 billion) from 359.1 billion yen (US\$3 billion), the decline brought about by higher marketing and other operational costs in the mobile phone and system integration businesses. The company retained its outlook for the fiscal year through March, with the forecast of a group net profit reaching 460 billion yen (US\$3.8 billion) on revenues of 10.7 trillion yen (US\$90.1 billion).
- **Jupiter Telecommunications, Japan's largest MSO (Multi-Systems Operator), announced the merger of its three subsidiary companies: J-COM Kanto, Chofu Cable and J-COM Setamachi.** The merger is expected to form the country's largest MSO, with some 520,000 households served. The company also calls the move a "strategic consolidation" expected to enhance group competitiveness.

Korea

Internet

- **TutorVista, a Bangalore-based company, is entering the English education market in South Korea through a person-to-person online tutoring service known as e-tutoring, or "education outsourcing."** The founder and the CEO of the company said TutorVista is preparing to open a Korean-language site this month to launch full e-tutoring programs for individual students and companies. The e-tutoring course uses broadband Internet and is described as having the tutor and the student come together in a virtual classroom set up with voice chat and an electronic whiteboard. It is different from existing online classes in Korea such as MegaStudy, which is a one-way lecture, where the student watches recorded course materials. The company said it currently has more than 2,000 students in the U.S., 200 in Britain, and some 700 teachers in India who work at home. TutorVista said it aims to register some 10,000 students from all over the world by the end of 2007. The private tutoring industry in South Korea is estimated to be worth about 15 trillion won (US\$16.3 billion) every year.
- **Industry sources said Google is considering moving some of its servers to South Korea from the U.S.** The country's Ministry of Information and Communication revealed that Google Korea had already asked for its U.S. head office to approve the plan. Observers note that the plan cannot take place quickly. According to one of its local officials, the transfer is aimed at responding better to local regulations. One of the issues against Google is that it has not secured the age-authentication system,

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which is an important regulation the country. Other search engines such as the leading NHN and the runner-up player Daum check on ages of users, who search for adult-only Internet sites. Google said it plans to introduce an adult-checking system this month but the firm is suffering setbacks in order to do so because its database servers are in the U.S.

- **Korea Telecom announced its plans to launch an Internet protocol television service (IPTV) in Russia first, ahead of its launch in South Korea.** The company presently offers an Internet TV service in South Korea called Mega TV. Broadcast regulations on real-time broadcasting in the country, however, make the offering incomplete. . KT works through an affiliate NTC which has an 80 percent stake in the service in the Russian province. NTC has secured 30 Russian broadcast channels and plans to air real-time broadcasts over the Internet. It will also provide movies, TV programs and sports content via video on demand (VOD).

Mobile/Wireless

- **Market sources noted the good performance of Mbiz Networks Global, which has been ascribed to massive investments from second and third generations of so-called celebrity investors.** The company posted a paid-in capital increase plan worth some 26 billion won (US\$28.1 million). Named as the biggest investor of the plan was Kim Young-jib, a grandson of Hankook Chinaware founder Kim Jong-ho, with plans to invest 5 billion won (US\$5.4 million) in Mbiz Networks Global. Sources said Hankook Tire Vice Chairman Cho Hyun-bum also plans to invest about 4 billion won (US\$4.3 million) into the project. To complete the celebrity investors, Neowiz founder Na Sung-kyun, a grandson of Anam Group founder, will reportedly invest 4 billion won (US\$4.3 million), and Jang Sun-woo, a son of the Kukdong Oil & Chemicals Group Chairman Chang Hong-sun will join the capital increase with 1 billion won (US\$1 million). Identified as another investor was KP Investment CEO Park Hyung-jun is another big investor, who is expected to bring in 4.5 billion won (US\$4.8 million). Analysts do not have ready explanations why these scions are investing in the company. Set up in 2000, Mbiz Networks Global provides mobile contents to three telecommunication companies. It has recently added an online shopping mall to its business portfolio.
- **LG Telecom, South Korea's smallest wireless operator, announced its decision to launch 3G services in Seoul, Gyeonggi Province and other metropolitan areas next month.** Under the offering, the company said its subscribers will be able to enjoy a variety of 3G offerings such as video calls, videoconferencing and fast data transmission. SK Telecom and KTF launched their 3G services in 2007. KTF has already 1.2 million 3G users and SK Telecom has about 0.5 million over the past year.
- **KTF announced its plans offer a mobile traffic service that will allow subscribers to view the traffic situations across Seoul and all national highways via their mobile phones.** KTF said the video will be coming from CCTVs placed on 127 roads in Seoul and 93 highways by the Korea Highway Corporation and Seoul Metropolitan Facilities Management Corporation. The service will include traffic speed and other information. Clients must go through KTF's wireless Internet service and download a program, with the monthly fee placed at 4,000 won (US\$4).
- **Media sources said Samsung Electronics is discussing with Adidas plans to develop a mobile phone jointly.** The Adidas Phone is described as being able to calculate exercise distance and spent calories. It is also fitted with an audio player that plays to the user's heartbeat. A Samsung Electronics company official confirmed the news of the talks but also clarified that discussions have not taken place yet, as the two companies are in the development stage of the device. Earlier, Samsung was reportedly in talks with Armani to develop a phone bearing the Italian luxury brand's name.

