

# IRG WMR



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

*Week of 30 September - 6 October, 2007*

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Equity Market Indicators					
Index	Closing Level (10/5/2007)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2007	% Change 1/1/2006
S&P 500	1,557.59	2.0%	2.0%	9.8%	24.8%
Dow Jones Industrial Avg.	14,066.01	1.2%	1.2%	12.9%	31.2%
Dow Jones Tech. Index	479.18	1.4%	1.4%	16.1%	27.8%
Dow Jones Telecom. Index	311.23	0.4%	0.4%	19.7%	54.3%
NASDAQ Composite	2,780.32	2.9%	2.9%	15.1%	26.1%
The Street.com Net	300.49	3.6%	3.6%	21.5%	42.9%
Japan Nikkei 225	17,065.04	1.7%	1.7%	-0.9%	5.9%
JASDAQ	77.77	5.6%	5.6%	-9.8%	-40.3%
Japan Mothers	848.78	15.8%	15.8%	-23.6%	-66.6%
Korea KOSPI Composite	1,996.03	2.5%	2.5%	39.1%	44.7%
Korea Kosdaq	813.51	2.4%	2.4%	34.2%	17.7%
Taiwan Stock Exchange	9,617.26	1.6%	1.6%	22.9%	46.9%
Singapore Straight Times	3,822.62	3.1%	3.1%	28.0%	62.8%
Hong Kong Hang Seng	27,831.52	2.5%	2.5%	39.4%	87.1%
Hong Kong GEM	1,493.74	-1.4%	-1.4%	22.0%	48.3%
China Shanghai (A-Share)	5,827.66	NA	NA	107.0%	377.3%
China Shenzhen (A-Share)	1,609.76	NA	NA	182.6%	455.0%
China Shanghai (B-Share)	367.35	NA	NA	182.3%	492.4%
China Shenzhen (B-Share)	781.11	NA	NA	80.3%	299.3%

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
N/A						

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NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 10/5/07	% Change From Offer
10/2/07	Constant Contact [NASDAQ: CTCT]	Provides on-demand email marketing solutions	US\$107	US\$16.00	US\$29.50	84.38%
10/5/07	China Digital TV Holding [NASDAQ: STV]	Provides conditional access systems to China's digital television market	US\$192	US\$16.00	US\$28.00	75.00%

Asian Equity Markets: TMT and Life Sciences IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
10/2/07	Longtop Financial Technologies	Software	US\$200	Software developer and information technology company	Goldman Sachs/ Deutsche Bank	N/A

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 10/5/07	% Change From Offer
10/5/07	Nomura Micro Science Co., Ltd. [JASDAQ: 6254]	Provides water and waste treatment systems for various industries	¥100.0	¥1,800	¥2,670.00	48.33%

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

#### *Information Technology*

- **According to ACNielsen Korea, South Korea still holds the world's highest rates of computer ownership and Internet use, citing a media index for 2006 and 2007 indicating that the country's computer ownership stood at 88 percent and Internet use at 80 percent.** The report mentioned other countries posting a high computer ownership rate: Hong Kong with 84 percent, Taiwan with 81 percent, and Singapore and the U.S. with 77 percent each. Other top rankers in Internet use are New Zealand with 66 percent, Australia with 65 percent, Britain with 60 percent, and Hong Kong and the U.S. with 59 percent. In terms of investment, the report said a total of US\$1.1 billion was invested in computer-related ads in the Asian-Pacific region, with China taking one-third of the total investment estimated to be worth some US\$370 million. For the companies' investment, Hewlett-Packard was No. 1 having spent the most on advertisement in the region with US\$124 million last year, followed by Lenovo with US\$71 million.

#### *Internet*

- **According to industry sources, ICANN, the authority behind domain names, will begin testing non-English IP domain names.** The move is expected to enable consumers to create their own web pages and addresses. At present, there are 11 domain names considered by ICANN to go through the test to be conducted by the group. The list includes Arabic, Persian, simplified Chinese, traditional Chinese, Russian, Hindi, Greek, Korean, Yiddish, Japanese, Arabic, Persian and Tamil. The domain names will be given to software developers and web site designers across the globe for testing purposes. For the test, ICANN will use Punycode software that translates languages into Latin-alphabetic and numeric codes that can be understood by root servers which act as Internet traffic regulators.

### Japan

#### *Media, Entertainment and Gaming*

- **Nikkei Inc., the Asahi Shimbun Co. and the Yomiuri Shimbun Holdings announced their entering into an alliance that will see the leading Japanese newspaper publishers engage in Internet-based news services and newspaper distribution operations.** The three media companies said that they will set up a joint web site in 2008 that will enable consumers to read for free major articles and editorials appearing on their paper. Under the agreement, they will maintain their respective news web sites and will consider accepting other groups to the alliance later.

