

IRG WMR



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

Week of 2 September - 8 September, 2007

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Equity Market Indicators				
Index	Closing Level (9/7/2007)	% Change 1 Week Ago	MTD 8/7/2007	% Change 1/1/2007
S&P 500	1,453.55	-1.4%	-1.6%	2.5%
Dow Jones Industrial Avg.	13,113.38	-1.8%	-2.89%	5.2%
Dow Jones Tech. Index	451.10	-0.8%	1.4%	9.3%
Dow Jones Telecom. Index	287.53	-1.5%	0.6%	10.6%
NASDAQ Composite	2,565.70	-1.2%	0.2%	6.2%
The Street.com Net	275.83	-0.3%	2.1%	11.5%
Japan Nikkei 225	16,122.16	-2.7%	-4.7%	-6.4%
JASDAQ	73.22	-1.5%	-3.5%	-15.0%
Japan Mothers	704.82	-3.4%	-12.0%	-36.5%
Korea KOSPI Composite	1,884.90	0.6%	1.3%	31.4%
Korea Kosdaq	775.85	0.1%	-3.1%	28.0%
Taiwan Stock Exchange	9,018.08	0.4%	1.8%	15.3%
Singapore Straight Times	3,488.97	2.8%	5.7%	16.9%
Hong Kong Hang Seng	23,982.61	0.0%	9.5%	20.1%
Hong Kong GEM	1,490.86	-1.0%	-3.4%	21.7%
China Shanghai (A-Share)	5,540.72	1.1%	13.5%	96.8%
China Shenzhen (A-Share)	1,531.64	0.0%	8.4%	168.9%
China Shanghai (B-Share)	332.89	2.9%	3.1%	155.8%
China Shenzhen (B-Share)	733.18	-1.3%	-7.9%	69.2%

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
9/7/07	BluArc [BLAR]	Computers-Integrated Syst	N/A	Provides unified network storage systems	Credit Suisse	Lehman
9/5/07	Rubicon Technology [NASDAQ: RBCN]	Elec-Misc Parts	N/A	Electronics materials provider that develops and sells crystalline products	UBS Investment Bank	Canaccord Adams

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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 8/24/07	% 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
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
N/A						

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

Hardware

- **According to iSuppli, Hewlett-Packard remained the No. 1 worldwide leader in PC shipments in the second quarter. HP, a PC OEM (Original equipment manufacturer) saw its shipments grow by 4.4 percent to 11.2 million units from 10.7 million units in the first quarter and surged by 35 percent from the second quarter of 2006.** Coming in at No. 2 was Dell of the U.S., which posted a 5.6 percent sequential increase in PC shipments, the second-best performance among the Top-5 PC OEMs. Lenovo was No. 3, with its shipment of 4.9 million PCs. Industry analysts observe that the shipment gap between Dell and HP remained constant between the second and first quarters of 2007, at 1.7 million units. The top three Asian PC vendors were Lenovo, Acer, and Toshiba. In the second quarter, the three companies generated 56.3 percent of the combined shipments of the Top-2 North American PC vendors, HP and Dell. Industry observers note that while the results and standing indicate the strength of the North American vendors, it nevertheless shows also that the Asian PC OEMs can increase their penetration of the market, even without major acquisitions. According to iSuppli, the notebook segment continued to remain as the growth driver for the overall PC market. Apple reported the highest sequential growth in notebook shipments out of the Top-10 ranked PC OEMs in the second quarter, at 27 percent, with its notebook shipment growth even outpacing that of Lenovo, which reported the second highest sequential growth in notebook PC shipments.

Japan

Internet

- **Japan is setting up a project to counter what it perceives to be the global dominance of Google and other foreign Internet services.** According to the director of the information service industry of the country's ministry of trade, Japan's competitiveness can still be found in its core technology even as it needs to create a new value-added service. The Japanese project is comprised of 10 partnerships, each tasked with a specific next-generation search function. Under the alliance, the government has partnered NTT Data with Toyota InfoTechnology Center and Toyota Mapmaster to create an interactive, personalized car navigation system. The other alliances have put together NEC, Hitachi and Sony Computer Science Laboratories. For the project, the ministry of trade said it has allocated 14 billion-15 billion yen (US\$123 million-US\$132 million).

Mobile/Wireless

- **Fujitsu announced the release of its smartphone exclusively made for the Japan market. The move marks the entry of the company into the smartphone market.** The device called the F1100 is a traditional Windows Mobile slider phone with a 2.6" touch sensitive screen which is also used for fingerprint identification to unlock the keypad. The F1100 will be available on the NTT DoCoMo 3G FOMA network. Fujitsu said the device does not have GSM connectivity, which means that it cannot be used outside Japan. Industry sources said the company will be addressing that limitation in the future.

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- **Softbank Corp, the Japanese mobile phone carrier, announced that it has added 188,900 net subscribers in August.** The Japanese mobile phone carrier described the figure as more than what its rivals have registered for the fourth straight month in August. KDDI Corp, occupying the No. 2 slot, reported adding 158,500 users. Market sources indicated that NTT DoCoMo lost some 22,900 users.