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Media, Entertainment and Gaming

- **Pandora TV, the country's pioneer of world's user created contents (UCC), announced its decision to go global by moving its server to Japan.** With the plan, Pandora TV said it will introduce a platform of higher quality moving images for UCC products. The company said it aims to allow a posting or downloading of high quality moving images at a speed of 5 megabytes a second in the global version. At present, most of local and foreign sites are restricted to post moving images at the rate of between 500 and 700KB a second. Pandora TV said it was able to secure global lines by entering into an agreement with Japan's NTT and U.S. No. 1 contents delivery network (CDN) Akamai. The company said it is in talks with Japan's shopping mall site, La Kunten, and portal site Excited about the supply of the high quality moving image platform. Pandora TV said it also plans to seek tie-up with U.S. community sites in the image platform sector.

Software

- **VirtualLogix, Inc., the Real-Time Virtualization company and MDS Technology, the leading South Korean development solution company, announced a distribution partnership to provide local access, sales and support for VirtualLogix's real-time virtualization software solutions.** The agreement will see MDS Technology bring its embedded systems expertise and offer advanced development and integration services to customers. Industry analysts see the partnership as expanding VirtualLogix's coverage in South Korea, as part of its Asia expansion plan. MDS Technology, located in Seoul, Korea, is the leading South Korean development solution company, with clients that include Samsung, LG, Pantech, and SK Telecom. VirtualLogix, Inc., with its VirtualLogix VLX enables multiple operating system environments to run concurrently on shared hardware and provides a range of performance, fault tolerance and security options to address specific market requirements.

Information Technology

- **Navteq, the world's leading digital map provider, said it has secured a contract to supply its products for navigation devices for cars from Hyundai Motor and Kia Motors.** Digital maps are used in navigation devices and mobile phones. Navteq accounts for 60 percent of the world's market. The Navteq maps will first be used in Hyundai-Kia cars sold in North America and Europe, and later in vehicles for Southeast Asia and the Middle East.

Semiconductors

- **Media sources said Hynix Semiconductor Inc., the world's second-largest computer memory chip maker, has announced signing of a memorandum of understanding to sell its chip-making production line to SMC Technologies Corp. (CSMC) of China.** According to its spokesperson, the Chinese unit of Hynix has recently signed a preliminary deal with CSCM to sell the production line. Earlier reports also indicated that Hynix may sell the chip production line to CSMC in a deal estimated to be worth US\$400 million by the end of 2007. Hynix said it is shifting its focus on adding production facilities for profitable NAND chips, used in digital cameras and other portable gadgets.

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China

Internet

- **Media sources said the founder and CEO of Alibaba had confirmed for the first time to company employees the decision that Alibaba's B2B business will initiate its IPO procedure in Hong Kong.** The official said that Alibaba has indeed submitted an application to Hong Kong Joint Stock Exchange Market. This confirms what has been perceived as a rumor for a long time. The company will reportedly raise about HK\$7.8 billion (US\$996.3 million) through this public offering, with the proceeds to be used for its global expansion and B2B platform improvements.
- **Sohu.com reported for the second quarter ended June 30, 2007 a non-GAAP net income of US\$5.7 million, down from non-GAAP US\$8.4 million it posted in the second quarter of 2006.** The company said advertising revenues grew 38 percent to US\$26.6 million, with its non-advertising revenue declining by 6 percent to US\$10.6 million. Sohu's total revenues went up 14 percent to US\$39 million. For second quarter of 2007, Sohu reported operating expenses hitting US\$18.7 million. Its non-GAAP operating expenses totaled US\$16.7 million, an increase of 22 percent from the previous quarter. Sohu estimates total revenues for third quarter 2007 to be between US\$45 million to US\$47 million, with advertising revenues forecast to hit between US\$30 million to US\$31 million, and its non-advertising revenues predicted to be between US\$15 million US\$16 million. The company looks to its brand advertising revenues for the third quarter of 2007 to be between US\$28.5 million to US\$29.5 million.

