

# IRG WMR



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

***Week of 23 December - 29 December, 2007***

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Equity Market Indicators					
Index	Closing Level (12/28/2007)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2007	% Change 1/1/2006
S&P 500	1,478.49	-0.4%	-0.2%	4.2%	18.4%
Dow Jones Industrial Avg.	13,365.87	-0.6%	-0.04%	7.2%	24.7%
Dow Jones Tech. Index	462.32	0.2%	0.5%	12.0%	23.3%
Dow Jones Telecom. Index	315.42	1.3%	0.5%	21.3%	56.4%
NASDAQ Composite	2,674.46	-0.7%	0.5%	10.7%	21.3%
The Street.com Net	285.55	-0.8%	-0.6%	15.5%	35.8%
Japan Nikkei 225	15,307.78	0.3%	-2.4%	-11.1%	-5.0%
JASDAQ	72.17	1.3%	-3.8%	-16.3%	-44.6%
Japan Mothers	783.18	0.1%	-11.7%	-29.5%	-69.2%
Korea KOSPI Composite	1,897.13	1.0%	-0.5%	32.3%	37.5%
Korea Kosdaq	704.23	1.0%	-5.1%	16.2%	1.9%
Taiwan Stock Exchange	8,396.95	5.7%	-2.2%	7.3%	28.2%
Singapore Straight Times	3,445.82	1.4%	-2.1%	15.4%	46.8%
Hong Kong Hang Seng	27,370.60	-0.9%	-4.4%	37.1%	84.0%
Hong Kong GEM	1,328.43	1.3%	-7.0%	8.5%	31.9%
China Shanghai (A-Share)	5,521.49	3.1%	8.0%	96.1%	352.2%
China Shenzhen (A-Share)	1,520.99	5.2%	17.4%	167.0%	424.4%
China Shanghai (B-Share)	365.93	2.9%	6.7%	181.2%	490.1%
China Shenzhen (B-Share)	709.68	3.6%	2.7%	63.8%	262.8%

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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
12/26/07	Source Photonics Inc. [NASDAQ: SPI]	Telecomm-Equip	US\$130	Provider of optical communication products used in telecommunication systems and data communications networks	Cowen & Company/ Credit Suisse	N/A

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 12/28/07	% Change From Offer
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 12/28/07	% 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						

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## Weekly Highlights

### International

#### *Media, Entertainment and Gaming*

- **A report released by Parks Associates showed that consumers do not follow the pace of technology developments in the mobile gaming industry.** According to the director of Broadband and Gaming for Parks Associates, new 3-D and multiplayer-mobile games look impressive in demos but casual games are still the devices expected to bring in money. The report stated that gamers do not see mobile phones as platforms for advanced gaming. The report, in particular, said that more than 30 percent of those into mobile gaming want sports, action, and adventure games on portable players; 29 percent want to play driving or flying games; and, 27 percent are into shooting games on portable devices. The report also indicated that less than 10 percent of mobile Internet gamers are interested in using their mobile phones to play core or console-centric games, while 55 percent want to use their mobile phones for puzzles and card games. More than 30 percent want to use them for word games and arcade-style games.

### Japan

#### *Media, Entertainment and Gaming*

- **Sony Online Entertainment issued a denial on media reports indicating that Zapak Digital Entertainment Ltd, part of the Anil Ambani-led ADAG group, was buying the company.** According to Sony, the company is not up for sale. The reports said that Zapak was buying Sony Online for about US\$300 million. Sony Online is the game development and game publishing unit that is part of global electronics maker Sony.

#### *Internet*

- **Acca Networks, a Japanese Internet services company, announced that it has altered its strategy after the WiMAX license was awarded to KDDI and Willcom.** The company said it now plans to continue to work with partners to provide broadband over different technologies and infrastructures, including WiMAX. The company aims to provide seamless communication over wired/wireless communication networks. Acca said the company plans to restructure to be service oriented and provides value added services with limited capital investments, rather than a business model that demands huge capital investments.

