

IRG WMR



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

Week of 23 September - 29 September, 2007

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Equity Market Indicators					
Index	Closing Level (9/28/2007)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2007	% Change 1/1/2006
S&P 500	1,526.75	0.1%	6.6%	7.6%	22.3%
Dow Jones Industrial Avg.	13,895.63	0.5%	6.6%	11.5%	29.7%
Dow Jones Tech. Index	472.74	2.2%	8.2%	14.6%	26.0%
Dow Jones Telecom. Index	309.97	1.8%	9.2%	19.2%	53.7%
NASDAQ Composite	2,701.50	1.1%	8.0%	11.8%	22.5%
The Street.com Net	290.16	1.4%	9.2%	17.3%	38.0%
Japan Nikkei 225	16,785.69	2.9%	3.1%	-2.6%	4.2%
JASDAQ	73.67	5.8%	0.2%	-14.5%	-43.4%
Japan Mothers	732.72	17.1%	0.2%	-34.0%	-71.2%
Korea KOSPI Composite	1,946.48	1.4%	6.4%	35.7%	41.1%
Korea Kosdaq	794.56	0.8%	4.5%	31.1%	14.9%
Taiwan Stock Exchange	9,462.93	3.9%	8.4%	21.0%	44.5%
Singapore Straight Times	3,706.23	4.6%	10.9%	24.1%	57.9%
Hong Kong Hang Seng	27,142.47	5.0%	16.2%	36.0%	82.5%
Hong Kong GEM	1,514.52	0.1%	0.8%	23.7%	50.4%
China Shanghai (A-Share)	5,827.66	1.8%	6.8%	107.0%	377.3%
China Shenzhen (A-Share)	1,609.76	2.3%	6.8%	182.6%	455.0%
China Shanghai (B-Share)	367.35	2.2%	17.1%	182.3%	492.4%
China Shenzhen (B-Share)	781.11	1.4%	7.4%	80.3%	299.3%

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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
9/28/07	Memsic [NASDAQ: MEMS]	Elec-Semiconductor Equipment	US\$100	Provides advanced semiconductor sensor and system solutions	Citi	N/A
9/27/07	CSAV Holding Corp. [NASDAQ: CSAH]	Consumer Electronics	US\$201	Designs, markets and distributes branded audio visual, mounting equipment and display solutions	Wachovia/ Piper Jaffray	N/A
9/24/07	Noah Education Holding [NYSE: NED]	Computers-Education/ Entertainment	US\$140	Provides, develops and market educational electronic products, software, and educational resource content	Deutsche Bank/ CIBC World Markets	Thomas Weisel

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 9/28/07	% 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 9/28/07	% Change From Offer
10/9/07	Kingsoft [HKEX: 3888]	Online game and software developer	US\$98	HK\$2.90-3.60	N/A	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

Mobile/Wireless

- **According to ABI Research, shipments of removable memory cards for handsets are expected to go beyond the US\$7 billion mark this year, compared with US\$5 billion forecast for headset shipments.** The research firm said it expects the mobile phone accessory market to bring in more than US\$80 million in revenue in 2012. ABI said memory cards would continue as the highest revenue-generating mobile-phone accessory over the next five years, easing out headsets as the top mobile-phone accessory in terms of sales. An ABI analyst noted that the increasing support for the Universal Flash Storage specification for use in mobile phones and other consumer electronics devices is seen as causing the rapid growth of the memory card market in the future. ABI also expects the market for in-box memory cards to grow as handset vendors competing for market share in the high-end smartphone category see that consumers will go for the cards in order to benefit fully from the multimedia features in those handsets.

Media, Entertainment and Gaming

- **According to German news agency Deutsche Presse-Agentur (DPA), Asian business leaders still consider newspapers as the source of information they can trust more.** The report also noted a significant change: the web-based media has overtaken TV as the most popular choice. DPA cited an Asia-Pacific survey by Edelman, the world's largest PR and consulting firm, involving about 1,000 business stakeholders including ranking officials, investors and senior executives from Korea, China, Japan, Taiwan, India, Malaysia, Indonesia, Australia and Singapore. In the survey, 43 percent of respondents said newspapers were their first source for trustworthy information and news, up by 3 percentage points from a 2006 study.

Japan

Media, Entertainment and Gaming

- **Geneon Entertainment announced that it has secured an agreement with Universal Pictures Japan (UPJ) to distribute new titles from Universal on DVD.** Under the agreement, Universal Pictures Japan will continue to distribute all Universal catalogue and television product on DVD. UPJ said it will also handle the manufacturing and marketing of all new releases and catalogue titles. According to the president of Universal Pictures International Entertainment, the agreement with Geneon is expected to boost and widen its distribution activities in the country.

Internet

- **Softbank Corp. revealed that it is in the final stage of negotiations with access service provider Nifty Corp., and other firms on a plan to set up a joint company to apply for a license for next-generation high-speed wireless communications services.** Industry sources also said there are other possible partners for the joint venture including broadband service provider eAccess Ltd. and Internet access providers So-net Entertainment Corp., NEC Biglobe Ltd and FreeBit Co. The Ministry of Internal Affairs and Communications of Japan is set to grant licenses for next-generation communication services under the WiMAX format, to only two entities. To boost competition, the

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ministry is requiring existing mobile phone carriers to apply for the license through joint ventures in which they are allowed to own a stake of up to one-third. Softbank and eAccess, both of which are already providing mobile phone services through their respective units, Softbank Mobile Corp. and EMobile Ltd, are seeking partners for the license application to meet the regulatory requirement. U.S. investment bank Goldman Sachs Group Inc. and Temasek Holdings, an investment firm affiliated with the Singapore government, have been reported as participating in the joint firm to provide financial backing for the business.