#### *Internet*

- **According to its president, Sony Bank has plans to double its assets in custody to 2 trillion yen (US\$17 billion) in four to five years.** The official said its move is not focused on competition but rather in strengthening its financial standing in the market. Industry observers see intense competition among Japanese Internet-only banks, with the entry in September of SBI Sumishin Net Bank, a fifty-fifty joint venture between Sumitomo Trust & Banking Co. and SBI Holdings Inc. Sony also announced the launch of Sony Bank Securities Inc., tasked with making available to Sony Bank

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customers asset management services, such as cash stock transactions, which cannot be undertaken by a bank. Sony Bank said it is looking to offering services that would allow clients to manage simultaneously assets held in accounts at both Sony Bank and Sony Bank Securities. Sony Financial Holdings Inc. holds 88 percent of Sony Bank, with the remaining 18 percent owned by Sumitomo Mitsui Banking Corp., the core banking unit of Sumitomo Mitsui Financial Group Inc.

- **Yahoo Japan Corp. and Mitsui & Co. announced their plans to launch a web outlet mall that will sell fashionable foreign brand items at low prices.** The online mall, Premium Brand Avenue, will open at the Yahoo! Shopping site, offering the clothes, bags and accessories of 15 famous brands. The two groups said the online mall targets young consumers in their 20s and 30s. The web mall will be operated by LX Inc., an online fashion goods retailer affiliated with Mitsui. Yahoo Japan and Mitsui said they will increase the number of brands available online to more than 100 within two years.

## *Mobile/Wireless*

- **Softbank Mobile Corp. announced its plan to enter into an alliance with Siemens AG of Germany to strengthen its wireless communication module business.** Under the agreement, Siemens will sell the products of its own brand, while Softbank Mobile, a unit of Softbank Corp., will offer the network. They two companies said they aim to intend work on joint marketing activities.

## *Hardware*

- **Toshiba Corp. and Microsoft Corp. announced their move to form a consortium with the aim of promoting products for the high-definition DVD system, a next-generation DVD format.** The Advanced Interactivity Consortium aims to maximize consumer satisfaction worldwide by accelerating industry-wide adoption of advanced interactivity and interoperability across a broad array of HD DVD products.
- **Matsushita Electric Industrial Co. Ltd. announced that it would launch new Blu-ray optical disc recorders in November.** The company said the device allows more hours of full high-definition recording on a single disc than any others available. Matsushita and Sony Corp. promote the Blu-ray technology, which competes with the HD DVD format, backed by Toshiba Corp. Matsushita also said it will offer the world's first DVD recorders that can store full high-definition programs on conventional DVD discs next month. Video rental chain Blockbuster Inc., the largest U.S. provider of home movie entertainment, came out in supporting the Blu-ray format earlier in June. Paramount Pictures and DreamWorks Animation SKG Inc. entered into exclusivity deals in August to distribute their next-generation discs on Toshiba's HD DVD format for the next 18 months.

## *Semiconductors*

- **Sony Corp. announced that it has entered into an alliance with Infineon Technologies AG to develop chips that industry sources described as competing directly with those from Samsung Electronics Co. and Elpida Memory Inc.** Under the partnership, Qimonda will make the chips based on the designs. This development is expected to help Sony with its chip development costs. Industry sources said Sony and Qimonda will each own 50 percent of the venture. DRAM chips are mainly used in computers to speed up data processing by temporarily calling up data from the hard drive. In 2006, Samsung was the largest producer of non-computer DRAMs last year, followed by Elpida, Qimonda, Micron Technology Inc. and Hynix Semiconductor Inc.
- **Techno Alpha Co., a company that sells imported semiconductor-manufacturing equipment, announced that it will list on the Osaka Securities Exchange's Hercules market for startups.** Techno Alpha was established in 1989 as a spin-off of British trading company Dodwell's electronics

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division. The Tokyo-based company said it will use the proceeds from the IPO, which is placed at 150 million yen (US\$1.2 million), mainly for the procurement of chip-making equipment for sale. For the business year to November, Techno Alpha expects a 4.1 percent rise in its unconsolidated sales to 2.8 billion yen (US\$24 million) and a 19.4 percent increase in its net profit to 167 million yen (US\$1.2 million).

## *Ventures/Investments*

- **Sony's Financial Holdings announced that it will raise 348 billion yen (US\$3 billion) through an IPO after setting the price at the top end of an indicated range.** Sony Financial Holdings priced the IPO at 400,000 yen (US\$3,419) per share, compared with the indicated price range of 380,000 - 400,000 yen (US\$3,248-US\$3,419). Sony Financial Holdings oversees the group's online banking and insurance businesses. The group said the proceeds from the offerings are seen to allow Sony to boost its core electronic operations. The listing of the financial unit is Sony's latest step to lower its exposure to non-core businesses. The announcement indicated that Sony will offer 795,000 existing shares, cutting its stake in the wholly owned unit to 60 percent. The financial unit plans to sell 75,000 new shares. The IPO is being lead-managed by Nomura Securities and JPMorgan.
- **Victor Co. of Japan and Kenwood Corp. announced their setting up of a joint company to develop technologies for car electronics and home-use audio equipment.** The two companies also declared that they plan to integrate their operations by the end of 2008. The new company, J&K Technologies Corp., is capitalized at 245 million yen, owned equally by the company known as JVC and by Kenwood. Under the agreement, JVC and Kenwood will mutually consign production to each other and jointly procure parts.