#### *Mobile/Wireless*

- **According to media reports, NTT DoCoMo, Japan's largest mobile carrier, is entering into a partnership with Google to offer search and e-mail on its handsets.** Under the partnership, DoCoMo subscribers could have access to Google's search tool, Gmail e-mail service, Picasa photo-sharing software, and Google Calendar application early next year via DoCoMo's i-Mode network.
- **NEC Corporation announced that it has entered into a framework contract with a leading Polish telecom carrier, Netia SA, for the supply of advanced, point-to-point wireless access systems, PASOLINK NEO.** The new systems will be supplied to the 3G mobile operator P4 Sp.z.o.o.("P4"), a mobile operation arm of Netia. P4, a new 3G mobile operator, is accelerating improvement of its network infrastructure to enable provision of stable and high quality 3G services.

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PASOLINK NEO will be utilized to carry out transmission among mobile base stations. Under the deal, P4 said it plans to install around 10,000 hops (intermediate connection in a string of connections linking networks) in the next 5 years, with NEC expected to provide around 1,000 hops to the northern and middle areas of Poland, as well as to Warsaw, to fulfill the initial demands of the framework contract.

## *Hardware*

- **Sony revealed that it will cease production and sales of rear projection TVs in late February to focus on flat TVs.** The company spokesperson said Sony will move its business resources to LCD and organic light emitting diode (OLED) televisions. OLED TVs feature an organic self-luminescent display, which does not require a backlight. In December this year, Sony launched the world's first OLED television.
- **The Board of Directors of Japan-based Fujitsu General passed the resolution to cease its operations in the visual display business in the December meeting.** Fujitsu General will discontinue participation in the visual display business at the end of March, 2008 and concentrate its operating resources on its core business of heating and ventilation equipment instead.

## *Ventures/Investments*

- **Matsushita Electric Industrial Co, Canon Inc, and Hitachi Ltd. announced that they have reached a basic agreement on a tie-up in the flat-panel business.** Under the alliance, Hitachi will reduce its interest in wholly owned subsidiary Hitachi Displays Ltd to more than 50 percent, with Matsushita and Canon holding the remaining stake equally. The three companies will jointly develop and manufacture OEL (organic electroluminescence) panels through Hitachi Displays. Hitachi Displays currently makes small and midsize LCD panels and is working to develop OEL panels. The report said Canon is considering using the output of OEL panels from Hitachi Displays to make monitors for digital cameras and other products, while Matsushita is looking to use OEL panels in its next-generation flat-panel TVs. Industry observers see the partnership as another major grouping following the Sharp Corp and Toshiba Corp alliance as well as the Sony Corp-Samsung Electronics Co group. In a related development, Matsushita said it has entered into an agreement with Toshiba on a deal that will give it control of IPS Alpha Technology Ltd., a manufacturer of LCD panels for TVs which is currently 50 percent owned by Hitachi Displays, 30 percent by Matsushita, and 15 percent by Toshiba.
- **Canon Inc. announced that it has completed the acquisition of a 66.4 percent stake in Tokki Corp., a maker of equipment to produce organic electroluminescence displays.** The company said the acquisition is part of Canon's efforts to produce the next-generation display panel on its own for use in digital cameras.

## **Korea**

### *Internet*

- **According to South Korea's Ministry of Information and Communication, 36 percent of citizens in Seoul have signed up for broadband (high-speed cable) Internet subscription and over 68 percent of Korea's 50 million people live in homes with access to the Internet.** The Organization for Economic Cooperation and Development (OCED), an international organization for free market countries, also announced that Korea has the highest number of people connected to the Internet with about 30 percent of the population subscribed to broadband.

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## *Media, Entertainment and Gaming*

- **Hanbit Soft reported that its game Granado Espada is now earning around 3 billion won (US\$3.1 million) every month from subscription fees and game item sales from 20 countries.** The company ascribed much of this surge to the surprising popularity of the game in China, where more than 4 million Chinese have signed up for the multiplayer role-playing game. Hanbit Soft is looking to positive results from the global launching of its new game Hellgate: London next month. The company claims that it is currently the only game company in South Korea that earns more overseas than domestically. The accumulated sales of Granado Espada are forecasted to reach 50 billion won (US\$53.2 million) next year. The games Pangya and Granado Espada are the two main profit sources of Hanbit Soft.

## *Software*

- **In what analysts see as a new threat to companies that specialize in selling security software, companies in South Korea are providing security software for free.** Yahoo Korea announced that it will provide a free service to detect and treat viruses in real time through its Yahoo Toolbar application. Another software developer, ESTsoft, announced that it will initiate the distribution of its new vaccine program Alyac for free, with the software downloadable from the company's web site.

