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

Week of 7 October – 13 October, 2007

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Equity Market Indicators					
Index	**Closing Level (10/12/2007)**	**% Change 1 Week Ago**	**% Change Month to Date**	**% Change 1/1/2007**	**% Change 1/1/2006**
S&P 500	1,561.80	0.3%	2.3%	10.1%	25.1%
Dow Jones Industrial Avg.	14,093.08	0.2%	1.4%	13.1%	31.5%
Dow Jones Tech. Index	483.03	0.8%	2.2%	17.0%	28.8%
Dow Jones Telecom. Index	318.53	2.3%	2.8%	22.5%	58.0%
NASDAQ Composite	2,805.68	0.9%	3.9%	16.2%	27.2%
The Street.com Net	305.98	1.8%	5.5%	23.7%	45.5%
Japan Nikkei 225	17,331.17	1.6%	3.2%	0.6%	7.6%
JASDAQ	78.37	0.8%	6.4%	-9.1%	-39.8%
Japan Mothers	881.49	3.9%	20.3%	-20.6%	-65.4%
Korea KOSPI Composite	2,026.44	1.5%	4.1%	41.3%	46.9%
Korea Kosdaq	806.69	-0.8%	1.5%	33.1%	16.7%
Taiwan Stock Exchange	9,496.47	-1.3%	0.4%	21.4%	45.0%
Singapore Straight Times	3,857.25	0.9%	4.1%	29.2%	64.3%
Hong Kong Hang Seng	28,838.37	3.6%	6.2%	44.4%	93.9%
Hong Kong GEM	1,542.98	3.3%	1.9%	26.0%	53.2%
China Shanghai (A-Share)	6,196.97	6.3%	6.3%	120.1%	407.6%
China Shenzhen (A-Share)	1,594.32	-1.0%	-1.0%	179.9%	449.6%
China Shanghai (B-Share)	382.24	4.1%	4.1%	193.8%	516.4%
China Shenzhen (B-Share)	766.51	-1.9%	-1.9%	76.9%	291.9%

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Technology, Media, Telecommunications and Life Sciences Market Activity

NASDAQ/NYSE TMT and Life Sciences IPO Filings

Filing Date	Issuer	Industry Sector	Size (US$MM)	Description	Book-Runner	Co-Manager
10/12/07	Giant Interactive Group [NYSE:GA]	Gaming	US$100	Chinese massively multiplayer online game developer	Merrill Lynch/ UBS Bank	N/A

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing

IPO Date	Issuer (Exchange)	Description	Size (US$MM)	Offer Price	Price on 10/12/07	% Change From Offer
10/9/07	Compellent Technologies [NYSE: CML]	Provides enterprise-class network storage solutions	US$81	US$13.50	US$18.55	37.41%
10/10/07	Virgin Mobile USA [NYSE: VM]	A national provider of prepaid and pay-as-you-go wireless communications services	US$412	US$15.00	US$15.16	1.07%

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 10/5/07	% Change From Offer
N/A						

Asian Markets: TMT and Life Sciences Convertibles

Issuance Date	Issuer [Equity Ticker]	Description of Issuer	Maturity Date	Size (US$MM)	Per US$10,000 converts to	Convertible Until
N/A						

Weekly Highlights

International

Internet

- **According to U.S. Internet researcher comScore, Google remains the most popular search engine in the world, registering a usage for 37.1 billion out of the total 61 billion searches conducted worldwide in August.** The study said the searches came from 750 million people, which stands for 95 percent of globe's Internet users. Yahoo came in second with 8.5 billion searches, followed by China's Baidu with 3.2 billion. Microsoft's MSN was No. 4 and Naver of South Korea was No. 5. comScore indicated that the Asia-Pacific region including Korea, China, Japan and India had a combined number of 258 million Internet search engine users, who conducted 20.3 billion searches in August.

Media, Entertainment and Gaming

- **A new web site created as a response to the changing shape of the broadcasting industry is being accessed by regional advertising agencies and clients.** The site gives clients and agency planners more options on where to invest advertising budgets compared to a few years ago. The site was launched by the Cable and Satellite Broadcasting Association of Asia (CASBAA) and features industry research along with TV network data, client case studies and the latest industry news. According to CASBAA, pay-TV is chipping away audience share from the free-to-air channels, with studies indicating that pay-TV now outperforms regional print in terms of audience reach.

Japan

Media, Entertainment and Gaming

- **Nintendo Co. revealed its plans to offer support services in the form of Internet link to its popular Wii game console.** According to Nintendo president, a network connection will allow clients to download games and information and also play with others online. The provision of support is expected to up the popularity if Wii and increase sales of both consoles and software. Nintendo said it will work with NTT Corp. to arrange support for helping people connect their Wiis to the Internet and set up a telephone service for technical support.

- **Sony Corp. announced that it has formed a U.S. advertising division that will place ads within PlayStation games.** The new unit is expected to boost revenue at Sony's console division.

Internet

- **JTB Corp. revealed is plans to launch an online travel guide in Second Life, a web-based three-dimensional virtual world, for foreign tourists to Japan.** JTB will provide information in such places as Japanese-style hotels, gardens and will allow municipal governments to promote their sightseeing sites.