Hardware

- **Bandai Co. and Buffalo Inc. announced that they are releasing into the market a device that will make the computer safe for kids.** The device jointly developed by the two companies is a "key" to be inserted into a personal computer's USB port that will not allow young children access to pornographic or other objectionable web sites. The key also functions to restrict what software the young user can use and at the same time impose time limitation on the use of the computer. The key comes in two models, one featuring Mickey Mouse and the other Winnie the Pooh. The device is made for children aged 6 to 9 and is scheduled to be on sale soon through major home electronics stores and other dealers for about 3,480 yen (US\$30.6).

Information Technology

- **NTT DoCoMo announced that it has revived its plans to offer its data center services to Japanese companies based in Thailand through its wholly owned subsidiary NTT Communications Thailand.** NTT DoCoMo previously offered data center services through a joint venture with Shin Corp before the company's dissolution in 2001. During that time, the move was seen as part of NTT's global data center strategies. According to NTT Thailand's official, there are about 300 Japanese companies in Thailand without data center facilities, about 20 percent of which are expected to transfer to NTT's service once the system is in place.

Semiconductors

- **Advanced Semiconductor Engineering of Taiwan and Mitsui High-tec announced their entering into an agreement for cross-licensing and technical collaboration for Mitsui High-tec's hybrid manufacturing technologies (HMT) for packaging.** Under the minimum five-year agreement, both parties will share intellectual property (IP) rights and technical expertise for the design and manufacture of HMT semiconductor packaging. According to an official of Mitsui, HMT is projected to be mainstream technology in the near future.

Telecommunications

- **Flag Telecom, an international provider of bandwidth owned by Reliance Communications Ltd. in India, announced that it has awarded a US\$1.5 billion contract to Fujitsu Ltd. for the construction of Flag's next generation network (NGN) submarine cable.** Under the agreement, four new cable systems will be constructed across the Mediterranean, East Africa, Asia and the Pacific region. The project is set to be completed by March 2010. Reliance said the new IP (Internet Protocol) network over submarine cable will nearly double the length of the Flag global network from the current 65,000 kilometers to 115,000 kms.

Korea

Internet

- **Industry sources said that the move of major portals such as Naver and Daum to introduce a ``temporary measure,"** which is to shut down blogs or community sites or to remove postings

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whenever there is a request from the person involved has caused protests from users. The policy is according to instruction from the government. Naver, the dominant web portal site, said that it was inevitable to institute the policy since current laws focused on printed media cannot properly deal with online libel cases. Naver said that it is still blocking the postings in order to keep cyber space clean from further problems.

Media, Entertainment and Gaming

- **NCsoft, Webzen and Gravity disclosed that they are utilizing Autodesk, Inc.'s 3D modeling, animation and rendering software to deliver some of the most-anticipated massively multiplayer online games (MMOGs).** MMOGs enable millions of players to simultaneously interact in an online game. The announcement said characters, objects and entire worlds for the AION, Huxley and Ragnarok Online II upcoming MMOG titles are being shaped with Autodesk products. Established in 1997, NCsoft is a leading developer and publisher of online computer games, with offices in South Korea, the U.S., Japan, the UK, China, Taiwan and Thailand. Webzen is a global digital entertainment leader with studios in Korea, China, Taiwan and the U.S. Webzen developed MU Online, South Korea's first-ever online 3D game. In 2006, the company began commercialized service of Soul of the Ultimate Nation, which was the first title to incorporate console-style game mechanics into a classic MMORPG. Using Autodesk 3ds Max and Autodesk Maya 3D modeling, animation and rendering software, Webzen continues to develop Soul of the Ultimate Nation and is creating Huxley, a massively multiplayer first-person shooter game. Gravity is a global entertainment company that has fuelled the growth of the Korean online game industry with Ragnarok Online, the country's leading MMORPG. Gravity is using 3ds Max to create Ragnarok Online II, which features full-3D graphics and is based on Norse mythology.
- **NCsoft announced that it has finally set the release of its much-anticipated sci-fi computer game Tabula Rasa in October in North America and Europe.** Tabula Rasa is a MMORPG developed by NCsoft's North American office, led by celebrity game designer Richard Garriott. The company said the game took six years to complete. Depicting galactic warfare between different species, the game is aimed at a Western audience.

Mobile/Wireless

- **Posdata announced that it has secured an agreement with KT and CJ Home Shopping to sell its Mobile WiMAX modems using the partners' sales networks.** The mobile Internet receiver is the size of a matchbox and can be plugged into the USB port of desktop and laptop computers. Under the deal, the company said it plans to release various forms of the mobile communication devices later this year, including one in the shape of memory card. The company also said that the products would be available in other countries. At present, the companies said they are negotiating to provide network equipments. It refused to name the countries or overseas partners.

Hardware

- **According to Gartner, Samsung Electronics got the top position on the local PC market, with its sales totaling 336,000 units in the second quarter alone.** The figures are, nearly double that of its rival LG Electronics. The report said quarterly sales of LG Electronics reached 135,000 units and captured 12 percent of the market following Samsung's 29.7 percent. Hewlett-Packard Korea was No. 3 with a 10.1 percent market selling 114,000 units. The rise in local PC sales in the second quarter is ascribed to steady demand from both the private and government sectors. Hewlett Packard posted an increase in its market share in South Korea, gaining 1.5 percentage points from a quarter earlier.

