



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

Week of 19 August - 25 August, 2007

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Equity Market Indicators					
Index	Closing Level (8/24/2007)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change 2006 Low
S&P 500	1,479.37	2.3%	4.3%	18.5%	20.9%
Dow Jones Industrial Avg.	13,378.87	2.3%	7.3%	24.8%	25.4%
Dow Jones Tech. Index	446.46	4.2%	8.2%	19.0%	32.5%
Dow Jones Telecom. Index	287.94	4.7%	10.7%	42.8%	43.1%
NASDAQ Composite	2,576.69	2.9%	6.7%	16.8%	27.5%
The Street.com Net	273.91	2.7%	10.8%	30.2%	42.3%
Japan Nikkei 225	16,248.97	6.4%	-5.7%	0.9%	14.3%
JASDAQ	72.22	3.1%	-16.2%	-44.5%	-10.6%
Japan Mothers	726.77	5.6%	-34.6%	-71.4%	-27.9%
Korea KOSPI Composite	1,791.33	9.4%	24.9%	29.9%	48.8%
Korea Kosdaq	754.16	12.0%	24.4%	9.1%	39.9%
Taiwan Stock Exchange	8,690.09	7.4%	11.1%	32.7%	38.9%
Singapore Straight Times	3,369.45	7.6%	12.8%	43.5%	47.7%
Hong Kong Hang Seng	22,921.89	12.4%	14.8%	54.1%	53.4%
Hong Kong GEM	1,467.95	9.0%	19.9%	45.7%	46.0%
China Shanghai (A-Share)	5,363.20	9.7%	90.5%	339.3%	331.9%
China Shenzhen (A-Share)	1,502.91	10.3%	163.9%	418.1%	409.5%
China Shanghai (B-Share)	318.19	6.1%	144.5%	413.1%	405.6%
China Shenzhen (B-Share)	736.58	9.7%	70.0%	276.5%	269.7%

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Technology, Media, Telecommunications and Life Sciences Market Activity						
NASDAQ/NYSE TMT and Life Sciences IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
8/20/07	Orion Energy Systems [OESX.US] (NASDAQ)	Electrical	N/A	Designs, manufactures and implements energy management systems	Thomas Weisel	Canaccord Adams

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 8/24/07	% Change From Offer
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
8/22/07	Net Dragon Holdings [NETDRZ.HK] (Hang Seng)	Online Gaming	US\$102.0	Online game provider	Bear Stearns	N/A

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 8/24/07	% Change From Offer
8/20/07	Bixelon (093190.KS) [KOSDAQ]	Manufactures Samsung POS, receipt, terminal, and ECR printers	US\$53.1	KRW 10,000	KRW 9,820	-1.8%

Asian Markets: TMT and Life Sciences Convertibles						
Issuance Date	Issuer [Equity Ticker]	Description of Issuer	Maturity Date	Size (US\$MM)	Per US\$10,000 converts to	Convertible Until
8/24/07	Accuris Co. Ltd [048460.KS]	Manufactures and sells printed circuit boards	8/27/08	US\$2.1	11,363 shares	8/26/08
8/22/07	DU HighTech [066430.KS]	Produces, licenses and merchandises animated characters on an OEM basis	8/23/10	US\$2.1	12,980 shares	7/23/10
8/21/07	AimHigh Global [043580.KS]	Manufactures and sells electronic components for notebooks, video equipment and mobile phones	8/22/10	US\$2.1	18,867 shares	7/21/10

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Weekly Highlights

International

Media, Entertainment and Gaming

- **The Pearl Research issued a study estimating that the top ten online games publishers in Asia generated more than US\$2 billion in revenues in 2006.** The report forecast that the figure will even surpass US\$2.5 billion by the end of next year. The report also stated that a total of ten online game publishers in Asia, found mainly in China and South Korea, posted revenues exceeding US\$100 million in 2006, with another thirteen publishers poised to generate the same figures by 2008. The report contained in a document entitled Online Game Publishers in Asia estimates that there will be more than 400 million Internet users across Asia, with growth driven by the emerging markets of China, Vietnam and India. Companies covered in the study include CJ Internet, NCsoft, Neowiz, Netease, NHN, Perfect World, Shanda, Soft-World, Tencent and The9.

Software

- **According to IDC, the Asia-Pacific region, excluding Japan, will see its content management software market grow at a five-year compound annual growth rate (CAGR) of 14.2 percent, to US\$281 million by 2011.** This market was valued at US\$145 million last year. The study showed that, across the region, in 2006, North Asia led the market in terms of revenue at 44.8 percent, followed by Australia and New Zealand at 32 percent, ASEAN at 13.4 percent, and South Asia at 9.8 percent. According to IDC, Australia and South Korea are anticipated to continue to dominate the region's content management software market during the forecast period. India and China are seen as demonstrating strong growth. The study cited growing awareness of compliance, risk management and increasing outsourcing activities as the factors that will drive growth in the Asia-Pacific content management software market.

Japan

Media, Entertainment and Gaming

- **U.S. film studios Paramount Pictures Corp. and DreamWorks Animation SKG announced their decision to give their exclusive support behind the high-definition DVD format being promoted by a group of companies led by Toshiba Corp.** Industry observers see the shift of Viacom Inc.'s Paramount to the HD DVD format as a major setback for Sony Corp., Matsushita Electrical Industrial Co. and others that have been pushing the Blu-ray disc technology. Observers note that the major Hollywood studio had previously released its titles in Blu-ray, a next-generation optical disc format, and HD DVD, which was developed by Toshiba, NEC Corp. and other companies. The report said both Paramount and DreamWorks Animation opted for the lower manufacturing costs and high-quality technology of HD DVD in preparation of the release of its major productions by autumn.