Mobile/Wireless

- **NTT DoCoMo Inc. and broadband service provider Acca Networks Co. announced their move to join 14 other firms to launch next-generation high-speed mobile communications**

services. Together with the move, Acca Wireless Co., an Acca Networks subsidiary, submitted a license application to the communications ministry for the planned next-generation services under the WiMAX format. Acca Wireless, fully owned by Acca Networks, disclosed its plans to up its capital to 30 billion yen (US$255 million) from the current 300 million yen (US$2.5 million) through new share issuance for allotment to the parent, NTT DoCoMo and the 14 new partners. Eleven of the 14 partners will hold a combined 12 percent of Acca Wireless. They are Tokyo Broadcasting System Inc., Mitsui & Co., Itec Hankyu Hanshin Co., Keihin Electric Express Railway Co., KT Corp. of South Korea, Asahi Net Inc., NEC Biglobe Ltd., So-net Entertainment Corp., Nifty Corp., FreeBit Co., and YRP Business Development Institute Inc. The remaining 15 percent will be owned by JPMorgan Securities Japan Co. and investment funds Ignite Group Inc. and DCM. Acca Wireless plans to raise its capital eventually to 72 billion yen (US$612.1 million).

- **According to the Japan Electronics and Information Technology Industries Association (JEITA), mobile phone shipments in Japan has climbed 39.1 percent to hit a total of 4.2 million units in August.** The industry group attributed greatly the rise in the shipments to a surge in the number of handsets able to receive digital terrestrial television broadcasts. The report said that shipments of 3G handsets climbed 50.7 percent on year to 4 million units, compared to shipments of 2G handsets went down 93 pct to 17,000 units. Shipments of handsets for personal handy phone system (PHS) services posted a 44.7 percent growth to 217,000 units, posting the fourth straight year-on-year growth.
- **Sanyo Electric Co. Ltd. and Kyocera Corp. announced that their reaching an agreement on the transfer of Sanyo's mobile phone business to Kyocera.** With Kyocera given priority negotiation rights, Sanyo said it will continue further negotiations with the company toward a final agreement. The report said the transfer will cover Sanyo's wireless communication system business including mobile phone handset, PHS handset, PHS base station and WiMAX base station businesses, which reported aggregated consolidated sales of about 277 billion yen (US$2.3 billion) for the fiscal year ended March 2007. Sanyo developed mobile phones in Japan and mass-produced them primarily at its plants dispersed in countries such as China and Malaysia, with sales subsidiaries in Canada, Singapore, Hong Kong and Australia, and the U.S.

Software

- **Fujitsu Limited and Fujitsu Frontech Limited announced their development of a PC Login Kit for use with the PalmSecure palm vein biometric authentication device.** PalmSecure PC Login Kit comes standard with login-authentication software, enabling client-side authentication and eliminating the need to use an authentication server. The technology has allowed in other improvements have been incorporated, such as faster authentication speeds without a palm guide. With the new PalmSecure PC Login Kit, logins to PCs or applications can now be done using the highly secure palm vein biometric authentication method.

Information Technology

- **NEC Corp. and Unisys Corp. announced their signing of a memorandum of understanding agreement aimed at widening their collaboration to include enterprise unified communications solutions for customers.** Those solutions are intended to help clients integrate multiple data and telecommunications streams to boost the cost efficiency of their information networks and improve business collaboration. Under the agreement, Unisys will integrate NEC's UNIVERGE IP architecture and solutions into the Unisys Communication & Collaboration portfolio that is based on Microsoft Exchange Server 2007, Office Communication Server (OCS) and Microsoft Office SharePoint Server (MOSS).

Ventures/Investments

- **Arrow Electronics Inc. announced that it has formed its first Japanese subsidiary called Arrow Electronics Japan GK (Arrow Japan).** The subsidiary has acquired all of the share capital of Universe Electron Corp (UEC), a Tokyo-based distributor of semiconductor and multimedia products to major Japanese manufacturers and firms, which will change its name to Arrow UEC Japan KK following the acquisition. The new entity, Arrow Japan, will mainly aim at leveraging Arrow's broad linecard and expanding the company's partnerships with small- and medium-sized customers in the region. Arrow said its subsidiary will look into creating marketing relationships with existing customers as well as exploring growth paths.
- **Media sources reported that Japan Airlines Corp. and retail giant Aeon Co. have entered into an alliance that will see them working in wide-ranging business activities.** First in their activity is the issuance of electronic money and mileage cards around next March. Under the agreement, JAL's JMB Waon card will serve as a frequent flyer mileage card and its mileage points will be convertible to Aeon's electronic cash called "Waon," while purchases made with Waon will count toward mileage points. The alliance will also see Aeon Co., the mass retailer, issuing an Aeon JMB credit card allowing holders to accumulate JAL mileage points through shopping that will also feature the Waon electronic cash function. JAL said it looks to issuing 2 million to 3 million of the new cards in a three-year period, including issuance to existing cardholders switching to the new card. The two companies said they are also considering selling their private-brand goods through each other's marketing channels, and working jointly to develop tour packages.