## **Korea**

### *Internet*

- **According to a survey conducted by the country's National Internet Development Agency (NIDA), more than half of South Korean Internet users have bought products and services through the Internet at least once a year, resulting to a per-capita spending amounting to 41,500 won (US\$45) a year.** The survey showed that the number of people who used Internet shopping malls to buy products and services went up by 4.5 percent from a year ago, with Internet users purchasing products online twice a month on average. The report said that of the 34.4 million Internet users, some 56 percent had used Internet shopping at least once. Out of this figure, up to 63.6 percent of female users used online shopping malls at least once. The survey was based on face-to-face interviews with 25,654 people nationwide in June 2007. Topping the list as the most popular items on the Internet stores online were clothes, shoes, sports-related items and music. The survey showed that about 51.7 percent of users compare prices at portal sites before making the purchase.
- **LG Telecom, the nation's third largest mobile carrier, and NHN Corp., the leading internet search portal in South Korea, announced their signing of a memorandum of understanding for the joint development of a mobile Internet service.** According to a statement from the two companies, the agreement will see NHN providing its search portal Naver's content to LG Telecom's mobile Internet. The two will also work together to develop a new convergence service merging fixed-line Internet service with the mobile service.



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## *Mobile/Wireless*

- **According to Samsung, the first jointly developed mobile phone under the strategic alliance between Samsung and Giorgio Armani will be launched in the Middle East in December.** This will be followed by the launching of an Armani/Casa-Samsung luxury LCD television in January. Under the strategic agreement, Armani will create the design and Samsung will provide the technology and function.

## *Media, Entertainment and Gaming*

- **Sony Pictures Television International (SPTI) announced that it has entered into an agreement with South Korean broadband provider Hanaro Telecom to offer movies by VoD on the same day they are released on DVD and local home video.** The agreement will see SPTI's theatrical features made available to Hanaro Telecom's HanaTV subscribers. According to Sony, this marks the first time the day-and-date VoD model has been used in South Korea and the second of such international deal, following its agreement with Singapore's SingTel for the MioTV service in August. SPTI said it has also licensed electronic sell-through (EST) rights to current and library features to Hanaro Telecom, an offering that would enable HanaTV subscribers to download movies to own on their set-top boxes, PCs and various plug-and-play devices.
- **SK Telecom (SKT) and HI Korea (HIK) announced that they have signed an agreement to jointly promote publishing and marketing in a bid to enrich the South Korean mobile 3D game market.** The two companies said the partnership has been set up to select and attract content suitable for the local market needs, including the objective preliminary review of content by evaluation organizations and technical / marketing support. The project is also aimed at bringing in famous Japanese content titles. SKT and HIK disclosed that they have an investment plan to encourage Japanese game companies to publish their game titles in South Korea.

## *Information Technology*

- **Industry sources show that the country's IT service firms are focusing on foreign countries.** The development is seen as a result of local market saturation. Companies that include Samsung SDS, LG CNS and Posdata are seen as making their expansion by way of their operations in foreign countries or through investments in new business. Samsung SDS, the largest IT service firm in Korea, signed a strategic partnership contract with French firm Capgemini to share the same brand in the IT consulting field. LG CNS, with support from Korea Post, disclosed that it is visiting Mongolia and Kazakhstan to discuss plans to sell its electronic mail handling system to the two Central Asian nations, with support from Korea Post. Posdata is aiming at providing IT hardware, software and maintenance services to public and private firms including POSCO. Posdata also made its foray into the manufacturing of wireless Internet equipment and devices.
- **Capgemini, Europe's largest IT services company, announced that it has signed a strategic alliance with Samsung SDS, the largest integrated IT services provider in South Korea.** Industry observers see the alliance as enabling Capgemini's clients access to Samsung SDS's capabilities in consulting in South Korea.

## *Telecommunications*

- **Cisco announced that Hanaro Telecom, Korea's major broadband service provider, has chosen Cisco's standards-based channel-bonding technology for the world's largest deployment of 100-megabits-per-second broadband services.** With the technology, Hanaro now



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counts more than 200,000 customers. The Cisco technology was designed based on the downstream channel-bonding specifications defined in CableLabs' Data Over Cable Service Interface Specifications (DOCSIS) 3.0 specification. The announcement said that through Cisco's multiservice cable broadband technology, Hanaro Telecom was able to deploy the 100Mbps wideband services market ahead of its competitors.