## *Hardware*

- **Samsung SDI, a leading manufacturer of organic light-emitting diodes (OLED) announced its development of a 31-inch flat panel for OLED Televisions.** The panel is considered to be the largest ever developed by panel makers. The company said it has successfully developed the panel by using advanced active matrix organic light-emitting diode (AM OLED) technology and a low temperature poly-silicon (LTPS) manufacturing process for the first time in the world. Samsung SDI also disclosed its plans to mass-produce 14-inch AM OLED panels probably from the first-half of next year to meet growing demand for profitable IT-related products. Industry observers are seeing a growing rivalry between Samsung Electronics' LCD division and Samsung SDI. In another development, LG.Philips LCD, the world's second largest maker of LCDs, is reportedly finalizing its acquisition talks with LG Electronics over its OLED division.
- **Samsung Electronics Co. disclosed that it has filed a complaint with the U.S. International Trade Commission against Sharp Corp., with Samsung alleging that Sharp's products infringe on its patents for wide viewing angles and panel miniaturization technologies.** In the filed complaint, Samsung demands that Sharp stop imports and sales of the products. Industry observers see the complaint from Samsung as countering Sharp's LCD patent infringement suit filed in August with U.S. District Court in Texas against the South Korean maker. In Japan, the two companies are in similar litigation. According to industry sources, Samsung remains the No. 1 in the global LCD TV market, followed by Sharp and Sony Corp.

## *Semiconductors*

- **According to industry sources, Hynix Semiconductor is expected to extend its operating losses until the first half of next year.** Hynix is the world's second-biggest manufacturer of memory chips. Research report by SK Securities indicated that even with the efforts of Hynix to face declining chip prices, it will only post profits until the first half of 2008. The report also noted the 90 percent drop in the prices of 512-megabyte dynamic random access memory (DRAM) chips to below US\$1 as of early this month. DRAMs account for about 70 percent of total output of Hynix. In a separate



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development, the country's Labor Ministry Friday gave the permission for Hynix to restart the construction of 300- millimeter wafer fabrication lines in Cheongju, North ChungCheong Province.

## *Ventures/Investments*

- **Samsung Electronics disclosed that it is considering building a printer research and development center in the city of Weihai, in Shandong Province in China.** The company is already in talks with certain parties on the setting up of the research center with a focus on design. Samsung's Weihai plant is currently responsible for producing 80 percent of its total printer production, with the remaining 20 percent produced in the southeastern city of Gumi. Samsung has identified the printer sector as one of its priorities. An IDC report said that the global printer market is expected to reach 130 trillion won (US\$138.4 billion) this year. Samsung ranks second after Hewlett-Packard in the color laser printer.

## **China**

### *Internet*

- **Baidu.com announced that it has widened its agreement with the China Patent Information Center of the State Intellectual Property Office to supply authoritative and professional patent searching services for Internet users by January 2008.** Industry observers note that the development of innovations in China have caused the number of patent applications in the country to also increased. According to the statistics from the State Intellectual Property Office, by November 2007, the total number of patent applications received reached almost 4 million. With Baidu reportedly receiving millions of searches from nations around the world, it is expected that this new patent search service will assist researchers outside of China to check on many things about the country.
- **According to iSuppli, China failed to meet expectations for subscriber growth and shipments in 2007 for its IPTV.** Earlier, Chinese operators had predicted 1.3 million mainland subscribers by the end of this year. The figures from iSuppli show only some 846,000 people will have subscriptions by end of 2007. An industry analyst from China Research noted that the slow rates of adoption could discourage investments required for expansion and the industry was waiting for some companies to succeed like Shanghai Media Group, China Telecom, and China Netcom. The analyst cited the failure of the industry to develop a business model that could be replicated in other places.
- **Leading Chinese search engine Baidu has signed a deal with Mozilla to have its search tools included in the Firefox browser in China.** It's a similar deal to that signed by Google in the US, where their relationship with Firefox generated US\$56 million for Mozilla in its most recent fiscal year. Baidu will be paying Mozilla for the inclusion of its search tools in Firefox. However, the deal is not likely to be quite the same windfall for Baidu as it has been for Google; according to Search Engine Journal, Firefox has only 1.5-2% share of the browser market in China, versus the 15-25% share it enjoys in most other parts of the world. This move is significant for Firefox given that most web sites of Chinese banks and B2B portals such as Taobao.com do not support Firefox. According to iResearch, Baidu.com is further consolidating its dominance in China's Internet search market as it holds now 66.2 percent of the market. Firefox said that its partnership with Baidu.com is a part of its long-term strategy in China, which aims to provide more personalized and localized services for Chinese Internet users.