Internet

- **According to its president, Acca Networks Co., a Japanese DSL provider, has plans to set up partnerships with other companies to offer WiMAX services.** The official said that the company aims to put together a plan for the new services it is offering even as it sees alliance with other firms as

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a way to widen operations and generate funds. In what it envisions as a joint venture for the new services based on WiMAX, Acca said it will retain a majority stake in those partnerships. Acca is one of the companies in the country trying to secure government licenses for the next-generation high-speed wireless communications services. Industry sources indicate that the country's communications ministry is set to grant WiMAX licenses to one or two companies.

- **Industry sources indicated that Rakuten Inc. has reaffirmed with its plan to increase its stake in Tokyo Broadcasting System Inc. to about 21 percent.** According to its top official, Rakuten's proposed acquisition of additional TBS shares is a bid to transforming the broadcaster into an equity-method affiliate of the Internet firm. The move to up its stake in TBS to more than 20 percent is seen as enabling Rakuten, now the largest TBS shareholder, to reflect the broadcaster's earnings in its consolidated accounting procedure in proportion to the size of its shareholding. Rakuten said its net profit for the January-June period dropped 18.3 percent from the previous year to 5.8 billion yen (US\$49.8 million) while its operating profit declined 30.2 percent year on year to 13.4 billion yen (US\$115.1 million). The company said its sales went down 6.1 percent to 98.9 billion yen (US\$849.8 million).

Mobile/Wireless

- **The country's Ministry of Economy, Trade and Industry reported that it is spearheading a campaign that would see leading consumer electronics manufacturers notifying consumers about product recalls by means of mobile phones.** Under the present system, purchasers can register through a variety of methods, including the use of postcards that come with the products. With the new scheme, home electronics manufacturers would install information in their products using the QR code or IC tag systems. Manufacturers can then notify consumers about product safety, recalls and after-sales service by e-mailing to their cell phones. The ministry said that it has plans to request for funds to help set up the project.
- **Matsushita Electric Industrial (MEI) revealed that it will cover the direct costs of a battery recall affecting 46 million Nokia mobile phones.** MEI is the parent company of Matsushita Battery Industrial, which manufactured the batteries. MEI placed the costs to be covered at between 10 billion yen (US\$86 million) and 20 billion yen (US\$172 million), with the company accruing those costs in the first half of 2008. . The costs include money Nokia had to spend on logistics and call centers as well as the replacement battery costs.

Hardware

- **Sharp Corp. announced the unveiling of a prototype of what the company described as the world's thinnest, lightest and most energy-efficient LCD TV.** The 52-inch model is only 2-cm thick, weighs 25 kg and consumes 140 kwh per year, compared to the firm's current 52-inch model, which is 8.1 cm thick and weighs roughly 50 kg. Sharp said the prototype also uses half the conventional model's power and one-fourth of that used by a comparable plasma TV.
- **Fujitsu announced the development of a laptop with a biodegradable chassis, which was made from a cornstarch-based plastic expected to decompose within months.** The product has been dubbed the Fujitsu LifeBook. Cornstarch-based plastics release 15 percent less carbon emissions than traditional plastics, which are made from non-renewable materials, including oil, coal and natural gas. In other related developments, Fujitsu said it has also manufactured mobile phones and point-of-sale terminals with the biodegradable plastic.

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Semiconductors

- **According to the Japanese government, the Economy, Trade and Industry Ministry is setting up a project aimed at developing a high-performance computer chip with a processing speed ten times faster than existing ones.** The ministry will be working with the industry from fiscal 2008. The project is looking to boosting the semiconductor performance by making a "3-D" semiconductor to be used for technologies related to products like domestic robots. The ministry disclosed that it will seek funding of about 1.5 billion yen (US\$12.8 million) for the project. The ministry said it will also join leading domestic semiconductor companies, such as Toshiba Corp. and Fujitsu Ltd., for the five-year project.

Information Technology

- **Sony Corp. disclosed plans to sell a satellite navigation accessory, which turns its handheld PSP game consoles into a navigation device.** Industry observers see the PSP equipped with the global positioning (GPS) accessory as competing with dedicated navigation devices such as those made by TomTom and Garmin Ltd. According to an official of the firm's European games unit, the accessory would be priced between 100 and 150 euros (US\$135-\$200). In a separate development, Sony said it is set to launch also an accessory for its flagship PlayStation 3 that will turn the games console into a digital video recorder.

Ventures/Investments

- **Industry sources said that New York-based Perry Capital LLC has challenged NEC Corp. to explain why it has turned down a US\$1.3 billion offer to buy 25 percent of an NEC affiliate.** Industry analysts see this move of the investor as a sign that it would continue to follow options that would give NEC Electronics Corp. independence from NEC.

