



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

***Week of 5 August - 11 August, 2007***

*For more information on IRG, please email [communications@irg.biz](mailto:communications@irg.biz) or visit [www.irg.biz](http://www.irg.biz).*

**Hong Kong (HQ)**

No.1-2A, 17/F, The Centrium,  
60 Wyndham Street, Central,  
Hong Kong

Tel: (852) 2237 6000  
Fax: (852) 2237 6100

**Singapore**

5 Rhu Cross, #04-16  
Olivia Block, Singapore  
437434 Singapore  
Tel: (65) 6325 1191  
Fax: (65) 6348 9583

**Japan**

JT Building 15Fl, 2-2-1  
Toranomom, Minato-ku,  
Tokyo, Japan 105-0001  
Tel: (813) 5114 8395  
Fax: (813) 5114 8396

**Korea**

37/F, Asem Tower, Samsung-  
dong, 158-1, Kangnam-gu,  
Seoul, Korea  
Tel: (822) 6001 3840 ext. 3841  
Fax: (822) 6001 3711

**Philippines**

2/F, State Condominium Bldg.,  
186 Sacledo St. Legazpi Village,  
Makati, Philippines  
Tel: (632) 728 5307  
Fax: (632) 728 5307

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Equity Market Indicators					
Index	Closing Level (8/10/2007)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change 2006 Low
S&P 500	1,453.64	1.4%	2.5%	16.5%	18.8%
Dow Jones Industrial Avg.	13,239.54	0.4%	6.2%	23.5%	24.1%
Dow Jones Tech. Index	442.28	-0.2%	7.2%	17.9%	31.2%
Dow Jones Telecom. Index	277.45	-2.4%	6.7%	37.6%	37.9%
NASDAQ Composite	2,544.89	1.3%	5.4%	15.4%	26.0%
The Street.com Net	269.71	1.4%	9.1%	28.2%	40.1%
Japan Nikkei 225	16,764.00	0.3%	-2.7%	4.1%	17.9%
JASDAQ	75.44	-0.3%	-12.5%	-42.1%	-6.7%
Japan Mothers	762.53	-6.7%	-31.4%	-70.0%	-24.4%
Korea KOSPI Composite	1,828.49	-0.8%	27.5%	32.6%	51.9%
Korea Kosdaq	788.41	0.0%	30.1%	14.1%	46.2%
Taiwan Stock Exchange	8,931.31	-1.4%	14.2%	36.4%	42.7%
Singapore Straight Times	3,372.46	-1.9%	12.9%	43.7%	47.9%
Hong Kong Hang Seng	21,792.71	-3.3%	9.2%	46.5%	45.8%
Hong Kong GEM	1,558.56	-7.8%	27.3%	54.7%	55.0%
China Shanghai (A-Share)	4,984.51	4.2%	77.1%	308.3%	301.4%
China Shenzhen (A-Share)	1,380.61	-0.3%	142.4%	376.0%	368.0%
China Shanghai (B-Share)	317.57	-2.1%	144.1%	412.1%	404.7%
China Shenzhen (B-Share)	773.84	-1.2%	78.6%	295.6%	288.4%

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Technology, Media, Telecommunications and Life Sciences Market Activity						
NASDAQ/NYSE TMT and Life Sciences IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
8/10/07	CreditCards.com [1048580Z.US] (NASDAQ)	Internet	n/a	Enables consumers to search, compare and apply for credit cards online	Credit Suisse/ Citigroup	Thomas Weisel
8/9/07	EqualLogic Inc. [EQLX.US] (NASDAQ)	Computers	US\$125.0	Provider of high-performance storage products	Credit Suisse/ Goldman Sachs	Canaccord Adams/ Pacific Crest/ RBC Capital
8/9/07	Iggy's House Inc. [IGGY.US] (NASDAQ)	Internet	US\$15.0	Offers home buyers online tools to manage home buying	Northland Securities	
8/9/07	Allegro Microsystems [ALGM.US] (NASDAQ)	Semiconductors	US\$115.0	Develops, designs and manufactures magnetic sensor integrated circuits	Daiwa/ Lehman Brothers	CIBC/ Piper Jaffray
8/9/07	NitroSecurity Inc. [NITRU.US] (NASDAQ)	Software	n/a	Designs and provides computer network hardware and software security products	Paulson Investment	
8/7/07	American Public Education [APEI.US] (NASDAQ)	Internet	US\$92.0	Provides online postsecondary education for the military and public service communities	William Blair/ Piper Jaffray	

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NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 8/10/07	% Change From Offer
8/9/07	Mercadolibre Inc. [MELI.US] (NASDAQ)	Operates an online trading site for the Latin American markets	US\$289.4	US\$18.00	US\$28.50	58.3%
8/8/07	Wuxi Pharmtech [WX.US] (NYSE)	Provides pharmaceutical and biotechnology research and development outsourcing	US\$171.5	US\$14.00	US\$18.50	32.1%
8/8/07	Masimo Corp. [MASI.US] (NASDAQ)	Develops, designs and licenses medical signal processing and sensor technology for noninvasive monitoring	US\$25.50	US\$17.00	US\$20.02	17.7%
8/8/07	DemandTec Inc. [DMAN.US] (NASDAQ)	Provides consumer demand management software for the retail market	US\$72.0	US\$11.00	US\$10.00	10.0%
8/8/07	HireRight Inc. [HIRE.US] (NASDAQ)	Provider of internet-based background screening solutions	US\$44.30	US\$15.00	US\$14.51	-3.2%
8/8/07	E-house (China) Holdings Ltd. [EJ.US] (NYSE)	Provides primary real estate services, secondary real estate brokerage and information services	US\$158.00	US\$13.80	US\$17.99	30.4%

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 8/10/07	% Change From Offer
8/10/07	Beijing Bewinner Communications [002148.CH] (Shenzhen)	Provides value-added telecom services to mobile communication users	US\$29.9	RMB 18.00	RMB 65.60	264.4%

