



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

***Week of 2 December - 8 December, 2007***

*For more information on IRG, please email [communications@irg.biz](mailto:communications@irg.biz) or visit [www.irg.biz](http://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 Sacledo St. Legazpi Village,

Makati, Philippines  
Tel: (632) 728 5307  
Fax: (632) 728 5307

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



Week of 2 December- 8 December 2007

## Table of Contents

<b>Equity Market Indicators</b>	<b>3</b>
<b>Technology, Media, Telecommunications and Life Sciences Market Activity</b>	<b>4</b>
<b>Weekly Highlights</b>	<b>5</b>
International	5
Japan	5
Korea	7
China	9
Taiwan	11
Hong Kong	12
Singapore/Malaysia/Philippines/Indonesia	13
United States/Canada	14
Europe	15
<b>Other Economic Data</b>	<b>16</b>
Currency Exchange Rates	16
Fixed Income Prices and Yields	16

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



Week of 2 December- 8 December 2007

Equity Market Indicators					
Index	Closing Level (12/07/2007)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2007	% Change 1/1/2006
S&P 500	1,504.66	1.6%	1.6%	6.1%	20.5%
Dow Jones Industrial Avg.	13,625.58	1.9%	1.9%	9.3%	27.1%
Dow Jones Tech. Index	468.78	1.9%	1.9%	13.6%	25.0%
Dow Jones Telecom. Index	317.04	1.0%	1.0%	21.9%	57.2%
NASDAQ Composite	2,706.16	1.7%	1.7%	12.0%	22.7%
The Street.com Net	288.47	0.4%	0.4%	16.7%	37.2%
Japan Nikkei 225	15,956.37	1.8%	1.8%	-7.4%	-1.0%
JASDAQ	75.15	0.2%	0.2%	-12.8%	-42.3%
Japan Mothers	885.23	-0.2%	-0.2%	-20.3%	-65.2%
Korea KOSPI Composite	1,934.32	1.5%	1.5%	34.8%	40.2%
Korea Kosdaq	747.65	0.8%	0.8%	23.3%	8.2%
Taiwan Stock Exchange	8,722.38	1.6%	1.6%	11.5%	33.2%
Singapore Straight Times	3,557.95	1.0%	1.0%	19.2%	51.6%
Hong Kong Hang Seng	28,842.47	0.7%	0.7%	44.5%	93.9%
Hong Kong GEM	1,407.39	-1.4%	-1.4%	14.9%	39.7%
China Shanghai (A-Share)	5,342.92	4.5%	4.5%	89.8%	337.6%
China Shenzhen (A-Share)	1,382.20	6.7%	6.7%	142.7%	376.5%
China Shanghai (B-Share)	358.96	4.7%	4.7%	175.9%	478.8%
China Shenzhen (B-Share)	724.81	4.9%	4.9%	67.3%	270.5%

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



Week of 2 December- 8 December 2007

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						

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 12/07/07	% Change From Offer
12/06/07	Entropic Communications [NASDAQ: ENTR]	Fabless designer of chips that enable connected home entertainment	US\$100	US\$6.00	US\$7.40	23.3%
12/05/07	VisionChina Media [NASDAQ: VISN]	Operates a leading digital advertising network over mass transit systems in China	US\$100	US\$8.00	US\$8.00	0.0%

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 12/07/07	% Change From Offer
11/02/07	NetDragon Websoft [8288.HK]	Online game developer and operator	HK\$170	HK\$13.18	HK\$13.78	4.0%

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 2 December- 8 December 2007

## Weekly Highlights

### International

#### *Mobile/Wireless*

- **According to Digitimes Research, global shipments of smartphones are expected to go beyond 195 million units in 2008 representing 16 percent of total global handset shipments.** The report noted that Symbian and Microsoft are expected to focus on the growing market size in Asia, targeting Japan and China to further increase their market shares in the region. According to Symbian, nine out of the 15 Symbian-based handsets launched by its handset partners in the third quarter of this year were targeting markets in Japan and China and the accumulated sales of Symbian-based handsets in Japan have surpassed 30 million units, which stand for 72 percent of Japan's smartphone segment. Symbian said 12 percent of its global production of handsets presently composes the shipment to China and Symbian-based models now account for 60 percent of China's smartphone market. Microsoft said that Huawei Technologies and ZTE both plan to enter design-in process for the production of Windows Mobile-based smartphones. Outside of these two companies, Amoi Electronics, TechFaith Wireless and Lenovo have already formed business relationships with Microsoft.
- **According to a report by Understanding & Solutions, music delivered to mobile phones will account for almost 30 percent of global retail music values by 2011.** The UK-based firm said it sees the mobile music industry generating some US\$11 billion by 2011, with the climb to make up for some of the decline in music revenues. The study pointed to Japan as possessing the most efficient mobile music landscape followed by the U.S. The report said mobile is forecast to be the top platform for music in emerging markets and China and India will show big revenue gains mainly due to strong mobile subscriber growth.