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Gartner ascribed the results to its aggressive marketing campaign which introduced a new series of stylishly designed, ultra-slim PCs.

- **Industry observers note that LG Electronics, South Korea's leading manufacturer of digital media products, is experiencing intense competition in the European LCD TV market.** LG and Daewoo Electronics said they are in talks to outsource LG's production of LCD TVs in Europe. It is seen that if an agreement is sealed, Daewoo is likely to produce some 100,000 mid-sized LCD TVs at its plant in Poland for LG by the end of this year. LG disclosed that the company will additionally invest 500 billion won (US\$530 million) in its LCD cluster there over the next four years in a bid to boost annualized production capacity of 37, 42, 47, 52 and 55-inch LCD TVs to 10 million by 2010. The company said it will purchase LCD panels from its rival Samsung Electronics and Sharp as the competition intensifies in the over 50-inch segment in one of the world's biggest markets alongside North America. Industry sources said the European digital TV market is expected to reach between 33 million and 35 million units in 2008 from 26 million this year. According to DisplaySearch, global LCD TV sales posted a 28 percent growth to US\$14.4 billion in the second quarter from a year ago, while plasma TV sales posted a decline of almost 30 percent to US\$3.4 billion.

Semiconductors

- **As part of plans to concentrate on the profitable NAND chip business, Hynix-STMicroelectronics N.V. announced that it has decided to sell its low-margin 200mm DRAM (8-inch) chip wafer line at its Wuxi plant to China Resources Holdings (CRH).** The deal, which has been valued for around US\$400 million, has been described as a way for the company to reorganize and concentrate on its NAND chip business, which is considered more profitable. NAND flash memory chips are used in electronic gadgets such as MP3 players, mobile phones and digital cameras. No financial details of the deal were disclosed. Hynix, the world's third-largest NAND supplier in terms of market share (14.6 percent) after Samsung Electronics (45.9 percent) and Toshiba (27.5 percent), has a joint venture in China with STMicroelectronics. CRH is the holding company of chip foundry CSMC Technologies Corp. In a related development, CRH said it would invest US\$1.2 billion to expand its semiconductor production in Wuxi to produce higher valued 8-inch wafers.
- **Hynix Semiconductor, the world's third-largest NAND supplier, announced that it has developed the industry's first multi-chip package (MCP).** The company said the product boasts 24-stacked NAND flash memory chips, that is only 1.4 millimeters thick. Hynix said the new technology greatly enhances memory capacity by enabling 16 gigabyte NAND flash to produce up to 384 Gbs of storage in a single consumer electronics device, enough to hold up to 25 DVD movies or some 12,000 music files. MCP is a combination of flash memory and SRAM in a single package and used for mobile handset applications. Industry observers note that NAND chipmakers have been trying to stack up as many thin layers as they could within the 1.4-millimeter industry standard. Market observers also state that the MCP market is one of the most delicate sectors in semiconductor technology, as it requires a combination of key processes such as wafer thinning, redistribution layer, chip sawing and wire bonding technologies. Hynix entered the MCP market in 2001 tapping on the synergies from its flash and SRAM products.

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China

Internet

- **Tom Group announced the official delisting of its subsidiary Tom Online from the Hong Kong Stock Exchange.** The company explained that Tom Online's withdrawal from the stock market had been approved on August 31, 2007, with Tom Online also withdrawing from NASDAQ. Tom Group said that each of Tom Online's investors would soon receive a cash check that would be posted to them between September 7 and September 10.
- **Ninetowns announced that it has entered into a definitive agreement on the acquisition of a 22 percent equity interest in Hangzhou Tophere Info-Tech, a Chinese business-to-business online food and beverage trade facilitator headquartered in Hangzhou.** Tophere has built a professional food and beverage industry B2B Chinese Internet portal that offers domestic marketing services for food and beverage suppliers and manufacturers based in China. The company said it has initiated to provide integrated sourcing services for international buyers. Tophere maintains a B2B website at 21food.cn, where it has reportedly successfully conducted various trade transactions between domestic buyers and suppliers. Market sources noted that Ninetowns has launched various B2B initiatives this year, including its B2B search and service platform, tootoo.com. The deal has been placed at 5 million yuan (US\$663,305).
- **Chinese online bookstore Dangdang.com, a Chinese online bookstore, revealed its plans to enter into an agreement with publishing giant Wiley to sell the books on the mainland.** According to Dangdang, it has an inventory of more than 2000 books from Wiley in its warehouse and these books can be delivered to consumers at the same speed as the company delivers Chinese books. Wiley is a leading publisher for the scientific, technical, and medical communities worldwide.
- **Myspace China announced that it has secured an agreement with New Oriental School, one of China's top English education institutes.** Under the agreement, the two companies will offer an English-based community on the social networking site. According to Pearl Research, the new agreement will help MySpace China be popular with the youth sector where the interest on English language-acquisition is most strong.