Korea

Mobile/Wireless

- **Three South Korean companies – Samsung Electronics, ST Telecom and KTF – announced their move to set up a joint project called Cellphone Music Try & Buy.** Under the project, the group will release a new WCDMA phone equipped with tailored selective functions while downloading music, allowing phone users to download preferred music files after listening to demos.
- **NTT DoCoMo Inc. announced its decision to jointly establish a venture fund valued at 30 billion won (US$32.7 million) with KTT Freetel Co., a South Korean mobile phone firm.** The companies said the fund will be used to invest in mobile and information technology firms in South Korea. Under the agreement, NTT DoCoMo and its partner, KTT Freetel Co., will each invest 13.5 billion won (US$14.7 million) in the fund, for respective stakes of 45 percent. The remaining 3 billion won (US$3.2 million) will be put up by KTBnetwork Co., a South Korean investment firm, which will get the remaining 10 percent stake. KTBnetwork will manage the fund to be named the KTF-NTT DoCoMo Mobile Investment Limited Partnership.
- **According to the country's Electronics and Telecommunications Research Institute (ETRI), their researchers have developed a 4G mobile communications technology that allows an increased transmission rate of 3.6 gigabits per second (gbps).** ETRI said that once the technology is commercialized, users will be able to view high-definition video in real time anywhere on a wireless network. Commercialization of the technology is expected to take place in 2012.

Media, Entertainment and Gaming

- **NETTS Corporation announced that it has entered into a publishing agreement with Nineyou International for the development of the marine fantasy MMORPG, Florensia, for the China market.** Currently Nineyou offers online game Audition with 110 million and 800,000 concurrent users. Other offerings for the Chinese market include Korean casual games like Extreme Soccer and Raycity, and MMORPGs like Fantasy Journey Online and Chinese Paladin Online. NETTS Corporation was set up as the headquarters of the NETTS Group in August of 2005, with a strategy based on the development prowess of their Korean subsidiary NetTimeSoft. The company's future plans include beta testing of online games in Japan as well marketing and other services, together with the sales and management of online game licenses for global markets including those in Asia and the West. Closed beta testing of Florensia for the Japanese market was completed in September of 2007, with open beta testing beginning in October of 2007. Official game services are expected to go live online in Japan in December of 2007.

Hardware

- **According to industry sources, Samsung SDI has initiated the mass-production of a next-generation display screen using active-matrix light-emitting diodes (AMOLED), beating other companies that have been working to mass produce it.** AMOLED is clearer than the LCD or PDP formats currently used for display screens to a point where the display screen remains clear even under direct sunlight. The other companies readying to produce AMOLED screens include LG Philips LCD, Sony and Toshiba Matsushita Display Technology (TMD). The size of the AMOLED market is expected to reach US$3.6 billion by 2011.
- **LG Electronics announced its decision to outsource significant portion of the digital TVs it has been producing at home.** Except for domestic consumption, LG has been making most of its digital TVs overseas, with the company citing lower labor costs as a factor. LG Electronics said that it has recently concluded a contract with a TV firm in Taiwan to produce 500,000 LCD TVs per year targeting the U.S. market. The TVs will be sold in the U.S. under the name Zenith, an American brand LG has acquired a few years ago. LG recently initiated contacts with two firms in Taiwan to outsource some of its 10-20 inch LCD TVs that will be sold under its own name. LG Electronics has produced about five million LCD and PDP TVs in its four overseas factories in China, Poland and Mexico. Samsung on the other hand disclosed that it has no plans to outsource its digital TV production at present.

Ventures/Investments

- **Philips announced that it has sold a 13 percent stake in LG.Philips LCD (LPL).** The deal, which was in the form of a block trade, was valued at 2 trillion won (US$2.1 billion). The company said the deal has diminished Philip's holdings in LPL to 19.9 percent. Industry observers note that Philips is unlikely to sell any more of its stake before the end of the year. Citi Group and Credit Suisse Group were the joint book runners of the deal. A Philips spokesperson said that the Dutch company did not rule out the possibility that some of the remaining shares would be sold to strategic investors. LPL, the world's second-largest LCD manufacturer, reported turning in a profit in the third quarter of this year, posting net profit of 524 billion won (US$570.4 million) during the three months ending Sept. 30, a turnaround from a loss of 595 billion won (US$648.6 million) it has reported a year earlier. Its sales went up 42.6 percent to a quarterly high of 3.9 trillion won (US$4.2 billion), with its operating profit hitting 693 billion won (US$755.4 million), compared with a 382 billion won (US$416.4 million) loss a year earlier. The CEO of LPL disclosed that the company will make an additional investment of 2.5 trillion won (US$2.7 billion) in constructing an eighth-generation facility for LCD.

- **Industry sources said that a 35 million-dollar credit to fund called the "Governmental Telecommunications Network" project was granted in Angola by South Korea.** The South Korean government said the fund was aimed at addressing the existing digital difficulties among Angola and other countries. Angola and South Korea have signed in 1993 a General Accord of Economic, Technical and Scientific Cooperation. The two governments are currently negotiating a project of the Agreement of Reciprocal Promotion and Protection of Investments.