### Japan

#### *Media, Entertainment and Gaming*

- **Square Enix announced the release for spring of 2008 a new Nintendo DS title The World Ends with You.** The game has modern day Japan as background, making it the first game from Square Enix set in contemporary times. The announcement said the game will also feature a host of wireless functionality that will allow players to share fashion items with other players over Nintendo Wi-Fi connection.
- **Napster, LLC announced that it will provide music content for a new mobile music feature that will be available to customers of Japan's leading wireless carrier NTT DoCoMo.** Under the offering, NTT DoCoMo customers who subscribe to its Music & Video Channel, a service that provides mobile-phone access to music and video programs, will have the option to subscribe to a Napster-Tower Records music channel. The channel offers two programs that are updated weekly, each with eight to 10 full-length tracks that users may listen to up to three times during the week. The new programs will be accessible through 22 models of NTT DoCoMo handsets. Napster, a pioneer in digital music, is headquartered in the U.S., with its services available in markets all over Europe, Japan and North America.

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



Week of 2 December- 8 December 2007

## *Mobile/Wireless*

- **NTT DoCoMo Inc. announced that it has entered into an agreement with KT Freetel Co., South Korea's second-largest mobile-phone operator, to jointly invest US\$200 million in Malaysian wireless carrier U Mobile Sdn.** Under the partnership, DoCoMo and KT Freetel plan to each own 16.5 percent of U Mobile. The carriers will help U Mobile in its 3G mobile-phone business and promote roaming services using the Malaysian operator's infrastructure. Industry observers see the move as a bid by KT Freetel and DoCoMo to find new sources of income overseas as more than 75 percent of people already own handsets in their domestic markets. DoCoMo owns a 10.5 percent stake in Seoul-based KT Freetel. U Mobile is a unit of MiTV Corp. In 2006, the company secured a license to offer 3G services in Malaysia.

## *Software*

- **Verdasys Inc., a global data security solutions provider and Japan based Rikei Corporation announced that they have entered into a strategic exclusive master distributor agreement.** The agreement is expected to boost the availability of Verdasys' flagship product Digital Guardian in Japan and in other Asia-Pacific countries including Korea, Thailand, China, India, Singapore, Australia, Malaysia, Vietnam and the Philippines. This strategic partnership is seen as enabling Rikei to penetrate the rapidly growing Japanese data security market with Verdasys products, certified training and support. Rikei counts among its customers Japan Defense Agency, KDDI, NEC, NTT-ME, and Sanyo Electric. It has seven branches in Japan, as well as offices in the U.S., Hong Kong, Singapore, and China.
- **Fujitsu Ltd and the Institute for Information Industry of Taiwan announced their decision to set up a venture to provide WiMAX software to enable high-speed wireless networks.** The two companies said they will set up the venture in March 2008 with a capital of US\$5 million. Under the arrangement, the two companies would supply the software to Taiwanese vendors and other manufacturers aiming to lower development costs. The software is designed to link applications on WiMAX devices and base stations.
- **Oki Electric Industry Company Limited and Fujitsu Limited announced that they have entered into an alliance to develop next-generation ATM (Automated Teller Machine) software.** The two companies said they have already completed the development of a prototype of the software using a web-based architecture. The product will be released in Japan beginning April 2008, and the companies plan to sign up 200 customers over the initial three-year period. A key feature of the next-generation ATM software is its fee structure, which charges per transaction in order to reduce financial institutions' initial software development costs as well as streamline asset management operations. The software is designed also to be managed on a central server, thus enabling financial institutions to easily change and add software.

## *Telecommunications*

- **According to industry sources, KDDI was able to generate some 80 billion yen (US\$716.3 million) in its first bond sale in two years, with the company selling 20 billion yen (US\$179 million) of 1.5 percent seven-year bonds.** Daiwa SMBC and Mizuho Securities handled the sale. Earlier in May, Standard & Poor's raised KDDI credit by one level to A, the sixth-highest investment grade. KDDI said it looks to spending 500 billion yen (US\$4.4 billion) in capital investments next fiscal year.

