



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

Week of 9 September - 15 September, 2007

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Equity Market Indicators					
Index	Closing Level (9/14/2007)	% Change 1 Week Ago	% Change 8/14/2007	% Change 1/1/2007	% Change 1/1/2006
S&P 500	1,484.25	2.1%	4.0%	4.6%	18.9%
Dow Jones Industrial Avg.	13,442.52	2.5%	3.17%	7.9%	25.4%
Dow Jones Tech. Index	451.26	0.04%	3.0%	9.3%	20.3%
Dow Jones Telecom. Index	296.54	3.1%	6.5%	14.0%	47.1%
NASDAQ Composite	2,602.18	1.4%	4.1%	7.7%	18.0%
The Street.com Net	280.47	1.7%	5.7%	13.4%	33.3%
Japan Nikkei 225	16,127.42	0.03%	-4.3%	-6.4%	0.1%
JASDAQ	70.56	-3.6%	-5.3%	-18.1%	-45.8%
Japan Mothers	637.25	-9.6%	-17.5%	-42.6%	-75.0%
Korea KOSPI Composite	1,870.02	-0.8%	2.9%	30.4%	35.6%
Korea Kosdaq	783.27	1.0%	2.1%	29.2%	13.3%
Taiwan Stock Exchange	9,031.63	0.2%	1.4%	15.4%	37.9%
Singapore Straight Times	3,536.40	1.4%	4.4%	18.4%	50.7%
Hong Kong Hang Seng	24,898.11	3.8%	13.1%	24.7%	67.4%
Hong Kong GEM	1,540.79	3.3%	-1.0%	25.8%	53.0%
China Shanghai (A-Share)	5,575.64	0.6%	9.0%	98.1%	356.7%
China Shenzhen (A-Share)	1,556.80	1.6%	11.8%	173.3%	436.7%
China Shanghai (B-Share)	351.42	5.6%	8.7%	170.1%	466.7%
China Shenzhen (B-Share)	768.49	4.8%	-0.9%	77.3%	292.9%

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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
9/10/07	Aprimo [NASDAQ: MKTG]	Comp-Internet- Software	N/A	Provides marketing software and services that automate marketing processes	Morgan Stanley	Thomas Weisel

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 9/14/07	% 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 9/14/07	% Change From Offer
9/14/07	Puloon Technology [094940.KQ]	Manufactures automation systems	N/A	KRW 500	KRW 14,350	277.00%
9/12/07	Wave Electronics Inc. [095270.KQ]	Manufactures power amplifiers	KRW 4.96 billion	KRW 500	KRW 7,450	139.00%

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

Software

- **According to a recently published report entitled Asia/Pacific (excluding Japan) Content Management Software 2007-2011 Forecast: Market Sizing – Steady Growth, Rapid Consolidation, the content management software market in the Asia-Pacific (excluding Japan), or APEJ region, is estimated to be worth US\$145 million in 2006 and will reach USD281 million by 2011, at a 5-year compound annual growth rate (CAGR) of 14.2 percent.** The report said that Australia and Korea remain the main markets for the APEJ content management software market during the forecast period even as China and India are expected to register strong growth. The report identified the top three vendors combined accounted for almost 40 per cent of the total market revenue in 2006. Noting the multilingual characteristic of the content and the cultural diversity in the APEJ region, the report stressed that management and distribution of the content will be critical for the vendors. According to IDC, companies can fulfill all this by offering translation/globalization features or by acquiring vendors that specialize in such functionalities.

Semiconductors

- **Nokia, Samsung, Sony Ericsson, Spansion and STMicroelectronics announced that they will work together to create a unified memory card for electronic devices by 2009.** The move of the group is expected to put to a stop the production of different memory card formats for a multitude of devices ranging from mobile phones to digital cameras. With the alliance, the group said they expect they will help improve speed and performance in accessing large multimedia files and reduce power consumption.

Media, Entertainment and Gaming

- **According to a research firm, the global online games market is now worth about US\$4 billion, figures that are seen as tripling in the next five years.** The forecast comes under a new report from Strategy Analytics, titled Online Games: Global Market Forecast. The report indicates that the MMO games market, led by the World of Warcraft franchise, is leading the way for electronic marketing and digital distribution of both PC and console games. Strategy Analytics says that the online games category remains at present as the largest category out of the three main online entertainment markets (music, games and video) in terms of revenue. It estimates that the global online games market generated US\$3.8 billion in 2006 and US\$5.2 billion in 2007, and projects that the market will grow at a rate of 25.2 percent annually in the forecast period spanning 2007-2011, hitting US\$11.8 billion.

Japan

Media, Entertainment and Gaming

- **Media sources said that Rakuten's aim to raise its stake in Tokyo Broadcasting System (TBS) to above 20 percent has gone down to a move to make TBS an equity-method affiliate.** TBS implied that to become an affiliate, there must be friendly relations. Rakuten's first attempt in 2005

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was to acquire TBS. Rakuten said it is also seeking a tie-up that would enable it to add TV to its Internet services. TBS did not issue any comment on this move.

- **Enix Co. Ltd. announced its decision to release a game called Infinite Undiscovery on the platform of Microsoft Corp.'s Xbox 360 games console.** Industry observers see the move as a big boost for Xbox as Enix is the last major Japanese games developer not to have embraced the console yet. Analysts said that the debut of role-playing games like Infinite Undiscovery is a crucial factor to Microsoft's success in Japan, with gamers in Japan preferring RPG titles over the first-person shooter games that are popular in North America and Europe. Microsoft disclosed that the combined currently available titles and new software will bring a total of about 250 games available for the Xbox 360 by December.