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## *Media, Entertainment and Gaming*

- **Shanda announced its goal to bring its interactive entertainment content to its Chinese consumers by providing its games products to Changhong's ITV.** The plan begins with an agreement entered into by Shanda with Changhong and Intel jointly promoting a sports game called X-Ping-Pong. The game can run both on computers and Changhong's TV sets fitted with Intel chips. A Shanda spokesperson said it is looking to adding more sports and leisure games under the agreement in the future.
- **Hupo.TV, a Chinese online video web site, announced that it has secured an exclusive partnership with Music Radio, which is part of China Central People's Broadcasting Station.** Under the agreement, Hupo.TV will manage Music Radio's web site as well as its online marketing and events. Hupo.TV boasts of drawing in more than 30 million unique monthly visitors. Hupo.TV is financially backed by Brad Greenspan, chairman of BroadWebAsia.
- **CDC Corp., a gaming and software company, disclosed that its directors and executives repurchased about 467,825 of its own shares under a prearranged trading program in the last nine trading days.** The company said the latest buyback adds to 366,000 shares it has already repurchased in the current quarter at a cost of US\$2.3 million. CDC Corp. initiated its share repurchase program on May 2, 2006. Since then, the company and its subsidiaries have acquired back around 9 million shares at an average price of US\$5.6 per share.

## *Mobile/Wireless*

- **The latest report from Analysys International indicates that the size of China's Wireless Application Protocol (WAP) market will reach 52.2 billion yuan (US\$7.1 billion) by 2011.** The report states that from 2007 to 2011, the average annual compound growth rate of the WAP market will be 44 percent.

## *Software*

- **CDC Software, a wholly owned subsidiary of CDC Corporation and a provider of industry-specific enterprise software applications and business services, announced that it has joined the Open Applications Group Inc. (OAGi), a leading open standards group in the enterprise application industry.** Nigel Davies, vice president, Supply Chain Solutions for CDC Software, will continue to serve as chairman of the board of directors of OAGi until his term ends in early 2008 when he joins the five-member Executive Committee of the OAGi, which oversees the Open Applications Group Integration Specification (OAGIS) standard. OAGi is a non-profit development organization focused on building business language standards for enterprise application interoperability.
- **Shenyang Neusoft Company, a subsidiary of Chinese software firm Neusoft Group Ltd., announced that its share-swap merger plan with Neusoft Group Ltd. was approved by the Restructuring Committee under the China Securities Regulatory Commission.** Neusoft Co., Ltd. currently has a share capital of 280 million yuan (US\$38.3 million). Under the plan, Neusoft Co., Ltd. is to exchange its shares with Neusoft Group Ltd. at a ratio of 1:3.5 to complete the merger. It is expected that Neusoft's total capital stock will go up to 520 million yuan (US\$71.1 million) after the merger.

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## *Hardware*

- **Sony China announced the opening of a Sony Style sale and experience store in Shanghai. The store is the first of its kind in the Chinese mainland.** Other than providing a display site for Sony products, Sony Style will provide sales and repairs. Before this, the company has been relying on retail dealers to market its products in China.
- **According to industry sources, China-based Amoi Electronics may shift the focus of its business from mobile phones to PC systems after its president's resignation.** Earlier, Amoi announced that its president, Li Xiaozhong, has resigned due to personal reasons. Other sources, however, cite the accumulated losses of 460 million yuan (US\$64 million) posted by Amoi in the first three quarters of 2007 as the main cause for the resignation. Amoi's appointment of Lu Zhenyu, a former top executive of TCL Computer, as its new president, is seen as an indicator that Lu may change the focus of the company's business to PC systems.

## *Semiconductors*

- **Semiconductor Manufacturing International Corporation (SMIC) and IBM announced their entering into an agreement to license IBM's 45-nanometer bulk complementary metal-oxide-semiconductor technology to SMIC for 300mm wafer foundry service.** Under the agreement, IBM will license bulk CMOS technology to SMIC. The technology can be used to fabricate devices in mobile applications such as handsets integrated with 3G, multimedia, graphics chips, and chipsets at the 45nm technology node. The technology can also support the manufacturing of graphics and other consumer devices.