## China

### *Internet*

- **According to industry sources, Alibaba.com has secured an approval from the Hong Kong Stock Exchange for an IPO estimated to be worth some US\$1 billion.** Alibaba Group reportedly plans to list its business-to-business operation, Alibaba.com, but has not considered to make its other units part of the IPO. Alibaba Group is partly owned by Yahoo Inc. The business-to-business division makes up the largest part of Alibaba Group. Its consumer arm includes the auction firm Taobao, online payments unit Alipay and Yahoo China. Alibaba's IPO is being sponsored by Goldman Sachs and Morgan Stanley with Rothschild as an adviser.

### *Media, Entertainment and Gaming*

- **CDC Games, a business unit of CDC Corporation announced key performance metrics for certain of its commercially available games in China.** It cited Yulgang, one of China's most popular online games, now in its third year of commercial availability, as having posted average daily revenue growth of more than 20 percent in September 2007 compared to both July and August 2007. Special Force, the first-to-market, first-person-shooter online game launched by CDC Games in China in June 2007, now exceeds 6 million registered users. Average daily revenue for Special Force was up sequentially 23.4 percent from July to August and 52.3 percent from August to September. Peak concurrent Users (PCU) was up approximately 13.3 percent from August to September and average play time for Special Force users is now approximately 79 minutes. Following the acquisition of the OPTIC games division from CITIC Pacific in 2007, CDC reported that their primary game, Shaiya Online, has performed well with average daily revenue in September up 15 percent compared to July. Shine Online, a new cartoon fantasy, 3D MMORPG launched by OPTIC in September 2007, already has 765,000 registered users in its first 10 days of commercial availability.
- **The9 Limited and Blizzard Entertainment announced that Blizzard Entertainment's World of Warcraft, the subscription-based Massively Multiplayer Online Role-Playing Game (MMORPG) has achieved record peak concurrency of 800,000.** The figure stands for the highest concurrency since the game's commercial launch in June 2005. The9's business is primarily focused on operating and developing high-quality games for the Chinese online game market.

### *Mobile/Wireless*

- **According to data from the country's Ministry of Information Industry, at the end of August 2007, there were more than 515 million mobile users in China.** The report noted how the number of mobile users has been on the rise by an average of 6.8 million per month, with Chinese mobile users sending a total of 378.5 billion SMS messages in August, up 38.3 percent year-on-year. The report stated that the country posted a 28 percent increase in its production of mobile handsets to 347.6 mobile handsets over the same period last year.

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- **According to the country's Ministry of Information Industry (MII), China is planning to submit a home-grown fourth-generation (4G) mobile data specification to the International Telecommunications Union (ITU) in either 2008 or 2009.** The ministry described the 4G technology as enabling users to surf the web and transmit files much faster than current 3G standards, which gives it strong possibility in the wireless multimedia sector. The search for a dominant 4G standard is set to begin in 2008, with the ITU begins accepting proposals from countries around the world. The first 4G networks are forecast to be commercially deployed by around 2010.

## *Telecommunications*

- **According to industry sources, two Chinese telecommunications operators – China Mobile and China Netcom – have plans to list yuan-denominated A shares in mainland China next year.** The two companies are already listed in Hong Kong. China Mobile Ltd., China's largest mobile operator by subscribers, has selected China International Capital Corp. to handle its IPO. China Netcom has chosen CICC, Huatai Securities Co. and UBS AG to underwrite its listing. Sources mentioned that the two telecommunications operators had looked to raising between US\$300 million and US\$400 million earlier this year.

## *Software*

- **Kingsoft Corporation announced that it has raised HK\$768 million (US\$99 million) from its Hong Kong IPO after fixing the price at the top of the range.** The report said that if the greenshoe is exercised in full, the deal is expected to increase by another 15 percent to US\$114 million. Industry analysts ascribe to the bullish market the performance of the online game and software developer, with the offering happening with the surging of the Hang Seng Index. Sources said more than 200 institutional investors participated in the deal even though the institutional order book closed a day ahead of schedule. The deal was jointly arranged by Deutsche Bank and Lehman Brothers.
- **According to statistics from the Ministry of Information of Industry, China's software industry posted a 22.9 percent in its revenue to 343.8 billion yuan (US\$45.7 billion) for the first eight months of this year.** Of the total revenue, software products accounted for a 24.1 percent rise to 121.2 billion yuan (US\$16.1 billion); system integration with an 18.5 percent rise to 84 billion yuan (US\$11.1 billion); software technological services with a 23.9 percent rise to 55.8 billion yuan (US\$7.4 billion); embedded system software with a 24.5 percent rise to 74.2 billion yuan (US\$9.8 billion); and IC design with a 27.6 percent rise to 8.5 billion yuan (US\$1.1 billion).
- **e-Future Information Technology Inc. , a leading front supply chain management software and service company in China, announced that Beijing Tourism Group (BTG), one of China's largest tourism groups, has licensed e-Future ONE VPM (Visual Process Management) Solution to centralize purchasing and optimize business processes of its selected business segments.** Beijing Tourism Group is one of China's largest tourism groups. e-Future is a leading software and service provider in China's front-end supply chain market from manufacturers to consumers. e-Future's clients are centered in the retail, automotive, general household appliance and consumer goods industries.
- **India's largest IT park, Technopark announced that it has signed a strategic co-operation agreement with China-based Shenyang Information Industry Bureau.** Under the agreement, Shenyang-based IT software companies would explore the possibility of locating themselves at Technopark either as wholly owned foreign enterprises (WOFE) or as joint venture partners with Indian software companies and also supporting frequent exchange IT Software delegations. The

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report said Technopark would promote co-operation between Indian IT companies from Technopark and Shenyang-based IT software companies in the areas of software export and outsourcing services for Japanese, South Korean, American and European markets, with the cooperation focused on software outsourcing training, specially the training for BPOs, animation outsourcing and allied areas.