- **Tokyo-based Mobikyo KK, publisher of the Wireless Watch Japan media site, and Infinita Inc., Japan's mobile market research firm, announced the release of Japan Mobile Internet Report – Carriers, Handsets, Content and Services, a market report providing the latest insight and in-depth details on the country's mobile Internet industry.** The report, provides an in-depth analysis of the regulatory, technology and business factors that have contributed to the performance of Japan's mobile Internet and making it one of the most important in the world. The Japan Mobile Internet Report discusses in detail the reason why Japan's ecosystem has generated mobile revenues far better than the industry in other countries.
- **Internet Initiative Japan Inc. (IIJ), one of Japan's leading Internet access and network solutions providers, and Net Care, Inc., the IIJ Group company, announced the launching of the corporate hosting service, Net Care Virtual Platform Service f.a.s.t.** The companies described the f.a.s.t hosting service as providing a dedicated virtual environment for each customer on a single physical server using virtualization software by U.S. VMware, Inc. The virtual platform allows the customer to use Windows, Linux, or any other OS of their choice to roll out their own applications.

Mobile/Wireless

- **According to industry sources, IP Mobile Inc. is planning to return the license it obtained from the country's communication ministry.** The move follows what observers believe is the inability of the Tokyo-based telecommunications venture to launch new mobile broadband services in Japan. Sources ascribe the inability to funding problems, with the company seen as declaring bankruptcy or pursuing other legal means. In 2005, IP Mobile received a license by the Internal Affairs and Communications Ministry to launch mobile broadband services within two years from the receipt of the authorization.
- **NTT DoCoMo Inc. and KDDI Corp. announced that it is strongly considering a review of their respective sales incentives.** The two mobile carriers indicated that they will allow their customers a choice between two options: conventional pricing plans linked to inexpensive handsets or lower monthly service fees for higher-priced handsets. The offerings are predicted to take place in December. Earlier this September, a group convened by the Internal Affairs and Communications Ministry have recommended that cell phone operators review the subsidy-based pricing practice and make a new fee plan that is separate from handset prices in fiscal 2008. Softbank Mobile Corp., another leading cell phone operator, disclosed that it is not looking to adopt a new pricing plan..
- **According to industry sources, Japanese mobile provider Willcom has plans to enter into an alliance with China Network Communications Group in a bid to expand its low-cost phone business into China.** The alliance is expected to focus on the personal handy system, a type of simple mobile telephone that costs less than more advanced technologies and is also popular in a number of other Asian nations.

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Software

- **SugarCRM Inc., a provider of commercial open source customer relationship management (CRM) software, announced that Softbank Technology has signed an agreement to distribute Sugar solutions in Japan.** Under the agreement, the new partnership will service a broad range of customer needs by offering ASP services utilizing Sugar. Softbank Technology provides a wide range of solutions including comprehensive support for e-business operations and also solutions for the design, construction, operation and maintenance of various types of networks and systems. Earlier in January 2007, SugarCRM announced its strategic partnership with CareBrains Inc., the Japan-based provider of open source software application consulting, training, implementation and support.

Semiconductors

- **AuthenTec, the world's leading provider of fingerprint sensors and solutions, and Marubun Corporation, one of the oldest and largest semiconductor distributors in Japan, announced their entering into a deal that will allow Marubun to represent AuthenTec in Japan.** AuthenTec has shipped more than 7 million fingerprint sensors for integration into cell phones and over 12 million sensors for PC security applications. Through this distribution agreement, Marubun will offer products within AuthenTec's silicon-based fingerprint sensor portfolio. With more than 20 million sensors in use worldwide, AuthenTec is the world leader in providing fingerprint authentication sensors and solutions to the high-volume PC, wireless device, and access control markets. AuthenTec's clients include Acer, ASUSTeK, Fujitsu, HP, Hitachi, HTC, Lenovo, LG Electronics, Samsung, and Toshiba. Marubun Corp. sells domestic and foreign electronics products such as semiconductors, primarily integrated circuits, and electronic application devices. Marubun handles products from companies including Texas Instruments, NXP, Seiko Epson, and Freescale.

Ventures/Investments

- **Yamada Denki Co., the country's largest consumer electronics chain, announced its acquisition of a 94.2 percent equity stake in Tokyo-based discount retailer Kimuraya Select.** Under the agreement, Yamada Denki will purchase 73,433 Kimuraya shares from Asset Managers Co. The acquisition followed the announcement of capital and business alliance between Bic Camera Co. and Best Denki Co. last week and speculations that Bic Camera and Yamada Denki might get into a bidding war for Best Denki, the nation's seventh-largest electronics chain, and news that Yamada is considering raising its stake in Best Denki to 20 percent from 6 percent.