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



Week of 2 December- 8 December 2007

## Korea

### *Internet*

- **Spotflex, Inc., a real-time content tracking and ranking service, announced that it has entered into a strategic partnership with Daum Communications Corp.** The California-based Spotflex said its code and analytic tools are being incorporated into Daum's blog service platform, Tistory. The report indicated that more than 130,000 bloggers with more than 10 million monthly unique visitors are now using Tistory's blog platform to create and maintain their blogs. At present, Daum has 55 million global users. Spotflex provides instant rankings of popular content using an algorithm-based measuring system that gathers and analyzes the behavior of Internet users in real time. Financial details of the agreement were not reported.
- **LG Powercom announced that, for the first time in its eight-year history, its sales have gone beyond 1 trillion won (US\$1.1 billion) due to growing demand for broadband Internet services.** With an 11-percent market share, Powercom is the No.3 largest broadband Internet provider in the country after KT and Hanaro Telecom. Industry observers see the case of LG Powercom as special because in the saturated South Korea's broadband Internet market, its net subscriber went up to 36,455 in October. In that period, KT, the largest player, lost 2,058 and Hanaro, the second largest, added only 1,162. LG Powercom said that part of its plan is to list its shares on the market in 2008 and merge with its parent company LG Dacom, a telephone and network service provider, as early as next year. According to analysts, the merger is seen as the best move in order for LG Powercomm to survive in the broadband Internet market. In separate developments, KT is moving to integrate with KTF and Hanaro Telecom with SK Telecom. In 2006, LG Powercom reported an operating profit of 38.4 billion won (US\$41.7 million) on sales of 812.7 billion won (US\$884.4 million) last year.
- **According to the Asset Management Association of South Korea, a growing number of investors are buying funds online.** The report said funds sold online are approaching the 300 billion won (US\$326.4 million) mark at the end of November. The association also said that from 4 funds in February 2006, there are at present about 97 funds now available on the Internet.

### *Mobile/Wireless*

- **LG Telecom said it is looking to open mobile platforms, similar to those of PCs.** Industry observers note that, following the global trend for open mobile platforms, it is LG that seems to favor the trend compared to its rivals like SK Telecom and KTF focusing on the development of sophisticated video call services. According to its CEO, LG Telecom stated that its priority for next year will be the open mobile Internet business. Its main strategy is to open its phone platform, enabling any Internet or software company to freely make and sell mobile Internet services.
- **According to industry estimates, average selling prices (ASPs) of Samsung phones went down to US\$153 in the third quarter from US\$172 a year earlier.** The report also indicated that the selling prices of LG Electronics dropped nearly 10 percent to US\$108 over the same period. ASPs is a key indicator measuring profitability. The report attributed the decline in the prices to rising oil prices, among other factors. Industry observers note that few phone companies have been willing to go into the ultra low-end market because profits are thin. Samsung sold a record number of cell phones in the third quarter. More recently, the company completed its second plant in India while considering producing low-priced phones in Vietnam to narrow the gap with Nokia. Observers also state that LG Electronics is looking to getting about 40 trillion won (US\$43.5 billion) in total sales on a consolidated basis, with the company ascribing the figure to strong sales from handsets and information technology-related products even as it is said to be unsure about the industry outlook in 2008.



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



Week of 2 December- 8 December 2007

- **According to InterDigital Inc., a digital wireless technology company, a U.S. District Court has confirmed a 2006 arbitration award asking Samsung Electronics Co. to pay the company US\$134 million in royalties, plus interest, in a licensing case.** The company said Samsung will get a prepayment credit of about US\$6 million for sales of its second-generation wireless technologies through 2005. According to Interdigital, the award is for royalties from a patent licensing agreement between the companies during the period covering 2002 and 2006.
- **According to media sources, SK Telecom is considering selling its mobile phone manufacturing business in China and is now in talks with Chinese mobile phone manufacturers about these plans.** In 2004, SK Telecom set up a joint venture company with Xinjiang Tiandi Group to manufacture SK brand CDMA mobile phones. The Chinese media sources quoted that SK's mobile phone business in the country has experienced poor operations. There is no information about the identity of company SK is in negotiation with at present.

## *Semiconductors*

- **LogicVision, Inc., a leading provider of test and yield learning capabilities, announced the addition of DaouXilicon Technology as exclusive representative for LogicVision products in South Korea.** Under the terms of the agreement, DaouXilicon Technology will sell the complete line of LogicVision test solutions to the South Korean design community. LogicVision provides proprietary technologies for embedded test and yield learning that enable more efficient manufacturing test of complex semiconductors. LogicVision's embedded test solutions allow integrated circuit designers to embed test functionality into a semiconductor design that is used during semiconductor production test and throughout the useful life of the chip.