## *Hardware*

- **China Digital TV, a provider of smart card systems for Pay-TV operators in China, announced that it has raised US\$192 million in an IPO of shares.** The company said it will use the funds in part to expand research and development. The Beijing-based company disclosed that it has not yet ruled out plans of mergers and acquisitions.

## *Information Technology*

- **Longtop Financial Technologies, a software and IT services provider, announced its move to go public.** According to IDC, Longtop is ranked No. 3 for banking IT solutions in China, with the firm providing services to three of the four largest state-controlled banks. Goldman Sachs Group is the lead underwriter of the IPO.
- **China TransInfo Technology Corp., a leading Geographic Information System technology provider for China's Transportation, Land & Resource and Digital City segments, announced that it will launch the test version of its Transportation Information Service Operation Platform (TIS Operation Platform) in January 2008.** The test version is going to be followed by the commercial launch in June 2008. Following the launch of its TIS Operation Platform, China TransInfo said it will pursue opportunities to sell advertising space targeting the platform's end users. China TransInfo, through its subsidiary Beijing PKU ChinaFront High Technology Co., Ltd., offers a full range of GIS application solutions that cover GIS system planning, deployment, system construction, data testing, system audit & optimization, user's manuals and customer training through self-developed GIS platform software products for 2D and 3D GIS system models. The Company has 13 copyright registered certificates granted by the China Software Testing Center and the National Copyright Administration.

## **Taiwan**

### *Media, Entertainment and Gaming*

- **International Games System (IGS), a maker of arcade game software/hardware and an operator of online games in Taiwan, reported estimated revenues of NT\$268.6 million (US\$8.2 million) for September.** The company ascribed mainly the record revenues to sales revenues of NT\$100 million (US\$3.0 million) for shipments of game machines to Italy in September. IGS said the shipments to Italy will continue until mid-December 2007. The company said shipments of arcade game machines to China generated sales revenue of about NT\$70 million (US\$2.1 million) in August and September each.

### *Mobile/Wireless*

- **Gemalto, a digital security firm, announced a partnership with Taiwan's Far Eastone Telecommunications to set up Asia's first mobile contactless SIM-based NFC (near field communications) trial.** This trial, starting in November and to be rolled out in phases, is part of the GSM Association's Pay-Buy Mobile initiative that seeks to define a common global approach to using NFC technology to link mobile devices with payment and contactless systems. Far Eastone

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subscribers participating in the trial will be able to make mobile contactless purchases at any Far Eastone trial partner merchant as if using an ordinary contactless payment card.

## *Semiconductors*

- **STATS ChipPAC Ltd., a leading independent semiconductor test and advanced packaging service provider, announced that Winstek Semiconductor Corporation, a subsidiary of STATS ChipPAC, has changed its name to STATS ChipPAC Taiwan Semiconductor Corporation effective October 5, 2007.** According to STATS ChipPAC, the new name reflects its “common corporate identity” and reinforces the fact that it is seamlessly integrated with STATS ChipPAC's assembly and test operations worldwide.

## *Telecommunications*

- **HwaCom Systems, a Taiwan-based system integration service provider, and Zyxel Communications, a network equipment maker, announced that they have jointly won an open bid to supply NT\$830 million (US\$25.5 million) worth of VDSL 2 equipment to Chunghwa Telecom (CHT).** Under the contract, HwaCom and Zyxel will jointly supply 300,000 units of VDSL 2 equipment, including VDSL 2 switches and VDSL 2 CPE (consumer premise equipment) products.

## *Hardware*

- **Acer announced its acquisition of up to 80.6 percent of its U.S. rival Gateway's outstanding common shares as of October.** Acer said it is extending the deadline for the company's tender offer to October 10 to allow the US Committee on Foreign Investment to complete a review of the deal. According to Acer chairman, with the extension of the tender offer, Acer is expected to be able to acquire up to 90 percent of Gateway's outstanding shares and therefore, may not be required to launch a top up share offer to help complete the planned acquisition of Gateway.