Telecommunications

- **Chinese telecom equipment manufacturer Huawei announced the signing of an HSDPA expansion contract with eMobile, a Japanese network operator.** The agreement followed the setting up of eMobile's HSDPA network. Under the contract, Huawei will provide advanced HSPA technology and will bring the network to Tokyo, Osaka and Nagoya and their surrounding areas. The agreement will see Huawei deploying more than 2300 distribution Node-B base station to make eMobile's network for Tokyo's subway and commercial areas. In a separate development, Huawei reported having secured another UMTS/HSPA contract from PTK Centertel, an affiliate of France Telecom's Orange in Poland. Under the deal, Huawei will undertake 50 percent of the UMTS/HSPA project, with Huawei deploying thousands of HSPA distribution base stations for PTK Centertel in major cities in Poland in the coming three years.
- **NEC Corporation announced that it has licensed its Canadian and U.S. digital microwave radio (DMR) patents and counterpart patents in other countries to DragonWave Inc. , the**

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Canadian provider of high-capacity wireless Ethernet equipment used in emerging IP networks. With the patent license agreement, NEC and DragonWave also agreed not to assert their respective DMR patents against each other in the future. The licensing agreement gives DragonWave access to a wider pool of intellectual property as it extends its high capacity wireless ethernet portfolio. NEC has already licensed its patents to several manufacturers in North America.

Korea

Internet

- **According to media sources, Samsung Electronics is involved in a court case with a local food supply chain, the name of which has not been disclosed.** The food supply chain filed a lawsuit appealing against an earlier court decision ordering the company to hand over the domain name sens.co.kr to Samsung. In 1996, Samsung registered "SENS" as a trademark for its computers and monitors.
- **The Korea Communications Commission (KCC) announced that it would conduct a comprehensive evaluation of the quality of broadband.** The authority said the move is aimed at creating competitiveness among communications service providers. According to KCC, the quality evaluation plan for broadband is composed of two categories of evaluation index, technology and user satisfaction. The result of evaluation, combined with specialists' consults and foreign/domestic cases, will be open to the public.

Mobile/Wireless

- **Melodeo, Inc. announced that it has entered into a licensing deal with Korean Telecom Freetel (KTF), a leading wireless service operator in South Korea, to distribute Melodeo's synchronized web and mobile entertainment technology.** Industry observers see the deal as enabling a significant expansion of Melodeo's ability to distribute its mobile entertainment applications across Asia, a region recognized as some of the world's largest and most advanced wireless markets. Under the agreement, KTF will have the right to distribute the mobile entertainment platform behind nuTsie, Melodeo's new online and mobile music application, and Mobilcast, the company's flagship mobile podcasting application, among other technologies. According to its top official, Melodeo is looking to tapping additional opportunities in Asia through a joint venture affiliation between Melodeo and Japan-based mobile software company Access Co. Ltd., Sony BMG Music Entertainment and Warner Music Group. In 2006, Melodeo and Access partnered to form Access China Media Solutions to develop and distribute solutions for delivering mobile music and multimedia entertainment to wireless customers throughout China and other Asia Pacific markets.
- **The country's three domestic mobile operators posted 1.3 trillion won (US\$1.4 billion) in sales from the SMS service over the past three years.** Out of the total sales, SK Telecom reported the largest amount with 772 billion won (US\$845.6 million), followed by KTF with 382.2 billion won (US\$418.6 million) and LG Telecom with 204.8 billion won (US\$224.3 million).

Software

- **BitTorrent announced that it is inaugurating a new office in Japan in a bid to boost its local business from its high-speed Internet content delivery software.** The U.S.-based company explained that the Tokyo office will function as a wholly owned subsidiary. BitTorrent's DNA (Delivery Network Accelerator) software helps to transfer and download media and other files across

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the Internet web sites. The company said it has entered into agreements with Japanese device makers including Buffalo Technology and Planex Communications to integrate DNA into network attached storage devices, wireless routers and set-top boxes.

Hardware

- **ClearSpeed Technology, a provider of for high performance computing (HPC), announced that it has entered into an agreement with Tao Computing to sell HPC clusters and solutions equipped with ClearSpeed Advance accelerators to South Korea's national laboratories, major universities, and leading industrial corporations.** Tao Computing is a leading supplier of HPC systems to the major research institutions in South Korea including Samsung Research Institute, Hyundai Research Institute, LG Research Institute and national laboratories like ETRI–Electronics and Telecommunications Research Institute and KITECH–Korean Institute of Industrial Technology. In a related announcement, ClearSpeed Technology also announced an agreement with Super Sonic Technology Ltd. to sell solutions equipped with ClearSpeed Advance accelerators to customers in China and Taiwan.
- **According to company sources, Samsung Electronics and LG Electronics are looking to increasing their investment in the TV business in North Korea.** Samsung began producing CRTs (cathode ray TVs) in North Korea on an original equipment manufacturer (OEM) basis since late 2000. LG has produced between 15,000 and 20,000 CRTs in North Korea since 1996.

Semiconductors

- **According to industry sources, MtekVision and Elliptic have agreed to extend their collaboration on advanced security designs for mobile applications such as handset and media players.** Under the agreement, the security model is being significantly enhanced to address advanced features such as secure boot and embedded non-volatile memory keys for root-of-trust making the new generation of solutions capable of addressing m-commerce (mobile commerce), virtual private networking and digital rights management. Founded in 1999, MtekVision is a leading solution provider in the design and manufacture of innovative imaging device IC solutions for mobile and portable devices. With its solutions, MtekVision is considered by industry observers as South Korea's representative fabless semiconductor company. MtekVision is a publicly listed on KOSDAQ. Elliptic is ranked by Gartner as the fastest growing provider of semiconductor IP by Gartner. Elliptic provides semiconductor intellectual property (IP) cores and middleware for secure communications ranging from low power to multi-gigabit per second implementations.

