

IRG WMR



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

Week of 21 October - 27 October, 2007

For more information on IRG, please email communications@irg.biz or visit www.irg.biz.

Hong Kong (HQ)

No.1-2A, 17/F, The Centrium,
60 Wyndham Street, Central,
Hong Kong

Tel: (852) 2237 6000
Fax: (852) 2237 6100

Singapore

5 Rhu Cross, #04-16
Olivia Block, Singapore
437434 Singapore

Tel: (65) 6325 1191
Fax: (65) 6348 9583

Japan

JT Building 15Fl, 2-2-1
Toranomon, Minato-ku,
Tokyo, Japan 105-0001

Tel: (813) 5114 8395
Fax: (813) 5114 8396

Korea

37/F, Asem Tower, Samsung-
dong, 158-1, Kangnam-gu,
Seoul, Korea

Tel: (822) 6001 3840 ext. 3841
Fax: (822) 6001 3711

Philippines

2/F, State Condominium Bldg.,
186 Saclcedo St. Legazpi Village,
Makati, Philippines

Tel: (632) 728 5307
Fax: (632) 728 5307

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



Week of 21 October- 27 October 2007

Table of Contents

Equity Market Indicators	3
Technology, Media, Telecommunications and Life Sciences Market Activity	3
Weekly Highlights	5
International	5
Japan	5
Korea	6
China	8
Taiwan	11
Hong Kong	12
Singapore/Malaysia/Philippines/Indonesia/Vietnam	12
United States/Canada	13
Europe	15
Other Economic Data	17
Currency Exchange Rates	17
Fixed Income Prices and Yields	17

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



Week of 21 October- 27 October 2007

Equity Market Indicators					
Index	Closing Level (10/26/2007)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2007	% Change 1/1/2006
S&P 500	1,535.28	2.3%	0.6%	8.2%	23.0%
Dow Jones Industrial Avg.	13,806.70	2.1%	-0.6%	10.8%	28.8%
Dow Jones Tech. Index	487.21	2.6%	3.1%	18.1%	29.9%
Dow Jones Telecom. Index	326.57	3.3%	5.4%	25.6%	62.0%
NASDAQ Composite	2,804.19	2.9%	3.8%	16.1%	27.2%
The Street.com Net	302.57	2.7%	4.3%	22.4%	43.9%
Japan Nikkei 225	16,505.63	-1.8%	-1.7%	-4.2%	2.4%
JASDAQ	77.67	-2.3%	5.4%	-9.9%	-40.4%
Japan Mothers	930.77	3.2%	27.0%	-16.2%	-63.4%
Korea KOSPI Composite	2,028.06	2.9%	4.2%	41.4%	47.0%
Korea Kosdaq	799.06	1.5%	0.6%	31.8%	15.6%
Taiwan Stock Exchange	9,631.51	0.2%	1.8%	23.1%	47.1%
Singapore Straight Times	3,771.55	0.6%	1.8%	26.3%	60.7%
Hong Kong Hang Seng	30,405.22	3.2%	12.0%	52.3%	104.4%
Hong Kong GEM	1,488.91	-1.3%	-1.7%	21.6%	47.8%
China Shanghai (A-Share)	5,868.07	-3.9%	0.7%	108.4%	380.6%
China Shenzhen (A-Share)	1,444.88	-7.9%	-10.2%	153.7%	398.1%
China Shanghai (B-Share)	358.43	-6.7%	-2.4%	175.5%	478.0%
China Shenzhen (B-Share)	751.68	-4.5%	-3.8%	73.5%	284.3%

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
10/19/07	Airmedia Advertising [NASDAQ: AMCN]	Advertising	US\$200	Digital media network in China dedicated to air travel advertising	Morgan Stanley/ Lehman Brothers	N/A
10/18/07	On2 Technologies [AMEX: ONT]	Software	US\$13	Technology firm focused on digital video compression	Think Equity/ Merriman	N/A
10/16/07	Dealertrack Holdings [NASDAQ: TRAK]	Software	US\$100	Provider of on-demand software and data solutions for the automotive retail industry	Lehman Bros./ JP Morgan	N/A
10/12/07	Smile Communications [NASDAQ: SMLC]	Communi- cations Services	US\$122.8	Growth-oriented communication services provider	CIBC/ Cowen & Co./ RBC Capital/ Thomas Weisel	N/A

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



Week of 21 October- 27 October 2007

NASDAQ/NYSE TMT and Life Sciences IPO Filings (cont'd)						
10/12/07	Digital Realty Trust [NYSE: DLR]	Finance	US\$130.8	Owens, acquires, develops, redevelops and manages technology-related real estate	Credit Suisse/ Merrill Lynch	N/A