Media, Entertainment and Gaming

- **CDC Corporation reported a net loss of US\$3.2 million for the second quarter for the period ending June 30, 2007, compared to net income of US\$8.0 million it has posted in the same period last year.** The company, however, announced a rise of 35 percent in its total revenue to US\$103.9 million from 2006, marking the first time in the company's history that quarterly revenues have gone beyond US\$100 million and the sixth consecutive record revenue quarter. The company said its China.com business, which includes the portal and MVAS business, reported a decline of 45.5 percent in its revenues US\$6.3 million for the second quarter of 2007, from the same period of 2006. Its total revenue from CDC Software went up 53.5 percent to US\$88.6 million from US\$57.7 million in 2006. Total revenue from CDC Games went up 17.3 percent to US\$9 million, from the same period in 2006.
- **The9 announced the launching of the open beta for its latest MMORPG Granado Espada.** The open beta is limited to selected players only. Although the game has not done well in the South, it has become a top game in both Singapore and Thailand. Having depended on World of Warcraft for its revenue stream, the company said it is looking to the diversification of its portfolio. Following this track, The9 said it would commit significant resources in the marketing and operation

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of Granado Espada. In a separate development, The9 said it has launched World of Warcraft expansion pack The Burning Crusade (TBC) ahead of schedule. The update added new races, maps, dungeons and other content as well as increased the maximum level limit by 10 to 70. As a result of the intellectual property lawsuit with Founder Tech, The Burning Crusade replaced all fonts under dispute.

- **Shanda announced that it has licensed South Korean casual game Free Jack, a game developed by Wise On.** The casual game is about the newly emerged street ninja culture where players can choose to play in various scenarios including downtown, parks and residential areas. Shanda did not release a specific launching date in China. The company, however, disclosed that the title would be in open beta in the first half of 2008.
- **CDC Games, a business unit of CDC Corporation, announced that it has launched operations in the U.S. under a new business unit called CDC Games USA.** Earlier last month, CDC Games announced also the launch of CDC Games International to publish online games on a global scale. The company said CDC Games USA, a subsidiary of CDC Games International, will focus on launching new games, both directly and through publisher partners. CDC Games USA said it has already forged a memorandum of understanding with K2 Network, Inc., a leading publisher of online, free-to-play games.

Mobile/Wireless

- **Jingwei International announced that it has entered into a new deal to exclusively provide mobile advertising services to China Unicom.** Under the deal, Jingwei will be the exclusive mobile advertising platform for China Unicom, with Jingwei helping to identify potential advertisers and the ideal target audience for the advertiser. The deal will see Jingwei conducting the SMS or Push WAP campaign on behalf of the advertiser, recognizing revenue for each message sent or banner ad launched. Part of the deal will enable Jingwei to analyze the response data and help the advertiser continually improve its media placement strategy.
- **Music and video content aggregator Global Music International (GMI, announced that China Unicom NewSpace, a wholly owned subsidiary of China Unicom has initiated the offering of its collection of music content from both Chinese and Western musicians on China Unicom's cellular network.** According to an official of China Unicom NewSpace, the alliance between Unicom New Space and Global Music International is "mutually beneficial." With the deal, GMI says China Unicom NewSpace is able to have access to innovative international and domestic content that is seen as helping it widen its market share.
- **China Mobile announced that it has reached a deal with China Radio International (CRI), the third group in China that has secured a mobile phone television business license from the State Administration of Radio, Film and Television.** This agreement follows the deal that China Mobile has struck with Shanghai Media Group. Currently, China Mobile and China Unicom each has three partners for mobile phone television services. There is one difference between the two companies: China Mobile's service is run on 2.75G EDGE network, while that of China Unicom is run on CDMA.

Software

- **Global Data Solutions, HP and Microsoft announced that they have entered into an agreement to jointly invest more than 800 million yuan (US\$106.1 million) to build a high availability data center in Chengdu.** When completed, the center is expected to be the largest of its

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kind in China. The High Availability Data Center will include a disaster preparation center, data processing for enterprises and personal information arrangement services. It is also designed to serve banking, securities, insurance and government institutions. Focusing on disaster recovery services, the center is envisioned to be linked up with disaster recovery centers in Beijing, Shanghai, Guangzhou and Shenzhen to form a large network.

- **CDC Software, a subsidiary of CDC Corporation, announced its plans to acquire U.S.-based Catalyst International, a provider of supply chain execution solutions and services.** CDC Software explained that Catalyst's software solutions and services are highly complementary to its IMI Supply Chain product line and the company's CDC Global Services operations. The IMI suite of supply chain solutions supports demand-driven fulfillment in multi-company, multi-site and multi-channel environments. The company said that once the purchase is completed, the Catalyst SAP practice business segment is expected to be merged into CDC Global Services, which provides consulting and outsourcing services across a variety of technologies and industries. An official of CDC Software sees the acquisition as boosting its global supply chain offerings and base of blue-chip customers, and at the same time, strengthening its CDC Global Services offerings by adding significant expertise and resources in large-scale supply chain execution.
- **According to Changzhou National Hi-Tech District, UFIDA Software is setting up a new research and development base in the Changzhou Software Park in Jiangsu.** This development marks the fourth R&D base established by UFIDA Software outside its headquarters. The company said the new base will develop the company's next generation of UFIDA Tong SMB management software, as one of its three strategic production lines. With more than half a million customers spread all over the world, UFIDA has grown into one of the largest corporate management software suppliers based in the Asia-Pacific Region.