Telecommunications

- **South Korea's Taihan Electric Wire Co. announced that it will enter into an agreement with Onse Telecom and Samsung Securities to bid for a stake in Hanarotelecom Inc.** In May 2007, American International Group (AIG), Hanarotelecom's largest shareholding group, TPG Capital and TVG Capital Partners initiated a process to sell their 39.4 percent controlling stake in Hanarotelecom, Korea's second-largest broadband service provider by sales. The AIG-led group's stake is valued at 814 billion won (US\$888 million). According to media sources, Goldman Sachs, the advisor for the sale of the Hanarotelecom stake, plans to receive detailed proposals by Oct. 8 and select a preferred bidder by Oct. 20. No comment could be secured from both Onse and Samsung Securities. There was also no confirmation from Hanarotelecom. The reports indicated that Taihan Electric, a cable maker, may offer 300 billion won (US\$328.6 million) and Onse Telecom may offer 200 billion won (US\$219 million).

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China

Internet

- **MPdaogou.com, a shopping and loyalty marketing service provider, announced that it has secured a partnership agreement with Shanghai Unionpay.** With the alliance, all MP discount shopping card members will be given access to all Unionpay POS terminals, which will be able to identify members and allow them to collect bonus points for their purchases. According to MPdaogou.com, it has entered into cooperative deals with about 800 shops in the Shanghai area, with the operation expected to cover at least 3000 shops more by the end of year through the partnership with the Unionpay group.
- **There are rumors indicating that Soufun.com, one of the largest online real estate service providers in China, is looking to working with China Netcom.** Industry observers are speculating that Soufun.com might be interested in what China Netcom has recently launched, a service that allows users to view houses online. China Netcom's service is currently being tested on a trial basis and can be accessed free of charge to users. A China Netcom official was quoted in the media as saying that Soufun.com has contacted China Netcom although no details as to what deal will be entered into by the two groups was reported.
- **eLong announced the appointment of Guangfu Cui as its new CEO. With the appointment, Henrik Kjellberg will step down as interim CEO of eLong but will remain chairman of the company.** Before joining eLong, Cui was the managing director for FedEx Kinko's China and also worked for Procter & Gamble China for over 12 years. eLong posted a net loss 1.8 million yuan (US\$240,000) for the second quarter, compared with a net income of 10.2 million yuan (US\$1.3 million) for the second quarter of 2006. As of June 30, 2007, the company reported a 2 percent decline in its cash and cash equivalents to 1.1 billion yuan (US\$146.5 million) from 1.2 billion yuan (US\$159.8 million) at December 31, 2006.

Media, Entertainment and Gaming

- **Speculations are going around that The9 has entered into an agreement with Shanghai Alliance Investment to acquire 50 percent of MSN China from Alliance.** The report estimated that The9 will pay some US\$100 million after placing MSN China's market value at above US\$200 million. The9 provides a number of online games in China, including World of Warcraft which contributed to 90 percent of its total revenue in the second quarter of this year.
- **Gehua Cable TV announced that it has secured 80 million yuan (US\$10.6 million) in subsidies from the Beijing Municipal Bureau of Radio and Television (BMBRT) for the overall conversion of digital television programs.** The notice from BMBRT to Gehua indicated that Gehua will receive 100 yuan (US\$13.3) for each set-top box given to users for the implementation of the digitalization of cable TV. Outside of free services such as video-on-demand and games, Gehua manages and owns more than 20 paid digital programs and 16 stereo digital audio frequency radio for high-end users.
- **CDC Games announced the launching of the South Korea-based Shine Online in China. Shine is a 3D massive multiplayer online role-playing game (MMORPG) developed by OnSoft.** The game has earned a niche among different age groups, with the game observed to be appealing to female players. The launch followed an open beta program, which saw some 600,000 registered users played the game during this testing phase. The commercial launch included placement at more than 20,000 Internet cafes in the country.

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Mobile/Wireless

- **Qualcomm Inc., a leading developer and innovator of advanced wireless technologies and data solutions, and BYD Company Ltd., a leading rechargeable battery manufacturer and provider of handset components, modules manufacturing and assembly services listed in Hong Kong announced that they have entered into a subscriber unit license agreement.** Under the terms of the agreement, Qualcomm has granted BYD a worldwide patent license to develop, manufacture and sell CDMA2000 subscriber units.

Hardware

- **Dell announced that it has entered into a deal with Gome that will allow China's largest consumer electronics retailers to market Dell's products.** With the partnership, Dell will begin rolling out its systems in about 50 major metropolitan Gome stores in early October, with the plan of increasing its market presence in the early part of 2008. The agreement will also see Dell employees providing help to customers with their purchases in Gome stores. This alliance with Gome is one of the latest distribution agreement entered into by Dell, following similar deals in Japan, UK, U.S. and Russia. In a separate development, Gome announced that it has signed a memorandum of understanding with Microsoft China in Beijing to jointly promote computers pre-installed with legitimate windows systems and other Microsoft products. Under the partnership, Gome will promote the sale of computers with legitimate Windows in more than 760 of its chain stores across the country.