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

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## Weekly Highlights

### International

#### *Mobile/Wireless*

- **Nimbus Sport of India announced that it has won the mobile and Internet rights for the Premier League across 80 countries for three years.** The deal will cover 1140 English Premier League matches that will be played until the end of the 2009-10 Premier League season. The rights awarded to Nimbus Sport include countries like China, Japan, Korea, Hong Kong, Thailand, India, Pakistan, Bangladesh, Sri Lanka, and other countries in Asia; UAE, Saudi Arabia, Algeria, Egypt, the Middle East and North Africa; Italy, Portugal, Spain, Greece, and Belgium in Europe; and reaching as far as Brazil, Australia and New Zealand.
- **According to IDC, sales of PDAs are seeing a decline in the second quarter, with shipments down to 719,000 units worldwide from 1.2 million last year.** The results mark a 43.5 percent decline. The drop is so dramatic that it pushed Dell Inc. to decide to stop selling its Axim handset and leave the market segment to its competitors. An IDC analyst noted that vendors who have opted to remain in the market, like Palm Inc. face pressure to justify their current position in the industry. Palm remains the largest PDA vendor with a 44.1 percent market share, followed by Hewlett-Packard Co. (HP) with 23.5 percent, Mio Technology Ltd. with 13.6 percent and Fujitsu-Siemens Computers GmbH with 3 percent. Dell was in fourth place with a share of 3.3 percent, but IDC said that number would quickly dropped to zero as the last remaining units were sold. Rumors are also circulating that Palm is up for acquisition even as it raised some US\$325 million in June by selling a 25 percent stake of the company to private equity investors.

#### *Hardware*

- **According to iSuppli, sales of plasma display panels, or PDPs, have lagged behind those of liquid crystal displays, with PDP revenues seen as peaking next year only to decline in 2009.** The research firm said revenue growth in the PDP market has been affected by falling average selling prices, which have boosted shipments. The decline in prices had been pushed by a number of factors, including increased competition from LCDs, production efficiencies, and declining costs for display materials. Global PDP revenue is expected to grow by 11.8 percent to US\$8.6 billion this year from US\$7.7 billion in 2006. iSuppli noted that increased competition and continuing price drops are expected to cause the market to contract to US\$8.7 billion by 2011. Industry figures show that, in the first quarter, Matsushita maintained its No. 1 position with 31.5 percent of the PDP market in terms of revenue, followed by LG Electronics, with 24.7 percent, and Samsung SDI, with 22.9 percent. Completing the top five are Fujitsu Hitachi Plasma Display Ltd., with 14 percent; and Pioneer, 6.8 percent.

### Japan

#### *Media, Entertainment and Gaming*

- **Industry sources announced Sony Online Entertainment's entering into a partnership with Virgin Comics to launch a massively multiplayer online video game, based on the Hindu comic book series Ramayan 3392 A.D.** The series itself is based on the Hindu epic Ramayana. The

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game will be designed initially for the PC. Sony Online Entertainment is a part of Sony Computer Entertainment America, a division of global electronics maker Sony Corp.

## *Internet*

- **Softbank Corp. announced a 44.9 percent growth in its April-June operating profit from a year ago to 78.7 billion yen (US\$667.5 million), a growth that the company ascribed partly to an increase in the number of customers to its mobile phone unit in the quarter.** The company posted a rising net profit of 25 billion yen (US\$212 million) from 1.4 billion yen (US\$11.8 million) it posted a year ago. Softbank said its operating profit went up by 59.5 percent to 43.5 billion yen (US\$369 million) from a year earlier.
- **Rakuten Inc. estimated the proceeds from its planned sale of its equity stake in Ctrip.com International Ltd., an online travel service firm, will reach about 58 billion yen (US\$492 million).** The company said capital gains from the sale will be about 46 billion yen (US\$390.1 million). The company also said it will report the sum as an extraordinary profit for the 2007 business year ending Dec. 31. Rakuten remains the largest shareholder of Ctrip. Rakuten acquired 20.3 percent of Ctrip for 12 billion yen (US\$101.7 million), a move that was aimed at boosting its services in China where the travel firm operates.

## *Mobile/Wireless*

- **Industry sources said Sanyo Electric Co. Ltd. is discussing with a domestic mobile phone maker about its plan to dispose of its mobile phone operations.** Sources are indicating that Sanyo's move to sell its mobile phone business is part of its effort to improve group-wide profitability. Earlier in July, Sanyo posted a 72 percent decline in quarterly operating profit, which was ascribed by the company to slow mobile phone sales and higher cost in raw materials. Sanyo looks to selling about 11 million units of mobile phones in the current business year to March 2008, down from its initial estimates of 12.5-12.6 million. The company has been posting a net loss for the past three business years.
- **Hitachi Com and Alvarion announced entering into an agreement to develop Broadband Mobile Wireless Access System using Mobile WiMAX technology jointly in Japan and overseas market.** The Ministry of Internal Affairs and Communications has developed the license policy of 2.5 GHz band. To establish WiMAX technology, the base station, which can transmit stable broadband data, and the mobile management technology, which can realize seamless handover between base stations. The agreement aims to see Hitachi Com and Alvarion develop total system solutions. The partnership will see Alvarion with its base station technology of Alvarion combining with the mobile gateway technology, construction and maintenance technology of Hitachi Com.

## *Software*

- **Media sources reported NEC's acquisition of U.S.-based Sphere Communications, a unified communications vendor.** The acquisition is seen by industry observers as putting NEC in a position of privilege among PBX vendors and enables it to face giants like Microsoft in a market that is characterized by intense competition.

## *Telecommunications*

- **Media sources said the Japanese government plans to remove by 2009 a cost-sharing framework set up to provide universal fixed-line phone service to all parts of the country including rural areas and remote islands.** The program to be scrapped has the two regional units of

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Nippon Telegraph and Telephone Corp (NTT) offering fixed-line phone service across the country even in situations where such service will not bring profit. Earlier in 2002, the Japanese government introduced a framework in which other telecommunications service providers share the costs to help make up for losses NTT incurs. Sources said the country's Ministry of Communications is asking carriers to make Internet Protocol telephony and other services available in rural areas to replace NTT's fixed-line service. Losses from NTT's fixed-line service have gone up with users moving to mobile phone services.

- **Media sources indicated that KDDI Corp. plans to secure the help of its top shareholder, Kyocera Corp., in a bid to win a license to use the 2.5-gigahertz bandwidth for next-generation, high-speed data communications services.** Under the agreement, the two companies are expected to form a joint company to seek approval by the government. Media sources said the alliance might also include Toyota Motor Corp., which is KDDI's second-largest shareholder.