## *Telecommunications*

- **Guangdong Telecom revealed its plan to invest some 5 billion yuan (US\$684.4 million) to expand IPTV services.** Guangdong Telecom began to deploy IPTV in the second half of 2004 and tested the IPTV system of mainstream manufacturers in early 2005. The company said it will release the bidding results before the end of the year. Currently, IPTV is the main source of income for Guangdong Telecom.
- **Genesys Telecommunications Laboratories, an Alcatel-Lucent company, and IBM announced that they have expanded their global strategic alliance for contact center solutions.** The move to develop and market a new collaborative solution in China marks the first time both companies are offering a solution targeting the growing call center market in this region, even as they continue their global work together. Contact centers have become increasingly strategic assets for businesses worldwide, with contact center application revenues in China posting a 15.6 percent growth in 2006 compared to 2005. The revenue is forecasted to register an annual growth of 18.2 percent in 2007 and 20.9 percent in 2008.

## *Ventures/Investments*

- **In a statement to Shanghai's Stock Exchange, the China Securities Regulatory Commission announced its rejection of Sichuan Changhong Electric Co.'s proposal to sell new stock in a private placement to investors, including Microsoft.** In April, Changhong said it would sell 400 million new shares to 10 institutional investors. Proceeds from the sale is expected to use to pay its affiliate 1.9 billion yuan (US\$260.1 million) for a 75 percent stake in Sterope Investments BV, a Dutch firm that owns South Korea's Orion PDP Co., a plasma-panel maker. In June, Microsoft China agreed to buy 15 million new shares for 94 million yuan (US\$12.9 million).

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## Taiwan

### *Media, Entertainment and Gaming*

- **Vastar Cable TV System, an MSO (multi-system operator of cable TV) in central Taiwan and a WiMAX licensee for the southern region of Taiwan, disclosed its plans to use its cable TV network to begin operation of voice and fiber-optic broadband data communication services in central Taiwan in January 2008.** Vastar said it has obtained a license to operate fixed-line communication services in central Taiwan. The plan will see Vastar link, its cable TV network, to upgrade Internet access service and provide local voice communication. The company said it also plans to use the fiber-optic connection to provide IPTV service.
- **Gamania Digital Entertainment, an operator of online games in Taiwan, announced the licensing of Hero: 108, its first self-produced serial animation, to the U.S.-based Cartoon Network.** The series will debut in the U.K. market in the first quarter of 2009. Under the deal, Gamania, MYP and Cartoon Network will share the total production, post-production and channel delivery costs as well as total operating revenues including royalties from licensed merchandising, advertising and DVD sales. The company said that in addition to Hero: 108, Gamania has offered Mig Said, a series of independent short animated stories of one to two minutes catering to pre-school children, for broadcast by the Cartoon Network in Japan and Nick Jr. in the UK. Gamania has licensed Mig Said with France-based Millimages for distribution in other markets.

### *Mobile/Wireless*

- **Global Mobile, a WiMAX licensee for the northern region of Taiwan, announced that it has raised an initial paid-in capital of NT\$1.1 billion (US\$34.7 million), a figure higher than the required minimum of NT\$1 billion (US\$30.7 million), from shareholders in various industries.** With a registered capital of NT\$3.5 billion (US\$107.6 million), Global Mobile plans to raise additional capital in 2009, with the company targeting the existing shareholders.

### *Hardware*

- **UTStarcom Inc. announced that it has secured a contract with Markwell Industrial Co. Ltd. to deploy its RollingStream end-to-end IPTV solution in Taiwan.** Markwell will utilize the end-to-end RollingStream system to deploy IPTV-enabled triple-play services throughout Taiwan. The Markwell contract includes system capacity for 500,000 RollingStream IPTV subscribers and 20,000 set-top boxes initially. UTStarcom said that part of its plans is to set up an additional 480,000 RollingStream set-top boxes over the next two years.

### *Ventures/Investments*

- **U.S.-based GTECH announced that it has established a joint-venture with Taipei Fubon bank to provide sports betting technology and services to Taiwan's first legalized sports lottery.** GTECH is Lottomatica's wholly owned subsidiary. Under the agreement, GTECH will become a 24.5 percent equity member in the joint-venture and provide enterprise central system hardware and software as well as 1,500 Altura retailer terminals. In collaboration with Hong Kong Jockey Club, GTECH said it will provide communications network design, data center consultancy and integration of account betting and risk management systems to Taipei Fubon bank. The company forecasts about US\$33 million in revenue for the license period commencing in April 2008 through December 2013.