Semiconductors

- **Superconductor Technologies Inc. (STI), a provider of high performance infrastructure products for wireless voice and data applications, announced that it has signed a term sheet to form a joint venture with Hunchun BaoLi Communication Co. Ltd. by the end of 2007.** The planned joint venture is expected to work on manufacturing and marketing STI's SuperLink interference elimination solution in the Chinese market. Under the deal, STI will be providing an exclusive license of the enabling technology and BAOLI the manufacturing expertise and financing. The plans for the joint venture include having it registered in Jilin Province, with its research and development branch to be set in Shanghai and its marketing division in Shenzhen. According to the term sheet, BAOLI would receive 55 percent of the equity in the joint venture and STI would hold 45 percent and receive a royalty on sales. The parties intend to work together to draft and sign a binding definitive agreement by the end of 2007. Hunchun BaoLi Communication Co. Ltd. is a wholly owned subsidiary of the BaoLi Group, which operates a wide range of business entities including real estate development, financial services, and wireless communications in both the network infrastructure and handset areas. The BaoLi Group has facilities in the Hong Kong, Shenzhen, and Jilin province. STI is headquartered in California.

Ventures/Investments

- **Cisco and the Haier Group jointly announced their entering into varied alliances that will see the two companies tap a wide range of opportunities in the Chinese as well as in the international markets.** According to the CEO of Haier, the company aims to set up a business model that will transform it into a world-leading white good manufacturer. Under the agreement, Cisco and Haier will look together into the best practices in group management and processes, financial management and controls, strategic investments and capitalization cooperation, construction of information infrastructure and home networking systems.

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Information Technology

- **China Southern Airlines announced that it has signed a new agreement with Guangdong Airport Management Corporation and TravelSky Technology Limited for a new joint venture company focused on departure service.** The new company will jointly develop and operate the Baiyun International Airport departure system.

Taiwan

Media, Entertainment and Gaming

- **Chinesegamer International, a developer and operator of online games in Taiwan, announced that it has entered into an agreement with South Korea-based Allm to become the exclusive operator in Taiwan of Lunia, a 3D action arcade MMORPG (massively multi-player online role-playing game) by Allm.** According to Chinesegamer, Lunia is the second online game from South Korea introduced by Chinesegamer, following Cabala Island Online which was launched in March 2006. Lunia will be beta tested in October and then launched in December 2007. In a related development, Chinesegamer disclosed that it expects to license two more self-developed online games, Huang-Yi Online and Wonderland Online, for operation in Japan by the end of 2007.
- **Kingmax Digital announced the introduction of a new series of memory cards with preloaded movies in Taiwan.** Kingmax is jointly launching the product with Catalyst Logic, which it acquired recently. Currently, Kingmax offers preloaded movie content with its microSD, Secure Digital (SD) and Super Stick memory cards.

Telecommunications

- **Far EasTone Telecommunications announced that it is considering the use of WiMax handsets once its high-speed wireless network is up and running in southern Taiwan.** The company, however, indicated that it has no favorable plans regarding Skype's popular Internet telephony software. The Taiwanese company is the only major mobile phone service provider on the island to win a license to build a WiMax network and offer high-speed wireless Internet access to people in the southern half of the island. Industry sources said that Skype remains the favorite VoIP software of Taiwan, a status attributed mainly to an agreement Skype signed with PCHome Online, a leading Internet portal operator, to market its software in Taiwan. Sources said some 20.5 million copies of Skype's software have been downloaded from PCHome's Skype site already, a significant figure based on Taiwan's 23 million population. According to its top official, Far EasTone has plans to have its WiMax network up and running by the end of next year or early in 2009.

Mobile/Wireless

- **According to industry sources, Chunghwa Telecom (CHT) has awarded a 3G network expansion and services contract to Nokia Siemens Networks for 61.5 million euros (US\$43.3 million).** The project is targeting completion by September next year and is expected to boost CHT's 3G network coverage and also increase high speed Internet access by using 3.6/7.2/10.7 Mbps HSDPA service. Under the agreement, Nokia Siemens Networks will supply a total solution for CHT, including turnkey network implementation and system integration, consulting and competence development services for CHT staff as well as software maintenance and hardware repair services to assure network quality and availability.

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Semiconductors

- **Winbond Electronics announced that it has secured a syndicated loan worth NT\$5 billion (US\$152.5 million) to finance expansion, mainly for second-phase expansion at its 12-inch fab.** The company said the syndicated loan was sourced from eight financial institutions, with the loan to be mainly utilized to fund Winbond's 12-inch wafer production expansion to meet demand for both its niche ICs and commodity DRAM from Qimonda.
- **Advanced Semiconductor Engineering (ASE) and NXP Semiconductors announced the completion of their packaging and testing plant joint venture (JV) at Suzhou, China.** The companies said the new entity is named as ASEN. According to ASE, ASEN will first work on mobile communications although it is expected to expand into other segments in the future.

Ventures/Investments

- **Chi Mei Optoelectronics (CMO) and TPV Technology announced that they have entered into a memorandum of understanding (MOU) to form a stronger tie-up in the TFT LCD production chain.** The alliance is expected to provide CMO a stable outlet for its panel output and TPV a sustainable long term supply of key components. Under the MOU, CMO will subscribe 150.5 million new shares of TPV, representing approximately 7.6 percent of the issued share capital of TPV, at HK\$5.3 (US\$0.6) per share. The consideration for the subscription is valued at about HK\$811.2 million (US\$104 million). The two companies said that they will also jointly look into the feasibility of going into deeper cooperation in other areas.