Telecommunications

- **According to a company spokesperson, SK Telecom has placed a bid for a stake in an unidentified Pakistani telecommunications company.** The spokesperson explained that the SK Telecom is "actively seeking to business partnerships or acquire a stake in telcos in Asia. The source said that the company is waiting for the reply to the bid it has made.

China

Internet

- **According to a key official of Baidu, the company is gearing to set up an R&D center in Shanghai.** To prepare for the opening of the center, Baidu is reportedly organizing a massive recruitment involving 25 universities in 15 cities across the country. Industry sources also indicate that Baidu is preparing to set up an R&D center in Tokyo.
- **Alibaba.com announced that it has opened its first European office in Geneva.** Industry observers see Alibaba providing services to European SMEs from the strategic location in the Swiss capital. Founded in 1999, Alibaba.com, the flagship business of the Alibaba Group based in eastern China, has built a global community of more than 24 million members from over 200 countries and regions. SMEs are the leading economic engine across the globe, with some 19 million SMEs in Europe alone. European SME's make up 99.7 percent of the total number of companies, and are the principal source of employment and wealth in the European Union.
- **Industry sources indicate that Tom Group has plans to focus on its online games as its strategy for growth and development.** Sources said that Tom is planning to make an investment of 200 million yuan (US$26.6 million) in order to develop games.
- **Alliance Data Systems Corporation, a provider of transaction services, credit services and marketing services, announced that the global operations of its Epsilon business, Epsilon International, has signed a multi-year agreement to provide permission-based email marketing solutions and services to online auctioneer EachNet in China.** EachNet is a joint venture between eBay and TOM Online. Under the terms of the agreement, EachNet will deploy Epsilon International's proprietary email communications and campaign management platform geared toward notifying consumers of goods for auction based on their preferences. Epsilon International will provide additional professional services to help EachNet manage and further develop its email account messaging. Epsilon is a provider of multi-channel, data-driven marketing technologies and services.

Media, Entertainment and Gaming

- **CDC Games, a business unit of CDC Corp., announced that it has entered into an agreement with Sonokong, a leading South Korean toy and game entertainment company, to expand their business partnership.** The expanded partnership includes the licensing, in China of a new game called Dragonsky and covers Sonokong's commitment for the continued support of content updates for Shaiya Online. Under the agreement, CDC Games and Sonokong become partners in the distribution of Shaiya in Taiwan through MacroWell, a local publisher. Dragonsky is now under development by Sonov, a leading studio in South Korea. Dragonsky is an MMORPG (massive multiplayer online role-playing game) based on a Chinese martial arts theme set in medieval times. The game will be operated by the OPTIC division of CDC Games. Founded in 1999 as a PC game distributor, MacroWell established OMG entertainment portal in mid 2006 and became the third-largest online game company in Taiwan. Currently OMG has more than 1.5 million active users and plans to be listed on TAISDAQ in 2009.
- **According industry sources, to Object Soft, an online game developer, will license its upcoming MMORPG to Tom Online for operation in China.** Founded in 1995, Object Soft has developed and operated numerous MMORPGs in China. The sources explained that Object Soft's alliance with Tom Online is meant to help Object Soft focus on development instead of game operations and management.

Mobile/Wireless

- **ZTE announced that it has secured some 85 percent of new nodes for the seventh expansion of China Mobile's Multimedia Messaging Service, with the company getting another 75 percent of new nodes when China Mobile goes into its WAP expansion.** With the contract, ZTE is now one of the core partners of China Mobile on value-added services. Previously, ZTE also won the bidding of China Mobile's MMS web and related products.
- **Bird, a Chinese mobile phone manufacturer, reported a massive loss its net profit in the first half of this year registering a decline of 859.2 percent, with a total loss of 237 million yuan (US$31.5 million) compared with that of the same period last year.** The company ascribed the huge losses to many factors, including intense market competition and ongoing price wars. To cope with the loss and in an attempt to reduce costs, Bird said it will sell stakes in three of its affiliates. The sale will cover Ningbo Sagem Bird Development and Research Company, a joint venture company between Bird and French Sagem, in a deal valued at about 25 million yuan (US$3.3 million). Bird said it will transfer 24 percent of its stake at Chongqing Bird. The company said it will also sell 73 percent of the stake of Chongqing Bird Information to an unnamed individual in a deal placed at 3 million yuan (US$399,520).
- **Qualcomm announced that it has granted TechFaith Wireless a worldwide license under Qualcomm's patent portfolio to develop, manufacture and sell subscriber units and modem cards implementing the WCDMA and TD-SCDMA standards.** The license given to TechFaith Wireless, a wholly owned subsidiary of China TechFaith, carries royalties payable by TechFaith at Qualcomm's standard worldwide rates.

Telecommunications

- **China Netcom announced its entering an agreement with Australian telecom service provider Telstra on the transmission of telecommunications services between China and Australia for the 2008 Beijing Olympic Games.** Under the cooperation agreement, the two companies will work together to provide services to Australian television Channel 7 and allow Olympics television signals to the Oceania region.