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## Hong Kong

### *Telecommunications*

- **According to a spokesman for the territory's Commerce and Economic Development Bureau, the Hong Kong government is inviting public views on the proposed introduction of a Unified Carrier License (UCL), which refers to a new licensing method to be applied for fixed-mobile convergence in the telecommunications sector.** The UCL will be the single licensing vehicle regulating all kinds of fixed, mobile and converged telecommunications services. With the blurring of differences between mobile and fixed-line communication devices, the UCL is meant to replace the four existing types of carrier licenses, which include fixed carrier license, fixed carrier (restricted) license, mobile carrier license and mobile carrier (restricted) license— upon expiry of the said licenses. The spokesman also indicated that existing operators may also apply to convert their relevant licenses to UCL on a voluntary basis before the expiry of their licenses. In a separate development, the Telecommunications Authority has a separate consultation paper covering the special conditions to be attached to the UCL, the approaches for granting UCL under different scenarios and the migration arrangement of existing licenses to UCL. The consultation is expected to last for two months until February 20, 2008.

## Singapore/Malaysia/Philippines/Indonesia/India

### *Media, Entertainment and Gaming*

- **Malaysian casino operator Resorts World Bhd announced a plan to sell its entire stake in Singapore-listed Genting International to Resorts World shareholders.** The report said that Resorts World, which owns about a 6.2 percent stake in Genting International, could raise about 527 million ringgit (US\$158.9 million) from the sale. The divestment is reportedly aimed at allowing the Resorts World group to streamline its investments, with the proceeds to be used for investments and acquisitions. Genting International, which owns gaming firm Stanley Leisure plc said it looks to spending as much as S\$6 billion (US\$4.1 billion) to build a casino resort on Singapore's Sentosa Island. Resorts is 48 percent-owned by Malaysian gaming giant Genting Bhd.

### *Hardware*

- **Asustek Computer is relocating its sales and marketing operation to Singapore given the low tax rates.** The company said it is also reshuffling its own-brand and OD/OEM businesses. With the spin-off of the company's own-brand business, Asustek is considering transferring the role of brand marketing to its Singapore subsidiary, Asus Technology Pte, leaving only R&D work to be performed at the company's Taiwan headquarters.

### *Telecommunications*

- **NTT DoCoMo Inc. announced raising its stake in Philippine Long Distance Telephone Co. (PLDT) to 19.6% from 18.7%.** NTT, Japan's leading mobile-phone carrier, said in a filing with the Securities and Exchange Commission that it beneficially owns 37.1 million shares of PLDT. NTT previously reported owning 35.2 million shares of PLDT.
- **India Mobile services provider Spice Telecommunications announced that it has approved the sale of 875 telecom towers of the company to a tower operating company.** Some reports suggest that the towers would be sold to Quipo Telecom, a tower company promoted by Srei Group. Media reports suggest that the deal with Quipo could be estimated at about Rs 500 crore (US\$126.5

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million) which values each tower at roughly Rs 57 lakh (US\$144,000). Spice also said the board has decided to avail borrowing facilities of up to US\$400 million from Hong Kong & Shanghai Banking Corp and another US\$410 million from China Development Bank for expanding its networks in Karnataka and Punjab, the two circles where it currently offers mobile services. Spice is a 51:49 joint venture between ModiCorp and Distacom Communications Limited of Hong Kong. Recently, the other mobile companies like Bharti Airtel, Idea, and Vodafone, transferred their passive towers to a separate tower arm called Indus Towers which would hold 70,000 towers. The Tatas and Reliance Communications have also hived of their tower assets as separate businesses. Reliance sold a 5 per cent stake in its 14,000-strong tower business RTIL to a group of private equity investors for US\$337.5 million, which valued the company at US\$6.75 billion.

- **Asia Netcom and Telekom Malaysia Berhad announced that they have signed a partnership agreement for Network-to-Network Interconnection (NNI).** The deal is expected to further expand both companies' coverage into key growth markets in Southeast Asia and the Middle East as well as improve communication efficiencies for their customers.