Hong Kong

Mobile/Wireless

- **Harris Corp. announced that a transmitter developed by the company to beam multimedia content to mobile handsets will get a trial in Hong Kong.** The company said Qualcomm will use its transmission equipment for a mobile TV trial with Hong Kong-based PCCW Inc. Dubbed the Harris Ranger FLO transmitter, it has also been used in similar trials in the UK and Taiwan. The U.S.-based Harris is a communications and information technology company.

Media, Entertainment and Gaming

- **Universal Electronics Inc. (UEI) announced that it has entered into an agreement through its wholly owned subsidiary UE Singapore Pte. Ltd. to provide universal remote controls for PCCW Media Ltd's NOW TV service.** UEI began distributing the remote controls to PCCW for the new HD IPTV boxes in the third quarter of 2007.
- **SmarTone-Vodafone announced the launching of its HD Wide service in Hong Kong.** With this service, customers can view all streaming or downloaded videos through an optimized landscape screen. HD Wide enables the video content to be shown in full resolution in its original widescreen format by way of SmarToneVodafone's broadband network. HD Wide is available for a monthly subscription fee of HK\$18 (US\$2.3), for customers using supported handsets.

Semiconductors

- **Arrow Asia Pac Ltd., a business unit of Arrow Electronics, Inc., announced that it has signed a distribution agreement with Diodes Inc. a leading manufacturer and supplier of high-quality application-specific standard products within the broad discrete and analog**

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semiconductor markets. A business unit of Arrow Electronics, Arrow Asia Pac is headquartered in Hong Kong and operates 51 sales offices, four primary distribution centers and 12 local warehousing facilities in 11 countries/territories across Asia. Diodes has its corporate offices in Texas, with a sales, marketing, engineering and logistics office in California.

Ventures/Investments

- **Optimal Group Inc. announced that it has agreed to acquire the assets and business of privately held Hong Kong-based WowWee Ltd., a technology-based consumer products developer known for its robotic products.** The deal is estimated to be worth some US\$65 million in cash and stock. Of the \$65 million, Optimal will pay \$55 million in cash and \$10 million in its Class A shares. The deal also includes substantially all of the assets of the WowWee Marketing and the QuebecWowWee Group.

Singapore/Malaysia/Philippines/Indonesia

Ventures/Investments

- **Telekom Malaysia (TM) disclosed its demerger plans for the mobile and fixed-line businesses in a bid to refocus the strategies of the company.** Under the plan, Telekom Enterprise, a wholly owned subsidiary of TM, will transfer Celcom to TM International (TMI). The transfer is expected to make TMI into the holding company for all of TM group's mobile and non-Malaysian businesses. TM International will then be split off from the TM group and will be listed on the Main Board of Bursa Malaysia. According to TM, the remaining group after the demerger of TMI will comprise the fixed-line voice, data and broadband services, and other telecommunication and non-telecommunication related businesses. TM will remain listed as TM on the Main Board of the Malaysian bourse. TM's publicly listed subsidiaries, namely Excelcomindo Pratama (XL), Dialog Telekom and VADS will also remain listed on their respective stock exchanges.

Semiconductors

- **Wipro Technologies announced that it has signed an agreement with Oki Electric Industry Co. Ltd. of Japan to acquire Oki Techno Center Singapore (OTCS), a wholly owned subsidiary focused on wireless design and intellectual property.** India-based Wipro said it will also set up a dedicated development center for Oki to provide semiconductor design services, which are expected to boost the growth of Oki's semiconductor business. OTCS posted revenues of approximately S\$9 million (US\$6 million). The all-cash transaction is expected to be concluded within a year. The financial details of the deal were not disclosed.

Hardware

- **Malaysia-based MEMS Technology Bhd announced its plan to submit its application to be transferred to the main board next month.** The MESDAQ-listed firm said it is in the final stages of auditing the accounts before its transfer to the main board expected in early 2008. According to its top official, the company is currently working with South Korea-based BSE Co Ltd, a world leading manufacturer of microphones, to develop a new range of silicon microphones. For the fiscal year ended July 31 2007, MEMS recorded after-tax profit of 21.4 million ringgits (US\$6.2 million) on revenue of 73 million ringgits (US\$21.4 million), compared with 13.9 million ringgits (US\$4 million) and 50 million ringgits (US\$14.7 million) respectively in fiscal year 2006.