Mobile/Wireless

- **Market sources indicated that Sanyo Electric Co. is in final talks to sell its cellular phone production business to Kyocera Corp.** The deal is seen as marking the first sale of a cell phone production between Japanese companies. No comment regarding the deal could be secured from the two companies. A spokesperson from Sanyo said that the company has not decided yet whether it will sell the handset division. From Kyocera, the spokesperson did not deny nor confirm the deal. In a separate development, Sanyo announced that it will offload its entire equity stake in its handset sales subsidiary Telecom Sanyo Co. to Telepark Corp. in a deal valued at 4.8 billion yen (US\$41.6 million). Telecom Sanyo sells mobile phones nationwide except in Hokkaido and Okinawa prefectures. The company reported sales of 38.4 billion yen (US\$332.8 million) in the business year to March 31, 2007. Telepark is a subsidiary of trading house Mitsui & Co. Following the sale in October, Telecom Sanyo will carry the name of Telecom Park. Sanyo said it looks to a profit of 4 billion yen (US\$34.6 million) on the sale for the current business year ending March 2008.
- **NTT DoCoMo Inc., announced that it would introduce a flat-rate pricing scheme for its wireless data services.** The move is seen as the company effort to attract new mobile internet subscribers in the face of strong competition from rival carriers. Scheduled to take effect in mid October, the new flat-rate plan is expected to enable users to surf the web at speeds of up to 3.6-Mbps, at a maximum cost of 11,340 yen (US\$98) per month, including tax. NTT DoCoMo also said that it will offer maximum pricing of 4,725 yen (US\$41) including tax, on its lower-bandwidth 64-Kbps mobile data network. The company did not explain what would be the impact of the flat-rate pricing scheme on its future revenues.

Software

- **VASCO Data Security International, Inc., a software security company specializing in authentication products, announced that it has widened its worldwide reach by opening a sales and support office in Tokyo, Japan.** The company said its Tokyo office will be responsible for all sales and support in Japan. VASCO said the Japanese market is of "strategic importance" to them. VASCO is the number one supplier of strong authentication and e-signature solutions and services.
- **GemStone Systems, a provider of distributed data management and virtualization solutions, announced the establishment of new offices in Japan and the formation of GemStone Systems KK, a wholly-owned subsidiary of GemStone Systems, Inc.** GemStone's flagship product, GemFire Enterprise, is a high-performance, distributed data caching platform that serves as the core component of the GemFire Enterprise Data Fabric (EDF). GemStone Systems is a privately held infrastructure software company that provides data services solutions for enterprise business architects

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and data infrastructure managers that are building, enhancing or simplifying access, distribution, integration and management of information within and across the enterprise.

Hardware

- **According to industry sources, Asahi Glass Co., Japan's No. 1 glass maker, is looking to exit the liquid crystal panel market by disposing Optrex Corp, its subsidiary in the business.** The company said it has already initiated the bidding process for Optrex Corp. following the decline in prices of liquid crystal panels that have made it difficult for the subsidiary to secure profits. Optrex, which was established as a joint venture between Asahi Glass and Mitsubishi Electric Corp., produces small and medium-size liquid crystal panels for use in mobile phones, automobile speedometers and other products. Asahi Glass is currently promoting consolidation of its businesses, with the company indicating that it plans to sell its entire stake in wholly owned subsidiary Asahi Glass Fiber Co. to a company co-funded by the Development Bank of Japan and an investment fund. Asahi Glass said it will focus on its core businesses such as sheet glass and glass substrates for LCD televisions. Mitsubishi Electric is reportedly selling also its stake in Optrex. No date for the sale has been decided yet.
- **Canon Inc announced its decision to buy back up to 10 million shares estimated to be worth approximately 50 billion yen (US\$433.4 million).** The ten million shares would be equivalent to 0.7 percent of the total outstanding and is expected to bring the company's total of repurchased stock this year to about US\$3.9 billion. Following its share repurchase in February, Canon has already bought back 400 billion yen (US\$3.4 billion) worth of stock. The company said the repurchase would strengthen its return on equity and provide it with a reserve of shares the company said it would utilize for future acquisition plans.
- **According to market research firm Media Create, figures for the weekly hardware sales in Japan for the week ending September 9 indicate that sales have declined further.** The report said that the extremely low software sales have had a predictable effect on hardware. Nintendo DS sales posted a decline by almost 17,000 units to just 77,488 for the week. The Wii remained as the second best selling console even as its sales went down by over 10,000 units to 29,088. Media Create noted that the drop in hardware sales has affected practically everyone, with the PSP dropping by over 6,500 units to just 15,564. PlayStation 2 sales dropped by less than 1,000 units to 13,360, with the research firm stating that the performance of the firm must have benefited from the success of Banpresto's Another Century's Episode 3. The Xbox 360 saw sales went down by over 300 units to 1,286. Identified as the only gains of the week were those made by the Game Boy Advance family of consoles and the GameCube. Both went up fractionally to 550 and 82 units, respectively.