Korea

Internet

- **NeuStar, Inc. announced its deployment of internationalized domain names (IDNs) for the Korean language in the .BIZ top-level Internet domain.** IDNs in .BIZ enable companies and for-profit organizations worldwide to register domain names in their languages of choice. Currently, NeuStar is capable of registering .BIZ IDNs in Korean, Chinese, Danish, German, Icelandic, Japanese, Norwegian, Spanish, and Swedish. NeuStar was awarded the contract to administer the .BIZ registry by the Internet Corporation for Assigned Names and Numbers (ICANN) in May 2001. The company is a provider of clearinghouse and directory services to the global communications and Internet sector.
- **South Korea announced the opening of a virtual reality i-Fashion store that is expected to help enhance customer choices and boost clothing sales.** To be operated by the Shinsegae Department Store, the store is considered to be the first of its kind in the world, and aims to use the country's IT infrastructure to help consumers choose clothes without actually going to stores. The i-Fashion Clothing Technical Center at Konkuk University and clothing manufacturer FnC Kolon Corporation built the system with support of the Ministry of Commerce, Industry and Energy. Shinsegae is South Korea's second-largest department store chain. In a related development, FnC Kolon announced it will operate its own i-Fashion store beginning in November.

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Mobile/Wireless

- **According to Hanaro Telecom's chief marketing executive, the company is planning to begin selling mobile phones early next year.** The move is a response to the development that will see the Korean government opening up the three-way mobile service market to more players. The official said the company is planning to launch the Hanaro Mobile service by bundling it with its existing portfolio of broadband Internet (Hanafos), home telephone (Hanaphone) and Internet-based TV (Hana TV) services. At present, the government has allowed only three firms, namely SK Telecom, KTF and LG Telecom to provide mobile services in the country. South Korea's minister of information and communication, however, has promised to break the monopoly by approaching existing players to lease their network lines to new players at reasonable prices.
- **According to its chief executive, KTF is negotiating with Apple to sell the highly popular iPhone in South Korea.** iPhone is Apple's mobile gadget that is a hybrid phone, music player and Internet browser. Even with its massive popularity in the U.S., no plan about its release in the country and other Asian markets has been released. KTF said it is waiting for the decision from Apple.
- **Market sources show LG Electronics' mobile phones beating those coming from Samsung Electronics. LG Electronics posted its largest-ever quarterly operating profit of 313.2 billion won (US\$332.5 million) in the cell phone sector, while Samsung Electronics reported a decrease in sales and operating profit.** LG Electronics says its phone sector generated 2.7 trillion won (US\$2.8 billion) in sales in the second quarter of the year. LG attributes its good performance to the increase in the sales of its GSM handsets in Europe, as well as Central and South America. The company also noted a growth in the sales of WCDMA cell phones in South Korea, North America and Asia, which contributed to the results. LG reported a 21 percent quarter-on-quarter rise to 19.1 million phones sold in the second quarter of the year. The information and communication sector of Samsung Electronics reported earning 4.5 trillion won in sales and 350 billion won in the second quarter. Industry observers note that Samsung focuses on mid-priced handsets while LG works with premium models to get to the business results. LG's average sales price climbed from US\$158 in the first quarter to US\$160 in the second quarter, while that of Samsung went down from US\$155 to US\$148 during the same period. LG Electronics identified demand in emerging markets and in advanced countries, especially for the 3G mobile phones as being the driving force in the market in the third quarter. The company also indicated that the amount of exports will grow, ascribing the results to a rise in the sales of medium and low-priced models.

Information Technology

- **According to the Korea Information Society Development Institute, the country's IT industry is expected to see a 10 percent growth in exports to US\$125 billion this year.** The body said IT exports will contribute more than a third of all South Korean exports and will continue to play a key role in the country's growth engine. This forecast is based on the rise in demand for mobile communications and broadcasting equipment and a turnaround in the country's key export items such as semiconductors and display panels.

Telecommunications

- **SK Telecom, the country's largest wireless provider, announced that it has assumed a 6.6 percent stake in China Unicom, China's No. 2 telecommunication company.** The move is seen as a significant advantage for the South Korean firm, which indicated that it will convert US\$1 billion in bonds issued by China Unicom into full shares. With the stake, SK Telecom also gets the right to

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appoint executives. SK Telecom signed a comprehensive partnership agreement with China Unicom in 2002. It purchased the bonds in June 2006 on the condition that it would not convert them into shares for one year.

Semiconductors

- **According to one of its top officials, Hynix Semiconductor is looking to dispose of its 200mm chip production equipment from its M8 and M9 lines at a plant in Cheong-ju, North Chungcheong Province.** Industry observers see the move as a way for the company to boost its 300mm DRAM business and increase productivity. The official also indicated that it will make an investment worth some 12.5 trillion won (US\$13.6 billion) during the latter part of 2010 for the construction of three or four 300mm DRAM plants. Company sources described TSMC, a Taiwanese Foundry manufacturer, as a possible buyer of the M8 and M9 lines. Industry sources said TSMC is engaged in talks with Hynix over the purchase of the equipment for between US\$500 million to US\$550 million. Another development shows the plans of Hynix reacquiring MagnaChip, which in 2004 was separated from the world's third-largest NAND supplier.