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United States/Canada

Internet

- **The federal Office of Thrift Supervision (OTS) said it appointed the Federal Deposit Insurance Corp. (FDIC) as a receiver for NetBank Inc., an online bank.** Earlier, the U.S. government disclosed that it has issued an order to shut down the online bank with US\$2.5 billion in assets because of what the authorities concluded to be an unsustainable level of mortgage defaults. The FDIC said US\$1.5 billion in insured deposits will be assumed by ING Bank, part of Dutch financial giant ING Groep NV. According to OTS, NetBank "sustained significant losses in 2006 primarily due to early payment defaults on loans sold, weak underwriting, poor documentation, a lack of proper controls, and failed business strategies." Netbank has no physical branches.
- **VoIP service provider Jajah announced that it is offering its subscribers toll-free call buttons.** The service is available once subscribers placed on their web sites the toll-free call button that will allow site visitors to immediately set up phone calls to Jajah subscribers in 122 countries. Jajah said the buttons could be used by companies wanting to provide a free contact point for customer service, with other uses available on social networking sites, blogs, and e-mails. According to its CEO, the subscriber can filter unwanted calls and control the cost of the call, without revealing his telephone number to the caller. The service is differentiated from VOIP providers offering PC-to-PC calling because Jajah offers a VoIP phone service that originates and terminates calls on standard mobile and PSTN phones.
- **Google announced its acquisition of a mobile social networking startup called Zingku, the latest in what is seen as the company's move to provide more services through mobile phones.** Zingku aims to make it easier for people to share photos, send invitations, or conduct polls among friends via mobile phone. It also provides a way for businesses to send "mobile flyers" to customers advertising products and services. Financial details of the deal were not disclosed. Industry observers also noted that the latest acquisition will boost the speculation that Google has plans to develop its own mobile phone.

Mobile/Wireless

- **Motorola announced that it has agreed to sell its Embedded Communications Computing (ECC) business to Emerson Electric in a deal valued at US\$350 million in cash.** Industry sources see the sale as allowing Motorola to focus more on its financial resources. Before the move, ECC was a profitable unit for Motorola, with ECC posting US\$520 million in revenue in 2006. The group manufactures embedded computing products and services to communication infrastructure and equipment makers in the telecommunications, medical imaging, defense and aerospace, and industrial automation industries. From the side of Emerson Electric, the acquisition is seen as enabling it to improve its position in the computing business sector estimated to be worth some US\$6 billion.
- **Walt Disney Co. announced that it would stop operating its U.S.-based mobile phone service at the end of the year, with the company indicating that it needs to reassess the competition in the market for high-end cell phone services.** The company said it would continue to serve and support current customers of the service, with Family Center features that allow parents to display the location of a child's phone on a map and monitor its use, until December 31. The company did not release any statement regarding the impact of the closure on its finances or the situation of its subscribers to the service. In 2006, Walt Disney took a US\$30 million charge when it shut down Mobile ESPN, which had also been run by Disney on space rented on Sprint's network. Earlier this year, ESPN signed a license deal for Verizon Wireless, a venture of Verizon Communications Inc

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(VZ.N) and Vodafone Group Plc (VOD.L), to carry ESPN's mobile application which delivers sports data to phones.

- **Palm Inc. announced the introduction of its smallest smartphone, Centro, a move that brings it into the low end of the mobile market.** The move also presents a cheaper alternative to Apple Inc's iPhone. The phone is marketed for about US\$100 and features a full keyboard, touch screen, and the ability to read and send e-mail or manage documents and spreadsheets. The Centro will sell exclusively through Sprint Nextel Corp. for the rest of the year in the U.S.

Media, Entertainment and Gaming

- **According to Microsoft, video game enthusiasts in the U.S. have shelled out some US\$170 million on copies of Halo 3 in the 24 hours after the Xbox 360 game went on sale.** The results pushed a Microsoft official to describe Halo 3 as a pop-culture phenomenon. The game was developed by Microsoft-owned Bungie Studios.
- **Amazon.com Inc. launched its digital music store Amazon MP3. Industry analysts see the offering a competition for Apple Inc.'s market-leading iTunes.** The new section of Amazon has current stocks of nearly 2.3 million songs, all without copy-protection technology. With the offering, shoppers can buy and download individual songs or entire albums. The tracks can be copied to multiple computers, burned onto CDs and played on most types of PCs and portable devices, including the iPod and Microsoft Corp.'s Zune. Together with many other independent labels, major music labels such as Universal Music Group and EMI Music have signed on to sell their tracks on Amazon. Warner Music Group Corp. and Sony BMG Music Entertainment, which is owned by Sony Corp. and Bertelsmann AG, have not agreed to sell music on Amazon MP3.
- **According to industry sources, Warner Bros Entertainment, United Arab Emirates' Aldar Properties and a UAE media company have entered into an agreement to set up a film and video game production firm.** The companies, which include Abu Dhabi Media Co, will also develop a theme park, hotel and cinemas in the Gulf Arab emirate. The CEO of Aldar described the deal as a multi-billion dollar transaction expected to grow and expand beyond the boundaries of the UAE, with the partners looking to tapping capital market instruments to finance the project. Under the agreement, a production will be set up to develop films in English and Arabic as well as videogames that Warner Bros will distribute worldwide. Warner Bros is a unit of Time Warner Inc. Aldar is a firm that is currently developing more than US\$50 billion of real estate projects.

Software

- **Apple Inc. announced its release of a software update that is expected to pose problems for iPhones changed to work with a cellular carrier other than AT&T Inc.** The software is created also to disable at some unofficial programs installed on other iPhone handsets. There are already reports from web sites stating that following the installation of the software, certain modified phones indeed stopped functioning. There are also online reports indicating that unofficial third applications on the iPhones have stopped working after the update.