## *Hardware*

- **HP and Mouscan, a South Korea-based start-up company with scanning and mouse expertise, announced a licensing agreement that will offer people a way to listen to printed text.** The agreement will see Mouscan utilizing HP handheld scanning technology and its own text-to-voice software to develop Voiscan, a product that will allow people to scan hard copytext in any language using a handheld device and then receive a spoken translation of the scanned text. The report stressed that one of the significant applications for the technology will be as reading aid for the visually impaired or as translation tool for tourists. The technology is expected to have use also for language learning. Under the agreement, HP will license its intellectual property to Mouscan in return for royalty payments. Mouscan will develop, manufacture and sell the product, which the company expects to be commercially available worldwide by the end of 2008.
- **Haier said it looks to increasing its stake in the South Korean market.** China's leading home appliances manufacturer stated that it would focus more on LCD TVs and air-conditioners for commercial use. Haier said it is positive that it can double its sales to about 100 billion won (US\$108.8 million) in 2008 from about 45 billion won (US\$49 million) in 2007.

## *Telecommunications*

- **KTF, LG Telecom, LG Dacom and LG Powercom issued their protest against SK Telecom's acquisition of Hanaro Telecom, indicating the lack of measures to control the company's influence in the market.** The companies, however, did not state what specific measures should be followed to satisfy their demands. SK Telecom is the leading mobile operator in Korea with a 50.5-percent share. Hanarotelecom is the second largest fixed-line telephone and broadband Internet service provider after KT. SK Telecom signed a conditional contract to acquire a controlling share of



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



Week of 2 December- 8 December 2007

Hanarotelecom last week, which will be completed with the government's approval. Under the country's telecommunications law, the government has the right to stop mergers and acquisitions when a deal is thought to be damaging to the national interest, or impinging on fair competition. It can also suspend a telecom firm's sales and marketing activities if it is found to be violating fair trade rules or is suspected of monopolizing the industry. Earlier, SK Telecom signed a contract to buy 9.1 million shares of Hanaro Telecom at almost 2 trillion won (US\$2.1 billion) from a consortium led by two financial investors, American International Group and Newbridge Capital.

- **Entropic Communications, Inc., a provider of systems solutions to enable connected home entertainment, announced that South Korea-based Hannet Telecom Co., Ltd. has integrated Entropic's c.LINK Access technology for its Coax-To-The-Home (CTTH) customer premise equipment solutions.** Earlier, Hannet announced its initial CTTH deployment with Areum Broadcasting Network (ABN) in South Korea. Hannet's CTTH solution, with Entropic's c.LINK technology, is a Hybrid Fiber Coax (HFC) Broadband Access Gateway capable of delivering up to 1 Gbps throughput from the fiber optic cable to the coax network providing end users with 100 Mbps throughput for data access. Since its establishment in 1996, Hannet provides equipment and system solution businesses to the super high-speed Internet and cable & wireless communications market in Asia by providing leading edge cable infrastructure solutions.

## China

### *Internet*

- **Baidu.com announced that it has entered into an agreement with Mozilla Online to embed all of its search engine functions into the Chinese version of Firefox browser.** The formalization of the agreement is expected to make clearer the present cooperation as the Firefox browser is already embedded in Baidu's search engine. Baidu indicated that Firefox is going to bring to the company a greater capability to provide better service to its Chinese clients.
- **Alibaba announced the launching of Online Warranty Loan, an online loan service in China, in cooperation with China Construction Bank.** The company said six firms have reportedly received a total of 3.1 million yuan (US\$419,000) in low-interest loans, which do not require mortgage. Clients must have a membership in Alibaba's Chengxintong or Chinese Suppliers. According to the two companies, the service is now available to firms that have been registered for over 18 months at the Department of Industry and Commerce in the three trial cities of Hangzhou, Shaoxing and Jiaxing.
- **Sohu announced that it is raising its guidance for the fourth quarter of 2007 for total revenue, which is now expected to be between US\$55.5 million and US\$57.5 million.** This marks an increase of US\$2 million over previous guidance. Sohu said the guidance for advertising revenue will remain unchanged from previously reported estimates of US\$31 million to US\$32 million with non-advertising revenue placed between US\$24.5 million and US\$25.5 million, an increase of US\$2 million over previous guidance. The Chinese Internet portal looks to online game as the main source of its future profits.

### *Media, Entertainment and Gaming*

- **Shanda Interactive Entertainment Limited, a leading interactive entertainment media company in China, announced that it has entered into an agreement with South Korean online game developer Eyedentity Games, Inc. for the exclusive license to operate the 3D MMORPG**

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



Week of 2 December- 8 December 2007

**Dragon Nest in mainland China.** Eyedentity Games, Inc. is an early stage developer founded by a group of industry veterans.