## *Information Technology*

- **SeaChange International announced that it is delivering the foundation for KDDI's new on-demand television business. KDDI provides VoIP-phone, backbone Internet and other IT services to more than 60 cable television operators across Japan.** KDDI will leverage technologies and professional services from SeaChange through Panasonic to empower cable operators across Japan to quickly launch their own on-demand services. On-demand services will be centrally managed at KDDI network operations centers initially, with the ability for each cable operator to expand and enhance their service according to their regional coverage. Popular television and movie content will be provided by KDDI, and cable operators will have the ability to provide their own local content, which will also be managed through the KDDI central site. Under the agreement, SeaChange is providing its patented and widely deployed MediaCluster on-demand servers and Axiom Core management software, as well as the TV Backend System software for end-to-end management of promotions and business rules. Panasonic is providing the front-end interface solution for Japan's deployed cable television settop boxes. ITOCHU Techno-Solutions Corporation (CTC) is SeaChange's integration partner on the KDDI project.

## **Korea**

### *Internet*

- **Daum Communication and Empas, two major portal sites in South Korea, announced entering into a strategic cooperation that will allow users to access video contents of TV pot, Daum's UCC service, through Empas' Open Search.** The agreement marks the first time that animation contents belonging to a particular portal site will be shared with another portal site. Industry observers indicate that both companies will benefit from the deal, with Daum gaining access to more users through the Empas search platform and Empas expanding Open Search by using Daum's high-quality video contents. This combination of video and search capabilities is expected to generate synergistic effects. According to Korean Click, an Internet survey company, the UV number of the Daum users of TV pot, a moving picture UCC service, passed 3.5 millions in the third week of July, its highest point since the launching of the service. Its market share also hit 55 percent.
- **According to the Cyber Crime Investigation Division of the Seoul Metropolitan Police Agency, the personal information of 7.3 million subscribers to KT and Hanaro Telecom's Internet services has been leaked or used for other purposes without permission.** The police



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reported that KT and Hanaro Telecom used information on Internet service subscribers to make them members of portal sites that the two companies operate, without asking permission from the subscribers. Both companies are also accused of handing over subscriber information to a computer security company and a telephone and TV service sales agency.

- **The CEO of Daum Communications revealed plans to set up an airline through the Tourexpress online travel agency.** Sources said the official is looking to setting up an airline in partnership with Hong Kong-based funds and is in discussions with the Ministry of Construction and Transportation. Tourexpress, a leading online travel agency established in 1999, was a Daum Communications subsidiary until it was acquired by Business Travel & Incentive Tour in July. It has the second largest market share after Hanatour Service, with sales estimated to be 10 billion won (US\$10.8 million) this year. The new airline will offer similar services to existing big airlines rather than aiming at the budget carrier market.
- **According to its CEO, Hanarotelecom's Internet-based video-on-demand TV service hanaTV, which was launched in July last year, is an example of how fast an IPTV service can grow in terms of bringing in customers.** The company attributed Hanarotelecom's second-quarter earnings to the revenues contributed by HanaTV service. HanaTV service is considered the first IPTV service in South Korea. Company figures indicate that HanaTV has secured 98 percent of local movies and 60 percent of Hollywood films. Its CEO was quoted as saying the company has plans to secure 100 percent of Hollywood movies, with Hanarotelecom having invested some 5 billion won (US\$5.4 million) in cultural content funds. The company has already signed content sharing contracts with local movie distributor CJ Entertainment, Show Box, and Lotte Entertainment, as well as with major Hollywood film distributors such as Paramount. By the end of the year, it will sign contracts with all seven major Hollywood movie distributors including Sony Pictures, Universal Studios, 20th Century Fox and MGM.

## *Mobile/Wireless*

- **Samsung Electronics announced the launching of a marketing campaign in the U.S. to promote two new mobile phones designed specifically for families.** Dubbed the Disney phones, the device comes with a GPS function to make it easy to find children who are lost or kidnapped, a monitor function that lets parents check how children are using the phone and a family alarm function that allows users to send a pre-saved message to other family members. Samsung said the Disney phones will be marketed at US\$199.9 in the U.S. In a separate development, Samsung Electronics announced plans to boost handset sales by 68 percent in Middle East and North Africa. Media sources said the general manager of Telecommunication Division of Samsung in the region indicated the aim of the company to sell 16 million handsets in Middle East and North Africa in 2007, up from 9.5 million units in 2006. Samsung's Mena (Middle East and North Africa) division recorded a 41 percent rise in its sales in the first half of this year to US\$761 million, compared to the first half of 2006.
- **LG announced a new version of its Shine phone designed with actor Andy Lau, a move that is seen as a strategy for the company to boost its presence in the wider Chinese market.** The device called the Shine x Andy Lau Special Edition phone carries in its design the actor's own handwriting. LG said the Chinese actor Lau will also appear in ads for the phone in Hong Kong.

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## *Media, Entertainment and Gaming*

- **NCsoft announced for the second quarter 2007 sales going down by 11 percent to US\$82.1 million, operating income surging by 533 percent to US\$11.5 million, and net income of US\$11.5 million all figures on a consolidated basis.** The company said a one-time write off in expenses placed at 11.3 billion won related to Auto Assault was included in the previous year's corresponding quarter. By game title, the company reported sales in the quarter for Lineage at US\$27.6 million, Lineage II at US\$34.7 million, City of Heroes/City of Villains at US\$6.9 million, and Guild Wars at US\$8.9 million. NCsoft explained that Lineage and Lineage II sales posted a decline of 16 percent and 2 percent, respectively, and City of Heroes/City of Villains went up by 7 percent. The company said for that for the third quarter, NCsoft will launch Lineage II's second title The Chaotic Throne: The Kamael, and officially launch SP JAM and Atrix which are currently in open testing. The company's next large-scale MMORPG game Aion will enter closed beta testing on October 31 in South Korea. The company said that in North America and Europe, the first expansion for the Guild Wars franchise, Eye of the North will launch on August 31 and Richard Garriott's Tabula Rasa will be out by autumn.

## *Hardware*

- **According to market researcher DisplaySearch, Samsung SDI regained its lead in the plasma display panel (PDP) after outpacing LG Electronics.** The study showed SDI producing 630,000 PDPs in the second quarter, 90,000 more than LG. Samsung SDI was No. 1 in PDP output until the fourth quarter of 2005 when it gave away the top spot to Japan's Matsushita due to a delay in expanding a new production line. In the second quarter of 2006, LG took over the lead in South Korea. In the second quarter of 2007, however, SDI posted US\$312 million in PDP sales, surpassing LG's US\$259 million and ranking No. 2 in the world after Matsushita.