China

Internet

- **Pacific Internet Limited announced that the Ministry of Information Industry (MII) of the People's Republic of China has approved the grant of a cross-provincial license to the equity joint venture (EJV) entity to be set up between PacNet and its China partner Zhong Ren Telecom (Zhong Ren), to provide certain value-added services in Mainland China.** The MII license covers three Value Added Services (VAS), namely Internet data centre; Internet access; and "store-and-forward" services. According to a PacNet Hong Kong official, Zhong Ren has secured an IP-VPN license for Guangdong province, and has done well in establishing its presence in southern China. Pacific Internet Limited or PacNet is the largest telco-independent Internet Communications Service Provider by geographic reach in the Asia Pacific region. The Company has a direct presence in Singapore, Hong Kong, the Philippines, Australia, India, Thailand and Malaysia. PacNet delivers a comprehensive suite of data, voice and video services to both corporate business and consumer customers.
- **9you.com announced plans to cancel its listing in Japan. Earlier, the company had talked about its plans to list but later announced the suspension of that listing following the media reports about the company's conflict with two South Korean companies – T3 and Yedang.** 9you.com said that the cancellation of the IPO would not affect its operations and, after the problem is settled, it would still reconsider an IPO. Before the cancellation of the listing by 9you.com, T3 and Yedang announced through the South Korean media that they would terminate their cooperation with 9you. The reason for the dispute: 9you.com allegedly paid too little commission for using Audition and even went on to plagiarize their other games.
- **Media sources are quoting a Google representative saying that the company has already completed the acquisition of 60 percent of Tianya.cn.** Other sources, however, are claiming that Google still does not own a majority stake in the Chinese company. Amidst the conflicting news, Google and Tianya.cn announced that they are launching a new service called Wen Da (Ask and Answer), which Google claimed earlier represented a strategic cooperation between the parties. Founded in 1999, Tianya.cn is an online community with about 20 million registered users.

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- **The Online Copyright Alliance of Internet Society of China (ISC) announced that it will set up a copyright information bulletin platform with the aim of giving better protection to online copyrights.** The platform is also seen as hastening the popularization of Internet applications. The present conditions describe online copyright information as opaque, which gives few chances for Internet companies to buy copyrights from the original creators. Industry observers see this situation as bringing about a number of fraud cases and even impeding the development of Internet services in the country. According to ISC, the new platform will help in the circulation of legal works and carry out certification on the copyright of relevant copyright owners. ISC said it will also set up a copyright dispute intercession center to coordinate and solve the disputes between copyright owners and Internet companies.

Media, Entertainment and Gaming

- **According to its spokesperson, Founder Group, a Beijing-based software company has filed a lawsuit against the creator of the World of Warcraft and the game's local operator for allegedly using its Chinese character fonts illegally.** The lawsuit, which was filed in June but was only disclosed recently, seeks US\$13.2 million in damages. Founder said the Chinese version of World of Warcraft, run by Shanghai-based The9 Ltd., uses five Chinese character fonts developed by Founder without authorization. The report said Founder staff stumbled upon the alleged violations while playing the game. World of Warcraft, created by Vivendi SA's Blizzard Entertainment Inc., is the world's most popular online game and boasts of more than 3.5 million subscribers in China. Founder Group is a software company and computer maker founded in 1986 with an investment from Peking University.

Software

- **RedHat, one of the world's largest open source providers and Linux software providers, announced its entry into Chengdu by way of Sofmit, the largest outsourcing software company in Sichuan Province.** RedHat and Sofmit announced that they have established a RedHat Southwest SOA Solution Center and China SOA Service Center in Chengdu, which is considered by observers as the biggest strategic move that RedHat has taken since it entered the Chinese market in 2000. The two companies said following the set up of the two centers, RedHat, Sofmit and Chengdu Tianfu Platform Software Outsourcing Company will work with other learning institutions to train talent for the development of high quality and low-cost Linux system and open source solutions. The value of the investment was not disclosed.
- **According to media sources, Microsoft has asked Jiangmin, Kingsoft and Rising, Chinese domestic anti-virus software companies, to start advocating the importance of online security.** The three rivals jointly called on the users to up their anti-virus awareness as they also develop the habits appropriate to creating safe online behavior. The companies have also worked out six principles for online security.
- **e-Future Information Technology Inc., a leading Chinese front supply chain management software and service company, announced its unaudited financial results for the six months ended June 30, 2007, with the company reporting a 21.5 percent rise in its total to 19.1 million yuan (US\$2.5 million) over the first half of 2006.** The company said software revenues increased 51.7 percent to US\$1.7 million over the first half 2006. Its net income went down to US\$0.3 million due largely to expenses and amortization associated with a US\$10 million private placement in March 2007 as well as three strategic acquisitions in the first half of the year. As of June 30, 2007, the company had cash, cash equivalents of 112 million yuan (US\$14.7 million). e-Future is a leading

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provider of integrated software and professional services for manufacturers, distributors, wholesalers, logistics companies and retailers in China's supply chain market.

Hardware

- **Media sources reported Dell's opening of a direct sales store in Beijing's Zhongguancun area to sell a variety of Dell laptop computers and to provide Dell's standard after-sales service.** The opening of a direct sales store is not anymore unusual for Dell but the choice of a key IT zone of Zhongguancun is considered significant by observers. The company has been working on setting up its distribution services globally.
- **Industry sources reported the tripartite cooperation among Suning, Siemens and Sony. The three parties have formed a 3S Alliance, with the S indicating the initial letter of the three parties.** Under the agreement, the three companies will work on a range of businesses ranging from product development, marketing and after-sales service to jointly increase their capacity in serving high-end consumers in China. The three parties also revealed their areas of priority, where they will first form a medium and high-end product R&D platform to develop value-added products for individual consumers. The companies will then set up a marketing alliance, after which they will jointly offer new service experiences to consumers. Under the agreement, Siemens and Sony aim to provide their latest products to Suning and offer discounts to consumers who buy a whole set of Siemens or Sony electrical appliances.