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 10/26/07	% Change From Offer
10/23/07	Longtop Financial Technologies [NYSE: LFT]	Provides IT software solutions to the financial services industry in China	US\$200	US\$17.50	US\$29.95	71.17%
10/19/07	Dupont Fabros Technology [NYSE: DFT]	Owner, developer, operator and manager of wholesale data centers	US\$700	US\$21.00	US\$21.70	3.33%
10/18/07	TM Entertainment and Media [AMEX: TML.U]	Blank check company targeting acquisition of an operating business in the entertainment, media, digital and communications industry	US\$72	US\$8.00	US\$7.95	-0.63%

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						

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



Week of 21 October- 27 October 2007

Weekly Highlights

International

Hardware

- **According to DisplaySearch, PDP (plasma display panel) shipments rebounded in the third quarter of 2007 by posting a 9 percent growth on year and 33 percent on quarter to a new record high of 3.1 million units.** The study noted that the rebound follows an on-year decline for the first two quarters of this year. Other than falling prices, the study cited varied reasons for the growth. One reason was the increased availability of 1080p panels, registering a 100 percent rise in its shipments on quarter and 1,030 percent on year in the third quarter of 2007. 1080p panels accounted for 11 percent of the third quarter plasma panel shipments and 21 percent of PDP revenues. The study also noted the continued share gains by larger sizes with 50-inch and larger PDPs rising 37 percent on quarter and 45 percent on year to account for 32 percent of units and 50 percent of revenues. PDP suppliers, according to the report, are looking to another record quarter in the fourth quarter of 2007.
- **According to IDC, global PC CPU shipments posted a 14.3 percent growth sequentially to reach record levels in the third quarter of 2007, which resulted to a 14.8 percent worldwide rise in the CPU revenues to US\$7.9 billion during the same period.** The report said shipments of processors designed for mobile PCs still lead the market with a 26.6 percent growth in the third quarter. IDC ascribed this growth to considerable worldwide demand for mobile PCs in the second half of the year. Shipments of processors for desktop PCs and for PC servers posted 7.7 percent and 4.6 percent growth, respectively. IDC predicts strong market demand for PC processors to continue in the fourth quarter.

Japan

Media, Entertainment and Gaming

- **Nintendo Co. announced a group profit surging to 132.42 billion yen (US\$1.1 billion) in its fiscal first half from 54.3 billion yen (US\$0.5 billion) it has posted a year earlier.** The company said group sales went up to 694.8 billion yen (US\$6.1 billion) from 298.8 billion yen (US\$2.6 billion), with 78 percent of sales booked overseas. Following the strong performance, Nintendo said it has upped its profit forecast for the year through March to 275 billion yen (US\$2.4 billion) from the 245 billion yen (US\$2.1 billion) it predicted in July. The company said it looks to sales posting 10 percent growth to 1.5 trillion yen (US\$13.1 billion).

Internet

- **According to media sources, Softbank Corp plans spend about 40 billion yen (US\$350.3 million) for its operations next year at a new data center in southwestern Japan.** Softbank plans to begin operations at a data centre facility in Fukuoka Prefecture, which is expected to carry more than 100,000 computer servers in an area of 140,000 square meters. Softbank is seen as focusing its operations on Internet-based companies that typically operate server networks of several thousand units as customers.

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



Week of 21 October- 27 October 2007

- **Yahoo Japan Corp. reported a 9.2 percent rise in its group net profit in the April-September fiscal first half to 29.2 billion yen (US\$255.7 million) from a year earlier.** The Internet service provider said its sales registered a 17.2 percent climb to 117.7 billion yen (US\$1 billion) and its advertisement division went up 27 percent to 54 billion yen (US\$472.9 million).

Mobile/Wireless

- **According to media sources, NTT DoCoMo has plans to form a joint venture with UFIDA in a bid to tap China's 3G market.** Earlier in February this year, the two companies announced plans to set up a joint venture company to develop enterprise mobile service platform and application. Industry sources have indicated that the joint venture is called at present Yong You Da Kang. It has a total investment of US\$13.4 million, with NTT DoCoMo getting one third of the company's stake. According to UFIDA, the company is the largest local management software supplier in the Asia-Pacific and China's largest supplier of management software, ERP software, financial software, group management software, human resource management software and SMB management software.

Software

- **NTT Data Corp disclosed that through a tender offer, it aims to make German system development and consulting firm itelligence AG a subsidiary.** itelligence is a leading IT full service provider for SAP. In the tender offer, to be launched in mid-November by fully owned German unit NTT Data Europe GmbH, the NTT Data group plans to acquire more than 50 percent of outstanding itelligence shares. In this acquisition move, NTT Data revealed that it expects to spend up to 24 billion yen (US\$210.2 million). The tender offer is slated to last for about six weeks, with the per-share acquisition price set at 6.2 euros (US\$9).