## *Semiconductors*

- **Industry sources noted that flash-memory prices have gone up by as much as 25 percent following a power outage that stalled production at Samsung Electronics this month.** According to DRAMeXchange, which runs Asia's largest market for memory chips, chip prices posted an increase of 15 percent to 25 percent during early August compared with the end of July. DRAMeXchange estimated that the blackout reduced Samsung's monthly production of NAND flash by around 5.5 percent, a figure that stands for 2.2 percent of the world supply. In a separate development, Samsung Electronics confirmed that it has upped its clients' NAND flash prices even as it did not specify details about the increase.
- **Hynix Semiconductor announced that it has developed the world's fastest and smallest one-gigabyte chip for mobile phones.** The company said mass production of the chips is scheduled for early next year. The new chip is capable of processing 1.6 gigabytes of data per second.

## **China**

### *Internet*

- **51job.com, a Chinese online job recruitment web site, announced its unaudited financial results for the second quarter ending June 30, 2007, with its total revenues posting a 21.1 percent rise year on year to 209.9 million yuan (US\$27.7 million).** The company said its print advertising revenues went up 10.8 percent to 107.6 million yuan (US\$14.2 million) compared with the

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97.1 million yuan (US\$12.8 million) it posted for the same quarter in 2006. Its operating expenses climbed to 72 million yuan (US\$9.5 million) from 62.4 million yuan (US\$8.2 million) for the same quarter last year. 51job reported a 19.5 growth in its net income to 31 million yuan (US\$4 million) from 26 million yuan (US\$3.4 million) for the same quarter in 2006. The company also announced that it has entered into an agreement with Recruit Company of Japan to set up a new business independently incorporated and aimed at providing coupon-advertising services in China. The new entity is expected to have a total capitalization of up to US\$10.8 million provided through multiple funding stages spanning several years, with Recruit expected to provide 60 percent of the funding in cash, and the remaining 40 percent to be financed through convertible bonds to 51job.

- **Sina.com posted its unaudited financial results for the quarter ended June 30, 2007, with its net revenues registering an 11 percent year-on-year rise to US\$59.8 million.** The Chinese Internet company said its advertising revenues for the second quarter of 2007 went up 40 percent to US\$41.2 million from the same period last year. Its non-advertising revenues for the second quarter of 2007 went down 23 percent to US\$18.6 million from the same period in 2006. The company said its net income for the second quarter of 2007 was US\$14.5 million, compared to US\$10.4 million in the same period last year and US\$8.6 million last quarter. Its MVAS revenues for the second quarter of 2007 went down 24 percent to US\$17 million from the same period last year and 7 percent from last quarter. Sina attributed the year-over-year decline to the changes in mobile operators' policies over the past year, such as decline of revenues from interactive voice response, which decreased 39 percent sequentially to US\$2.1 million as a result of reduced promotional efforts. The company estimates total revenues for the third quarter of 2007 to be between US\$63 million and US\$65 million. As of June 30, 2007, Sina's cash, cash equivalents and short-term investments totaled US\$415.2 million, compared to US\$312.5 million and US\$382.7 million as of June 30, 2006 and March 31, 2007, respectively.
- **Ctrip.com, an online travel booking firm, reported a 52 percent year-on-year climb of its net revenues to 288 million yuan (US\$38 million) as part of its unaudited financial results for the quarter ended June 30, 2007.** For the second quarter of 2007, Ctrip reported a 53 percent growth in its total revenues to 309 million yuan (US\$40.8 million). Ctrip said its air ticket booking revenues for the second quarter of 2007 went up 67 percent to 117 million yuan (US\$15.4 million), from the same period in 2006. The company reported 95 million yuan (US\$12.5 million) as income from operations for the second quarter of 2007. As of June 30, 2007, Ctrip said its cash balance have risen to 978 million yuan (US\$129.1 million), compared to the 866 million yuan (US\$114.4 million) as of March 31, 2007.

## *Media, Entertainment and Gaming*

- **Sina.com announced that it has secured the Chinese online broadcasting rights for the English Premier League and Italian Series A soccer matches.** Under the deal, Chinese soccer fans will be able to watch English Premier League matches live either via paid TV or the Internet. With the limited availability of paid TV in the country, Sina said it will offer Chinese soccer fans more options by offering live, online broadcast of the games. No financial details of this deal were disclosed. In a separate development, Sina said it has also obtained the rights to provide live, online broadcast of the Italian Series A in China. Details of the deal were not reported.

## *Mobile/Wireless*

- **Beijing Unicom announced the launching of a new service dubbed Financial New Space, an offering which is seen as a response to the queues always seen in front of ATMs and at banks.** Beijing Unicom's Financial New Space utilizes a Unicom CDMA card and a CDMA wireless

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communications module embedded in the wireless ATM and assures a safe, reliable and speedy connection between the mobile communications system and bank system through CDMA1X network and wireless UPDN network. Beijing Unicom's CDMA network allows financial institutions to freely install a wireless ATM without the need of setting up a network or new lines. There are currently more than a dozen financial institutions using the CDMA network as a data transmission route.

- **AsiaInfo announced entering into an agreement with Zhejiang Mobile to optimize its Business Operation Support System.** Back in 2002, AsiaInfo deployed the BOSS system at Zhejiang Mobile to support 10 million subscribers. Under the agreement, AsiaInfo will restructure and optimize the BOSS system, which remains the single largest in China and the second largest in the world, to allow Zhejiang Mobile to continue to rapidly expand its subscriber base. Five years after the installation of the system, Zhejiang Mobile's subscriber base has grown over threefold to 34 million subscribers.

## *Telecommunications*

- **AT&T announced that it has entered an agreement with China Netcom Group Corporation (CNC) to provide telecommunications services between China and the U.S. during the 2008 Olympic Games in Beijing.** Under the agreement, AT&T will be able to provide a dedicated network through which NBC can transmit digital television coverage of the Games, back to the U.S. for national broadcast throughout NBC's television network. CNC was selected by Beijing Olympics Organizing Committee as the exclusive fixed-line telecommunications partner in China for the 2008 Olympic Games.