Semiconductors

- **Qimonda and Semiconductor Manufacturing International Corporation announced entering into an agreement to widen their existing cooperation on the production of standard memory chips, which are also called DRAMs.** The agreement will see Qimonda transferring its 80nm DRAM trench technology to SMIC's 300mm facility in Beijing. The deal will also enable SMIC to manufacture DRAMs for computing applications in this technology exclusively for Qimonda. The agreement includes the option to transfer Qimonda's 75nm technology to SMIC in the future.

Ventures/Investments

- **Superconductor Technologies Inc. (STI), a leading provider of high performance infrastructure products for wireless voice and data applications, announced that it has entered into an agreement with Hunchun BaoLi Communication Co. Ltd. (BAOLI) under which BAO LI has agreed to invest US\$15 million.** The report said the investment will be made in four installments: US\$1 million by August 31, 2007, US\$3 million by September 30, 2007, US\$2 million by October 22, 2007, and US\$9 million by December 30, 2007. Superconductor Technologies Inc. is headquartered in California. STI's SuperLink solution increases capacity utilization; lower dropped and blocked calls, extends coverage, and enables faster wireless data rates. Hunchun BaoLi Communication Co. Ltd. (BAOLI) is a wholly owned subsidiary of the BaoLi Group, headquartered in China. The BaoLi Group operates a wide range of business entities including real estate development, financial services, and wireless communications in both the network infrastructure and handset areas. The BaoLi Group has facilities in the Hong Kong, Shenzhen, and Jin Lin provinces.
- **Changhong, a Sichuan-based TV manufacturer, announced its investment of 1.9 billion yuan (US\$251 million) to produce plasma televisions.** The company said it also plans to issue no more than 400 million A shares in a bid to generate 2.8 million yuan (US\$370,000), with the plan to spend some 1.9 million yuan (US\$251,000) in the acquisition of 75 percent of the stake of Sterope Investments B.V. With shares in Sterope, Changhong will then hold the shares of South Korea's

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Orion PDP, which is the only Multi-PDP manufacturer in the world. The South Korean firm is the holder of about 67 patent applications, 193 invention patents, 47 new and applicable patents and a dedicated development team as well as an extensive marketing network. Following the acquisition, Changhong will become the first Chinese television maker with the capacity of producing plasma screens even as some industry observers are not sure about the capability of the firm to produce plasma screen in large quantities by 2008 and how it will respond to the declining price of plasma TV.

- **Nokia-Siemens, a joint venture company between Nokia and Siemens, announced plans to boost the development capacity of their R&D center in Chengdu, with the aim to transform it into one of their largest R&D centers in the world.** The expansion of the R&D center in Chengdu is part of Nokia-Siemens' strategic plan in China. Media sources reported that the R&D center in Chengdu is expected to meet the needs of both telecom industry clients and local partners.

Telecommunications

- **Industry sources reported that the China Securities Regulatory Commission has fined Datang Telecom for including more than 37.1 million yuan (US\$5 million) as additional profit in its 2004 annual results.** According to Datang Telecom, there were indeed big mistakes in their 2004 annual financial report as the appendix of the financial report did not disclose much detail about the convertible net value of the stock. The company said it has also fined or warned the concerned staff.

Taiwan

Mobile/Wireless

- **Chunghwa Telecom (CHT) announced launching a mobile music download service in Taiwan through cooperation with ezPeer+, also a Taiwan-based online music platform operated by Darling Digital Technology.** CHT said that through the service, members can download for a fixed monthly payment of NT\$249 (US\$7.6). However, the company noted that the service is currently limited only to those using certain CHT-branded handsets. CHT said it aims to attract 50,000 members to its service by the end of this year.
- **Qisda, formerly known as BenQ, announced after-tax net profits of NT\$570 million (US\$17.3 million) for the second quarter of 2007, ending six months of consecutive losses.** The company attributed the turnabout mainly due to gains from the sale of its AU Optronics (AUO) shares. Qisda reported consolidated sales of NT\$32.3 billion (US\$976.4 million) in the second quarter of 2007. The company explained the sales growth as brought about by the contributions from the multi-function printer and LCD monitor sectors. Qisda said it has cleared about 70 percent of its handset inventory, aiming to clean out the inventory by the end of the third quarter.

Ventures/Investments

- **According to a company filing with the Taiwan Stock Exchange, Astro Corporation, a Taiwan-based maker of arcade/casino gaming machines will indirectly invest US\$3 million to establish a joint venture (JV) in Beijing, China.** The new entity, which will engage in R&D and marketing of gaming machines, has not been given a name yet. Media sources indicate that Astro will negotiate with China-based partners to finalize the investment project. The company said it plans to set up subsidiaries to develop software and assemble gaming machines in southeastern China.

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Internet

- **Industry sources said iPeer Multimedia International, the parent company of Darling Digital, plans to expand its paid-in capital from US\$8 million currently to no more than US\$15.2 million.** Taiwan-based C-Media Electronics and the company's chairman Eric Cheng, both existing shareholders of iPeer, will participate in the fund raising. Industry observers note that iPeer has been promoting the licensing of MP3 makers in China, with the company aiming to build ezPeer+ songs into the devices.