## **Hong Kong**

### *Ventures/Investments*

- **I.T Ltd. announced that it will acquire the remaining 50 percent in its China joint venture. The cash-and-share-swap deal is valued at a total of HK\$281 million (US\$36.2 million).** The Hong Kong-based fashion retailer said the deal would consolidate control of its business in China. In exchange for the shares in the joint venture, G.S.I.T Ltd., I.T. disclosed that it plans to give Glorious Sun HK\$80 million (US\$10.3 million) in cash and 103 million new I.T shares, equivalent to a 9 percent stake. I.T's future plans include shelling out HK\$20 million to Glorious Sun in a deal to acquire two franchise stores in Nanjing and Macau.

### *Media, Entertainment and Gaming*

- **Hong Kong-based Artificial Life, Inc., a leading provider of award-winning mobile 3G technology, games and applications, and Oxygen Media, announced the global launch of the Bad Girls Club 3G mobile game.** The game offers players an opportunity to play "bad girl" and be a star in a reality TV show to gain fame and notoriety. Industry observers see Bad Girls Club as a 3G game that brings the reality TV show experience onto mobile phones.

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## *Telecommunications*

- **Analysts at Bear Stearns disclosed that they have upgraded Hutchison Telecom from "peer perform" to "outperform."** Sources also said that the company's year end 2008 target price is set to HK\$13 (US\$1.6). The analysts noted that Hong Kong's mobile subscriber base posted a 7.4 percent year on year and 1.3 percent sequentially for the first half of 2007. The analysts also stated that wireless growth is expected to continue and subscriber growth is estimated at a three-year CAGR of 3.2 percent.

## *Information Technology*

- **Cognitec Systems, the leading provider of face recognition technology and systems, announced that it has completed the deployment of 133 sets of its Face Recognition Time and Attendance System (FRTAS) to Ricacorp Properties Limited, the third largest property agency in Hong Kong.** Cognitec's FRTAS has been installed at branches to provide the company with reliable time-and-attendance recording services of over 4,000 staff members at 133 sites with a projected expansion to 150 sites in the near future. Ricacorp Properties have been utilizing traditional clock-in machines with paper cards and manual input, but recently decided to switch to FRTAS recognizing its in view of its exceptional usability. Cognitec Systems is headquartered in Germany, with offices in the US, Brazil and Hong Kong.

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

### *Ventures/Investments*

- **Silterra Malaysia, a semiconductor wafer foundry and Telekom Research & Development (TM R&D), the research and development arm of Telekom Malaysia, announced their signing of a Memorandum of Understanding (MOU) leading to collaboration in areas of interest related to semiconductor wafer fabrication.** The principal objective of the MOU is to promote co-operation between the two parties in the field of research and development focusing to areas such as design, fabrication and device modeling based on Radio Frequency Complementary Metal Oxide Silicon (RF CMOS) technology as well as cross-utilization of facilities, like those for wafer fabrication and testing equipment.

### *Mobile/Wireless*

- **MNC Wireless, a Mobile Value-Added Services (VAS) Provider in Malaysia, announced that it has entered into a partnership with Saudi Arabia's Vodatel.** The partnership is in the form of a joint venture company named, International Company for Mobile Services (ICMS) to provide mobile VAS in Saudi Arabia, Gulf Cooperation Countries (GCC), Middle East and North African Countries (MENA). The agreement will have Vodatel owning 70 percent with MNC owning the remaining shares of ICMS. ICMS will have its operational headquarters in Riyadh, where it will provide mobile VAS including mobile & wireless content, application & services creation, storage, provisioning, billing, messaging and delivery platforms and software.
- **Philippine Long Distance Telephone Co (PLDT) announced that its mobile phone subscriber base has gone beyond the 28 million mark by the end of the third quarter.** The company said that the combined subscribers of PLDT units Smart and Pilipino Telephone Corp (Piltel) hit 28.5 million as of October, with Smart and Piltel subscribers accounting for more than half of the domestic cellular market. The two companies added 2.9 million subscribers during the first half, a performance



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that boost PLDT's growth during its first-half net profit by 13.2 percent to 17.2 billion pesos (US\$386.3 million). PLDT upped its core earnings forecast for 2007 to 33 - 34 billion pesos (US\$741.3 million - US\$763.8 million) from the 32 billion pesos (US\$718.8 million) it predicted previously, following its better-than-expected results in the first half. PLDT, the Southeast Asian country's biggest company, is controlled by Hong Kong-listed First Pacific Co Ltd and partly owned by Japan's NTT Group.

## *Semiconductors*

- **Industry sources said that shareholders of United Test & Assembly Center Ltd., Singapore's second-largest chip tester shareholders, approved a takeover by TPG Inc. and Affinity Equity Partners Ltd.** The deal estimated to be worth S\$2.2 billion (US\$1.5 billion) is considered to be Asia's third-biggest private equity buyout this year. A BN Amro Holding NV advised Affinity and TPG on the acquisition. The bank, together with JPMorgan Chase & Co. and Merrill Lynch & Co., also provided financing to the buyers.