## *Hardware*

- **Industry sources said Lenovo Group of China is in talks to gain control of the European computer maker Packard Bell.** A Lenovo spokesperson confirmed the talks. According to IDC, the acquisition is seen as helping the company beat Fujitsu Siemens Computers as the fourth-largest vendor in Western Europe. At present Lenovo is No. 3 following its acquisition two years ago of International Business Machines' personal computer business. According to estimates from Cazenove Asia in Hong Kong, Packard Bell, which posted 1.5 billion pounds (US\$2.1 billion) in sales last year, may be acquired for US\$770 million. This acquisition in Europe is expected to bring Lenovo beyond China and is seen as boosting its sales directly to consumers worldwide.
- **Lenovo announced that it has signed an agreement with Novell to provide preloaded Linux on Lenovo ThinkPad notebook PCs and to provide support from Lenovo for the operating system.** Under the deal, the two companies will offer SUSE Linux Enterprise Desktop 10 from Novell to commercial customers on Lenovo notebooks beginning in the fourth quarter of 2007. The ThinkPad notebooks with the Linux-preload will also be available for purchase by individual customers. Lenovo also said that this marks the first time that it will give direct support for both the hardware and operating system. Novell will provide maintenance updates for the operating system directly to ThinkPad notebook customers. Even before this agreement, Lenovo and Novell have already worked together on R&D for some years.
- **Industry sources reported that Digital China has begun to distribute Intel's CPU processors, with the first batch of Intel's processors reportedly already in Digital China's warehouses.** Observers find this development interesting, as Digital China is also the distributor for AMD, a long time rival of Intel. There are reports that the company, in deference to Intel, may choose another channel to distribute Intel's CPU product. No comment from Digital China could be secured regarding this development.

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## *Information Technology*

- **China Unicom said it has entered into an alliance with Gtel to launch a new enterprise communication service called 1010-1010 Brand Gtel.** The service is described as an innovative national distribution call center platform offering brand communications, calling distribution, client management and oriented marketing services for enterprise clients. By calling 1010-1010 plus an enterprise's brand/trade name, users can easily find the registered enterprise and get through to their phone. Industry sources have identified Dongpeng Ceramic and Yadi Electric Bicycle Factory as some of the domestic companies that have reportedly begun to use the 1010-1010 Brand Gtel service. The service will be promoted all over China beginning in Shanghai.

## *Semiconductors*

- **Qimonda, a memory chip supplier, announced the opening its new development center in Suzhou, which was described by a company official as “another strategic step to expand our activities in the Asian market.”** Qimonda ascribed to the market more than 30 percent of its revenues in the last quarter. The company said the additional development capacities will serve Qimonda's target to further expand and diversify its product portfolio. It will be installed in the existing facility for the assembly and testing of memory ICs in the Suzhou Industrial Park. The Qimonda Memory Products Development Center (Suzhou) Co. Ltd will be an independent entity wholly owned by Qimonda AG whose total investment is expected to amount to US\$20 million.

## **Taiwan**

### *Telecommunications*

- **According to its chairman, First International Telecom (Fitel), a WiMAX licensee for the northern region of Taiwan, revealed plans to invite Clearwire, Sprint Nextel and other target investors to invest in Fitel as strategic partners in the operation of WiMAX services.** The company said it will present its WiMAX operation plans to target investors starting next week. Fitel said it plans to raise an additional NT\$2.4-3.4 billion (US\$73-US\$104 million) to increase its paid-in capital from the current amount of about NT\$3.6 billion (US\$109.1 million) to establish a WiMAX infrastructure and subsequent operations.

### *Ventures/Investments*

- **In its filing with the Taiwan Stock Exchange, Innolux Display announced its move to issue five-year convertible bonds (CBs), 300 million common shares and global depositary receipts (GDRs) to fund the establishment of its sixth-generation (6G) plant.** The company said the CBs issued will be worth NT\$10 billion (US\$304 million) and the GDRs NT\$45 billion (US\$1.3 billion). Innolux also said it will sign a syndicated loan placed at NT\$2 billion (US\$60.6 million) with Japanese banks. The company revealed that it has to raise about NT\$60-70 billion (US\$1.8-2.1 billion) to establish the 6G plant.

### *Mobile/Wireless*

- **Industry sources indicated that Chunghwa Telecom (CHT) is keen to sell a 3G version iPhone for Apple in Taiwan, with the company hoping to finalize a deal in the first half of 2008.** CHT, however, has to face two other 3G operators, Taiwan Mobile (TWM) and Far EasTone Telecommunications (FET), if it is aiming to secure a contract from Apple since TWM and FET have also expressed an interest in selling iPhones. CHT said that it expects to purchase 2.5 million handsets



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in 2007. For 2007, CHT has sold 60,000 customized phones manufactured by High Tech Computer (HTC) and another 10,000 customized E65 handsets from Nokia. Sources said CHT is also planning to hold talks with Sony Ericsson for the purchase of customized handsets.

## *Hardware*

- **In its filing with the Taiwan Stock Exchange, HannStar Display announced its decision to sell another third-generation (3G) TFT LCD plant and an office building to Wintek for NT\$9 billion (US\$273 million).** The decision will leave the company with only one plant, a 5G plant. In September 2006, HannStar also sold a 3G plant to Wintek in a deal valued at NT\$6.1 billion (US\$186 million). At that time, HannStar also said it will secure 3.1 percent of Wintek's outstanding shares and one seat on Wintek's board of directors.

## *Semiconductors*

- **Two companies – Ligitek Electronics and Tyntek – announced their intention to go into silicon wafer production following their respective extension into the solar cell sector.** Ligitek said it will establish a silicon wafer fab in China via a strategic alliance. Earlier, Ligitek secured a solar cell order valued at US\$61 million. Tyntek, which spun off its solar cell division as Tyn-Solar Corporation (TSC), has also announced its latest investment in silicon wafer production. Ligitek's main business is LED production. The company later established a solar cell division and spun it off as an independent company in late July 2007. The company will establish four lines at its existing Kunshan, China production hub with volume production slated to begin in 2008. TSC, another newly established solar cell company by LED maker Tyntek, announced that the company's board of directors has approved a plan to invest US\$1.5 million in silicon wafer production and corresponding slicing service.