Hardware

- **Sony Corp. reported net profit climbing to 73.7 billion yen (US\$645.4 million) in the three months to September from the 1.7 billion yen (US\$14.9 million) it has posted a year earlier.** The company said its revenue registered a 12.3 percent growth to 2 trillion yen (US\$17.5 billion). Sony ascribed the figures to the surge in sales of digital cameras and laptop computers, sales seen as offsetting heavy losses incurred by the company from the PlayStation 3. The company also said it had swung to an operating profit of 90.5 billion yen (US\$792.5 million) from a year-earlier loss of 20.8 billion (US\$182.1 million), with losses at its game division more than doubling to 96.7 billion yen (US\$846.8 million). Sony upgraded its full-year outlook with a 527 percent rise in operating profit to 450 billion yen (US\$3.9 billion) versus its previous target of 440 billion yen (US\$3.8 billion).
- **Hitachi Ltd. announced that it will discontinue development and production of home-use PCs, with the company attributing the decision to intense competition and declining sales.** The company said it has not developed PC models for the year-end shopping season and it has no plan to develop any future models at the moment. Hitachi was one of the pioneers of PC development in Japan.

Korea

Internet

- **Alcatel-Lucent announced it has been selected to provide high capacity IP service routers to KINX (Korea Internet Neutral eXchange), an internetworking company that connects traffic among Korean Internet Service Providers (ISPs).** Under the agreement, KINX will deploy Alcatel-

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



Week of 21 October- 27 October 2007

Lucent's 7750 Service Router (SR) in its new network center located in Seoul, to build a highly reliable IP infrastructure supporting ISP interconnection and advanced services.

Mobile/Wireless

- **Software Radio Technology (SRT) announced that its partner company Unimo Technology has secured an order for TETRA handsets worth approximately US\$60 million.** The order is expected to give SRT around US\$3 million in royalties, of which approximately US\$2 million is expected in revenue in the company's current financial year. Unimo began production and deliveries of its TETRA handset, which is based on SRT's reference design, earlier this year targeting local South Korean and international markets... Software Radio Technology is a UK-based developer and provider of professional wireless technology and product solutions. Based in South Korea, Unimo's principal activity is manufacturing radio equipment, CCTV systems, radio communication systems and defense electronics.
- **Verizon Wireless, a leading wireless company in the U.S, and SkyZone Entertainment, Inc., a leading international mobile entertainment publisher, announced that SkyZone will provide Verizon Wireless customers with greater access to innovative game products in South Korea.** Backed by SK Group, the third largest conglomerate and leader in mobile, technology and Internet services in South Korea, SkyZone delivers premium-brand and original Made for Mobile(TM) gaming applications. Under the alliance, new titles from SK Telecom in South Korea will be published under SkyZone and will be available to Verizon Wireless customers through the company's Get It Now service.
- **Nextreaming, the leading provider of embedded multimedia software solutions for handset manufacturers, announced that it has launched multimedia solutions and deployed handsets for the mass-phone market based on Texas Instruments LoCost family.** Industry observers note that with the deployment, Nextreaming is expected to be one of the first providers of camcording solution for the LoCosto platform with other multimedia solutions. Nextreaming Corp. is headquartered in Seoul, Korea and maintains offices in China and Europe. The company said more than 76 handsets worldwide utilizing Nextreaming technology have been successfully released in the market.

Software

- **According to Seoul Central District Court, Digito was suing Microsoft in South Korea and the U.S., with the South Korean instant messaging program, stating that Microsoft had breached the Fair Trade Act since 2000.** The country's first instant messenger was created by Digito in 1998 under the name Soft Messenger. The complaint stems from the fact that Microsoft's Windows operating system is pre-loaded with a media player and instant messaging, a bundling that, according to Digito, hampered it from getting significant profits. Earlier, Microsoft had been ordered by South Korea's Fair Trade Commission from breaking anti-trust laws by bundling its media player and messenger programs with Windows. The KFTC also demanded that Microsoft should offer a version of its software without the pre-loaded applications.
- **DataSynapse, the global provider of application virtualization software, announced that it has entered into a partnership with KCI, a provider of IT solutions and customer-oriented services.** Under the alliance, KCI will resell DataSynapse solutions in South Korea. This agreement is seen as bringing the latest grid and application virtualization technology to Korean businesses. By teaming with DataSynapse, KCI is expected to be able to provide its customers with extensive and rapid benefits across application and infrastructure environments.

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



Week of 21 October- 27 October 2007

Hardware

- **According to media sources, Samsung is closing down two LCD monitor factories in Southern China to mainly focus on its production base in Tianjin.** Samsung did not give details about this plan. Industry sources have placed Samsung's LCD monitor output at 230,000 in September, which represented a 14.8 percent decline compared with that of August. Rumors indicate that Samsung is focusing on middle and high end monitors that yield higher gross profit.
- **Following Philips Electronics' US\$2.2 billion stake earlier this month, LG.Philips disclosed that it is still searching for a strategic buyer.** Industry analysts are saying that Philips will unload its remaining 19.9 percent stake in the joint venture with LG Electronics Inc., the world's second-biggest maker of large-size LCD displays. LG.Philips said it is looking at Japanese firms, noting their access to worldwide market and strong local brand.