Semiconductors

- **Industry sources said Sony Corp is at negotiating table to sell its production facilities for advanced microchips used in its PlayStation 3 game console to Toshiba Corp.** Details of the deal indicate that Sony is planning to sell production facilities for cutting-edge microprocessors and graphic chips to Toshiba for 100 billion yen (US\$869.7 million) The sale would include production lines for the Cell microchips, known as supercomputer on a chip. No comments could be secured from Sony and Toshiba about the deal.

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Telecommunications

- **The Japan government through the Internal Affairs and Communications Industry announced that it has started to accept applications for licenses to use the 2.5-gigahertz bandwidth for next-generation, high-speed data communications services.** Industry observers said that the competition for the new licenses is expected to be intense among Willcom Inc. and existing cellular carriers NTT DoCoMo Inc., KDDI Corp. and Softbank Mobile Corp. The Japanese government said up to two firms can secure licenses from the Internal Affairs and Communications Ministry. Industry sources note that Willcom has already expressed its intention to bid for a license without mentioning any alliance with other firms to launch next-generation PHS services. The top industry leaders, however, have indicated working with other partners in applying for the license. NTT DoCoMo has formed an alliance with Acca Networks Co., a broadband Internet service provider and has invited Tokyo Broadcasting System Inc., Mitsui & Co. and East Japan Railway Co. to join. KDDI is seen as entering into a partnership with top shareholder Kyocera Corp. Softbank Mobile Corp. aims to obtain a license by allying with Emobile Ltd.

Korea

Internet

- **Six media organizations composed of the Korea Online Newspaper Association, the Korea Online Journalists Association, the Korean Internet Journalists Association, the Korea Internet Media Association, the Korea Internet Newspaper Association and Korea Internet Contents United announced the launching of the News and Content Copyright Holders' Council.** The groups, which altogether represent some 240 media firms, announced their objective to counter the move of portals from monopolizing profits and abusing the rights of content producers. According to the council, portals should not collect content and store it in their databases without permission from producers. The portals, from the perspective of the media organizations, are not allowed to revise and edit content provided by copyright holders.
- **South Korean Internet service provider UBalance Co. Ltd. and technology supplier MatrixStream Technologies announced the launching of a multichannel, streaming HDTV service over the public Internet early next year.** The launch will happen after a beta deployment starting in October. The UBalance service is targeted to consumer televisions and employs MatrixStream's proprietary encoding, XMS streaming and set-top box technologies to get there. Unlike emerging broadband video download platforms supporting services such as Amazon Unbox, NetFlix, Blockbuster/Movielink, Akimbo or Vudu.com, the MatrixStream platform is designed to support streaming, rather than downloading, of live linear TV programming and video on demand to TV set-top boxes.

Mobile/Wireless

- **Thin Multimedia, Inc. (TMI), a mobile multimedia solutions provider, and LG Telecom, a Tier 1 wireless operator in South Korea, announced their entering into an agreement to implement TMI's thinRTS (Real-time Transcoding System) on LG Telecom's network in South Korea.** LG Telecom's commercial RTS service is scheduled to launch the beginning of 2008. TMI's thinRTS enables real-time transcoding of multimedia content from various online file formats and codecs into applicable mobile formats enabling playback on mobile devices. Thin Multimedia is s

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mobile multimedia software solutions provider to wireless carriers, chipset and handset manufacturers, and content providers.

- **Samsung Electronics announced that it will launch a multimedia touch-screen mobile phone in Europe in November.** Observers see this as Samsung's bid to boost its position in the premium phone war dominated by Apple's iPhone at present. The Mobile Hybrid, codenamed F700, has a full touch-screen control but distinguishes itself from the iPhone with a QWERTY keypad hidden underneath it. Samsung said it plans to sell it in Germany, Britain and France from November and in Southeast Asia and North America early next year. The handset's new screen interface called Croix received the iF Communication Design Award, one of the most prestigious awards in the world, giving Samsung the confidence that the device will win the war versus iPhone.

Media, Entertainment and Gaming

- **Reloaded Studios, a newly formed South Korean game development company, announced that it has entered into a licensing agreement with German Crysis developers Crytek for use of the award winning CryEngine 2 middleware to develop their new action-strategy MMORPG.** According to the CEO of Reloaded, the studio aims to make its MMORPG stand out in a very competitive market. Reloaded also disclosed it plans to emphasize the art style in the upcoming title, which the company stressed was one main reason for choosing the middleware. In a separate development, another South Korea-based MMORPG developer XL Games also announced its selection of CryEngine 2. XL was founded by Jake Song, creator of NCSOFT's Lineage.

Hardware

- **Samsung Electronics announced that it has started developing a new Flash memory market through a production of large-capacity solid-state drives.** The company disclosed that it has started the shipment of 2.5-inch 64GB SSDs to Dell where the new drives will be installed in Dell's premium notebooks expected to go commercial late this year. Unlike existing hard disc drives, SSDs use a Flash chip as a storage device and lack a motor and operating device, so they do not generate heat and noise while operating and boast improved shock-resistance. The company said the new drives will also be offered to other PC manufacturers. According to iSuppli, the rapid growth of the SSD market will see an industry where PCs will account for 20 percent of applications of flash chips by 2011.