## **Hong Kong**

### *Media, Entertainment and Gaming*

- **Following the announcement of the implementation framework of digital terrestrial (DTT) broadcasting, Hong Kong's Office of the Telecommunications Authority (OFTA) have advised building owners and managers to upgrade their in-building coaxial cable distribution systems (IBCCDS) to enable them to able receive the DTT signals.** The reports indicated that Asia Television Limited (ATV) and Television Broadcasts Limited (TVB) will initiate their "simulcasting" of both DTT and analogue TV programs by the end of 2007. OFTA has also issued a companion guideline providing the needed information for the upgrade of their IBCCDS. ATV and TVB's DTT service will cover the Kowloon peninsula, northern Hong Kong Island, Shatin and eastern Lantau Island.

### *Mobile/Wireless*

- **Artificial Life, Inc., a leading provider of award-winning mobile 3G technology, games and applications, announced its partnership with CHANNEL V International to promote America's Next Top Model Season 8 mobile game.** Through the distribution network of CHANNEL V International, the America's Next Top Model 8 mobile game promotion will run in markets including, Hong Kong, Macau, Malaysia, Middle East, Indonesia, Laos, Myanmar, Brunei, Cambodia, Philippines, Thailand and Vietnam. Channel V is Asia's leading music service provider and currently operates seven popular television channels in Asia and Australasia: Channel V India, Channel

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V International, Channel V Mainland China, Channel V Taiwan, Channel V Thailand, Channel V Australia and Channel V Korea. Channel V is seen in more than 45 million homes on a 24-hour basis. Syndication brings the services into 100 million homes. Artificial Life, Inc. is a public U.S. corporation headquartered in Hong Kong with offices in Berlin and Tokyo. In a separate development, Artificial Life, Inc. announced that its games will be available at BigPond Games on Telstra's Next G network in Australia. The first games to launch are Poli-the Bear, V-Penguins, Let Go Of My Banana, and Swine Dining. The company said other mobile games would follow after this initial launch.

## *Ventures/Investments*

- **VST Holdings Ltd., an IT products distributor, announced its decision to acquire a 52.5 percent stake in Singapore IT products distributor ECS Holdings Ltd. for HK\$659.7 million (US\$84.6 million).** VST said in a statement it would buy 191.6 million shares of ECS Holdings. The Hong Kong-listed firm said it would make a mandatory unconditional cash offer for all outstanding shares of ECS on completion of the purchase. ECS has offices in 32 cities covering China, Indonesia, Malaysia, the Philippines and Thailand.

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

### *Internet*

- **Telekom Malaysia Bhd announced plans to boost its global Internet connectivity to Africa.** According to its CEO, the company is looking to set up Internet protocol nodes in some of the African nations after having set up one each in northern Africa, in Egypt, and in the Middle East. The official did not disclose the amount of investment Telekom has set aside in for the building of the infrastructures.

### *Mobile/Wireless*

- **Following the latest development at Smart Communications Inc., Koreans in the Philippines can now send SMS in Korean.** Before the launch of Korean SMS, South Korean nationals in the country had to contend with sending text messages in English characters, as most ordinary GSM handsets do not support Korean-character SMS input. Even if they use a handset capable of Korean character input, the content is sometimes not readable when received in their country because the current text coding process for international SMS does not support Korean characters.
- **IXI Mobile, Inc., the maker of the Ogo family of devices and services announced its appointment of In Mobile Solutions Sdn Bhd (IMS) as the company's distributor to Malaysia.** With the agreement, IMS will be the first to distribute the Ogo 2.0 in Malaysia. Ogo is an easy-to-use handheld device, which offers a variety of mobile communication methods including instant messaging, push email, SMS, RSS, voice and web browsing. Incorporated in Malaysia in 2000, In Mobile Solutions Sdn Bhd or IMS is a digital communications products, applications, and services bundler and marketer for telecommunications and media companies in Malaysia. With headquarters in California, IXI Mobile, Inc. offers solutions that bring innovative, data-centric mobile devices and services to the mass market.
- **Blue Ocean Wireless (BOW), an Irish company delivering GSM communication capability for the merchant maritime sector, has announced that the Philippines-based, SMART Communications has agreed to acquire a 30 percent equity interest in BOW.** The deal is placed at US\$15.9 million and now ups the value of Blue Ocean Wireless in excess of US\$55 million. The

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agreement said SMART has an option to acquire a further 19 percent in BOW, exercisable within the next 3 years. Blue Ocean Wireless counts among its shareholders Dublin based private equity firm, Claret Capital, Irish remote communications company, Altobridge, and Bank of Scotland (Ireland). The acquisition is significant given the fact that the global merchant maritime fleet is currently populated by 1.2 million seafarers, of which 40 percent are Filipinos. Their communications needs are currently served by satellite-based, bridge-mounted or shared fixed phones that tend to be expensive and inconvenient. The Blue Ocean Wireless service is expected to enable seafarers to bring their mobile phones onboard their vessels. The acquisition was made through by Smart through its wholly owned subsidiary SMART-Connect Holdings PTE Ltd. Smart is mobile phone unit of the Philippine Long Distance Telephone Company.

## *Software*

- **First Metro Investment Corp. (FMIC), the investment banking arm of Metropolitan Bank & Trust Co. (Metrobank), announced entering into an agreement with IP-Converge Data Center Inc. (IPC) to provide integration and support services as Credence Analytics' local partner.** Under the deal, IP-Converge said FMIC will be using treasury, risk management and other modules from the Credence iDEAL software suite to enhance its existing systems. The agreement makes FMIC the first Credence Analytics user in the Philippines. Terms of the agreement were not revealed. IP-Converge is a unit of publicly listed firm IPVG Corp, which has businesses in online gaming, business process outsourcing and other IT-related services.

## *Semiconductors*

- **NXP Semiconductors, maker of semiconductors, system solutions and software, announced its investment of 90,000 euros (US\$123.1 million) on the research and development (R&D) of Wireless Universal Serial Bus technology.** To be spread out over the next five years, the investment for this project at NXP's Asia Product Innovation Center in Singapore is an addition to the company's existing R&D budget. Wireless Universal Serial Bus (W-USB) technology makes short-range data transfers faster between mobile phones, consumer electronics and PC peripherals. It is said to outperform current Bluetooth and Wi-Fi transfer methods in consumer electronics. The USB and W-USB development unit of NXP's innovation centre serves the company's computer peripheral and electronic device makers based in Greater China, Japan, Singapore and South Korea. The company said the unit is involved in product concept through to implementation and customer support.