- **CDC Games, a pioneer of the “free-to-play, pay for merchandise” model for online games in China, announced that its CDC Games International (CGI) business unit plans to launch Lunia Online, an MMORPG.** The business unit of CDC Corporation said the game is based on the popular manga style comic art form, a form that is seen as widely popular worldwide. The game will be commercially available in the U.S. during the first quarter of 2008. Lunia Online was developed by Korea-based ALLM Co., Ltd. Unlike many other MMORPGs on the market, Lunia Online is played like an action arcade game, as it allows players to move around using arrow keys rather than a mouse.
- **Focus Media announced the launch of its first large-size LED digital outdoor billboard in Shanghai following its securing of a contract with the Shanghai authority.** Under the agreement, Focus Media has been given the right to operate a 1,500 square foot-LED digital billboard on a boat navigating along the Bund area in Shanghai. Focus Media considers the digital billboard as boosting its current iStreet Network of over 200 digital LED advertising panels covering Shanghai's major commercial areas.
- **Linktone, a wireless value-added service firm announced that it has entered into a definitive agreement with Tianjin Satellite Television (TJSTV) through one of its wholly-owned media subsidiaries Lang Yi.** Under the agreement, Linktone will serve as the exclusive, long-term partner for all non-4A Category I advertising on TJSTV, a popular satellite TV channel in China which reaches more than 50 million households. TJSTV has more than 170 million urban viewers in 31 provinces throughout China with the firm advertising revenue hitting 100 million yuan (US\$13.5 million) in 2007.

## *Hardware*

- **According to its spokesperson, the TCL Group intends to keep the computer business even though it has announced that it will sell 82 percent of its computer company's stakes to an unnamed Hong Kong registered company.** The spokesperson indicated that TCL has introduced strategic investment for the computer business, with the selling of the stake as a move to bring solution to the company's debt problems. TCL also disclosed that it has entered into an agreement with the buyer that would allow it to be given the priority in acquiring back the stake in the future. TCL has not revealed any information about the buyer of the stake.
- **According to industry sources, Suning is acquiring its rival Dazhong in a deal valued at 3 billion yuan (US\$405.2 million).** The report said that the Chinese electronics retailer has completed the audits related to Dazhong's profit-making capabilities. Under the agreement, Suning will permit Dazhong to run on its own operations and retain its own logo. Dazhong currently owns 63 stores in Beijing, which account for about 50 percent of Beijing's electronics retail market. The sources said, however, that no formal agreement has been made yet between the two companies.

## *Ventures/Investments*

- **ZTE revealed its plans to join the energy sector through a new joint venture company with Zhongxing Weixiantong, ZTE Development, ZTE International and the president of ZTE Hou Weigui.** The company said the group will invest a total of 1.2 billion yuan (US\$162 million) in the company, which is expected to focus on the development, investment, and production in the energy field. Industry sources said ZTE has spent some 300 million yuan (US\$40.5 million) on the joint venture. ZTE said it looks to the venture as boosting its external investment and increase the

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



Week of 2 December- 8 December 2007

return of its investment. For the third quarter of 2006, ZTE posted a net profit of 143 million yuan (US\$19.3 million).

## Taiwan

### *Internet*

- **Ikala Global Online, a company established in Taiwan, announced the launch of iKala, a platform to provide online karaoke for users to sing and create personal video music records.** At present, the platform offers interfaces in traditional Chinese for the Taiwan market and simplified Chinese for the China market and expected to offer English and Japanese language versions in 2008. Ikala has initial paid-in capital of about US\$7 million, with one third coming from John Hsuan, former vice chairman and CEO of United Microelectronics Corporation (UMC) and his relatives, and more than 30 percent from employees of Siliconware Precision Industries, a provider of IC packaging and testing services in Taiwan.

### *Ventures/Investments*

- **According to Taiwan's National Communication Commission (NCC), it has approved an application by Com2B, a provider of e-commerce solutions, to invest NT\$60 million (US\$1.8 million) in Global Mobile, a licensed WiMAX operator.** The announcement stated that the equity investment from Com2B will account for a 5 percent stake of Global Mobile's initial paid-in capital of NT\$1.2 billion (US\$37 million). Outside of this present investment, Global Mobile said it has attracted investments from companies that include Era Digital Media, Videoland and Soft-World International. Media sources indicate, however, that Global Mobile might find it difficult to raise the minimum capital requirement set by the NCC so that it can initiate WiMAX service, with Global Mobile having raised only about 10 percent of the capital needed for its initial capital formation plan.