Semiconductors

- **According to Intel, investigators for the Korea Fair Trade Commission (FTC) informed the company that it has violated South Korea's antitrust regulations.** The notification followed the completion of the 18-month investigation. No specific date or schedule has been established for when the commission will issue a decision. Intel is facing a similar situation in Europe and Japan. In Europe, the European Commission's Bureau of Competition in July issued a "statement of objections," regarding Intel's business practices. In Japan, Intel agreed to abide by the Japan Fair Trade Commission's recommendations, stemming from its antitrust case. The Japan FTC questioned the marketing rebates Intel offered to customers who did not use AMD's chips.

Ventures/Investments

- **Samsung Electronics and LG Electronics announced that they are ready to make a foray into the Middle East and African markets.** Industry sources said that there are indications that Samsung has initiated its entry into the markets with its participation in the Gulf Information Technology Exhibition (GITEX) in Dubai. The Middle East's biggest IT exhibition has brought together some

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3,300 companies from 40 countries, with Samsung displaying some 204 products from 183 categories. LG introduced its mobile phones and MP3 players through a fashion show involving a famous Middle Eastern designer Waleed Atallah.

- **Experian, the global information solutions provider, and its long-term partner Mirae Credit Information Services Corp. (MCI) announced that they have jointly set up a new company to deliver advanced credit management services in South Korea.** The new entity, Experian Decision Analytics Korea (EDAK) is expected to focus on helping financial institutions, insurance firms, retailers, telecommunications companies and others make more profitable business decisions. The report describes the new entity as combining the strength of Experian's global expertise in enterprise-wide solutions and MCI's local knowledge and experience. It will provide consultancy, tools, systems and services to help clients make better decisions about credit risk, fraud prevention and account management. Experian and MCI have been partners since 2001, providing credit evaluation systems and consulting services to six of the top seven retail banks in Korea, as well as the nation's leading credit card and insurance firms.

China

Internet

- **Netease, the largest email service provider in China, announced its plans to offer a new email service that features unlimited capacity.** Industry observers note that the offering from Netease follows China Yahoo's own "Lifetime Emailbox. According to Netease, all the users of its email services can upgrade to enjoy this new service.
- **CDC Corporation's gaming subsidiary CDC Games announced that it has initiated the Online Games Alliance Against Piracy (OGAAP) in a bid to counter the piracy of online games in China.** According to CDC Games, the goals of OGAAP are to establish a platform for industry participants and stakeholders to exchange ideas and share experiences; conduct market and technology research; propose industry-wide policies and practices; and lobby relevant government bodies and lawmakers to enact anti-piracy legislation. Part of the aim of the group is to promote public awareness of copyrighted online game usage and educate online game players about copyrighted content. The alliance is composed of the leading game developers including CCP of Iceland; OnSoft Company, Sonokong Company, T3 Entertainment, and Wemade Entertainment of South Korea. CDC Games is also actively recruiting others in the online game industry to join OGAAP in this united front against piracy. OGAAP, with headquarters in Beijing, plans to work closely with the country's governmental organizations including the China Game Publishers Association as well as authorities overseeing press and publications, copyrights, and intellectual property rights implementation.
- **Industry sources said that businesses in Chongqing have set up a Credit Archive on Alibaba's e-commerce platform.** The move is described as a way to counter risks coming from dubious online transactions. Media sources quoting Alibaba has described the Credit Archive as indicating the credit records of foreign trade enterprises. By combining the traditional credit certifications and the interaction on the Internet, the credit archive shows the credit situation of each enterprise. The process makes the information more accessible to clients and exposing potentially hazardous companies at the same time.

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- **Industry sources are quoting Sol Trujillo, CEO of Telstra Corp, who disclosed that Soufun, an online real estate service provider, will expand its business to 100 cities by the end of 2008.** The report also said that Soufun will then be preparing for an IPO. Telstra holds 51 percent stake in Soufun. Telstra acquired the stake in Soufun in a deal valued at US\$254 million, which paved the way for Telstra to be in the Chinese market.
- **McDonald China announced that it is available now by way of a special section on Chinese online auction site Taobao.com.** According to McDonald, the rapid development of online shopping was one of the factors that pushed the fast-food giant to consider serving the Chinese consumers through online platform.
- **YeePay, a Chinese online payment company, announce that it has entered into a partnership with EachNet, an online auction web site.** Under the partnership, YeePay will provide payment solutions for Eachnet's newly re-launched consumer-to-consumer online marketplace. The new EachNet setup is a joint venture of eBay and Tom Online. The arrangement will see YeePay as the sole payment provider for EachNet, where the YeePay's payment service will be integrated with EachNet's escrow service called An Fu Tong. The arrangement will enable YeePay to manage the money flows for EachNet's escrow payment service, which allows buyers and sellers to send and receive payments. YeePay will also provide user identity verification service for EachNet.

Media, Entertainment and Gaming

- **PacificNet, Inc., a provider of Customer Relationship Management (CRM), mobile internet, e-commerce and gaming technology in China, announced that its PacificNet Games subsidiary has entered into a strategic alliance partnership agreement with Advansys, a casino management system provider.** Under the agreement, PacificNet Games will deploy Advansys products in multiple Asian markets, customize existing products to meet local gaming requirements and co-develop new casino management systems for Asian casinos. As of the end of 2006, Macau has become the largest and fastest-growing gaming market in the world, and has surpassed the Las Vegas Strip in total revenues. According to statistics provided by Macau government, in 2006, Macau's gaming revenues reached US\$7 billion, surpassing the Las Vegas Strip gaming revenues of US\$6.6 billion. PacificNet, Inc. is a provider of gaming and mobile game technology, e-commerce, and Customer Relationship Management (CRM) in China. PacificNet's gaming products are specially designed for Chinese and Asian gamers with focus on integrating localized Chinese and Asian themes and content, advanced graphics, digital sound effects and popular domestic music, with secondary bonus games and jackpots. PactGames is based in Macau, with offices and operations in China, Hong Kong and the Philippines.