## *Telecommunications*

- **Company sources said PT Indosat Tbk, Indonesia's second-largest telecommunications company, has plans to issue a 1 trillion rupiah (US\$107.6 million) bond issue this year to finance capital expenditure.** No specific timing for the bond launch was declared. ST Telemedia of Singapore owns about 40 percent of the company. Sources said the company is planning to spend US\$1 billion this year to expand its network and infrastructures. Indosat appointed PT Andalan Artha Advisindo and PT Danareksa Sekuritas to handle the issue.
- **Philippine Long Distance Telephone Company (PLDT) reported for the second quarter of 2007 a 24 percent rise in its net profit to 8.4 billion pesos (US\$184.2 million).** The company ascribed the results to increased mobile phone usage, especially during the last national election. PLDT is partly owned by Hong Kong's First Pacific Co. Ltd. and Japan's NTT. The company said it is seeing the company's growth from its broadband and Internet services as the Philippine mobile market matures. The company holds about 57 share of the market. In the first six months of the year, PLDT registered an 11 percent rise in its consolidated net income to 17 billion pesos (US\$372.8



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million) from 15.3 billion pesos (US\$335.5 million) in the same period in 2006, on account of foreign exchange transactions and derivative gains, lower depreciation charges and higher provision for income tax.

## United States/Canada

### *Internet*

- **Amazon.com announced the launch of its Jewellery & Watches store in the UK, Germany and Japan, with its websites Amazon.co.uk, Amazon.de and Amazon.jp now with a link to the company's Jewellery & Watches division.** Jewellery & Watches also features a Learning Center, which provides customers with buying guides for pearls, diamonds, precious metals and watches. In a related development, Amazon.com announced a 260 percent growth in its diamond sales in the second quarter of 2007.

### *Mobile/Wireless*

- **ADAPTIX, a pioneer in the development of orthogonal frequency division multiple access (OFDMA) technology, announced that it has been granted eight new patents by the governing patent agencies in Japan, Australia, Hong Kong and South Korea.** The patents are in addition to the company's current intellectual property (IP) portfolio, which is focused on OFDMA and related next-generation wireless technology patents in the U.S. ADAPTIX, one of the earliest developers of OFDMA and Mobile WiMAX technology and is headquartered in Texas, with additional offices in Seattle, Washington, and Shanghai, China.

### *Media, Entertainment and Gaming*

- **SwiftCD, the leading provider of on-demand DVD-ROMs to the games industry, and K2 Network announced entering into a partnership to create on-demand DVD-ROMs of popular K2 Network Downloadable games.** The new DVD-ROMs are available in addition to the existing download options; K2 Network customers simply pay a shipping fee for the DVD delivery. Currently the Sword Of The New World: Granado Espada demo is available for both download and for DVD-ROM media delivery. K2 Network said it plans to roll out the DVD-ROM offer to its remaining MMORPG online titles in the near future. K2 Network publishes and services online games and cultivates dynamic player environments. K2 Network currently has 10 million registered users and offers War Rock, Knight Online, Global MU Online, Red Stone and Sword of the New World: Granado Espada. K2 Network has an operational presence in the U.S., Korea, and India. Founded in 1999, SwiftCD is the leader in manufacturing and fulfilling on-demand, dynamic and build-to-order CDs and DVDs.
- **Industry sources are saying that NBC Universal and News Corp have reached a preliminary deal with a private-equity firm to sell a stake in their online joint venture valued at US\$100 million.** Sources said NBC Universal and News Corp have yet to give a name. The online venture is scheduled to launch this fall and will feature content from TV shows. The source said the private equity fund, Providence Equity and NBC Universal and News Corp had reached a deal on preliminary terms even as some details could still change.
- **According to filed SEC documents, shareholders of aQuantive, Inc. have agreed to accept a buyout offer from Microsoft.** Under the terms of the agreement, Microsoft will pay aQuantive shareholders in deal worth some US\$6 billion to acquire all outstanding shares of the digital

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advertising company. For some analysts, the deal is overpriced. In the fiscal year ended in July, Microsoft reported US\$2.47 billion in revenue in online services, including advertising.

- **Electronic Arts Inc. and Hasbro, Inc. jointly announced forging of a licensing agreement to create electronic versions of some of Hasbro's most popular games including Monopoly, Scrabble and Yahtzee.** Under the agreement, Electronic Arts will hold worldwide rights to create the digital games for electronic devices including mobile telephones, as well as over the Internet. The two companies said the first games are to be launched in 2008. Financial details of the deal were not reported.

## *Software*

- **Sybase iAnywhere, an author of software for handheld computer and phones, announced that it has agreed to acquire Coboplan, a Japanese company that makes mapping software for applications like sales force automation, road and city planning, waterworks and civil engineering projects.** According to Sybase iAnywhere president, the acquisition will enable his company to deliver new location and context-aware services. Sybase did not disclose the amount of the all-cash deal even as it indicated that the transaction will close in the middle of August. It does not also see the acquisition as having an impact on its 2007 consolidated results. Sybase iAnywhere is a unit of Sybase Inc. based in California.
- **Dell announced that it has agreed to acquire Zing Systems, a company that makes software for distributing and managing music on mobile devices.** Zing's technology allows portable media players to play, store, and navigate music from digital streams. The planned acquisition follows Dell's reported move to look for ways to increase sales of its computers and other computing devices to consumers, a market in which the U.S. manufacturer is struggling to grow. Industry observers have expressed their wonder as to what Dell plans to do with Zing, following Dell's departure from the PDA and MP3 players market.

## *Semiconductors*

- **Parade Technologies, Ltd., a privately held fables semiconductor company, announced the closing of its Series B financing totaling US\$14.5 million, with AsiaVest Partners leading the round.** Intel Capital, a new investor, and Legend Capital, an existing Series A investor, also participated. The company said the fund will be used to speed up the company's growth strategy, especially the marketing and development of DisplayPort and HDMI digital video interface technology and products. As a part of the investment, Darren Huang, Managing Director of AsiaVest Partners will join in the board of Parade Technologies, Ltd. This latest round brings Parade Technologies' total funding to US\$21.5 million. AsiaVest Partners, TCW/YFY Ltd. is a leading venture capital firm investing in private companies in the Greater China Region and manages over US\$980 million, with an investment focus on the semiconductor, IT, wireless, software, manufacturing and consumer related industries. Intel Capital, Intel's venture capital organization, makes equity investments in innovative technology start-ups and companies worldwide. Legend Capital is an independent venture capital subsidiary of Legend Holdings Ltd. focused on driving high-growth IT investments in China and China-related companies at the start-up and expansion stages. Parade Technologies, Ltd. is based in California but maintains a Hong Kong branch, which provides logistical and administrative services.