Telecommunications

- **SPIRIT DSP, a global provider of embedded voice and video software products, announced that Korea Telecom, Korea's top integrated wired/wireless communications service provider, has decided to use TeamSpirit 3.0 Voice & Video Engine PC for KT's trial service.** KT will start using SPIRIT voice and video engine for the purpose of a trial run of its new multi-service multi-terminal application. SPIRIT communication software is used in over 80 countries and powers more than 100 million embedded voice channels.

China

Internet

- **Baidu.com reported its unaudited financial results for the third quarter ended September 30, 2007, with its total revenues showing a 107.5 percent rise to 496.5 million yuan (US\$66.3 million) from the corresponding period in 2006.** The company posted a 108.8 percent surge in its online revenues to 496.1 million yuan (US\$66.2 million) from the third quarter of 2006. Baidu ascribed the surge to a growth in both the number of active online marketing customers and revenue per customer. Baidu said its online marketing clients in the third quarter of 2007 went up sequentially by 11.6 percent to almost 143,000 active online marketing customers. The company registered a 120.5 percent climb in its operating profit to 168.1 million (US\$22.4 million) from the corresponding period in 2006. Baidu said its net income went up 113.2 percent to 181.7 million yuan (US\$24.2 million) from the corresponding period in 2006. As of September 30, 2007, Baidu said its cash, cash equivalents and short-term investments amounted to 1.4 billion yuan (US\$187 million).
- **Ctrip.com, a leading online travel service provider, disclosed its plans to work with search engine giant Baidu.com on matters related to hotel search service in China.** Industry observers see this alliance as putting together Ctrip.com's wealth of travel information with the advanced search engine technology of Baidu.com, and enabling clients to find the location of up to 5000 member hotels of Ctrip.com. The agreement is also seen as allowing clients to do a direct online reservation and get information on more than 3,000 scenic spots and other useful travel data via Baidu's Map Channel.
- **PConline.cn, a Chinese Internet portal, announced that it is looking to raise from US\$200 million to US\$300 in a forthcoming Hong Kong IPO.** The company runs four lifestyle-related specialist web sites, where users can exchange information on information technology, automobiles,

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



Week of 21 October- 27 October 2007

games, fashion, and cooking and beauty tips. According to its web site, its IT web site averages daily visitor traffic of over 22.4 million and its auto web site 6 million.

Media, Entertainment and Gaming

- **Shanda announced the joining of Donald Chan as the company's senior vice president, a post that will see him overseeing Shanda's entry into in-game advertising business.** Before this appointment, Chan served most recently as the national managing director of China for Leo Burnett Shanghai Advertising Company. In a separate development, Shanda said it has introduced three new online games that are currently under development. The games are Gui Chui Deng Online, Creation of the Gods and World Hegemony and all are expected to commence beta testing in the first half of 2008.
- **CDC Games, a subsidiary of CDC Corporation, announced the appointment of Jeffrey Longoria as president of CDC Games International (CGI).** The company said CGI, a subsidiary of CDC Games, was created to launch new games internationally and to position CDC Games as a global publisher of online games. Before this appointment, Jeffrey Longoria was with CDC Software, a sister company in the CDC family. At CDC Software, Longoria most recently served as senior vice president of strategic alliances.
- **Beijing Gehua CATV Network Company disclosed its plans to form a joint venture company with Liberty Global and PRC Venture Partners LLC in a bid to jointly expand broadband data value-added services.** A framework agreement has already been signed by the parties, which stipulates that the initial investment for the new company will not be less than 200 million yuan (US\$26.7 million). Under the terms of the contract, Gehua will take 51 percent of the stake, with Liberty Global and PRC Venture Partners taking the remaining 49 percent. According to the companies, the newly formed entity is expected to provide high-speed broadband data service to residents as well as business clients by way of Gehua's cable network.

Mobile/Wireless

- **China Mobile announced that for the first three quarters of 2007, the Group's operating revenue posted a 21.5 percent climb to 258.4 billion yuan (US\$34.5 billion) compared to the same period of last year.** The company said profit posted a 29.8 percent rise to 59.8 billion yuan (US\$8 billion) compared to the same period of last year. China Mobile said subscriber growth continued to maintain a rapid growth momentum, with the average monthly net additional subscribers for the first three quarters hitting nearly 5.4 million, with the total subscribers registering a total of 349.6 million as at 30 September 2007.
- **Microsoft China announced that it has recently signed with D.Phone and Digital China to open 35 Windows Mobile concept retail stores in the first-tier and second-tier cities of China in the coming year.** According to the director of the company's Mobile Communications Department in Greater China region, Microsoft plans to expand its reach among Chinese consumers, stressing at the same time the need to look at more functions using mobile phones.

Telecommunications

- **China Telecom announced that it has entered into an agreement with NavInfo and Cgogo to work on telecom yellow page data, digital map applications and mobile phone search.** Industry analysts see the agreement as producing the largest dynamic yellow page database in China. The three companies said their cooperation will target the application of mobile phone new products and the service pattern under the 3G system.