Ventures/Investments

- **Bain Capital Partners announced its acquisition of network equipment maker 3Com Corp. in a deal estimated to be worth US\$2.2 billion.** The cash deal is seen as giving Huawei Technologies, China's largest manufacturer of telecommunications equipment, a minority stake in the technology pioneer, a development that would give 3Com the opportunity to move into China. Bain Capital, a private equity firm, said it still sees enough potential in the firm to justify a buyout. 3Com looks to

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develop off an earlier joint venture with Huawei to form new commercial and strategic alliances with the Chinese company. Ultimately, the company aims to expand in Asian markets where networking players like its rival Cisco have a stronger presence. According to its president, 3Com also hopes to move away from the short-term financial expectations of the market. At present, 3Com has annual revenue of US\$1.3 billion and maintains more than 6,000 workers spread all over the world. No details about Huawei's stake were reported by 3Com. The companies entered an agreement in 2003 to form a joint venture called H3C. In 2006, 3Com bought out Huawei's 49 percent stake for US\$882 million in November.

Europe

Media, Entertainment and Gaming

- **Cable & Wireless announced that it has secured a deal worth 400,000 euros (US\$568,780) to provide managed hosting for online gaming firm Gala Networks Europe (GNE) at its Dublin data center.** The agreement covers building, hosting, management and network connectivity for GNE's European online gaming platform. GNE is part of the Gala Group, which has its global headquarters in Japan. GNE's games include titles such as Flyff, Space Cowboy Online, Rappelz, Corum Online and Upshift StrikeRacer. Company sources indicate that the Flyff game has over 1 million registered users. Cable & Wireless has six data centers in Ireland and the UK.

Software

- **InfoVista, the leading service-centric performance management software vendor, announced that it has entered into a partnership with Huawei, a leader in providing next- generation telecommunications network solutions for operators around the world.** The partnership will see InfoVista's support for Huawei's IP core routers and edge switching solutions. By incorporating key features of InfoVista's flagship performance management software, VistaInsight for Networks, Huawei is expected to be able to develop a highly differentiated iproduct offerings and provide service providers unparalleled visibility into the performance of their networks. InfoVista is headquartered in France and maintains an Asia-Pacific headquarters in Singapore.

Information Technology

- **Trapeze Networks announced that it has entered into a sales agreement with Dell Norway. With this agreement, Dell Norway will promote and sell the Trapeze solutions through outbound sales activities and Move AS.** With its deep knowledge of Smart Mobile integration, Move AS will provide the necessary regional knowledge and resources to guarantee a seamless enterprise-class wireless LAN (WLAN) solution deployment. Trapeze Networks delivers Smart Mobile, a ground-breaking approach to wireless networking, enabling organizations to deploy massively scalable mobile applications that leverage their existing infrastructure. Trapeze Networks has strategic investments from networking industry leaders including Juniper Networks, Motorola, and Nortel Networks. The company is headquartered in California, with operations in Europe, Japan, and Asia-Pacific. Move AS is a Norwegian IT-infrastructure consulting company and system integrator with key competence in the areas of mobility, network security and high end server solutions.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 9/28/07)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2007	% Change 1/1/2006
Japanese yen	¥/US\$	114.7900	-0.6%	0.6%	-3.6%	-2.5%
Hong Kong dollar	HK\$/ US\$	7.7741	-0.11%	-0.3%	0.0%	0.3%
Chinese renmenbi	RMB/ US\$	7.5045	0.0%	-0.7%	-3.9%	-7.0%
Singapore dollar	S\$/ US\$	1.4854	-1.3%	-2.7%	-3.4%	-10.7%
South Korean won	KRW/ US\$	914.9000	-0.6%	-2.6%	-1.6%	-9.4%
New Taiwan dollar	NT\$/ US\$	32.6300	-0.98%	-1.1%	0.1%	-0.6%
Australian dollar	US\$/A\$	0.8879	2.5%	9.1%	12.6%	21.2%
New Zealand dollar	US\$/NZ\$	0.7571	2.1%	8.9%	7.6%	10.7%
Philippine peso	PHP/ US\$	45.1500	0.0%	-3.1%	-7.9%	-14.9%
Euro	US\$/€	1.4268	1.3%	4.9%	8.1%	20.4%
British pound	US\$/£	2.0468	1.3%	2.3%	4.5%	18.8%

Fixed Income Prices and Yields							
Note	Currency	Current (on 9/28/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	102.47	4.84%	101.72	4.89%	102.70	4.89%
Japan 30-year	¥	99.23	2.44%	98.89	2.47%	100.87	2.37%
Hong Kong 10-year	HK\$	103.75	4.42%	103.78	4.42%	102.98	4.52%
China (06/16)	US\$	110.71	3.32%	110.71	3.32%	110.71	3.35%
Singapore 10-year	S\$	108.20	2.71%	107.90	2.74%	106.50	2.94%
South Korea 20-year	KRW	9,500.42	5.70%	9,521.49	5.68%	9,801.14	5.71%
Australia 15-year	A\$	92.52	6.17%	92.88	6.12%	94.54	6.00%
New Zealand (12/17)	NZ\$	97.83	6.29%	97.06	6.40%	98.63	6.28%
Philippines 20-year	PHP	101.06	8.50%	100.69	8.54%	89.96	9.32%
India 30-year	INR	99.00	8.42%	99.60	8.36%	100.00	8.50%
UK 30-year	£	94.42	4.60%	93.98	4.63%	95.81	4.56%
Germany 30-year	€	90.41	4.60%	89.88	4.64%	91.80	4.51%

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