Hardware

- **According to the vice governor of Henan Province Haier will set up a joint venture company with Henan Zhongcheng Computer Company to produce computers for consumers in the countryside.** Media sources said the new company is expected to produce more than 300,000 computers each year, a production that is seen as releasing some 1 million computers for rural residents in three and a half years. Sources indicated that Intel will provide significant assistance to Haier in the production of computers, the first batch of which is expected to be ready by October. In a separate development, media sources reported that Haier has secured a contract with Macedonia's Education Department to sell 100,000 computers. The value of the deal has been placed at about 24 million euros (US\$33 million). The 100,000 computers will be used in 164 middle and primary schools across Macedonia.
- **Suning reported a 60.5 percent increase in its total business revenue for the first half of 2007 to 18.9 billion yuan (US\$2.5 billion), compared with that of the same period of last year.** The Chinese electronics retailer said its net profit went up 110.6 percent to hit 578 million yuan (US\$76.6 million) over the same period of the previous year, with the company estimating a 70-100 percent rise in its accumulated net profit in the first nine months of 2007. By the end of June 30 this year, Suning has set up a total of 413 franchise stores in more than 103 cities across China. The company said it has filed an application with the China Securities Regulatory Commission in a bid to further improve its franchise business and boost its scale through a non-public issuance of stock.

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Ventures/Investments

- **Industry sources said that Shanghai United Investment Co., Ltd (SUIC) has opted to withdraw from its MSN China joint venture company and is right now seeking a buyer for its 50 percent stake at MSN China.** Sources said that as early as August SUIC has been looking for interested parties to purchase its stake in the joint venture. MSN China was formed by Microsoft and SUIC in May 2005. No comments were secured from either company.

Telecommunications

- **ZTE announced that it has formally secured a GSM expansion contract with China Mobile's Pakistan holding company CMPAK.** Under the deal, ZTE will use its new generation All-IP V3 hardware platform based equipment for the expansion which will cover 10 million DPI core network and more than 1400 base stations. According to a ZTE official, the presence of the two Chinese telecom companies' cooperation in a foreign country indicates the rapid progress that China has achieved in the telecom industry.

Information Technology

- **Hifn, a network and information security agency, announced that it has built a new office in Beijing to provide customer support, marketing and sales activities to local customers.** The company has a presence in China and maintains big clients such as Huawei, ZTE and Galaxywind.

Taiwan

Telecommunications

- **Fitel said its board of directors has approved the issuance of 250 million new shares for sale to target investors at a tentative price of NT\$12 (US\$0.3) per share in a bid to raise NT\$3 billion (US\$91 million) in capital.** The company said it will use the fund to set up and operate a WiMAX network. The company is a WiMAX licensee for the northern region of Taiwan. The private placement plan, including the final price and possibly the list of target investors, is subject to approval by shareholders at a general meeting slated for November 2007. The company said the private placement will be carried out in two or three rounds in one year following the approval. According to its president, Fitel has been negotiating the private placement with three or four Taiwan-based IT system integration companies and communication hardware makers. Media sources said Motorola is interested in investing in Fitel by way of the private placement.

Semiconductors

- **Advanced Semiconductor Engineering (ASE) announced it will purchase the remaining shares of its affiliated company ASE Test at a cost of US\$784 million.** The company expects this move to make the ASE Test the wholly owned subsidiary of ASE. Under the deal, ASE will acquire 49 percent of its affiliated company's shares at US\$14.7 per share. ASE said the acquisition will be completed by the end of December.
- **Usun Technology announced that it will list on Taiwan's over-the-counter (OTC) stock market in September with a trading price of NT\$70 (US\$2.1).** The Taiwan-based company boasts product services that include equipment replacement of fourth-generation (4G) and 5G plants. These services will help panel makers reduce manpower costs and rapidly increase capacity. The company said it plans to set up a new logistics automatic equipment plant in Guangdong Province, by the end

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of September with the construction to complete in the first quarter of 2008. Sources said the new plant will serve the LCM plant of Chi Mei Optoelectronics (CMO) which is also located in the same area. Usun Technology posted consolidated revenues of NT\$1.1 billion (US\$33.2 million). Usun is expected to have revenues of over NT\$2.1 billion (US\$63.5 million) in 2007 with net profits of NT\$347 million (US\$10.4 million).

Mobile/Wireless

- **Vibo Telecom, a 3G mobile service provider in Taiwan, announced the release of its first mobile online game, Song Dynasty Heroes.** The game is available for free use by subscribers of mobile Internet-access services in cooperation with EzMoBo, a local provider of mobile value-added services. Song Dynasty Heroes was developed by a Chinese company and has about 100,000 member users in China with a concurrence level of over 10,000 players at present. EzMoBo has obtained a license to operate the online game in Taiwan and is responsible for managing it for Vibo.