### *Hardware*

- **According to industry sources, Asustek Computer is reportedly planning to move its production lines to Vietnam.** The move has been attributed to the Vietnam government promising to provide several benefits and tax reductions, which encouraged Asustek to relocate Pegatron Technology to Vietnam. The firm is one of the planned subsidiaries that will result from Asustek's spin-off in January 2008. In Vietnam, Pegatron is expected to focus on the production of PC related products and components. Industry observers note that the move may create a trend that will see Taiwan-based IT companies to transfer their production lines and at the same time reduce their dependence on China.
- **Foxconn (Hon Hai Precision Industry) affiliated LED maker Foxsemicon Integrated Technology (FITI) recently announced its entrance in the lighting markets in both South Korea and Italy.** FITI said it has secured a strategic alliance with South Korea-based Charm & Ci with the terms of the deal spanning from December this year until April 2010. FITI said it is also expanding its presence in markets in Europe, with the Taiwan-based LED entering into an agreement with local distributors to cooperate in pushing LED lighting products in Italy.
- **Digital Decade, a Pou Chen Group subsidiary in Taiwan, announced its decision to merge with Techview International Technology, an LCD monitor joint venture between Quanta Computer and the Pou Chen Group.** In a filing made by the Pou Chen Group with the Taiwan Stock Exchange (TSE), the merger will be done through an exchange of stock. Currently, the Pou Chen Group and its associated companies hold a total 48.8 percent stake in Techview International

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



Week of 2 December- 8 December 2007

Technology, which means that the merging of Digital Decade with Techview will not affect the rights and interests of Pou Chen's shareholders.

## Hong Kong

### *Telecommunications*

- **PCCW Ltd., Hong Kong's largest telephone company, revealed its plans to initiate trial of its wireless services based on WiMax technology in the U.K. in 2008.** PCCW said it plans to start network construction soon. The move is said to be part of its expansion, which includes its participation in a group bidding to construct a new fixed-line phone network in Saudi Arabia. PCCW said it is also in talks with Taiwanese companies and other markets to provide pay-TV services.
- **The Office of the Telecommunications Authority (OFTA) announced its decision to speed up the auction of 2.5 GHz spectrum to the fourth quarter of 2008, which would allow the introduction of WiMAX services to Hong Kong.** In earlier announcements, OFTA said that the 2.5 GHz frequency band would not be auctioned until 2009 or 2010. The authority said the 2.5 GHz auction now will be combined with an auction of 2.3 GHz spectrum for Broadband Wireless Access Services (BWA), which already had been planned for the fourth quarter of 2008. Industry observers noted that the acceleration can be ascribed to the admission of WiMAX into the IMT family of technologies in November. OFTA has not released the requirements for qualification in the tender bid, pricing and roll-out. OFTA said it will auction the spectrum without technical or service restrictions.
- **Following announcement that its parent Hutchison Whampoa Ltd. and the group's chairman have agreed to acquire Orascom Telecom Holdings Ltd., shares of Hutchison Telecommunications International Ltd. experience a sharp rise.** Hutchison Whampoa earlier announced that it is taking a 14.2 percent stake in the Cairo-listed telecom firm in a deal valued at HK\$7.5 billion (US\$962 million). Orascom operates networks in seven markets in the Middle East, Africa and South Asia. It bought a 19.3 percent stake in Hutchison Telecom from Hutchison Whampoa in 2005 for US\$1.3 billion. Hutchison Telecom operates mobile and fixed-line telecom services in Hong Kong, and mobile services in Macau, Israel, Thailand, Sri Lanka, Ghana, Indonesia and Vietnam.

### *Media, Entertainment and Gaming*

- **PacificNet, Inc., a provider of gaming technology, Customer Relationship Management (CRM) and e-commerce in China, announced that it has signed a definitive agreement to acquire 100 percent ownership of Octavian International Limited, a worldwide supplier of gaming technology, solutions and systems.** Under the agreement, PacificNet will issue restricted shares of PACT, which stand for an estimated 19.5 percent of PacificNet's outstanding shares. The company reported revenue of about US\$64.6 million, gross profit of about US\$18.4 million, and pre-tax profit of US\$5.5 million for fiscal year ending Dec 31, 2006. Industry observers see the acquisition as boosting PacificNet's overall gaming revenues and profits. Upon completion of the acquisition, PacificNet said Octavian would continue operating under its current name as a wholly-owned subsidiary of PacificNet. The deal would also see Harmen Brenninkmeijer becoming an executive director of PacificNet and a member of the board of directors. He will continue to serve as CEO of the Octavian subsidiary within PacificNet's gaming division. Octavian is headquartered in the UK. It

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



Week of 2 December- 8 December 2007

develops and markets innovative games and systems and sells its gaming solutions in over 30 countries. Octavian is also one of the largest independent suppliers of back-end systems to casinos.

## *Mobile/Wireless*

- **Following news that an institutional investor is unloading 150 million shares in Hong Kong-listed China Unicom, shares in the mainland's second biggest mobile phone operator experienced a decline.** No announcement has been made on the Hong Kong stock exchange regarding the sale although media reports indicated that JP Morgan is managing the sale.

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

### *Telecommunications*

- **Bayan Telecommunications announced its plan to launch its cellular service in May next year. The Philippine-based company said it may offer the service on top of its CDMA-based wireless landline using GSM signal.** The company said it is earmarking from 1.5 billion to 2 billion pesos (US\$36 – US\$48 million) a year for the next two to three years for its wireless landline service. The expansion will include additional network base stations, telecommunication infrastructure backbone and support systems.