Media, Entertainment and Gaming

- **The9 Limited, a leading online game operator in China, announced that it has entered into an agreement with Yedang Entertainment Co., Ltd, a leading entertainment business publisher in South Korea, and T3 Entertainment Co. Ltd., a leading online game developer in South Korea.** The agreement will allow The9 to have an exclusive license to operate Audition in mainland China, Hong Kong and Macau. Under the agreement, The9's exclusive license of Audition will be good for commercial launch date of the game in mainland China, Hong Kong and Macau. The deal will see The9 paying a milestone-based license fee in the amount of US\$8 million and a royalty equal to 30 percent of the game revenues provided that the minimum royalty payable over the license period shall be no less than US\$35 million. Audition is an advanced casual dancing online game and is currently one of the most popular casual games in mainland China. The agreement reflects The9's recognition of Audition's high game quality, and the game's publisher and developer's confidence in The9's track record as a leading online game operator in China. The game is expected to continue its success story in China. Earlier in May this year, The9 also obtained the exclusive license to operate Audition 2, the sequel to Audition, in mainland China.
- **Publicis Groupe announced its acquisition of China's Communication Central Group (CCG), one of the largest independent interactive marketing agencies in the country.** CCG retains some 200 employees in Shanghai, Hong Kong, Beijing and Shenzhen and is one of the region's only digital agencies to offer a complete range of in-house services, from creative design to complex technology integration. Once the acquisition is closed, the privately owned CCG will be named Digitas Greater China. No details of the financial deal were disclosed. Publicis Groupe has about 3,000 employees in more than 100 offices throughout Greater China.

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Mobile/Wireless

- **Industry sources said Nokia has formalized the commercialization of its mobile phone payment service in Beijing, Guangzhou and Xiamen.** The company said the mobile phone payment service is based on Near Field Communication, an upgraded technology of RFID, which enables mobile phones to realize e-payment and data downloading services. The service is expected to enable mobile phone users to pay their transportation fees, film tickets and food.

Software

- **According to China's Ministry of Information Industry, the country's software is still expanding in the first half of this year, with its income posting a 23 percent rise from the previous year and bringing the amount beyond 260 billion yuan (US\$34 billion).** The report noted how sectors involving software services, system integration and IC design have posted faster growth. The ministry said 4 municipalities and provinces namely Beijing, Jiangsu, Guangdong and Shanghai posted respective software industry revenue all going beyond US\$20 billion yuan (US\$2.6 billion).
- **Industry sources said Microsoft China has signed a memorandum of understanding on a global strategic partnership with Bright Oceans Corporation Communications (BOCO).** The agreement has been described as allowing the parties to work jointly on training, solution development, Microsoft product deployment as well as joint marketing. BOCO Communications is a company into telecom operation support systems, information security products, value-added services and transportation.

Hardware

- **Lenovo Group reported a 13 percent climb in its consolidated revenue to US\$3.9 billion for its first fiscal quarter of 2007 to 2008, ended June 30, 2007.** Excluding restructuring charges made in the first quarter, pre-tax income registered a 258 percent surge to US\$123 million. The company said its net cash reserves as of June 30, 2007 totaled US\$1.3 billion. Lenovo said its worldwide PC shipments posted a growth of more than 22 percent in the quarter, results which are ahead of the industry average growth of approximately 13 percent.

Semiconductors

- **Semiconductor Manufacturing International Corporation (SMIC) disclosed for the quarter ended June 30, 2007 a net loss of US\$2.1 million, compared to a net income of US\$8.8 million it posted in the first quarter.** The company said revenues grew 3.7 percent to US\$374.8 million from the second quarter in 2006 even as it went down by 3.5 percent from US\$388.3 million sequentially.