## *Information Technology*

- **SeeNow Pte Ltd, an RFID solutions provider, announced its entering into collaboration with Tracient to deliver a comprehensive RFID solution for the apparel industry.** Tracient Technologies' handheld RFID readers are being used in an apparel stocktaking application in Singapore. Their "Smart Shop" system gives businesses real-time visibility of stock and improved on-shelf availability for in-demand items.

## *Hardware*

- **Flextronics International Ltd. and Soletron Corporation announced that Flextronics shareholders and Soletron stockholders have approved the completion of Flextronics's proposed acquisition of Soletron.** The report said Soletron stockholders, at a special meeting of Soletron stockholders, voted to adopt the Agreement and Plan of Merger, dated as of June 4, 2007. Flextronics shareholders, at the Flextronics Annual General Meeting, approved the issuance of Flextronics ordinary shares in the acquisition of Soletron. As previously announced and subject to customary closing conditions, Flextronics expects to complete its acquisition of Soletron on October 1, 2007. Headquartered in Singapore, Flextronics is a leading Electronics Manufacturing Services (EMS) provider focused on delivering complete design, engineering and manufacturing services to automotive, computing, consumer digital, industrial, infrastructure, medical and mobile OEMs. Soletron Corporation is one of the world's largest providers of complete product lifecycle services.

## *Telecommunications*

- **Philippine-based Bayan Telecommunications Inc., the phone subsidiary of Benpres Holdings Corp., announced its decision to convert the parent company's advance subscriptions of 4.4 billion pesos (US\$98.0 million) into equity.** The company's CFO said that the advances are deposits for future subscription with the conversion expected to be completed by the end of the year. The company said it is predicting higher sales for the year because of its wireless landline service. According to its consultant, Bayan is set to spend about 10 billion pesos over a five-year period, aiming to build infrastructure.

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## United States/Canada

### *Internet*

- **eBay announced its acquisition of ViA-Online, an auction management software company in Germany that operates Afterbuy.com.** Afterbuy is an all-in-one online sales tool for goods and inventory management, item listing, cross-selling and transaction and pre-sale management. The companies said Afterbuy will continue to operate under its current brand name and will remain in Germany.
- **Microsoft Corp. announced its launching of a web site for managing personal health and medical information.** Sources said the technology bothers privacy advocates who are not sure how the technology or the existing U.S. laws will be able to guard a person's confidential health history once that person avails of the offering. The free site can store medical histories, immunization and other records from doctors' offices and hospital visits and is linked to a health information search engine the Microsoft deployed last month.

### *Mobile/Wireless*

- **According to industry sources, U.S.-based ibasis has merged with Royal KPN, the national carrier of the Netherlands.** iBasis is the wholesale carrier for like KPN Mobile, AT&T, Verizon, Vodafone Group, China Mobile, Qwest, Skype, Telecom Italia, and Telefonica. Under the agreement, Royal KPN will get 51 percent of iBasis. The combined company carried more than 20 billion minutes of international VoIP traffic in 2006.
- **Mobile phone operator Orange announced its plans to offer a business version in 2008 of the mobile-over-DSL technology it currently offers consumers.** The Onsite Coverage service will enable businesses to improve mobile phone coverage at sites in remote or densely-built areas by installing a PicoBTS, or small mobile base station, on or near their premises. Orange, a subsidiary of France Telecom, said it has tested the service with customers in Switzerland and plans to introduce it there at the start of next year. By that time, the company said it will be extending the service to its mobile networks in France, Poland, Spain, and the UK later in the year.
- **Research In Motion Limited (RIM), a world leader in the mobile communications market, reported second quarter results for the three months ended September 1, 2007, with revenue for the second quarter of fiscal 2008 posting a 27 percent rise to US\$1.3 billion from US\$1.1 billion posted in the previous quarter.** The report presented the revenue breakdown for the quarter as follows: about 78 percent from devices, 15 percent from services, 4 percent from software and 3 percent from other revenues. RIM said it has added about 1.4 million BlackBerry subscriber accounts in the quarter. It also made a shipment of more than 3 million devices. The report placed the total BlackBerry subscriber account base at the end of the second quarter at about 10.5 million.

### *Software*

- **Open Text Corporation , the largest independent provider of enterprise content management (ECM) software and solutions, announced that HIT Entertainment, one of the world's leading independent children's entertainment producers and rights-owners, has selected Open Text's Artesia Digital Asset Management (DAM) solution to manage a multitude of video, audio and graphics files, and for its workflow capabilities.** With operations in the UK, U.S., Japan, Hong Kong and Canada and program sales across more than 240 countries and territories, HIT Entertainment focuses on home entertainment, publishing, stage shows and live events.