### *Information Technology*

- **British telecom (BT) and Singapore-based Frontline Technologies Corporation announced that they have entered into an agreement, which will see BT acquiring the entire issued share capital of Frontline for approximately S\$202 million (US\$140 million).** Frontline provides IT consulting, infrastructure services, systems integration, and IT outsourcing to local, regional, and multinational customers. The company, which is listed on the main board of the Singapore Exchange, has operations in China, Hong Kong, India, Indonesia, Malaysia, Singapore, the Philippines, Taiwan, and Thailand.
- **Bayantrade of the Philippines announced that it will hold its public listing in April 2008 to raise funds for its planned regional expansion, which includes its plans to acquire companies in Malaysia, Indonesia, and Thailand.** According to its CEO, the company is looking to raising at least US\$6million from IPO. The company said that, aside from the funds to be secured from the IPO, it expects to generate internally cash to fund the planned acquisitions, with the company stating that it looks to having at least 280 million pesos (US\$6.7 million) in total revenues at the end of 2007. Bayantrade started as a consortium formed in 2002 by six of the country's biggest conglomerates composed of Aboitiz and Co., Ayala Corp, Benpres Holdings Corp, JG Summit, Unilab and PLDT. It was established initially to handle e-procurement services for these companies but has since expanded its business into outsourced IT services. In 2003, Bayantrade also became a local SAP partner and reseller in 2003. The company said it aiming to base its expansion abroad on its alliance with SAP, the German software maker.

### *Software*

- **Gurango Software Corp. (GSC), a Philippine software developer, said it looks to recent acquisitions and new clients as sources of growth in its revenue.** As an independent solutions vendor (ISV), GSC develops, implements, and maintains proprietary solutions including multinational payroll, membership and event management, and customer relationship management (CRM) software.



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



Week of 2 December- 8 December 2007

As a Microsoft Dynamics Gold-Certified Partner, GSC sells licenses, implements, and maintains Microsoft Dynamics, a suite of enterprise resource planning (ERP) solutions, for its client.

- **According to industry sources, two software companies under the portfolio of venture capitalist Global Gateway are getting ready for a public listing in 2008.** The companies are Morph Labs, Inc., a software-as-a-service (SaaS) marketplace company and Exist Global, an information technology (IT) outsourced software development firm. They plan to list on the Philippine Stock Exchange in the first and second semesters of next year, respectively. Asian Alliance, the lead underwriter of Morph's listing stated that the software is expected to list in the second quarter of 2008. The two companies disclosed that the funds generated from the share sale will be used to boost their operations and to support a technology camp that will provide training to personnel to become competitive software developers.

## United States/Canada

### *Internet*

- **SourceForge Inc. announced its launching of an open-source, project-hosting web site that features an eBay-like marketplace.** The company said the marketplace, which has been in beta in the early part of this year, is built into the SourceForge.net. The company used to be known as VA Software until it decided to change its name and with it the plan to focus on web-based businesses. The recently launched marketplace is seen as part of the continuing development of the company.

### *Media, Entertainment and Gaming*

- **Macrovision, a security software specialist, issued a proposal to buy Gemstar-TV Guide International Inc.** According to media sources, Macrovision will use its anti-piracy tools for digital video, music and games with Gemstar's interactive program guides to make it easier for consumers to gain secure access to entertainment on a wide variety of electronic devices. Macrovision said it plans to buy Gemstar with a mix of cash and stock. Gemstar had about 1,600 workers and reported revenue of US\$571 million in 2006. Macrovision had 760 employees and reported annual 2006 revenue of US\$200 million.
- **News Corp.'s Fox Entertainment Group announced its acquisition of Beliefnet, a web site aimed at faith communities.** Beliefnet has the largest online community for "spirituality and inspiration." It offers social-networking tools, articles, photo galleries and religious reference material and is not affiliated with a particular religion. Fox said that the site gets about 3 million unique visitors monthly. Financial terms of the deal were not disclosed.

### *Software*

- **Corel Corporation, a leading developer of graphics, productivity and digital media software, announced that it has entered into a partnership with ConceptShare Inc., an emerging leader in online collaboration.** The collaboration is the first project in a five-year alliance set up by the two companies and will introduce a new online tool that will allow designers to easily share their work with other designers or clients, providing a more dynamic and collaborative experience, while accelerating the design process. Corel's products are sold in more than 75 countries. It maintains headquarters in Canada, with major offices in the U.S., UK, Germany, China, Taiwan, and Japan. ConceptShare is founded in Canada by a team of designers and industry professionals.