- **PacificNet announced that its subsidiary PacificNet Epro has been selected by Jiangsu Telecom, China Telecom's local branch, to provide CRM and call center consulting services for China Telecom's 114 Information Directory.** Under agreement, PacificNet Epro will be tasked with strengthening the CRM service level and telemarketing management capability of Jiangsu Telecom's Information Directory Service called 114 Information Directory Hotline.

Software

- **Duty Free Americas Macau Limited (DFAM) announced that it has selected Samco Software Inc. to supply their IT needs, which include hardware, software, training and support for their new retail project in Macau, SAR China.** Under the agreement, Samco is expected to deliver an integrated, end to end solution consisting of servers, workstations and POS terminals with the Samco Power accounting applications including purchasing, WMS, POS GL/accounting, e-mail and general office applications. Linux was selected for the OS for security and cost reasons.

Hardware

- **Flash memory firm SanDisk Corporation has announced the opening of its production facility in Shanghai.** The new plant will be producing System-in-a-Package, a flash memory-based chip package used in mobile phones. The facility called SanDisk Semiconductor (Shanghai) Company is seen as boosting SanDisk's worldwide operations as the plant will focus on the assembly and test of its advanced flash memory products for mobile and other consumers in markets worldwide. SanDisk's worldwide operations function will also reside at the Shanghai facility.

Taiwan

Semiconductors

- **There are speculations that Micron plans to spin off its CMOS image sensor (CIS) business and form an independent company.** The rumors also note that private equity firm the Blackstone Group will invest in the new independent company even with Micron expected to retain control. Sources said the spin-off is expected to be finalized by the end of 2007 at the earliest. Following the spin off, Micron will focus more on DRAM and NAND flash production. The decision is reportedly backed by Micron's shareholders. Sources also indicate that Micron may use the new funds from the private equity to expand its capacity for 12-inch plants.

Internet

- **EDIMAX, a Taiwan based designer, developer and manufacturer of networking solutions announced that it is offering new connectivity products that are 30 percent cost-efficient than what the competition offers.** The company said it aims to address the complex networking environment by simplifying the whole connectivity equation for the 14 million Internet users who demand fast web connectivity. EDIMAX said it is introducing affordable products.

Telecommunications

- **Chunghwa Telecom, the largest telecommunications operator in Taiwan, announced that it has awarded a 3G network expansion and services contract to Nokia Siemens Networks.** The contract is expected to enable Nokia to provide enhanced, industry-leading 3G and HSDPA (High-

Speed Downlink Packet Access) services to subscribers and reduce associated operational costs. The project is also seen as expanding Chunghwa Telecom's 3G network coverage and boosting the high speed Internet access by using 3.6/7.2/10.7 Mbps HSDPA service. Under the terms of the agreement, Nokia Siemens Networks will supply a total solution for Chunghwa including turnkey network implementation and system integration, consulting and competence development services for Chunghwa Telecom's staff as well as software maintenance and hardware repair services to assure network quality and availability.

Mobile/Wireless

- **Motorola announced that it has secured contracts to supply WiMax wireless broadband networking equipment to Far EasTone, which has in turn won the WiMax license for Taiwan.** Far EasTone Telecommunications Co. Ltd., one of the largest mobile phone service operators in Taiwan with 6.4 million subscribers, tapped Motorola to supply WiMax networking gear. Far EasTone won a license to build a WiMax network in southern Taiwan. It was the only one of the island's major phone service providers to win one of the licenses, beating mobile phone service competitors, Chunghwa Telecom and Taiwan Mobile Co. Ltd. Far EasTone plans to roll out its WiMax network in two phases, with the first phase to be completed by December 2007, and the second to be finished early in 2008. Taiwan remains one of the most avid promoters of WiMax outside of the U.S. The companies did not disclose the financial terms of the deal. Motorola said that competition for the contracts was intense.
- **Taiwan Mobile announced that it is shelling up to US$5.3 million for Hurray Times Communications Beijing, a developer of digital mobile content owned by Hurray Holding Co Ltd.** The deal is waiting for approval from Chinese and Taiwanese regulators. According to Taiwan Mobile's spokesperson, the company already holds a 5 percent stake in the parent company, Hurray Holding.

Hong Kong

Telecommunications

- **Industry sources indicated that Hutchison Whampoa will sell shares in its Australian mobile phone unit.** Under the plan, Hutchison Telecommunications (Australia) Ltd will issue about HK$2.3 billion (US$296.6 million) worth of securities to Telecom Corp of New Zealand. Following the transaction, Telecom Corp will own 10 percent of Hutchison's Australian unit. The agreement will also allow Telecom Corp to up its stake in Hutchison Australia to 19.9 percent. Hutchison Whampoa holds a 52.8 percent stake in Hutchison Telecommunications.