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



Week of 21 October- 27 October 2007

- **Alcatel-Lucent announced the deployment by Shanghai Telecom of the VitalQIP DHCP and IP address management software for the carrier's IPTV service.** Dynamic Host Configuration Protocol and IP address management software tools help streamline and boost the ability and capacity of the core network to assign IP addresses. The software also converts domain names into IP addresses, thus enabling more efficient use of network resources. Under the terms of the agreement, Alcatel Shanghai Bell will provide VitalQIP software and related services, which include consulting, implementation, management and maintenance as well as a training program to Shanghai Telecom to help set up the carrier class DHCP platform.
- **AsiaInfo Holdings announced that it has secured a contract with China Telecom to provide billing solutions for its extended TD-SCDMA trial.** Under the agreement, AsiaInfo will develop an online charging system for China Telecom's next generation wireless network trial in China's Hebei province.
- **Guangdong Telecom announced that it has selected Nokia Siemens Networks charge@once solution for its convergent charging needs.** The contract is expected to allow Guangdong Telecom
- System (PHS) and data subscribers. Nokia Siemens Networks will integrate the solution into Guangdong Telecom's network and support every stage of the solution lifecycle while improving operational efficiency, with the system targeting a pre-commercial pilot in November this year. In a separate development, Nokia Siemens Networks said it has won the contract for integrating both GSM-R and the world's leading tunnel technology along the Hefei-Nanjing railway line. The dedicated line is part of the country's newly built high-speed passenger service network.

Software

- **Bleum, an outsourcing and offshore development company, announced the opening of its new branded ODC facility in Shanghai.** The center is manned by a team of 80 from RedPrairie, a consumer-driven optimization company focuses on supply chain and retail solutions. According to media sources, Bleum and RedPrairie are seen as making an investment of more than US\$6 million over the next two years to extend RedPrairie's logistics software.

Hardware

- **According to its senior vice president and chairman, Best Buy China is planning to open its second store in Shanghai.** The rumor is that the new store will be located in the Puxi business area of Shanghai. Best Buy remains the largest consumer electronics supplier in the country. It faces competition from Suning and Gome, Chinese electronics retailers that are also expanding in the market.

Ventures/Investments

- **Gome, a Chinese electronics retailer, announced that it is entering the electrical appliance manufacturing arena.** The company said it will have some of the Chinese mainland made color TV sets currently sold at its retailing venues produced by Taiwan manufacturers through original design manufacturers. This move marks the first time that Gome has joined the manufacturing of the upper range of the color TV supply chain. Gome reportedly aims to take up 25 percent of China's total color TV sales this year, with the company indicating that it will ask Taiwan manufactures like TPV Technology Group and Proview manufacture some of the color TV sets that were previously made by mainland manufacturers like Konka, Hisense, Changhong and Amoi.

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



Week of 21 October- 27 October 2007

- According to media sources, Apple plans to set up a boutique retail store in Beijing next summer, a move that is seen as part of the company's global expansion. At present, Apple has some 187 boutique stores all over the world. The company said it looks to opening 40 more stores next year. The company reported a 42 percent rise in its income from boutique stores to US\$1.2 billion in the fourth quarter over the same period last year.

Taiwan

Media, Entertainment and Gaming

- **According to media reports, PCCW Ltd. is going to set up a cable TV joint venture with Chunghwa Telecom, Taiwan's largest fixed line operator** to introduce PCCW's Now broadband TV platform to the Taiwan market by the end of this year. The report indicated that Chunghwa has already made the necessary application to Taiwan's telecoms regulator for license to offer the new service.

Ventures/Investments

- **KKBOX, a digital music subsidiary of Skysoft, announced that it has entered into a strategic investment deal with Taiwan's Chunghwa Telecom (CHT).** The agreement will see CHT making an investment that will have it assume 30 percent stake in KKBOX. Launched in 2005, KKBOX describes itself as different from other music download service providers because it offers services for millions of users to legitimately listen to music. It has one of the world's largest collections of Chinese songs, with a database of more than 140 music labels and 1.5 million songs. CHT holds about 85 percent of Taiwan's consumer broadband Internet access market. It is also considered a leader in the nation's mobile 2.5G and 3G phone service subscribers.
- **E-ton Solar Tech and Lite-On Electronics jointly announced the forming an a-Si (thin-film) solar module joint venture, called Aruia.** Under the agreement, E-ton and Lite-On will each secure 23.9 percent of the shares in the new company. Lite-On said the investment of NT\$498 million (US\$15.3 million) in Aruia is the company's first venture into the solar industry. Equipment maker Hermes Epitek will own 12 percent of the stock in the joint venture with MiTAC-Synnex Group retaining 6 percent of the shares in the company. Aruia will be located in the Southern Taiwan Science Park. The initial capital of the company will be NT\$1.4 billion (US\$43.1 million), to be increased to NT\$4 billion (US\$123.2 million) by 2008. The new company will focus on non crystalline/micromorph cell production.
- **Advantech disclosed its plan to boost its ties in China by forming strategic partnerships with and/or investment in Chinese enterprises.** The largest Taiwan-based industrial PC (IPC) maker said that part of this move is to carry out the expansion of its operation and production in bases in China. The company chairman declared that the bid is in line with Advantech's goal of becoming a globally integrated enterprise. The company stated that it aims to set up a new global operational base for industrial automation in Beijing as well as expand an existing production base in Kunshan, China. Advantech said it seeks to form global R&D and design center in the area.