Software

- **Cisco China announced that it has secured an agreement to work with the Xiamen Municipal Government on the promotion of the development of Xiamen's information and communications technology.** The agreement will particularly focus on the software industry and will be aimed at setting up a long-term and mutually beneficial strategic tie between Cisco and Xiamen. Under the agreement, Cisco will deploy its advanced TelePresence communications solution in Xiamen. Cisco TelePresence, underpinned by intelligent Internet Protocol based networks, helps enable people in different corners of the world to have unique and "in-person" communications with each other.

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Hardware

- **Media sources announced Lenovo's launching of a solar power-based desktop computer ThinkCentre A61e, reportedly much more environmentally friendly than past offerings.** The computer has energy-saving features and is small in size. One outstanding thing about the computer is that Lenovo has set a low speed fan for the computer, which lessens the noise from the device. The report said 90 percent of the components of the computer can be recycled.
- **Hewlett-Packard announced its plans to speed up its expansion in other Chinese cities and get more Chinese to work for the company in the coming months.** Industry observers see HP's move as a response to the big demand the company is experiencing in the country. According to the senior vice president of HP's Personal Systems Group for Asia Pacific, the company sees its growth outside of the big cities while the company maintains strong presence in Beijing and Shanghai. By the end of August this year, HP had 8000 employees in China. According to IDC, HP has 13.4 percent of the PC market in the country.

Ventures/Investments

- **Kingdee announced its signing of a joint operation agreement with YGL that will see the two parties jointly looking into the management software and market in Southeast Asia.** Following the agreement, Kingdee and YGL will set up a joint venture company called Kingdee Southeast Asia Software Group Sdn Bhd. The agreement expects Kingdee Southeast Asia Software Group to implement Kingdee's localization plan in Southeast Asia and build systematic distribution partnerships in a bid to boost Kingdee's position in the market. Kingdee International Software Group is an enterprise management software and e-business solution supplier in the Asia Pacific region. It maintains corporate headquarters in Shenzhen, China and Asia Pacific headquarters in Hong Kong.
- **British Telecom announced its plans to widen its investment in China.** According to BT International's president, BT looks to investing at least US\$70 million in the coming years to set up two R&D centers in China. The centers are to be set up in Dalian and Shanghai, respectively. The Dalian R&D Center will provide software development, service delivery and a range of support service to BT, serving the company's clients in China, South Korea and Japan. The Shanghai Center will be engaged in the development of new services and products. The two centers are valued at about US\$100 million. BT currently maintains only two representative offices in the country; one is in Beijing and another in Shanghai.

Taiwan

Media, Entertainment and Gaming

- **Gamania Digital Entertainment, an operator of online gaming services in Taiwan, announced the launching of Bright Shadow, its first self-developed MMORPG in Taiwan.** The company said players will be able to play Bright Shadow for free, with its CEO explaining that the company will generate revenues from selling game items online. Gamania disclosed that it has invested NT\$700 million (US\$21.2 million) in developing games since 2002, with a large portion spent on Bright Shadow. The company said the game will be launched in China, Japan and South Korea. Gamania, which has R&D teams in Taiwan, China, Japan and South Korea, derives 99 percent of its revenues from the operation of games developed by other firms.

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Telecommunications

- According to its chairman, Asia Pacific Broadband Telecom (APBT), one of the three new operators of fixed-line telecommunication services in Taiwan, is talking with Verizon Wireless, Sprint Nextel, Intel and Japanese telecom carrier KDDI for investment to become APBT's strategic partners. APBT currently generates monthly revenues of about NT\$1.2 billion (US\$36.2 million), EBITDA (earnings before interest, tax, depreciation, amortization) of NT\$120 million (US\$3.6 million), with the monthly EBITDA expected to rise to NT\$200 million (US\$6 million) by the end of this year.

Hardware

- According to the Optical Memory Engineering Research Center (OMNERC) based in Tsinghua University, the China High Definition DVD, a new generation high definition DVD format was developed jointly with research institutes and manufacturing enterprises at home and abroad. The physical format of CH-DVD includes Chinese-owned intellectual property, and is based on HD DVD, the next generation high definition DVD approved by the DVD Forum. The report said the CH-DVD has the support of the Chinese government, and is expected to pave the way for the localization of blue-laser, high-definition DVD in China. In a related development, OMNERC announced the establishment of CHDA, the China High Definition DVD Industry Association, in cooperation with the DVD Forum and Chinese and international partners. CHDA is expected to play a key role in the promotion of CH-DVD.
- Sri Lanka-based IT vendor PC-House announced that it has recently set up Panora, a subsidiary company in Taiwan, and is planning to expand its cooperation with Taiwan-based manufacturers. According to PC-House Taiwan, the company expects to buy NT\$500 million (US\$15.1 million) of products from Taiwan in 2008. Founded in 1997, PC-House is currently the leading channel distributor in Sri Lanka, distributing products that include processors, software, motherboards, graphics cards, chassis, cooling devices, optical storage, storage devices and communication devices. The company distribution partners of PC-House include Intel, AMD, Microsoft, IBM, Hewlett-Packard (HP), Samsung Electronics, Logitech, Genius Electronics, Optoma, Tyan Computer and Gigabyte Technology. PC-House said it is looking to form partnerships with Elitegroup Computer Systems (ECS).