Ventures/Investments

- **Oracle China, which is also registered as Oracle Beijing Software Systems Co., Ltd., disclosed its decision to continue its commitment to make ongoing investments that drive economic growth, IT adoption and innovation in China.** The company said its new key investment and business initiatives in China include setting up of new offices to meet growing demands in high-growth cities; investing in additional R&Ds as well as technical support facilities to address customer and partner requirements; partnering with government ministries to support regional economic development plans; and, the launch of new leading-edge software solutions and education programs to build competitive businesses and a skilled workforce.

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Taiwan

Telecommunications

- **Chunghwa Telecom (CHT) disclosed plans to export Wi-Fi/Fixed WiMAX integrated solutions to the Philippines, Vietnam and other Southeast Asian countries.** The company said it will work with Huawei Technologies, a large China-based maker of communication/network equipment, according to CHT. The reports noted that the Taiwan government aims to make broadband Internet-access service available in every remote location and sparsely populated area in Taiwan.

Ventures/Investments

- **Garmin announced that it is building its third Taiwan factory in northern Taiwan as a response to the increasing demand for PND (portable navigation device) products.** Garmin is considered the world's largest vendor of GPS products. The latest expansion project comes after the company has completed the build-out of its second Taiwan factory, which expands the number of its production lines from 21 to 31. Garmin reported that its shipments of PNDs went up 99 percent to 2.5 million units in the second quarter from the same quarter in 2006.

Semiconductors

- **Davicom Semiconductor, a United Microelectronics Corporation (UMC) subsidiary on networking solutions design, announced that its IPO will be conducted in Taiwan soon.** The company scheduled its offering for August 6th with a share price of NT\$56 (US\$1.7). According to the company filing, more than 200,000 individual investors have registered to participate in the IPO. Davicom said it holds about 80 percent of the market share in the region. UMC Capital is the largest institutional shareholder at Davicom with a stake of 18.6 percent while Foxconn Electronics' (Hon Hai Precision Industry's) venture capital company maintains a 3.4 percent stake.
- **Powerchip Semiconductor Corporation (PSC) and Rexchip Electronics announced that they have secured a NT\$59 billion (US\$1.8 billion) syndicated loan with 19 banks in Taiwan, with the fund to be used for company expansion.** Rexchip Electronics is PSC's joint venture with Elpida Memory. Cathay United Bank, the bank underwriting the loan, stated that out of the US\$1.8 billion, PSC will receive NT\$20 billion (US\$606.6 million) while Rexchip will get NT\$39 billion (US\$1.1 billion).

Hong Kong

Internet

- **Pacific Internet (Hong Kong) Limited, the wholly owned subsidiary of Pacific Internet Limited, Asia Pacific's largest telco-independent Internet Communications Solutions Provider (ICSP) by geographic reach, announced the launch of its regional business-grade VoIP service.** Called PacNet Vocal, the service is described as providing a genuine regional IP telephony solution covering some 7 countries. Its launching is also seen as marking a new chapter for the business development of Pacific Internet Hong Kong. Pacific Internet (Hong Kong) Limited is a wholly owned subsidiary of Pacific Internet Limited offering the full range of IP-based communications solutions, including data, voice, security, messaging, remote access, hosting and cross border connectivity for business users in Hong Kong and Greater China.

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Telecommunications

- **Media sources said PCCW-HKT Telephone Ltd, a unit of Hong Kong's largest phone company, had its outlook changed from positive to stable by Standard & Poor's, a decision based on the improved cash flow of PCCW Ltd.** According to an S&P credit analyst, the decision to revise can be ascribed to the steady improvement in profitability of the TV and mobile businesses of its parent and underscores PCCW-HKT's leading position in Hong Kong's fixed-line telecommunications market. The decision of Standard & Poor's is seen as making it possible for PCCW-HKT to cut borrowing costs.

Information Technology

- **Juniper Networks, Inc., the leader in high-performance networking, announced that iAdvantage, a leading Hong Kong-based IT Infrastructure Provider (IIP) in Asia, has strengthened the performance and reliability of its network by deploying M-series multiservice routers.** The company said the upgrade is expected to boost the network capacity between iAdvantage's data centers and Hong Kong's metropolitan-wide network hubs, allowing the company to host more customers while enabling faster network and application performance. The Juniper solution is also seen as enabling iAdvantage to quickly and efficiently introduce new revenue-generating services.