Semiconductors

- **According to industry sources, Asustek Computer will soon sign a licensing agreement with Qualcomm.** Industry observers note that Asustek has been extending its presence to 3G for several years, but it has not set up with Qualcomm yet an agreement yet over a possible cross-licensing as

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



Week of 21 October- 27 October 2007

Asustek itself owns some 3G chip intellectual property (IP). According to the Technology Transfer Center (TTC) of Taiwan, the number of 3G patents that Asustek holds exceeds 130 in Taiwan, an amount that only Taiwan's Industrial Technology Research Institute (ITRI) surpasses. At present, Asustek utilizes 3G solutions from Marvell and Ericsson Mobile Platforms (EMP).

Hong Kong

Software

- **CDC Software, a subsidiary of CDC Corp. announced that it has signed a binding term sheet to form a joint venture with FlexSystem Limited.** The companies said the equally owned joint venture will be based in Hong Kong and is aimed at developing human resources, payroll and accounting software as a service applications for initial deployment throughout China. The agreement will see these applications marketed and sold directly by CDC Software. The software will also be and offered on a subscription basis with very low up-front costs. The joint venture is also expected to leverage CDC Software's Nanjing and Shanghai development centers along with FlexSystem's development center in Hong Kong.

Internet

- **IAS Energy, Inc. announced that it has signed an option agreement to acquire up to a 100 percent interest in Power Telecom Limited (PTL) of Hong Kong.** Under the agreement, IAS Energy will issue 50 million shares and invest US\$650,000 cash in PTL. PTL owns the rights to the Chinese web site video1314.com, a Chinese Web 2.0 platform similar to YouTube. The report said the investment made by IAS will be used to fund the expansion of video1314 across Asia in Japanese, Korean and English.

Telecommunications

- **Documents from fund managers show that Orascom Telecom Holding is cutting its stake in Hutchison Telecommunications International Ltd, by selling up to HK\$1.6 billion (US\$205 million) worth of shares in the Hong Kong telecom operator.** The report said the Egyptian-listed mobile operator hired Citigroup as sole book runner.

Singapore/Malaysia/Philippines/Indonesia/Vietnam

Internet

- **According to industry sources, m2m Corporation, an ASX-listed technology firm, has signed a Memorandum of Understanding with Hanoi-based VTC Wireless Broadband Company.** The agreement is expected to allow access to a license to develop and market Internet, VoIP and Internet-related services in Vietnam. Through its wholly owned Hong Kong subsidiary company, Profit Way Technology, m2m will set up a joint venture with VTCW with each party making a 50 percent capital investment. The joint venture is seen as providing customer service and support as well as funding the business operations including sales and marketing.
- **South Korean firm Sabiclub Corp. announced that it is putting up more high-end Internet café branches in the Philippines for growing demand for online gaming in the country.** Sabiclub owns the Station 168 Internet cafés and the newly established i-Hooked Internet café in Manila. I-Hooked is the first Internet café network gaming branch of the company that features

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



Week of 21 October- 27 October 2007

desktops running on Intel's latest Core 2 Quad processors. The company has installed more than 50 desktop PCs that are running on the powerful Intel processors.

Media, Entertainment and Gaming

- **WOWtv becomes Singapore's latest broadband services provider as it announced the official launch of its service, which offers viewers a personalized, unique media experience through a wide range of broadband streaming channels that can be accessed via 4 different platforms: web, set-top box, portable media player and 3G.** The company said WOWtv is "on-demand entertainment" powered by a secure and efficient broadband platform that enables a premium interactive entertainment experience. WOWtv features over 50 channels of programming across all genres, including: movie blockbusters, Asian dramas and variety shows, travel, lifestyle, fashion, edutainment, sports and more. Aside from programming, online games and e-commerce services are also available. All subscribers to WOWtv have instant access to over 25 channels of entertainment across genres. To date, WOWtv has more than 20,000 registered subscribers, achieved over an 8-week soft launch period.
- **Electronic Arts, the world's leading interactive entertainment software company, and Wmode, a provider of digital media distribution services under the ClearMode brand, announced that they have entered into an agreement to distribute EA Mobile games to customers across Malaysia via local mobile operators Digi and Maxis.** Under the deal, Wmode will support EA Mobile marketing initiatives with DiGi and Maxis via their online channels. Wmode operates ClearMode, a digital media distribution service that provides for the recruitment, management, discovery, delivery and payment of digital content. Wmode is a privately held company with offices in Canada and Switzerland.