Hong Kong

Internet

- China Finance Online Co., Limited (CFO), a leading Chinese online financial information, data, and analytics provider, announced that it has entered into definitive agreements with the existing shareholders of Daily Growth Investment Company Limited for the acquisition of 85 percent equity interest in Daily Growth Investment, a licensed securities brokerage firm incorporated in Hong Kong. Under the deal, CFO will pay approximately US\$3 million. The agreement also gives CFO the right to acquire the remaining 15 percent of equity of Daily Growth Investment within 5 years from the completion date. China Finance Online specializes in providing online financial and listed company data, information and analytics in China. Through its web sites, the company provides individual users with subscription-based service packages that integrate financial and listed company data and information from multiple sources with features and functions such as data and information search, retrieval, delivery, storage and analysis.

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Media, Entertainment and Gaming

- **REA Group Ltd, an online real estate advertiser, announced its move to purchase two Hong Kong publishing companies – Square Foot Ltd and its sibling company, Primedia Ltd. – in a deal placed at US\$4.8 million.** The REA Group owns realestate.com.au and is 58 percent owned by News Ltd. It considers the acquisitions as marking its first foray into the Asian market following its acquisitions of several European web sites. Square Foot owns Hong Kong's largest English language property magazine, Square Foot. The company said it is planning to launch a real estate listing website, in the coming weeks. Primedia publishes Hong Kong's community lifestyle magazine, Inside DB. It has a circulation of around 15,000.
- **Industry observers said that PCCW is poised to become the first company in Hong Kong to implement MSA Focus' ForeTV, the world's most advanced broadcast business management system.** Before this agreement, PCCW has already been a client of MSA Focus' legacy broadcast management system, Perspective. The new agreement sees PCCW upgrading to ForeTV in a bid to deliver highly efficient live events scheduling. Unlike traditional systems which treat each broadcast revenue stream separately, ForeTV offers a consolidated solution for total revenue management, encompassing income from Internet Protocol Television (IPTV), advertising, sponsorship, pay-per-view (PPV), interactive (iTV) and video on demand (VOD). Observers note that the deal with PCCW is the latest in a series of new contract secured by MSA Focus since it launched ForeTV in 2006. Global broadcasters in the U.S. and in Latin America as well IPTV stations in Europe have made investments already in the technology.

Telecommunications

- **Asia Netcom, with headquarters in Hong Kong, announced the merger of its East Asia Crossing (EAC) system with the C2C network.** Under the agreement, regional carrier is going to take full control of the combined submarine cable network. Asia Netcom, a company of Connect Holdings, which also owns the C2C network, looks to the merger as enabling a next-generation communications network to be built by establishing a stronger link with full connection between the two systems. The two networks are expecting to see various upgrades in the system. The upgrade is estimated to cost between US\$200 million and US\$300 million over the next three years. The C2C network spans 17,000km and comprises three rings linking Hong Kong, Singapore, Taiwan, China, South Korea, the Philippines and Japan. Asia Netcom has recently acquired Singapore-based Internet service provider Pacific Internet. In a separate development, Connect Holdings said it is planning to merge its Singapore-based Internet provider Pacific Internet with cable operator Asia Netcom. Connect Holdings said the tie-up with PacNet is expected by June 2008. The holding company plans to list Asia Netcom by end of 2009, with the company stating that the enlarged group will generate revenues of around US\$450 million in fiscal year 2007, and about US\$500 million in 2008.

Singapore/Malaysia/Philippines/Indonesia

Internet

- **Globe Telecom announced its decision to set aside US\$190 million a year until 2009 to finance its broadband Internet initiatives.** A company official said it is planning at present a multimillion-dollar broadband Internet program and announced its move to upgrade its wired broadband products. Globe, the Philippines' second-largest phone company reported a subscriber base of 18.1 million as of

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end-June, compared with 16.9 million as of end-March. The country's No. 1 phone company Philippine Long Distance Telephone Co. reported 27.1 million cellular subscribers as of end-June.

Mobile/Wireless

- **Oceanlake Commerce Inc. announced that it has entered into a managed services agreement with PT Smart Telecom (Indonesia) to utilize the OceanLake MobileMail service platform.** Under the agreement, Smart Telecom will be bundling mobile email as part of selected service plans to make it available to all new subscribers. OceanLake MobileMail enables carriers to provide an affordable, real-time, push email service for the mass consumer market. It allows service providers to provide their users the ability to send and receive e-mail with any internet-enabled mobile phone or PDA at a fraction of the cost of other solutions in the market place. OceanLake's Asia Pacific headquarters are in Singapore and will be providing local implementation and support services for Smart Telecom. PT Smart Telecom is a new cellular telecommunication service provider in Indonesia utilizing CDMA 2000 1X-EVDO technology at 1,900 MHz frequency. This network allows users to communicate or send data with lower cost yet higher capacity. Smart Telecom's network is growing nationwide and will soon cover almost very part of Indonesia. OceanLake Commerce is a publicly traded company on the Toronto Venture Exchange and has offices in Singapore and Toronto, Canada.