Singapore/Malaysia/Philippines/Indonesia

Media, Entertainment and Gaming

- **Malaysia and Indonesia announced entering into an agreement to strengthen cooperation in broadcasting, information and culture, and organize news, documentary and journalist exchange programs.** The agreement also covers news and visual exchange between RTM (Radio Television Malaysia) and TVRI (Indonesian State Television) involving breaking news and disasters. The two countries also entered an alliance to help the private sector involved in TV and radio production to expand their contributions in the context of Indonesia-Malaysia broadcasting cooperation.
- **ABS-CBN Global, the North America-based subsidiary of ABS-CBN Broadcasting, announced that Comcast, the nation's leading provider of cable, entertainment and communications products and services, has added Filipino On Demand to its signature ON DEMAND service.** The new subscription-video-on-demand (SVOD) service will feature 25 hours of content, with new programming available regularly. The new service is now available in many major Comcast markets nationwide, including the San Francisco Bay Area and Central California; Seattle; Portland; Chicago; Detroit; Atlanta; Philadelphia; Washington, D.C.; and South Florida. With 24.1 million cable customers, 12.4 million high-speed Internet customers, and 3.5 million voice customers. Comcast is involved in the development, management and operation of broadband cable systems and in the delivery of programming content.

Mobile/Wireless

- **Smart Communications, Inc. of the Philippines announced its entering into an agreement with Inmarsat, a mobile satellite communications provider, to expand their global satellite phone services.** The companies said the initial extension of service will cover India, the Indian Ocean, the Middle East, Africa and the Pacific Ocean. Smart officials say the deal will allow the

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companies to offer coverage on nearly a global basis by 2009. Industry analysts see the alliance as enabling users of the company's satellite phone services, Smart Link, access to a wider geographic coverage that can support voice call services and data connectivity. The agreement will see Smart making an investment of US\$5 million to set up a gateway facility and ground infrastructure in the country.

Information Technology

- **IPVG Corp. and its Business Process Outsourcing subsidiary IP Contact Center Outsourcing Inc. announced its acquisition of the assets of Globalstride Corporation and Globalstride Holdings Ltd., a premier provider of outsourced call center solutions that primarily serve inbound/outbound voice support for U.S. clients.** Under the agreement, IPVG gets the fixed assets and material contracts of GC as well as GHL's existing customer accounts. The deal also gives IPVG/IPCCO the option to retain and hire the employees of GC.

United States/Canada

Internet

- **CryptoLogic Limited, a leading software developer to the global Internet gaming industry, announced that it has completed an agreement to acquire a financial interest in 568 Network Inc., a developer and distributor of online casual games to the Chinese market.** The deal is valued at US\$1.2 million and is seen as boosting CryptoLogic's position in Asia. Under the agreement, CryptoLogic has the option of taking a controlling position in 568 Inc. in the future. The agreement also sees 568 Inc. and CryptoLogic setting up a new China-based venture that will develop and distribute casual, skill-based games for the local and overseas Chinese-language markets. Games will include single- and multi-player mahjong, poker, online pool, puzzle challenges and approved card games including Chinese poker variants. Presently, 568 Inc. has a Chinese subsidiary that is already creating games for that market. In addition to its experience in casual games, 568 Inc. brings proven experience and assets in MMORPGs, a rapidly growing segment of online gaming. Through its wholly-owned subsidiary, G4Box, based in Canada, 568 Inc. operates high quality MMORPG games developed for the North American online multiplayer games market. 568 Network Inc has a technology development subsidiary in Shanghai.
- **Molecular, Inc., a leading Internet consulting firm, announced that, through its parent company Isobar, part of London-listed Aegis Group plc, it is acquiring Ion Global San Francisco, part of Asia-based Ion Global.** Industry analysts note how the acquisition of Ion Global, a leading web strategy and interactive marketing agency specializing in globalization services, will strengthen Molecular's premium Internet consulting offering. The acquisition is expected to close next month. With offices in San Francisco, Hong Kong and Seoul, Ion Global has been providing e-business strategies and solutions to major corporations and government organizations around the world since 1995. The announcement also mentioned that Molecular's parent company, Isobar, has signed an agreement to acquire Ion Global's three offices in San Francisco, Seoul and Hong Kong. Together with Molecular's acquisition of Ion Global San Francisco, wwwins Consulting will acquire Ion Global Hong Kong, with Isobar to remain as operator of the Seoul office as Ion Global. Molecular and wwwins Consulting are wholly owned by Isobar, with respective firms retaining its individual identity and culture.