Mobile/Wireless

- **EQO Communications announced the availability of its mobile Internet phone services in Hong Kong, a development that industry observers see as leading to inexpensive mobile calls to and from Hong Kong.** With the service, Hong Kong residents can now save up to 95 percent on international calls and up to 70 percent on text messages. The service will also allow clients to make international calls without the use of PC, as EQO users can call and text other online EQO users in 31 countries for free, aside from being able to use free chat on MSN.

Internet

- **According to data from the Office of the Telecommunications Authority (OFTA), Hong Kong has installed more than 5,000 Wi-Fi hotspots at around 3,000 locations in the territory, making it a world leader in the area of public Wi-Fi service.** Industry observers note that what makes the Hong Kong service unique is that it is entirely supported by the commercial sector. In other places, the model is to have public Wi-Fi service funded by either the public or through cooperation with the government sector.

Information Technology

- **Ember, a provider of ZigBee networks for more energy-efficient buildings and homes, and Computime announced their alliance to offer OEMs a fast, easy and affordable way to bring ZigBee products to market.** ZigBee is a global wireless industry standard designed for remote monitoring, control and sensor networks. Computime is a Hong Kong-based electronic controls company that has developed a family of low-cost plug-and-play ZigBee modules based on Ember's EM250 and EM260 chipsets and EmberZNet ZigBee software. The Computime CT-EM250 and CT-EM260 RF Transceiver Modules are low-power modules designed to embed wireless mesh networking capabilities into products for building and home automation, security and lighting controls, home appliance and alarms, remote monitoring and automatic meter reading applications. Under the partnership, Computime will also offer fully developed, plug-and-play home automation and automatic metering products for consumers based on Ember's ZigBee technology in the future.

Ventures/Investments

- **Nam Tai Electronics, Inc. announced that it plans to reorganize the group structure of its subsidiaries, a reorganization that is seen as avoiding the probable cash outlay of approximately US$120 million to US$150 million which would have been required to privatize the Hong Kong Stock Exchange-listed subsidiaries.** The company believes that through the successful completion of the proposed reorganization it can achieve a more simplified group structure. Nam Tai said it would receive approximately US$38.5 million in cash and interest income from the convertible bond to be issued by Nam Tai Electronic & Electrical Products Limited (NTEEP). The proposed reorganization requires a series of transactions, involving capital shares and asset transfers among Nam Tai, NTEEP, J.I.C. Technology Company Limited (J.I.C.) and Zastron Precision Tech Limited and other subsidiaries. The reorganization proposal has been approved by the board of directors of Nam Tai, NTEEP and J.I.C. and requires approval of majority of the public- float shares of NTEEP and J.I.C. Nam Tai has two Hong Kong-listed subsidiaries, Nam Tai Electronic & Electrical Products Limited and J.I.C. Technology Company Limited.

Singapore/Malaysia/Philippines/Indonesia

Internet

- **Pacific Internet Limited announced that PacNet Board member and CFO of Asia Netcom, Mr. Brett Lay was appointed as Chief Financial Officer for PacNet.** His appointment follows the stepping down of current PacNet CFO, Mr. Ho Tuck Chuen. Prior to his role as CFO of Asia Netcom, Mr. Lay was an independent financial advisor who specialized in asset valuations, capital structures, mergers and acquisitions. Pacific Internet Limited or PacNet has direct presence in Singapore, Hong Kong, the Philippines, Australia, India, Thailand and Malaysia.

Ventures/Investments

- **HLS Systems International announced that it has agreed to acquire a technology products sales and marketing company based in Singapore at net asset value, an acquisition subject to approval by HLS' board of directors.** The company to be purchased is owned by Yau Kiam Fee, a director of HLS and former general manager of General Electric's industrial control operations in Asia. The company currently employs six sales professionals with experience in the selling of products such as HLS' automation systems. Under the agreement, the office where this company is based will be transformed into HLS' new regional headquarters.

Mobile/Wireless

- **The National Telecommunications Commission of the Philippines (NTC) reminded firms with license to operate the 3G frequency bandwidth to meet the deadline to use the frequencies.** Of the four licensed 3G operators, only Digitel Mobile Philippines Inc. and Connectivity Unlimited Resources Enterprise Inc. have yet to commercially launch their service. Smart, Globe, Digitel and Connectivity Unlimited were issued 3G permits by the NTC in January 2006. The 3G network coverage of Smart Communications Inc. and Globe Telecom now spans more than 200 cities and towns nationwide while the other two 3G firms are still in the process of rolling out their cellular sites.

Information Technology

- **Cable & Wireless Europe, Asia & the U.S. announced that it has extended its telecom services agreement with Telekom Malaysia Berhad (TM) in a bid to widen its presence in Asia.** Under the extended agreement, TM will retain its role as an infrastructure partner of Cable & Wireless, with TM providing Cable & Wireless access to its Malaysia, South Asia and Middle East network. Cable & Wireless and TM have been partners for 11 years. Financial details of the agreement were not disclosed.