Ventures/Investments

- **With the company's first ATM (automatic teller machine) developed in Singapore, Wincor Nixdorf's global strategy is shaping up with Asia taking a central role.** The company also said that it has plans to set up a new logistics center in the island-state, slated for operation by early 2008. According to its CEO, Singapore has "developed from a production location into the nerve center of our Asian business activities." Asia is Wincor Nixdorf's fastest-growing market for hardware, software and service. The German IT manufacturer plans to increase its current net sales of US\$286 million over the next few years, and is projecting a 30 percent net sales growth from the region comprising the Asia-Pacific and Africa this fiscal year. The company also disclosed that it aims to open a subsidiary company in India with its Indian partner AGS in October.

Software

- **Business Software Alliance (BSA) and Singapore-based, not-for-profit CommerceNet (CNSG) announced their signing of an agreement that is seen as providing some 420 companies in the republic better protection from inadvertent software rights infringement.** Under the agreement, CNSG's accredited companies will enjoy benefits such as protection for 12 months from BSA-initiated enforcement action. The move aims to give these companies time to implement software asset management practices and verify that their software comply with licensing agreements.
- **Pacific Internet Philippines, an affiliate of Pacific Internet Ltd., announced a new business model for its products anchored on the Sentinel, a multilevel security solution to meet the growing threat of computer crime and security.** According to Pacific Internet Philippines product manager, the company will bundle Sentinel to enable users to protect data and information. With the offering, Sentinel will also allow business organizations to build security infrastructure without spending a huge amount of resources.
- **ePLDT subsidiary iPLUS announced that it is offering start up call-centers an all-in-one premise-based solution, called Call Center in a Box (CCiB).** According to its marketing director, iPLUS is targeting start-up call centers, contact centers with local customers, as well as Internet help

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desk operations. Compared to the other center solution, CCiB is described as a single-server technology that can balance the load of incoming and outgoing calls across different locations. The Philippine-based company said the CCiB is powered by Genesys, a leading software solution for the contact center industry.

Telecommunications

- **Telenor, a Norwegian telecom operator, announced that it will cut its stake in Malaysia's DiGi.com to below 50 percent from the current 61 percent before the end of the year.** The move to cut the stake is part of an agreement with Malaysia's government, which has demanded that Telenor own less than 50 percent of the mobile telecom company. The Norwegian firm was set to cut its stake in Digi.com last year but was granted an extension by the Malaysian government until the end of 2007. According to its spokesperson, the Norwegian firm will still be committed to Malaysia and Digi.com despite having cut its stake in the company.

United States/Canada

Internet

- **Industry sources announced that Yahoo Inc. has entered into an agreement to distribute an online music performance series through a high-definition channel from Viacom Inc's MTV.** The report noted that the deal is unique in that a material designed specifically for Internet is going to be aired on mainstream TV. Yahoo and Viacom could not be reached for comment.

Media, Entertainment and Gaming

- **The American Federation of Musicians of the U.S. and Canada's International Executive Board announced that it is looking to developing a greater share of the market for video game scores.** Under the strategy, the federation said that it has authorized its officers to enter into one-off agreements with terms that are consistent with current industry practice. The AFM has some 90,000 members in the U.S. and Canada representing the interests of musicians. The group works on fair agreements and protects ownership of recorded music. It also secures benefits for its members and forms lobby groups.
- **Sony BMG Entertainment announced that it has entered into an exclusive partnership with Starwood Hotels & Resorts Worldwide to develop uniquely branded music- and entertainment-based programming for hotels.** Under the deal, Sony BMG said it will work with Starwood to create in-house song playlists, digital music stores, in-room TV offerings, customized compilation albums, live entertainment experiences and other related activities. The program will be implemented in U.S. Starwood hotels including Sheraton, W Hotels, Westin, Four Points, Le Meridien, St. Regis and Luxury Collection brands. The report said a global expansion is planned for later this year.
- **Industry sources announced Yahoo Inc.'s acquisition of BuzzTracker, a news-aggregation web site.** The deal sees Yahoo getting substantially all the assets of Participate Media which produces BuzzTracker. The report said the founder and CEO of Participate will become the vice president and general manager of Yahoo News with his team to work with Yahoo. BuzzTracker tracks 110,000 content sources online, including blogs and mainstream media, and uses an algorithm to sort them by importance. Financial details and other matters pertaining to the deal were not disclosed.

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Software

- **On2 Technologies, Inc.**, a leader in video-compression software and solutions, announced that it has signed agreements with **AVIC Ltd**, a Japanese corporation that specializes in business development in Taiwan, and **ADYA Technologies** in India to expand On2's presence in these markets. Under the agreement, the two companies will phase in the adoption of On2's TrueMotion VP6 and VP7 compression schemes and other solutions for media companies, enterprises, carriers, and developers. The agreement will also see AVIC and ADYA representing On2 through the entire pre-sales and sales cycle across the different market segments, including technical support, testing and commissioning. Based in New York City, On2 Technologies has R&D offices in the U.S. and UK.
- **Intel Corp.** announced its move to acquire **Havok Inc.**, a provider of software and services used by videogame creators and movie special-effects teams. Under the deal, Havok will become a wholly owned subsidiary of Intel even but will continue to operate its business as usual. Intel said the acquisition will boost its visual computing and graphics efforts. To Havok, the acquisition is seen as helping it grow into new market segments. Havok's software helps game developers simulate real world physics in their games, making objects appear to move in a more realistic fashion. Financial terms and other details of the deal were not disclosed.
- **Aricent Inc.**, a communications software company, announced that it has agreed to acquire **DataLinx Inc.** Aricent and Datalinx are both U.S.-based companies focusing on consulting, system integration and software development. Under the agreement, Datalinx will place its 400 consultants and developers with Aricent, a firm owned by Kohlberg Kravis Roberts & Co. and Sequoia Capital, which both have offices in Menlo Park, and Singapore-based Flextronics International Ltd. Financial details of the deal were not revealed.