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Mobile/Wireless

- **Apple company announced that iTunes has sold more than 3 billion songs since its launching four years ago.** With the performance, iTunes has surpassed Amazon.com Inc. and Target Corp. to become the third-largest music retailer in the United States, according to media reports. The iTunes catalog contains over 5 million songs, 550 television shows and 500 movies. Industry observers see Apple's line of iPod portable music players as a major factor in iTunes' popularity.

Media, Entertainment and Gaming

- **Yankee Group announced its decision to widen its global client portfolio in the second quarter of 2007 with the addition of several major international brands in the media, engineering, information technology and telecom industries in the U.S., Europe and Asia-Pacific.** Some of the key brands that joined Yankee Group's global client portfolio in the second quarter of 2007 include CPCNet Hong Kong Ltd., a leading provider of network-based communication services for Hong Kong, Taiwan, Japan, Singapore and China; Parsons Commercial Technology Group, Inc., a worldwide leader in engineering and construction; RealNetworks, Inc., the pioneer in multimedia services over the Internet, StarHub, Singapore's second largest info-communication company and sole operator delivering information, communications and entertainment and ZTE, a global provider of telecom equipment and network solutions. Yankee Group provides its global client base with analysis and data through its Yankee Group Link Membership, which includes proprietary content and data consisting of research reports, data forecasts, regulatory summaries and analyst access that delivers an independent view of global connectivity issues affecting networks, consumers and enterprises. Headquartered in Boston, Yankee Group has a global presence including operations in North America, Europe, the Middle East, Africa, Latin America and Asia-Pacific.
- **Walt Disney announced its acquisition of Club Penguin, an online hangout favored by very young clients, in a deal worth US\$350 million in cash, with another US\$350 million that can be reached through performance targets through 2009.** Industry analysts see the acquisition by Disney as giving Club Penguin more resources. Despite limited marketing and advertising efforts, Club Penguin has become hugely popular, with comScore Media Metrix indicating that the site nearly tripled in usage over the past year as it received 4.7 million unique visitors. Club Penguin, from Canada's New Horizon Interactive Ltd., offers a mix of games and chatting tools targeting the kids ages 6-14, who appear onscreen as plump cartoon penguins. According to Disney officials, they have plans of integrating Club Penguin into other Disney businesses, by way of promoting it on the Disney.com site and the Disney Channel, Radio Disney and the company's theme parks. Club Penguin maintains more than 700,000 paying subscribers and 12 million registered users, mostly in the U.S. and Canada.

Hardware

- **Dell Inc announced that that it has agreed to acquire ASAP Software, an IT services and asset-management software vendor.** ASAP Software, a subsidiary of Corporate Express, reported US\$1.1 billion in 2006 revenue. The company provides services and tools to help businesses manage their computing infrastructures and software assets. Before this agreement, ASAP has entered into an alliance with Digital China to bring its products and services into the Chinese market. It also entered into a deal with Softbank Korea in a bid to expand its foothold in the South Korean market. Dell officials had no comment.

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Software

- **IBM announced its decision to terminate the sale of the BlackIce PC Protection security suite.** IBM inherited the product via its acquisition of Internet Security Systems (ISS) in 2007. The deal was worth some US \$1.3 billion. IBM said it will stop selling BlackIce on Sept. 19, and end technical support for the product, which is just for PCs running Windows. The ISS division would also stop offering desktop or server protection software for the consumer market even as IBM still has security software suitable for small businesses.

Ventures/Investments

- **Quadrangle Group LLC, a private investment firm, announced the opening of its offices in Silicon Valley and Hong Kong.** The company said that the new offices are expected to enable the firm's media and communications private equity business to invest on a global basis. The report also announced that Daniel Rosensweig and Edward Sippel have joined the firm. Before joining Quadrangle, Mr. Rosensweig was Chief Operating Officer of Yahoo!, responsible for product development, marketing and international and North American operations. Mr. Sippel previously served as Partner and Managing Director at TVG Capital Partners Ltd., where he focused on private equity investments in the technology, media and telecom (TMT) sector in the Asian markets. Quadrangle Group LLC is an investment firm with more than US\$6 billion of assets under management. Quadrangle invests in media and communications companies through separate private and public investment strategies and in debt securities across all industries through a distressed debt investment program.