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## Europe

### *Internet*

- **Media sources in Britain said NOW, the broadband service owned by PCCW, Hong Kong's largest telecoms group, is up for sale, a situation that industry observers said is a result of the consolidating Internet sector in the country.** Rumors are circulating that the broadband group has been in talks with at least one rival in Britain. Records also show that for 2005, NOW made a post-tax loss of 23.3 million pounds (US\$46.9 million). One of its group managing directors denied these rumors. In a separate development, PCCW announced plans to roll out mobile voice services in Britain over its wireless broadband network. At the end of the year, PCCW's Internet operations in Britain, known as Now Wireless Broadband, will conduct technical trials with a key vendor to test WiMAX. As part of the trials, PCCW will be testing voice services over the WiMAX network. PCCW's broadband group in Britain offers broadband Internet services using a less-popular technology known as UMTS-TDD. Industry observers note that with WiMAX, which is known for its speed and extended reach, PCCW may be able to attract more users.

### *Mobile/Wireless*

- **Nokia Corporation announced its adoption of Microsoft's PlayReady DRM (digital rights management) software in a bid to expand the wireless possibilities connected to its existing S60 mobile phone platform.** With Microsoft's PlayReady onto the S60 platform, Nokia customers are seen as able to share protected audio and visual content between handsets, computer systems, and other compatible products. The S60 platform is considered the mobile phone industry's most used software. According to Nokia, PlayReady handsets using the S60 as well as those using the S40 software platform are expected to be ready for a market rollout some time 2008.
- **Vodafone Group PLC announced its decision to hold on to a 45 percent stake in Verizon Wireless Inc., a move that analysts believe is aimed at retaining a presence in the U.S. mobile phone market.** Vodafone, Europe's largest mobile phone operator announced its decision before the deadline for the company to exercise a final option to sell its minority stake, valued at around US\$50 billion. Industry observers said the decision is not going to be well received by Verizon Communications Inc., which owns 55 percent of Verizon Wireless Inc. The company is reportedly looking to gain full control of the mobile operator.

### *Software*

- **CryptoLogic Limited, a leading software developer to the global Internet gaming industry, reported for the three months ended June 30, 2007 revenue of US\$16.2 million and an after-tax loss of US\$2.6 million, which the company ascribed principally to US\$4 million in reorganization costs related to establishing a new corporate headquarters in Ireland.** Without this item and some non-recurring tax impacts, CryptoLogic said it registered an operating profit of US\$2.5 million. The company also announced its new partnership in Asia, which included the signing of a final agreement with Brilliance Technology Co. and 568 Network Inc. in a bid to penetrate the high-growth Chinese market with CryptoLogic's existing games and new games. The companies plan to offer subscription-based games over the Internet and mobile phones. Earlier, CryptoLogic said it has completed an agreement to acquire a minority ownership interest in 568 Network Inc. for US\$1.2 million, with the option to take a majority stake in the future. With a new executive headquarters in Ireland, the company maintains its offices and subsidiaries in Canada, Cyprus, UK and Singapore.

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## *Semiconductors*

- **STMicroelectronics, the French-Italian chip maker and Nokia, the Finnish leader in mobile phones, disclosed their decision to enhance their cooperation in integrated circuits and third generation (3G) modems.** According to Nokia, the “multifaceted agreement” will allow STMicroelectronics to design and manufacture 3G chipsets based on Nokia's modem technologies, energy management and RF (radio frequency) technology and deliver complete solutions to Nokia and the open market. Sources said the two firms have initiated talks on the transfer of some of Nokia's integrated circuits operations to STM.

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## Other Economic Data

### Currency Exchange Rates

Currency	Units	Current Rate (on 8/10/07)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change Last 12 Mth.
Japanese yen	¥/US\$	118.3800	0.68%	-0.58%	0.54%	3.05%
Hong Kong dollar	HK\$/ US\$	7.8189	-0.13%	0.53%	0.83%	0.55%
Chinese renmenbi	RMB/ US\$	7.5725	0.09%	-2.98%	-6.17%	-5.00%
Singapore dollar	S\$/ US\$	1.5204	0.04%	-1.14%	-8.57%	-3.14%
South Korean won	KRW/ US\$	931.5000	0.61%	0.16%	-7.77%	-2.76%
New Taiwan dollar	NT\$/ US\$	32.9600	0.26%	1.14%	0.41%	1.16%
Australian dollar	US\$/A\$	0.8436	-1.34%	6.97%	15.12%	9.66%
New Zealand dollar	US\$/NZ\$	0.7459	-1.71%	5.97%	9.10%	17.63%
Philippine peso	PHP/ US\$	45.6000	0.55%	-6.96%	-14.10%	-11.02%
Euro	US\$/€	1.3692	-0.92%	3.74%	15.55%	6.54%
British pound	US\$/£	2.0236	-0.97%	3.30%	17.45%	6.43%

### Fixed Income Prices and Yields

Note	Currency	Current (on 8/10/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	99.5938	5.03%	98.2031	4.87%	95.25	5.11%
Japan 30-year	¥	102.6520	2.34%	101.7820	2.39%	100.2675	2.51%
Hong Kong 10-year	HK\$	102.6862	4.36%	102.3225	4.36%	100.9249	4.36%
China (06/16)	US\$	103.6656	4.19%	103.6107	4.18%	102.5566	4.34%
Singapore 10-year	S\$	101.5900	3.09%	101.5900	3.09%	101.088	3.20%
South Korea 20-year	US\$	106.2313	5.42%	106.2815	5.41%	103.3803	5.63%
Australia 15-year	A\$	152.7080	2.52%	153.4735	2.55%	151.041	2.69%
New Zealand (12/17)	NZ\$	96.5237	6.44%	96.9665	6.41%	93.5614	6.87%
Philippines 20-year	PHP	100.1715	9.19%	100.2050	9.19%	121.5449	8.96%
India 30-year	INR	88.9959	8.43%	89.4179	8.38%	90.0327	8.34%
UK 30-year	£	94.2270	4.63%	94.9710	4.61%	93.47	4.75%
Germany 30-year	€	91.5760	4.53%	92.5930	4.51%	91.037	4.66%

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