Hardware

- **Advantech, the largest Taiwan-based maker of industrial PCs (IPCs), announced its decision to change its existing centralized organizational structure into four relatively independent business groups.** According to its company chairman, the decision is in line with the transformation of its business focus from marketing products to providing service platforms catering to specific user industries. The four business groups will be: embedded platforms focusing on embedded systems and customized products, industrial automation targeting the manufacturing industry, automation catering to service industries, and industrial motherboards which will be handled by Advansus Computer, a joint venture between Advantech and Asustek Computer. The company explained the move as spurred by the aim of the group to transform itself from a multinational company into a globally integrated enterprise. Advantech also released its financial report for the first half of 2007, posting net profits of NT\$1.4 billion (US\$42.3 million) and consolidated revenues of NT\$7.6 billion (US\$231 million).

Hong Kong

Telecommunications

- **Hutchison Telecommunications International Ltd. reported its net profit climbing to HK\$70 billion (US\$9 billion) from the HK\$2 million (US\$256,383) it has posted a year earlier, with the company attributing the surge to the sale of its Indian unit.** The company also disclosed that it has set aside some HK\$40 billion (US\$5.1 billion) generated from the sale for new investments. The company said its revenue went up 12 percent to HK\$9.6 billion (US\$1.2 billion) from HK\$8.5 billion (US\$1 billion). Hutchison Telecommunications revealed its plans to have a dividend payout next year of at least 30 percent. Hutchison Telecom operates second-generation mobile-phone services in Hong Kong, Thailand, Israel, Macau, Sri Lanka, Indonesia, Vietnam and Ghana. It operates third-generation services in Israel and Hong Kong and has a fixed-line business in Hong Kong.
- **Andrew Corporation, a global leader in communications systems and products, announced that it has secured a major upgrade contract for the Mass Transit Railway Corporation's (MTRC) territory-wide radio network in Hong Kong.** Under the agreement, Andrew will work on the improvement of MTRC's communications infrastructure in stations, tunnels, and other buildings to enable migration of the railway's radio system from a conventional 80 megahertz (MHz) trunk radio system to an 800 MHz TETRA (terrestrial trunked radio) system. Andrew Corporation designs, manufactures, and delivers innovative and essential equipment and solutions for the global communications infrastructure market. The company serves operators and equipment manufacturers from facilities in 35 countries.

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Media, Entertainment and Gaming

- **According to industry sources, NetDragon, a Chinese game company, may launch its IPO on the Hong Kong stock exchange in October 2007 to raise HK\$800 million (US\$102 million).** Founded in 1999 in Fuzhou, NetDragon publishes its titles in 6 different languages including English, Japanese, and Spanish and retains about 900 employees. The company's in-house developed MMORPG, Realm of Chaos now has registered 550,000 peak concurrent users.

Mobile/Wireless

- **PCCW Limited announced the launching of NETVIGATOR Everywhere, a wireless broadband solution that integrates Wi-Fi and mobile networks.** The release of the product marks the first time such service is provided in Hong Kong. The service delivers automatic selection of the best connectivity among PCCW's Wi-Fi, High-Speed Downlink Packet Access (HSDPA) and 3G capabilities running in parallel under an integrated service plan. For availability of the service, users plug an Auto Network Selector device into a notebook to roam between PCCW Wi-Fi hotspots and PCCW mobile's extensive 3G network, which is powered by 7.2Mbps HSDPA capability. Industry observers note how PCCW is emerging as a strong firm able to provide wireless connectivity, following the installation of more than 3,000 Wi-Fi hotspots around the territory.

Software

- **Adtio Group Limited, a leading RFID solutions provider in Asia, announced that it has received a contract from DHL Exel Supply Chain (HK) Limited (DHL) to improve warehouse operations efficiency with its RFID technologies in Hong Kong as well as in China.** Under the deal, Adtio will deliver RFID total solutions, including Adtio Smart-i RFID System (EPC compliant RFID Middleware and EPCIS Server), RFID readers, tags and integration services, to track the movement of case and pallets into and out of the warehouse, and share this information with shippers via EPCnetwork.

Singapore/Malaysia/Philippines/Indonesia

Internet

- **According to the Infocomm Development Authority (IDA) of Singapore, Singaporean Internet users are getting speeds far below those advertised, may have little in the way of legal protection.** The authority clarified that Internet connection speeds are not included in the IDA's quality of service (QoS) guidelines for ISPs (Internet Service Providers). Consumers will just have to bring their complaints to their respective service providers. The IDA publishes its QoS guidelines under the TCC 2005 (Code of Practice For Competition In The Provision of Telecommunication Service), and the specifications require ISPs to provide information of their services to customers, such as service provisioning for packages offered.
- **Singapore-based interTouch, a leading broadband Internet provider to the hospitality industry, announced that it has secured a contract to provide broadband service to Grand Hyatt Tokyo, the flagship hotel of the Global Hyatt Corporation chain in Japan.** Grand Hyatt Tokyo is the third in the Hyatt hotel chain in Japan to be equipped with interTouch technology, after Park Hyatt Tokyo and Hyatt Regency Hakone. The latest alliance brings the number of hotels in Japan offering interTouch's broadband solutions to twenty-one. The company said the three-year contract

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will see interTouch providing Grand Hyatt Tokyo a total of 468 access points, including 65 wireless points, to cover public areas, meeting rooms and guest rooms.