Europe

Media, Entertainment and Gaming

- **Travelzoo, a global Internet media company, announced that its European publications, including its popular Travelzoo Top 20 e-mail newsletter and Newsflash e-mail alert published in the UK, Germany and France now reach over one million subscribers weekly.** The company said that in the last 12 months, 480,000 new subscribers have signed up for Travelzoo's European publications.
- **Media sources said Ubisoft has signed an agreement with Namco Bandai to distribute Naruto across Europe and other territories.** Exclusively developed for North America and Europe, NARUTO: Ultimate Ninja Heroes is the first ever wireless enabled fighting game based on the Naruto universe on PSP delivering both intense single and multiplayer team based fighting experience.

Mobile/Wireless

- **Nokia announced the opening of a design studio in Bangalore, India, to explore new design ideas for mobile phones targeted at the Indian market.** Nokia said the new studio will work first on colors and materials, as well as on the use of mobile Internet services in India. The studio in India is one of four satellite studios that Nokia plans to set up over the next 12 months. The satellite studios are seen as going into rich collaboration with local designers and universities to get a better image of the culture of the place, which is then to be translated into mobile phone design. The next center is slated to open in Rio de Janeiro, Brazil.

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Internet

- **According to eMarketer, major businesses in France are beginning to experiment with new online marketing and advertising techniques, such as mobile advertising and blogs.** The report notes that France is now the third-largest online advertising market in Europe, trailing Britain and Germany. The report said that in four years time, the French online advertising market will be worth more than US\$4 billion.

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Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 8/3/07)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change Last 12 Mth.
Japanese yen	¥/US\$	117.5800	-1.2%	-1.3%	-0.1%	2.2%
Hong Kong dollar	HK\$/ US\$	7.8291	0.1%	0.7%	1.0%	0.7%
Chinese renmenbi	RMB/ US\$	7.5660	-0.1%	-3.1%	-6.2%	-5.1%
Singapore dollar	S\$/ US\$	1.5198	0.4%	-1.2%	-8.6%	-3.8%
South Korean won	KRW/ US\$	925.8500	0.2%	-0.4%	-8.3%	-4.1%
New Taiwan dollar	NT\$/ US\$	32.8740	0.1%	0.9%	0.1%	0.0%
Australian dollar	US\$/A\$	0.8551	-0.9%	8.4%	16.7%	12.4%
New Zealand dollar	US\$/NZ\$	0.7589	-2.4%	7.8%	11.0%	22.6%
Philippine peso	PHP/ US\$	45.3500	-0.8%	-7.5%	-14.6%	-12.2%
Euro	US\$/€	1.3819	1.2%	4.7%	16.6%	8.3%
British pound	US\$/£	2.0434	0.6%	4.3%	18.6%	9.1%

Fixed Income Prices and Yields

Note	Currency	Current (on 8/3/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	98.2031	4.87%	96.9844	4.95%	93.3906	5.22%
Japan 30-year	¥	101.7820	2.39%	102.1390	2.46%	99.5015	2.50%
Hong Kong 10-year	HK\$	102.3225	4.36%	102.2292	4.36%	100.6167	4.36%
China (06/16)	US\$	103.6107	4.18%	103.0213	4.32%	102.4746	4.35%
Singapore 10-year	S\$	101.5900	3.09%	101.0460	3.11%	101.317	3.06%
South Korea 20-year	US\$	106.2815	5.41%	105.5517	5.48%	103.2556	5.66%
Australia 15-year	A\$	153.4735	2.55%	153.3135	2.67%	150.4995	2.72%
New Zealand (12/17)	NZ\$	96.9665	6.41%	94.9597	6.82%	93.9361	6.76%
Philippines 20-year	PHP	100.012	9.30%	100.0358	9.30%	121.5449	9.07%
India 30-year	INR	89.4179	8.38%	90.0589	8.31%	89.182	8.41%
UK 30-year	£	94.9710	4.61%	94.8220	4.58%	90.64	4.81%
Germany 30-year	€	92.5930	4.51%	92.3170	4.47%	88.449	4.74%

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