Hardware

- **Acer announced that its wholly owned subsidiary, Galaxy Acquisition, has initiated its tender offer for all the outstanding shares of Gateway at a price of US\$1.9 per share.** Earlier in August, Acer announced that it had signed a definitive agreement to acquire Gateway. In a separate development, Gateway disclosed that it has signed a definitive agreement to sell its Professional business segment to MPC Corporation. The acquisition of Gateway by Acer has been unanimously approved by the boards of directors of both Gateway and Acer.

Hong Kong

Internet

- **6rooms.com, a Chinese online video-sharing web site, announced that it has entered into an agreement with Hong Kong-based Phoenix TV to broadcast Phoenix's TV programs on the web site.** Under the partnership, the two companies will share advertising revenues from the broadcasts. According to the CEO of 6Rooms, the partnership is expected to strengthen the web site, which does not currently offer high-quality, copyrighted contents.

Mobile/Wireless

- **Hong Kong officially announced the auction for its fifth 3G mobile network operation license. Industry observers note that compared to the last four licenses, the new license calls for the CDMA2000 standard.** The start price is placed at HK\$76 million (US\$9.7 million). Sources said China Unicom is set to bid for the license. As the only CDMA network operator in Mainland China and a licensed operator in Macau, the China Unicom is looking to generating profit from roaming services for Mainland Chinese going to Hong Kong.

Singapore/Malaysia/Philippines/Indonesia

Telecommunications

- **In a regulatory filing, NTT DoCoMo Inc announced that it has upped its stake in Philippine Long Distance Telephone Co (PLDT) to 17.8 percent following a series of purchases of PLDT common shares and American Depositary Receipts (ADR) in August.** The Japanese company

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acquired in August an additional 2.1 million common shares and ADRs equivalent to a 1.1 percent stake in PLDT, the Philippines' biggest company by market value. It must be noted that DoCoMo and its affiliate NTT Communications Corp have an existing agreement with PLDT's controlling shareholder, Hong Kong-listed First Pacific Co Ltd, that it will not acquire more than 21 percent of common shares in PLDT. In July, PLDT chairman Manuel Pangilinan announced that First Pacific was in talks to sell some of its shares in PLDT to DoCoMo.

Mobile/Wireless

- **Nokia announced that Indosat, a leading telecommunications and information service provider in Indonesia, will offer Nokia Intellisync Wireless Email to its customers.** The Nokia Intellisync software platform allows Indosat to address a growing and untapped market opportunity by focusing on the cost and ease of use of mobile email and personal information management (PIM). Nokia said the service, an enhancement of an existing service, under Indosat's mobile office brand, I-Mofis, is available immediately. Indosat Tbk is a leading telecommunication and information service provider in Indonesia that provides cellular services (Mentari, Matrix and IM3), fixed telecommunications or fixed voice service.
- **SingTel and Network for Electronic Transfers (Singapore) Pte Ltd (NETS) are making possible the next generation mobile payment applications soon.** The two companies said trials will be carried out in the later part of the year. The application, which is the first in Asia, covers wireless downloads and top-ups of stored value wallets in Near Field Communication (NFC) phones, which are also being tested out for the first time. NFC is a combination of identification and wireless technologies that enable an NFC device to connect to another NFC or NFC-compatible device. The wireless technology is conducted through Over-The-Air (OTA) capabilities, with the application making use of mobile phone technologies and applications that are expected to speed up Singapore's move towards a cashless society.

Software

- **Media sources reported that Gurango Software Corp. (GSC), a Philippine-based software company that supports vendors of Microsoft business solutions, has acquired Absalom System, a Singapore-based human resources systems provider in a deal placed at US\$3 million.** With the acquisition, GSC has taken over Absalom's proprietary products and services, particularly the Smart HR suite of applications and Employee Self-Service solutions. The acquisition has also transformed GSC an instant global company by taking over Absalom's 300 clients around the world, including Japan's Mitsubishi, Australia's Stamford Hotels and Resorts, South Africa's Rand Merchant Bank and regional airline Jetstar Asia. These clients will expand GSC's 100 customers. Even with the development, GSC said it will continue to make software and provide service from its headquarters in the Philippines, with Absalom providing sales and marketing support from Singapore, Australia and South Africa.

United States/Canada

Internet

- **Online photo-sharing company Shutterfly Inc revealed that it considering making acquisitions outside the photo industry.** The company said it aims to stay independent despite amidst very intense competition and an industry that is bent to consolidation. According to its top official, Shutterfly remains good financially, with US\$100 million in cash, and a market capitalization

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of US\$600 million to US\$700 million. In terms of acquisition targets, the company said it is eyeing assets in the Internet that have to do with helping people express themselves and self-publish. Online photo developers allow users to store digital images and post or e-mail them, with its revenue generated from printing picture books, cards and single photos that are mailed back to customers or delivered via retail stores. According to InfoTrends, U.S. online photo service providers posted about US\$450 million in revenue from prints and photo merchandise in 2006. The research firm stressed that that figure is forecast to grow to more than US\$1 billion by 2011.