Telecommunications

- **Media sources reported that Fitch Ratings has upgraded Globe Telecom Inc's long-term local currency issuer default rating to 'BBB-' from 'BB+' with a stable outlook.** According to Fitch, the ratings indicate what it has perceived to be the company's strengthening financial profile through 2006 and the first half of 2007, a development that is marked by a steady improvement in EBITDA margins and significant reductions in both gross and net debt-levels. Fitch said it looks to Globe maintaining its position in the industry.
- **PT Sinar Mas Telecommunications announced plans to become the 10th mobile-phone operator in Indonesia.** The company said it plans to build a network capable of serving 1.4 million users by the end of the year, with the aim of attracting some 700,000 users this year, after starting services next month. Industry analysts consider the figure unrealistic, comparing it to PT Bakrie Telecom, a unit of Indonesia's PT Bakrie & Brothers, posting 446,000 subscribers in the second quarter, and PT Mobile-8 Telecom, Indonesia's fifth-biggest mobile-phone operator, with 230,000 new users in the same period. About a third of the country's 235 million people have access to phone services. According to Sinar Mas, it will initiate the service using Qualcomm Inc.'s code division multiple access (CDMA) technology, in Jakarta and four other cities in West Java.
- **According to market sources, PT Indosat, Indonesia's second largest telecom operator by subscribers, is increasing its capital expenditure for this year from US\$1 billion to US\$1.2 billion in a bid to expand and improve its networks and services.** The company's president revealed that around 15 to 20 percent of the total fund would be spent on network expansion, including work on new base transceiver stations (BTSs), while the remainder would be used to improve services. By the end of June 2007 Indosat's mobile arm Satelindo had deployed 8,366 BTSs, a figure that represents 33.9 percent on the 6,248 registered in June last year. Satelindo has seen its base grown from 13.9 million in June 2006 to 20 million a year later. In addition, Indosat reports that its fixed wireless subscriber base has climbed 132.3 percent from 208,100 in mid-2006 to 483,400 by end-June 2007. The company reported a 33.3 percent rise in its overall revenues in the first six months of this year to US\$826.8 million from US\$606 million in the first quarter of 2006.

Software

- **CitiXsys Australia Pty Ltd (CitiXsys), a leading provider of horizontal and vertical industry software products for SAP Business One, announced that it has entered into a partnership agreement with PLUSXPRT, a reputed business and technology firm providing specifically designed enterprise applications as well as consultancy services.** Under the alliance, CitiXsys has appointed PLUSXPRT as a Channel Partner for Malaysia and Singapore in a bid to further its presence in the Asian markets. CitiXsys solutions, which include iVend Retail, Warehouse Management, InterCompany Solution, Credit Card Application, Inventory Pro, Item Matrix, and Container Management are expected to generate maximum sales in the Asian markets. PLUSXPRT is a firm that has helped organizations optimize their operations by offering cutting-edge technology, business and systems analysis. CitiXsys provides planning, deployment, customization, integration services and Help Desk support to SAP Partners and Customers worldwide. It has its corporate headquarters in New York City, an R&D center in New Delhi, India and offices in London, Sydney and Toronto.

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United States/Canada

Internet

- **Limelight Networks Inc and Microsoft Corp announced entering into a technology agreement.** Under the deal, Limelight will be expected to boost the reliability of Microsoft's maker's online services, such as video, music and games. The partnership will also see Limelight provide media streaming and content delivery services to Microsoft under a multiyear deal. In a related development, the two companies also agreed to cross-license their technologies. Financial terms of the deal were not reported.
- **SoundExchange, the nonprofit performance rights organization designated by the U.S. Copyright Office to collect and distribute digital performance royalties from sound recordings, announced that it has entered into an agreement on royalty rates with several large webcasters.** The organization disclosed that the maximum a service would have to pay is US\$50,000 under a provision, which also stipulates a US\$500 per station advance for royalties. Under the agreement, regardless of the number of stations, the amount shall not exceed US\$50,000 for the advance against royalties.

Media, Entertainment and Gaming

- **GameStop Corp reported a surge in its quarterly profit and posted a bright prediction based on the strong sales of games like Guitar Hero II and NCAA Football '08.** GameStop reported for the second quarter ended on August 4 net profits of US\$21.8 million from the US\$3.1 million it has posted a year earlier. The company, which opened 150 new stores in the quarter and now manages almost 5,000 stores in 16 countries, reported a 39 percent rise in its revenues to US\$1.3 billion, compared to the average analysts' forecast of US\$1.1 billion. The company claims it benefited from the introduction late last year of Nintendo Co Ltd's Wii console, which helped expand the video game market beyond young men to a broader consumer audience.

Software

- **NetSuite announced the release of its integrated support for CyberSource's payment services.** The online services include support for credit and debit cards, and electronic checks. NetSuite offers on-demand enterprise resource planning, customer relationship management and e-commerce software to small and medium-sized businesses and divisions of large companies.
- **According to a company official, IBM Corp.'s Rational Software unit is thinking of putting parts of its Jazz collaboration framework into open source.** The source said the company is looking to packaging and licensing some of the functional parts currently available on Jazz so that companies can use it for their in-house collaborative development. Jazz is IBM's technology for collaborative software development among distributed development teams.