Information Technology

- **According to a new market research by AMI-Partners, IT spending by small and midsize businesses (SMBs) in the Philippines is expected to post a 19 percent growth this year.** The study projected SMB IT spending in the country to go beyond US\$1.3 billion with computing hardware as well as Internet-related investments to account for 70 percent of the investment. AMI-Partners noted the intense competition among IT vendors as bringing about a wider range of product selection. Decline in the prices of the offerings have made also businesses more conscious of the value of IT investment. The study projected the SMB market for data security technology to register a 30 percent growth increase this year.

United States/Canada

Internet

- **Microsoft Corp announced that it has agreed to pay US\$240 million for a 1.6 percent in socializing web site Facebook.** With the acquisition, Microsoft also got the exclusive rights to sell ads on Facebook outside of the U.S. The investment placed the value of Facebook at US\$15 billion. Facebook, a social network that lets friends share information, allows outside developers to create games and other applications for its site. It registers 250,000 new users a day, 60 percent of whom come from outside the U.S. Microsoft's president of platform and services division explained the US\$15 billion price tag for Facebook as based on the prediction that the site could eventually reach 300 million users.

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



Week of 21 October- 27 October 2007

- **Google revealed that it has decided to shell an amount to pay Nielsen for the use of its demographic data. Industry observers see Google's move as providing it access to information that will give it more tools to use in assessing the impact of its TV ads on consumers.** Since May, Google has been delivering TV ads for about 14 million subscribers to EchoStar Communication Corp.'s Dish network and Astound Broadband cable service. Amidst the expansion of its ad platform into TV, radio and print, Google is seen as generating more revenues from text-based ad links posted next to search results and other online content.

Mobile/Wireless

- **BlackBerry maker Research In Motion Ltd (RIM) announced that it has launched Facebook software designed especially for its smartphones.** The software is expected to facilitate the consumer's use of the social networking web site. RIM said T-Mobile USA has been chosen as the first carrier to provide the new software to its customers. According to RIM, the feature that enables users to upload photos to Facebook will also be integrated with the BlackBerry's camera and photo management software. Industry observers note that RIM has been boosting its offering of lifestyle applications such as games in a bid to attract more users to BlackBerry.
- **Cisco Systems Inc. announced that it has agreed to buy Navini Networks Inc., a developer of WiMax broadband wireless access systems.** The deal came out first as a rumor, which Cisco denied stating that the company had no plans to develop wireless base stations by way of a technology that is non-Wi-fi. The deal is placed at US\$330 million. Cisco said it plans to integrate Navini into its wireless networking business unit.
- **Sprint-Nextel and Alcatel-Lucent jointly announced its plan to introduce a mobile data card that is also a laptop security mechanism.** The card is fitted with its own battery power and has a small operating system, a CPU, memory, and an SD slot. It also includes GPS so that an IT administrator can locate it and the laptop. In the alliance, Alcatel-Lucent makes the card and gateway, with Sprint selling them. According to Sprint-Nextel and Alcatel-Lucent, companies must sign up for unlimited data plans for each user plus pay an additional monthly service fee for the security support.

Media, Entertainment and Gaming

- **SilverBirch Inc. and G4Box Inc. announced the commercial launch of Metin2, a 3D fantasy game about a medieval battle of empires.** Metin is a leading title in the MMORPG genre, one of the fastest-growing segments of the online game market. Participants assume the roles of characters that interact with other players while engaging in battle and other activities through multiple levels. The localized versions of Metin2 available in Germany, and throughout the Far East have already attracted a large and growing following, according to its South Korean creator and Licensor, Ymir Entertainment. Toronto-based SilverBirch Inc. is an integrated developer, publisher and distributor of interactive media content and, through its Jambo Mobile division, provides mobile marketing and direct-to-consumer mobile content. G4Box distributes MMORPG games and is a wholly-owned subsidiary of 568 Network Inc., a developer, publisher and distributor of games that also partners with CryptoLogic Inc. in online casino and poker games for the Chinese market.
- **Media Blasters and Dex Entertainment announced the creation of an American version of Alteil, Japan's number one online fantasy card game.** The game has a continuously evolving storyline, which uses virtual cards representing characters. Alteil combines the style of a Japanese fantasy RPG (Role-Playing Game) with the fun of a dueling card game. Alteil requires no downloads is 100 percent web-driven. Media Blasters is a New York-based company known for being one of the nation's leading distributors of Japanese animation and live-action on DVD and television. Dex

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



Week of 21 October- 27 October 2007

Entertainment specializes in film and DVD acquisition and distribution. Dex's major shareholder is Index Holdings, a Japan based mobile contents solutions provider. Dex partners are Mad House, Japan's leading animation studio, and Interchannel-holon Inc., a PC game software production company.

- **MySpace announced that it has entered into a deal with Oberon Media Inc. that will see hundreds of casual games from its portfolio made available in the social networking web site.** The deal is seen as enabling users of MySpace to add multiplayer games to their personal profile pages, and play them for free, starting next year. Oberon supplies so-called "white label" games that other sites can offer under their own brand. Its distribution partners already include Microsoft Corp., Yahoo Inc., AOL LLC, and a number of mobile phone operators. Industry observers note the expansion of Oberon into new gaming markets, as indicated by its acquisition of I-Play, a mobile gaming company, in June and PixelPlay, an interactive TV game developer in July.