- **Yahoo Inc. announced that it has agreed to acquire online advertising network BlueLithium in a deal valued at US\$300 million in cash.** The acquisition is seen by industry observers as part of Yahoo's attempt to regain some of the ground that it has lost during the past three years to Google Inc. Before this acquisition, Yahoo has shelled out some US\$700 million to acquire a major online ad exchange, Right Media Inc. BlueLithium operates a large ad network and provides tracking technology, known as "behavioral targeting," a technology that identifies web surfers with particular interests so the ads they see will be more interesting to them. Yahoo said it expects to complete the BlueLithium deal before the end of the year.
- **Eudora, a pioneering e-mail program is making a comeback as an open source program after owner Qualcomm Inc quit selling the product in May.** Eudora was popular but it was soon eclipsed commercially by other software coming from Microsoft, IBM and other programs. Qualcomm donated Eudora to the open-source community, which means that anybody is free to download and use it without paying for the product. Developers can also access the code, change it and share those changes. The new version of Eudora is being developed under the code name Penelope and is available on the web.

Mobile/Wireless

- **Motorola Inc announced that it looks to a return to profit in its mobile devices business in 2008.** The company officials said that they see all the company's three divisions to report a profit next year. Earlier, Motorola said the mobile unit will not make profit this year. In a separate development, Motorola's CFO announced the company's plans to improve operating profit margins by reducing the time it takes to convert investments in product production into cash flow. The official said the company expects to bring down its cash conversion cycle to 25 days from 50 days to improve cash flow.
- **InterDigital Inc, a wireless technology company, announced that it has secured a seven-year licensing agreement to provide technology for Apple Inc's iPhone.** The company did not disclose the value of the deal even as an analyst placed the value at about US\$56 over the duration of the agreement. According to a regulatory filing, InterDigital's license agreement with Apple covers the current iPhone and certain future mobile phones, if any. In a separate development, InterDigital increased its third-quarter revenue outlook range to US\$55.5- US\$56.5 million from its prior view of US\$53.5 million-US\$54.5 million.
- **eMobile, a Japanese mobile start-up, announced that it has selected broadband technologies developer RAD Data Communications to supply it with ACE-3000 cell-site gateways for mobile broadband backhaul capability on its HSDPA 'EM Mobile Broadband' service.** eMobile, which launched its commercial 3.5G operation in March 2007, is offering subscribers access via PCs and laptops at a maximum download speed of 3.6Mbps. In 2006, eMobile said it planned to raise 42 billion yen (US\$359 million) from issuing new shares to help fund network rollout. The company said it has also secured a 220 billion yen (US\$2 billion) credit line from banks. eAccess

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signed a 3G roaming deal with DoCoMo in October 2006 allowing it to launch a nationwide mobile service, before its own network rollout is complete. eMobile is a wholly owned unit of eAccess.

- **Apple Inc announced that it has secured a deal with Starbucks Corp that will allow iPod users to buy music from Apple's wireless iTunes music store while they are at the coffee shops.** The companies said the offering will be available at more than 600 Starbucks stores in New York and Seattle by October 2. The companies said they aim to widen the markets later this year and next. With the service, Starbucks customers with the new iPod touch, an iPhone, or a computer running iTunes will be able to navigate to the new iTunes Wi-Fi music store without paying a connection fee. At present, customers pay to use the Wi-Fi wireless Internet service provided by Deutsche Telekom AG's T-Mobile at Starbucks' U.S. stores.

Media, Entertainment and Gaming

- **According to its CEO, PR Newswire Association, the U.S.-based information distribution company, is looking to making acquisitions in South America, India, South Korea, China and Australia.** PR Newswire is a subsidiary of listed UK-based United Business Media (UBM). The official said Brazil is the company's primary focus in South America, along with Argentina and Chile, with the target size for acquisitions placed at around US\$6 million to US\$35 million. Identified by the company as possible targets for acquisition are news monitoring and distribution services that are expected to add value to its established U.S. operations. The company said one potential target is Chilean media aggregator LitoralPress. In Asia, Meihua Information, a Chinese media monitoring company, was singled out as another target. Tixa Internet Technology, a company headquartered in Beijing is also one company being considered for acquisition. Earlier, PR Newswire announced that it has hired David Breitling as executive vice-president of global strategy and business development. Breitling previously worked for Paribas, JP Morgan, McKinsey and The World Bank.
- **Warner Bros. announced its plans to launch a web site early next year that will enable users to interact with animated characters and create personal profiles.** The offering will allow consumers to view original online episodes. The company said the advertising-supported site will be called T-Works and will be launched next spring. Among other things, the site will allow the company to market movies, toys and books from its various divisions, including DC Comics. The company clarified that even as the site will allow users to adopt a cartoon personality or avatar, it will also make use of filters, parental controls and other devices to protect young consumers.
- **The Walt Disney Co's ABC television network and Warner Bros announced what the companies described as "experimental deal" for four Warner-produced ABC shows to appear on ABC's web-based broadband media player.** At present, ABC has several shows from its own production arm, ABC Studios, available for free to viewers on the ad- supported broadband player. Under the deal, ABC will sell ads and keep the revenues for the Warner productions. Under the agreement, Warner holds the rights to stream the previous year's shows to an unlimited number of web outlets and may sell digital downloads and DVD box sets of those shows.
- **Game publisher Take-Two Interactive Software Inc. announced that it has sold its video game accessories unit, Joytech, to Canada-based Mad Catz Interactive Inc.** The deal is worth about US\$3.7 million. The company explains its move as part of its efforts to get rid of non-core businesses. Take-Two sees the deal as not material to its financial results. Mad Catz said it expects the deal to add to earnings one year after the acquisition is completed.