United States/Canada

Internet

- **Omega Tender, a high-tech firm with source technologies in wireless video networking systems, announced its decision to list its U.S. operation Omega World in the NASDAQ stock market as early as late this month.** According to the firm's spokesperson, going public in the U.S. market is a significant aspect of its globalization schemes. Omega Tender, which specializes in teleconference and video meeting services using the Internet, has expanded its operation to China and the Philippines. Omega Tender set up Omega World in New York in 2006, and Omega World has recently purchased local firm Nevada Corporation, a publicly trading company in the country. The report thus describes the listing of stocks as a form of a reverse acquisition.
- **Yahoo disclosed its plans to acquire 10 percent of the shares which are being offered by Alibaba.com in an IPO which is expected to raise US$1 billion.** Industry observers describe the deal as complicated with Yahoo already an owner of 40 percent of Alibaba, and Alibaba the 100 percent owner of Yahoo China, with Yahoo Japan owning most of Alibaba.com and Yahoo China. Yahoo Japan's parent company, Softbank, which owns Yahoo Japan, Overture Japan and Vodafone Japan, also used to control most of Yahoo Europe and Yahoo Korea, before the company has acquired those properties from Softbank.Yahoo's International properties, compared to Google, are owned and managed by local companies and investors in each country or region.

Mobile/Wireless

- **According to industry sources, Mozilla Corp. plans to develop a version of Firefox to appear for mobile phones.** Sources said Mozilla has enlisted the help of two new developers to focus on the project. The Firefox Mobile is envisioned to operate like the desktop version, with the developers exploring the portability options, where a user could easily port preferences, bookmarks, and so forth between the mobile and the desktop. Mozilla's plan also includes adding mobile devices to the first class/tier-1 platform set for Mozilla 2, the company's all-in-one Internet application suite.
- **NextPhase Wireless, Inc., a next-generation wireless connectivity solutions provider specializing in integrated Internet, voice and data communication, announced that it has signed a Letter of Intent to acquire ARINC-Cybertime Wireless Broadband from ARINC Inc., a provider of in transportation communications and systems engineering.** Under the agreement, NextPhase will pay ARINC total cash consideration of US$1.5 million all of ARINC-Cybertime's assets. The closing of the transaction is subject to due diligence, board approvals and the signing of a Definitive Agreement. ARINC is headquartered in Maryland, in the U.S., and maintains regional offices in London and Singapore, with over 3,200 employees worldwide. NextPhase Wireless, Inc. is currently providing wireless coverage in California and Nevada and Internet Service Provider (ISP) coverage in 19 states throughout the country.

Media, Entertainment and Gaming

- **GE Commercial Finance's Media, Communications & Entertainment business announced that it has secured debt financing for Long Lines, a leading communications provider of voice, data, video and wireless services to communities throughout the Midwest in the U.S.** The loan has been placed at US$44 million. The facility will be used to fund an ongoing expansion of the company's GSM wireless network. GE Commercial-Finance Media, Communications & Entertainment has US$8 billion in assets and maintains offices in Atlanta, Los Angeles, and Chicago in the U.S., London, and Hong Kong. GE Commercial Finance has assets of more than US$240 billion and is headquartered in the U.S.
- **Video game publisher Electronic Arts Inc. announced its decision to purchase two software studios from Elevation Partners in a deal worth US$860 million.** The studios at the center of the largest acquisition deal in history are BioWare Corp. and Pandemic Studios, which are both known for their action, adventure and role-playing games. Under the terms of the deal, EA will pay VG stockholders up to S$620 million in cash and issue as much as US$155 million in equity to some of the company's employees. The shares will be subject to certain time- and performance-restricted vesting criteria. EA said it will assume an estimated US$50 million in outstanding VG stock options. It has also agreed to lend VG up to US$35 million until the deal closes. Other financial details of the deal were not disclosed.

Software

- **Oracle announced that it is making an unsolicited bid to acquire BEA Systems for about US$6.7 billion.** If it prospers, the acquisition will be the software giant's biggest acquisition effort since 2004 when it acquired PeopleSoft in a deal worth US$10.3 billion dollars. Industry observers view the new bid for BEA Systems as Oracle's way to block any attempt by other companies to acquire the company. The acquisition, if completed, is expected to put Oracle on a competitive level with IBM and SAP in the software market that integrates computer servers and databases with applications on the Internet, or middleware.

Semiconductors

- **Key ASIC, a fabless design service provider of ASIC and System-on-Chip (SoC) products and RedDot Wireless, Inc., a provider of wireless network solutions, announced that they have entered into a Collaboration Agreement to provide wireless solutions for consumer and computing applications.** Under the agreement, Key ASIC will provide certain semiconductor Intellectual Properties, optimized complete chip implementation, and manufacturing of the products. RedDot Wireless will provide its wireless IP and system expertise for the products. . Key ASIC has a portfolio of Semiconductor Intellectual Property targeted for consumer and mobile communications applications. Key ASIC has design locations in the U.S. and Kuala Lumpur, Malaysia. RedDot Wireless Inc. is a privately-held fabless semiconductor company focused on the development and supply of baseband chips for Broadband Wireless Access (BWA) compliant systems. RedDot Wireless is headquartered California, with global operations in Taiwan, China, and Japan.