Telecommunications

- **AT&T Inc. announced that it has secured a two-year contract for worldwide communications services for Global Hyatt Corp., one of the world's leading hotel companies.** Financial terms of this contract with Global Hyatt were not disclosed. Under the terms of the agreement, AT&T will deploy an Internet Protocol-enabled wide area network that will integrate nearly 300 Hyatt locations in 43 countries. These countries cover North America, Latin America, Europe, the Middle East, Africa and the Asia-Pacific Rim. AT&T will provide these hotels with voice, data and managed Internet

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services. The agreement will also see the company providing Global Hyatt with managed telecommunications help desk services, toll-free services and call center services.

Europe

Information Technology

- **According to the Accelerator Business Confidence Survey, a new research carried out by Accelerator in association with Cisco, about 90 percent of Small and Medium Businesses (SMBs) in the UK have achieved significant benefits from their investment in technology.** The study noted that 45 percent of the SMBs surveyed had derived clear, tangible business benefits from their IT investments, with 48 percent of them saying they had already seen benefits from their IT investment. The respondents also expressed that they expected more benefits to follow. In the survey, IT was found to have helped boost the efficiency of employees, with 62 percent of respondents saying that IT helped to bring employees into an effective network, while 39 percent said that IT helped staff to get their jobs done. Identified as effective in improving responsiveness was customer service technology, with 45 percent of the respondents saying it helped their business to be more competitive against bigger companies.

Media, Entertainment and Gaming

- **Sony Corp. announced that it would sell a device for its PlayStation3 to let users record live television that can be stored on the game console or transferred to the PlayStation Portable for later viewing, a move that is seen by observers as another way of drawing in more users.** The device is dubbed PlayTV and makes use of a format called Digital Video Broadcasting in Europe. It is expected to be in the market in early 2008 in Spain, Germany, France, Italy and Britain. The PS3 retails for 599 euros (US\$808) in Europe and US\$499 in the U.S.

Mobile/Wireless

- **Yahoo announced its acquisition of Actionality, a German mobile advertising technology company.** Financial details of the deal were not disclosed. Actionality provides software technology that inserts ads in content for mobile devices. The company said that it has simplified in-game branding and advertising. The acquisition of Actionality is Yahoo's fourth acquisition in the last eight months, following its purchase earlier this year of MyBlogLog, Right Media, and Rivals.com.
- **Market sources indicate that Apple has selected the carriers for the launch of its iPhone in Europe, following what observers note as a series of long negotiations.** The report identified the partners as T-Mobile Deutschland for Germany, O2 in the UK, and Orange SA for France. Under the deal, the carriers are reportedly required to pay 10 percent of revenues from calls and data transfers to Apple. Industry analysts call the 10 percent cut as an unusual detail of the contract. Sources said there is another unusual part in the deal, in that Apple has reportedly stipulated that the handsets would not be sold at operator-subsidized prices, a condition that a Gartner analyst sees as posing a big problem.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 8/24/07)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change Last 12 Mth.
Japanese yen	¥/US\$	116.4300	1.8%	-2.2%	-1.1%	-0.1%
Hong Kong dollar	HK\$/ US\$	7.7989	-0.2%	0.3%	0.6%	0.3%
Chinese renmenbi	RMB/ US\$	7.5675	-0.4%	-3.0%	-6.2%	-5.0%
Singapore dollar	S\$/ US\$	1.5199	-0.5%	-1.2%	-8.6%	-3.6%
South Korean won	KRW/ US\$	941.4000	-0.9%	1.2%	-6.8%	-1.8%
New Taiwan dollar	NT\$/ US\$	32.9750	-0.2%	1.2%	0.5%	0.4%
Australian dollar	US\$/A\$	0.8273	3.6%	4.9%	12.9%	8.7%
New Zealand dollar	US\$/NZ\$	0.7210	3.5%	2.4%	5.5%	13.7%
Philippine peso	PHP/ US\$	46.6300	-0.1%	-4.9%	-12.2%	-9.3%
Euro	US\$/€	1.3678	1.5%	3.6%	15.4%	7.1%
British pound	US\$/£	2.0142	1.7%	2.8%	16.9%	6.7%

Fixed Income Prices and Yields

Note	Currency	Current (on 8/24/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	101.78	4.95%	99.30	5.00%	96.96	4.97%
Japan 30-year	¥	101.14	2.36%	100.26	2.39%	99.57	2.42%
Hong Kong 10-year	HK\$	103.18	4.50%	103.32	4.48%	102.23	4.63%
China (06/16)	US\$	110.71	3.35%	110.71	3.32%	102.97	4.29%
Singapore 10-year	S\$	107.20	2.86%	107.10	2.85%	106.25	2.97%
South Korea 20-year	KRW	106.46	5.41%	106.23	5.42%	106.28	5.41%
Australia 15-year	A\$	94.17	6.04%	95.43	5.80%	94.02	5.96%
New Zealand (12/17)	NZ\$	96.53	6.57%	97.85	6.29%	94.82	6.66%
Philippines 20-year	PHP	89.73	9.35%	89.71	9.14%	90.42	9.06%
India 30-year	INR	100.15	8.49%	98.95	8.43%	100.05	8.32%
UK 30-year	£	95.57	4.58%	95.64	4.53%	94.72	4.57%
Germany 30-year	€	92.13	4.49%	91.68	4.52%	92.40	4.47%

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