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Software

- **Microsoft announced a partnership with Tmsuk, a Japanese humanoid maker, in a bid to set the standard in the development of cutting-edge robots.** Last year, the company launched its Microsoft Robotics Studio, with the company identifying robotics as a strategy to widen its market. The alliance sees Microsoft as jointly developing software for robotics.

Europe

Media, Entertainment and Gaming

- **NETTS Co., Ltd., a company into the development and distribution of online games, and Burda:ic GmbH., a German online game operating company, announced their entering into a licensing agreement for Europe regarding the MMORPG Florensia.** Under this agreement, users in the thirty-seven countries of Europe will be able to play and enjoy the latest Japanese MMORPG, Florensia. The deal marks NETTS' first foray into overseas licensing agreements and will serve as a start for future NETTS expansion into the North American and Asian markets. Headquartered in Munich in Germany's Bavaria, Burda:ic GmbH also operates the online game Ragnarok in the European region. In addition, it runs MMORPGs and casual games, including Audition, ComeOnBaby and Fantasy Tennis, through its gaming portal site, alaplaza. Under the agreement, Florensia is expected be available to users in the thirty-seven countries of Europe, in Germany, the United Kingdom and Italy, in early 2008. NETTS Co. was set up in Tokyo as the headquarters of the NETTS Group in August of 2005. The company said its strategy was based on the development skills of its South Korean subsidiary NetTimeSoft.

Mobile/Wireless

- **Ideaworks3D, a developer of mobile games and provider of mobile game development tools, announced that it has raised an undisclosed amount of new funding, from Japan Asia Investment Co.** The company was founded in 1998 as a spin-off from the London Business School's iLab. Ideaworks3D AirPlay platform enables development across BREW, Java, Symbian OS, Linux and Windows Mobile platforms. Ideaworks has created mobile versions of PC and console game franchises, including Tomb Raider and Final Fantasy.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 9/07/07)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change Last 12 Mth.
Japanese yen	¥/US\$	113.3700	-2.1%	-4.8%	-3.7%	-2.6%
Hong Kong dollar	HK\$/ US\$	7.7844	-0.16%	0.1%	0.4%	0.1%
Chinese renmenbi	RMB/ US\$	7.5365	-0.1%	-3.4%	-6.6%	-5.1%
Singapore dollar	S\$/ US\$	1.5255	0.0%	-0.8%	-8.3%	-2.7%
South Korean won	KRW/ US\$	937.8000	0.0%	0.8%	-7.1%	-1.9%
New Taiwan dollar	NT\$/ US\$	33.0700	0.24%	1.5%	0.7%	0.8%
Australian dollar	US\$/A\$	0.8261	0.9%	4.8%	12.7%	9.0%
New Zealand dollar	US\$/NZ\$	0.6907	-1.5%	-1.9%	1.0%	7.1%
Philippine peso	PHP/ US\$	46.7100	0.7%	-4.7%	-12.0%	-7.1%
Euro	US\$/€	1.3766	1.0%	4.3%	16.2%	8.1%
British pound	US\$/£	2.0301	0.7%	3.6%	17.8%	8.2%

Fixed Income Prices and Yields							
Note	Currency	Current (on 9/07/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	104.72	4.70%	102.70	4.89%	99.91	5.01%
Japan 30-year	¥	101.14	2.34%	100.87	2.37%	100.26	2.38%
Hong Kong 10-year	HK\$	103.52	4.46%	102.98	4.52%	102.57	4.57%
China (06/16)	US\$	110.71	3.32%	110.71	3.35%	99.80	4.76%
Singapore 10-year	S\$	106.70	2.90%	106.50	2.94%	107.00	2.87%
South Korea 20-year	KRW	9,576.45	5.61%	9,801.14	5.71%	9,873.30	5.54%
Australia 15-year	A\$	94.35	5.94%	94.54	6.00%	94.40	5.93%
New Zealand (12/17)	NZ\$	99.16	6.11%	98.63	6.28%	96.38	6.49%
Philippines 20-year	PHP	98.23	8.80%	89.96	9.32%	91.32	8.95%
India 30-year	INR	99.60	8.37%	100.00	8.50%	98.94	8.43%
UK 30-year	£	96.34	4.48%	95.81	4.56%	94.19	4.62%
Germany 30-year	€	93.13	4.42%	91.80	4.51%	91.34	4.53%

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