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## *Ventures/Investments*

- **According to media sources, two companies in China and the U.S. have launched a joint venture in the financial service sector, with each company taking a fifty percent stake.** The new entity is Chicago-based Huamei Capital Company Inc., which disclosed that it will help companies from both countries with cross-border mergers, acquisitions and private equity investments. Former U.S. senator Adlai Stevenson III will serve as co-chairman of HuaMei with Leo Melamed, the former chairman of the Chicago Mercantile Exchange. The two head a group of investors holding a 30 percent stake in the company. China Merchants Securities Holdings has 50 percent ownership and U.S.-based MVC Capital Inc. holds the remaining 20 percent.
- **A group of seven companies announced that they are working jointly on a Linux-based open source platform that covers chip design, operating system and some application.** The group includes Mozilla Corp., Arm Ltd., MontaVista Software Inc., Texas Instruments Inc., Samsung Electronics America Inc., Movial Corp. and Marvell Technologies Group Ltd., expects to complete the platform's development in the early part of next year. The group is aiming to develop the market for a new device that can be categorized between a smartphone and a laptop. According to the CTO of MontaVista, the device category is similar to the ultramobile PC but is based on Linux and not Microsoft Corp. programs, said Jim Ready, CTO and founder of MontaVista. The platform will comprise Arm's Debian-based Linux distribution, MontaVista's operating system, a desktop and application environment from Gnome Mobile, a browser from Mozilla, a multimedia player and other components.

## **Europe**

### *Internet*

- **BT Group PLC announced that it is acquiring a financial stake in FON, a Spanish wireless Internet startup, a move that is seen as part of its efforts to boost its wireless Internet coverage of UK.** With the deal, BT's three million plus Total Broadband customers will be able to join the FON WiFi network, which already provides more than 190,000 hotspots worldwide. Industry observers see this as enabling BT's customers to making part of their home WiFi system into a public network. The network can then be accessed by others. BT Group described the deal as creating the world's largest WiFi community. No financial details about the deal were disclosed.

### *Media, Entertainment and Gaming*

- **The European Commission handed to Sony Corp. and Bertelsmann AG unconditional clearance allowing the two companies to combine their music units.** BMG was a branch of Germany's Bertelsmann AG, an international media group with interests in broadcasting, book and magazine publishing. It linked up with Sony in 2004, in a bid to counter the saying the declining CD sales in the market and the threat from illegal Internet downloads.
- **Ft.com, the Financial Times's Internet arm, announced a pioneering new charging system Monday while expanding its website and making more content free to online readers.** The move is in contrast with recent decisions by other major newspapers to end online subscriptions. According to FT.com publisher, from mid-October the site would have a new approach from one in which newspapers have chosen between offering content free and charging on a subscription or a pay-per-view bases. The publisher also said the newspaper would allow bloggers and news aggregators access to content that was previously available to subscribers alone.

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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 10/5/07)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2007	% Change 1/1/2006
Japanese yen	¥/US\$	116.9700	1.3%	1.6%	-1.8%	-0.7%
Hong Kong dollar	HK\$/ US\$	7.7556	-0.4%	-0.5%	-0.3%	0.0%
Chinese renmenbi	RMB/ US\$	7.5045	0.03%	-0.6%	-3.9%	-7.0%
Singapore dollar	S\$/ US\$	1.4720	-2.2%	-3.6%	-4.3%	-11.5%
South Korean won	KRW/ US\$	915.8000	-0.5%	-2.3%	-1.5%	-9.3%
New Taiwan dollar	NT\$/ US\$	32.5900	-1.1%	-1.4%	0.0%	-0.7%
Australian dollar	US\$/A\$	0.8974	3.6%	9.2%	13.8%	22.5%
New Zealand dollar	US\$/NZ\$	0.7608	2.6%	10.8%	8.1%	11.3%
Philippine peso	PHP/ US\$	44.4500	-1.6%	-4.6%	-9.3%	-16.3%
Euro	US\$/€	1.4134	0.3%	3.6%	7.1%	19.3%
British pound	US\$/£	2.0424	1.1%	1.1%	4.3%	18.5%

## Fixed Income Prices and Yields

Note	Currency	Current (on 10/5/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	102.14	4.86%	102.47	4.84%	104.72	4.70%
Japan 30-year	¥	99.06	2.45%	99.23	2.44%	101.14	2.34%
Hong Kong 10-year	HK\$	104.79	4.29%	103.75	4.42%	103.52	4.46%
China (06/16)	US\$	110.71	3.32%	110.71	3.32%	110.71	3.32%
Singapore 10-year	S\$	107.90	2.74%	108.20	2.71%	106.70	2.90%
South Korea 20-year	KRW	9,560.04	5.66%	9,500.42	5.70%	9,576.45	5.61%
Australia 15-year	A\$	92.84	6.13%	92.52	6.17%	94.35	5.94%
New Zealand (12/17)	NZ\$	97.87	6.29%	97.83	6.29%	99.16	6.11%
Philippines 20-year	PHP	100.76	8.53%	101.06	8.50%	98.23	8.80%
India 30-year	INR	99.05	8.42%	99.00	8.42%	99.60	8.37%
UK 30-year	£	95.09	4.56%	94.42	4.60%	96.34	4.48%
Germany 30-year	€	90.58	4.59%	90.41	4.60%	93.13	4.42%

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