Europe

Media, Entertainment and Gaming

- **Alaplaya, an online games portal, announced that it has officially launched in Europe, offering Manga-styled games to more than 50,000 users.** The service currently offers three online titles – Fantasy Tennis, Come On Baby and Audition. The offering allows users able to customize their in-game avatars and socialize in chat rooms, forums and through instant messaging. The service is licensed and maintained in Europe by Germany's Hubert Burda Media through its own specialized gaming division, which also runs MMORPG Ragnarok Online. Dancing game Audition was developed by T3 Entertainment and first launched in South Korea in 2005.

Information Technology

- **Fujitsu Services, a British IT service unit of Fujitsu Ltd. announced that it will launch a tender offer for Mandator AB of Sweden.** The British IT service unit of Fujitsu disclosed that it will offer 3 Swedish kronor (US$0.4) for each Mandator share. If Fujitsu Services acquires all Mandator shares, the total cost will come to 508 million Swedish kronor (US$79 million). For the year that ended in December 2006, the OMX-listed Mandator reported an operating profit of 27 million Swedish kronor (US$4.2 million) on sales of 493 million Swedish kronor (US$76.6 million). Mandato provides IT-related services mainly in Sweden, Denmark and Finland.

Ventures/Investments

- **London-based EnQii Holdings Ltd. announced its US$10 million in venture-capital funding, several significant acquisitions, and offices in London, New York, Hong Kong, Toronto, Dubai and Melbourne.** EnQii, a private equity backed company, has been formed specifically to take advantage of the growth in the global digital media network market and has completed three acquisitions to date: Digital View Media, a global digital media network provider with more than six years of experience and a core software business servicing more than 90 clients across four continents; Redeemit, a mobile marketing agency, which provides interactive campaigns and other key marketing services for retailers and brands utilizing personal cell phones; and, Screen-Edge, a Hong Kong based company that provides content creation services for Digital OOH networks.

- **According to industry sources, Gateway, Inc. announced that it has delivered a binding offer to acquire all of the shares of PB Holding Company from Lap Shun (John) Hui and Clifford Holdings Limited, an entity controlled by Hui.** A 75 percent stake in PB Holding, the parent company of Packard Bell B.V., a Paris-based PC vendor, belongs to Hui. Sources said the parties have agreed to work together in consultation with the Works Councils in France and the Netherlands and to secure antitrust and other regulatory approvals required for the signing and closing of the transaction. Hui and Clifford have also agreed to exclusivity arrangements and to exercise certain drag-along rights relating to the remaining outstanding shares of PB Holding. Acer Inc. reported that it has agreed to fund Gateway's acquisition of PB Holding and Packard Bell following the planned merger it has earlier reported between Acer and Gateway.

Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 10/12/07)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2007	% Change 1/1/2006
Japanese yen	¥/US$	117.5900	0.5%	2.4%	-1.2%	-0.1%
Hong Kong dollar	HK$/ US$	7.7557	0.001%	-0.2%	-0.3%	0.02%
Chinese renmenbi	RMB/ US$	7.5090	0.1%	0.1%	-3.8%	-7.0%
Singapore dollar	S$/ US$	1.4630	-0.6%	-1.5%	-4.9%	-12.0%
South Korean won	KRW/ US$	918.0000	0.2%	0.3%	-1.3%	-9.1%
New Taiwan dollar	NT$/ US$	32.5790	-0.03%	-0.2%	-0.03%	-0.7%
Australian dollar	US$/A$	0.9040	0.7%	1.8%	14.6%	23.4%
New Zealand dollar	US$/NZ$	0.7761	2.0%	2.5%	10.3%	13.5%
Philippine peso	PHP/ US$	43.6000	-1.9%	-3.4%	-11.0%	-17.9%
Euro	US$/€	1.4178	0.3%	-0.6%	7.4%	19.7%
British pound	US$/£	2.0371	-0.3%	-0.5%	4.0%	18.2%

Fixed Income Prices and Yields

Note	Currency	Current (on 10/12/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US$	101.52	4.90%	102.14	4.86%	104.38	4.72%
Japan 30-year	¥	98.64	2.48%	99.06	2.45%	100.87	2.35%
Hong Kong 10-year	HK$	104.75	4.30%	104.79	4.29%	104.74	4.30%
China (06/16)	US$	110.71	3.32%	110.71	3.32%	110.71	3.32%
Singapore 10-year	S$	107.30	2.82%	107.90	2.74%	108.15	2.72%
South Korea 20-year	KRW	9,525.14	5.70%	9,560.04	5.66%	9,643.83	5.56%
Australia 15-year	A$	91.77	6.27%	92.84	6.13%	94.59	5.91%
New Zealand (12/17)	NZ$	96.46	6.48%	97.87	6.29%	98.71	6.17%
Philippines 20-year	PHP	100.54	8.56%	100.76	8.53%	99.64	8.65%
India 30-year	INR	99.10	8.41%	99.05	8.42%	99.62	8.36%
UK 30-year	£	94.22	4.62%	95.09	4.56%	96.38	4.48%
Germany 30-year	€	89.58	4.66%	90.58	4.59%	92.85	4.44%