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



Week of 2 December- 8 December 2007

## *Hardware*

- **EchoStar Communications Corp. issued a notification to its shareholders regarding the decision of the company to assume the name DISH Network Corporation.** With the change, EchoStar said it aims to spin off a portion of its business, involving its broadcast satellite receiver, antennae and commercial satellite lines, into a separate company. Initially, the spinoff will be under the name EchoStar Holding Co., and eventually take on the name of its parent, EchoStar Communications Corp.

## **Europe**

### *Media, Entertainment and Gaming*

- **AsianLogic, an online gaming, slot machine and betting software firm, is expected to be the first Asia-based gambling firm to list in London with a US\$110 million pre-Christmas flotation planned on the Alternative Investment Market.** According to the company, it looks to using some US\$90 million of the proceeds for expansion and acquisitions. The company said it would invest about US\$50 million acquiring or getting stake in Asian rivals. AsianLogic said it would spend about US\$20 million to develop slot machines for Macau and the Philippines, with the rest to be set aside for gaming and technology investment fund. AsianLogic currently runs 10 Asian gaming web sites and provides casino and poker sites. It also runs an Asian gambling consultancy business.
- **According to Walt Disney's Internet arm, it is set to launch a UK portal aimed at young adults bearing its games, films, music and social networking assets in one British web site.** Like its predecessor in the U.S., the Disney site will carry a feature called Disney Extreme Digital, aimed at children and will enable them to customize multi-media content simultaneously while watching and sharing videos, messages, music and games. The offering has online parental protection measures and other functionalities. Disney did not reveal the size of its investment in the portal.
- **Vivendi, a European media group, announced its plans to acquire a majority stake in Activision, a computer games publisher.** The move that will see Vivendi merging Activision with its gaming unit is expected to create what might be the world's largest third-party publisher of computer games. The companies said the merger will form a new company to be called Activision Blizzard. The merger is also seen bringing together Activision's power on the console and PC platforms with Vivendi's strength online, with more than 9 million subscribers to its online gaming community. Under the agreement, Vivendi will get a 52 percent stake in Activision through a mixture of US\$1.7 billion in cash and shares valued at US\$8.1 billion of its Vivendi Games unit. Within five business days of the transaction's closing, the new company will launch a tender offer to buy back around US\$4 billion worth of Activision Blizzard common stock.



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



Week of 2 December- 8 December 2007

## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 12/07/07)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2007	% Change 1/1/2006
Japanese yen	¥/US\$	111.6500	0.4%	0.4%	-6.2%	-5.2%
Hong Kong dollar	HK\$/ US\$	7.7933	0.1%	0.1%	0.2%	0.5%
Chinese renmenbi	RMB/ US\$	7.4025	0.1%	0.1%	-5.2%	-8.3%
Singapore dollar	S\$/ US\$	1.4375	-0.7%	-0.7%	-6.5%	-13.6%
South Korean won	KRW/ US\$	918.9000	-0.2%	-0.2%	-1.2%	-9.0%
New Taiwan dollar	NT\$/ US\$	32.3000	0.1%	0.1%	-0.9%	-1.6%
Australian dollar	US\$/A\$	0.8772	-0.8%	-0.8%	11.2%	19.7%
New Zealand dollar	US\$/NZ\$	0.7755	1.5%	1.5%	10.2%	13.4%
Philippine peso	PHP/ US\$	41.5000	-1.9%	-1.9%	-15.3%	-21.8%
Euro	US\$/€	1.4655	0.2%	0.2%	11.0%	23.7%
British pound	US\$/£	2.0314	-1.2%	-1.2%	3.7%	17.9%

Fixed Income Prices and Yields							
Note	Currency	Current (on 12/07/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	106.86	4.57%	110.14	4.38%	106.52	4.59%
Japan 30-year	¥	102.00	2.39%	103.44	2.31%	102.63	2.35%
Hong Kong 10-year	HK\$	103.38	3.15%	113.73	3.20%	111.09	3.52%
China (06/16)	US\$	110.71	3.32%	110.71	3.32%	110.71	3.32%
Singapore 10-year	S\$	107.10	2.83%	107.25	2.81%	107.10	2.83%
South Korea 20-year	KRW	9,413.90	5.87%	9,546.56	5.74%	9,852.10	5.45%
Australia 15-year	A\$	93.78	6.02%	94.18	5.97%	94.10	5.97%
New Zealand (12/17)	NZ\$	96.65	6.46%	97.57	6.33%	96.84	6.43%
Philippines 20-year	PHP	101.97	8.41%	102.53	8.35%	99.66	8.65%
India 30-year	INR	100.77	8.26%	99.85	8.34%	99.40	8.38%
UK 30-year	£	96.54	4.47%	96.49	4.47%	96.67	4.46%
Germany 30-year	€	90.97	4.57%	91.13	4.56%	92.89	4.44%

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