Ventures/Investments

- **MySpace announced that it is making a foray into the book business, with the online social network disclosing its decision to work with HarperCollins on an environmental handbook slated to come out on April 22, Earth Day.** The book will feature ideas from MySpace users. MySpace also has projects with other media, including a collaboration with MTV on dialogues between voters and presidential candidates.

Europe

Mobile/Wireless

- **Miyowa, the European leader in mobile instant messaging, announced that following KPN's successful launch of Windows Live Messenge on i-mode last year, the company has now deployed the mobile Java version of Windows Live Messenger.** Under the agreement, all KPN customers will be able to use Windows Live Messenger, the first handset-independent universal end-to-end client messaging technology, on their mobile phone.

Media, Entertainment and Gaming

- **Media sources announced the launch in Europe of the latest edition of Pro Evolution Soccer (PES 2008), a video game developed by Japan's Konami.** Industry observers note the launch as the beginning of an intense rivalry between Konami and the Electronic Arts (EA Sports), with its FIFA series. EA has been quoted as saying that its latest FIFA, released earlier in September, "offers tighter game-play" than its previous editions and can challenge PES 2008. According to sources, PES traditionally outscores FIFA in several European nations. According to Konami's marketing manager for France, PES 2006 sold 1.6 million copies in the country against 600,000 for rival FIFA. EA says its soccer game has sold a total 65 million copies in 15 years worldwide, generating some US\$2 billion in revenues.

Ventures/Investments

- **Nemoptic, an electronic paper display company, announced that it is targeting the market for e-books and labels in Japan.** E-paper displays are designed to have the high contrast ratio attributes of ink on paper with the advantage that content can be displayed and erased electronically. Typically, the displays can be used in a range of mobile devices, such as electronic shelf labels, point-of-purchase (POP) displays, e-books, e-newspapers, e-dictionaries, and e-documents. Japan has been one of the

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



Week of 21 October- 27 October 2007

earliest adopters of flat screen technology and Nemoptic expects it to represent a significant market for e-paper displays. Nemoptic is based in France and has raised more than 35 million euros (US\$50.3 million) in private funding. It maintains a production unit in Sweden and has a large-scale production facility agreement with Seiko Instruments.

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



Week of 21 October- 27 October 2007

Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 10/26/07)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2007	% Change 1/1/2006
Japanese yen	¥/US\$	114.1800	-0.3%	-0.5%	-4.1%	-3.0%
Hong Kong dollar	HK\$/ US\$	7.7501	0.0%	-0.3%	-0.4%	-0.1%
Chinese renmenbi	RMB/ US\$	7.4815	-0.4%	-0.3%	-4.1%	-7.3%
Singapore dollar	S\$/ US\$	1.4555	-0.5%	-2.0%	-5.4%	-12.5%
South Korean won	KRW/ US\$	916.2000	0.1%	0.1%	-1.5%	-9.3%
New Taiwan dollar	NT\$/ US\$	32.4840	-0.3%	-0.4%	-0.3%	-1.0%
Australian dollar	US\$/A\$	0.9082	2.0%	2.3%	15.2%	23.9%
New Zealand dollar	US\$/NZ\$	0.7610	1.8%	0.5%	8.1%	11.3%
Philippine peso	PHP/ US\$	44.0400	0.4%	-2.5%	-10.1%	-17.0%
Euro	US\$/€	1.4321	0.1%	0.4%	8.5%	20.9%
British pound	US\$/£	2.0512	-0.04%	0.2%	4.7%	19.0%

Fixed Income Prices and Yields

Note	Currency	Current (on 10/26/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	104.83	4.70%	104.94	4.68%	102.47	4.84%
Japan 30-year	¥	100.78	2.46%	101.30	2.43%	99.23	2.44%
Hong Kong 10-year	HK\$	107.83	3.91%	106.16	4.12%	103.75	4.42%
China (06/16)	US\$	110.71	3.32%	110.71	3.32%	110.71	3.32%
Singapore 10-year	S\$	107.85	2.74%	107.62	2.77%	108.2	2.71%
South Korea 20-year	KRW	9,710.15	5.55%	9,576.03	5.66%	9,500.42	5.70%
Australia 15-year	A\$	93.60	6.04%	92.99	6.11%	92.52	6.17%
New Zealand (12/17)	NZ\$	96.97	6.41%	97.26	6.37%	97.83	6.29%
Philippines 20-year	PHP	100.71	8.54%	100.68	8.54%	101.06	8.50%
India 30-year	INR	100.15	8.32%	99.00	8.42%	99	8.42%
UK 30-year	£	96.00	4.50%	95.76	4.52%	94.42	4.60%
Germany 30-year	€	92.71	4.45%	92.20	4.48%	90.41	4.60%

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