Semiconductors

- According to its vice president for sales and marketing, **Jazz Semiconductor** is actively looking into the possibility of acquiring or entering into a partnership with an 8-inch fab. The official said the 8-inch fab may not necessarily be located in Asia. The company, however, specified that its location must be where production costs are low. Jazz, a California-based foundry, has partnerships with two China foundries: Advanced Semiconductor Manufacturing Corporation (ASMC) and Hua Hong NEC.

Europe

Media, Entertainment and Gaming

- **Officials from the European Commission** announced that it has set up a new funding mechanism aimed at supporting video game projects. The commission said it offers grants of up to 60,000 euros (US\$83,000) for companies working on console, PC and mobile phone prototypes. The total budget for the project is placed at 1.5 million euros (US\$2 million), under which the commission is making available funds to cover all aspects of production, which includes the identification of possible business partners and marketing. The European Commission also announced that the grants are a form of direct aid and do not need to be repaid. The minimum grant available is for 10,000 euros (US\$14,000), although the maximum budget of any project is set at 100,000 euros (US\$139,000).

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- **Eurogamer announced that it is preparing to host its biggest ever marketing campaign for the launch of SEGA Rally.** The activity sees SEGA Rally take every single advertising impression on every single page of Eurogamer.net, Eurogamer TV, Eurogamers, Eurogamer Germany and Eurogamer France for a full week. Eurogamer is the publisher of the UK's most popular independent videogame website, Eurogamer.net. The company also publishes a video site for gamers, Eurogamer TV, and a social network for gamers, Eurogamers. SEGA Europe Ltd. is the European Distribution arm of Japan-based SEGA Corporation, and a worldwide leader in interactive entertainment. The company develops and distributes interactive entertainment software products for a variety of hardware platforms including PC, wireless devices, and those manufactured by Nintendo, Microsoft and Sony Computer Entertainment Europe.

Internet

- **Equinix, Inc., the leading provider of network-neutral data centers and Internet exchange services, announced that it has completed the acquisition of IXEurope plc.** The acquisition, which was approved by IXEurope's shareholders and UK courts, is seen as giving Equinix a strong presence in Europe and boosting its position as the largest provider of global network-neutral colocation and network exchange services. IXEurope is a leader in the European network-neutral colocation market. It operates 14 data centers, including centers in Dusseldorf, Frankfurt, Geneva, London, Munich, Paris and Zurich.

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Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 9/14/07)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change Last 12 Mth.
Japanese yen	¥/US\$	115.3600	1.8%	-3.1%	-2.0%	-1.8%
Hong Kong dollar	HK\$/ US\$	7.7880	0.05%	0.1%	0.4%	0.1%
Chinese renmenbi	RMB/ US\$	7.5145	-0.3%	-3.7%	-6.9%	-5.4%
Singapore dollar	S\$/ US\$	1.5124	-0.9%	-1.7%	-9.1%	-4.1%
South Korean won	KRW/ US\$	928.1000	-1.0%	-0.2%	-8.1%	-3.1%
New Taiwan dollar	NT\$/ US\$	33.0800	0.03%	1.5%	0.8%	0.7%
Australian dollar	US\$/A\$	0.8415	1.9%	6.7%	14.8%	11.6%
New Zealand dollar	US\$/NZ\$	0.7125	3.2%	1.2%	4.2%	7.9%
Philippine peso	PHP/ US\$	46.2100	-1.1%	-5.7%	-13.0%	-8.0%
Euro	US\$/€	1.3873	0.8%	5.1%	17.1%	9.1%
British pound	US\$/£	2.0084	-1.1%	2.5%	16.6%	6.4%

Fixed Income Prices and Yields

Note	Currency	Current (on 9/14/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	104.38	4.72%	104.72	4.70%	99.30	5.00%
Japan 30-year	¥	100.87	2.35%	101.14	2.34%	100.26	2.39%
Hong Kong 10-year	HK\$	104.74	4.30%	103.52	4.46%	103.32	4.48%
China (06/16)	US\$	110.71	3.32%	110.71	3.32%	110.71	3.32%
Singapore 10-year	S\$	108.15	2.72%	106.70	2.90%	107.10	2.85%
South Korea 20-year	KRW	9,643.83	5.56%	9,576.45	5.61%	9,963.69	5.47%
Australia 15-year	A\$	94.59	5.91%	94.35	5.94%	95.43	5.80%
New Zealand (12/17)	NZ\$	98.71	6.17%	99.16	6.11%	97.85	6.29%
Philippines 20-year	PHP	99.64	8.65%	98.23	8.80%	89.71	9.14%
India 30-year	INR	99.62	8.36%	99.60	8.37%	98.95	8.43%
UK 30-year	£	96.38	4.48%	96.34	4.48%	95.64	4.53%
Germany 30-year	€	92.85	4.44%	93.13	4.42%	91.68	4.52%

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