## *Ventures/Investments*

- **Data center operator IP-Converge, announced that it is planning to enhance its partnership with Salesforce.com in a bid to target customers in the region.** Earlier in May this year, IP-Converge entered into a partnership with San Francisco-based Salesforce.com, a company that delivers web-based enterprise software. Under the partnership, IP-Converge will integrate local clients with Salesforce.com's services. IP-Converge, which is under the IPVG Group, has a partnership with Hong Kong service provider PCCW. It is also entering into a partnership with a U.S.-based network security firm in offering managed security services.

## **United States/Canada**

### *Media, Entertainment and Gaming*

- **Warner Music Group announced that it has agreed to sell its tunes on Amazon.com Inc.'s digital music store.** Before this move, the company has resisted offering its songs in the MP3 format. The format allows users to copy songs to multiple computers and digital media players. The move now brings up the total number of MP3s for sale through Amazon's music download store to more than 2.9 million, with major music labels Universal Music Group and EMI Music Group PLC having already signed to sell large portions of their catalogs on Amazon together with thousands of independent labels.
- **According to media sources, Apple Inc. and Twentieth Century Fox are getting ready to announce a deal that will enable consumers to rent Fox movies through Apple's digital iTunes Store.** Under the agreement, consumers can rent Fox's latest DVD releases by downloading a copy from the online iTunes store for a limited time. No comments were available from the News Corp, Fox's parent, and Apple.

### *Software*

- **Double-Take Software announced its acquisition of all of Montreal-based TimeSpring's outstanding shares.** The deal is estimated to be worth US\$8.3 million plus transaction costs. The U.S.-based Double-Take said the acquisition will boost its protection and back-up product line.



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Montreal-based TimeSpring's business is expected to extend Double-Take's capability to recover the most recent version of data, applications and operating systems beyond disaster recovery.

- **Chordiant Software Inc., a California-based business software maker, announced that it has signed a global framework agreement with a telecommunications company.** The deal is estimated to be worth US\$26.1 million. Chordiant did not reveal the name of the company although some media reports named Vodafone as the company. Under the deal, Chordiant will provide perpetual enterprise licenses and support for two product suites for up to 18 group companies or subsidiaries in various countries.
- **According to the Consumer Electronics Association (CEA), one out of every two U.S. households has a digital television.** The trade group sees this as an indicator that the U.S. is switching to all-digital broadcasting. U.S. manufacturers are projected to take in more than US\$25 billion in DTV sales this year, which represents an 11 percent increase from 2006. In 2008, the group is forecasting a 17 percent increase in unit sales and 13 percent growth in revenues. Earlier, the Federal Communications Commission has ordered all U.S. TV broadcasts to be exclusively digital as of Feb. 17, 2009. The deadline became law early last year. Starting in March 2007, all new TV sets that could receive over-the-air signals were required to include digital or HDTV tuners.

## Europe

### *Mobile/Wireless*

- **According to its spokesman, Nokia has decided to postpone again the launching of its gaming service N-gage given delays in software testing.** The gaming service, together with a music shop and mapping services, is a significant part of Nokia's foray into mobile Internet services under its new Ovi brand. Nokia said it has also moved to next year the planned expansion of its digital music store offering.
- **Private-equity firm Carlyle Group agreed to pay slightly more than €1 billion (US\$1.44 billion) for a 35% stake in cable operator Numericable and corporate telecommunications provider Completel.** Carlyle's deal is for half of Cinven Group Ltd.'s 70% stake in Numericable and its sister operator, Completel. Carlyle intends to help drive consolidation in the telecom and cable sector in France and abroad and bolster Numericable's rollout of a next-generation broadband network. The deal comes only a day after France's second-largest mobile operator, SFR, announced plans to take control of the country's second-biggest broadband provider, Neuf Cegetel SA, and boost spending on next-generation fiber-optic networks.

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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 12/28/07)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2007	% Change 1/1/2006
Japanese yen	¥/US\$	112.3200	-1.5%	1.0%	-5.7%	-4.6%
Hong Kong dollar	HK\$/ US\$	7.8028	0.04%	0.2%	0.3%	0.6%
Chinese renmenbi	RMB/ US\$	7.3036	-0.8%	-1.3%	-6.4%	-9.5%
Singapore dollar	S\$/ US\$	1.4454	-0.6%	-0.2%	-6.0%	-13.1%
South Korean won	KRW/ US\$	935.7000	-0.5%	1.6%	0.6%	-7.4%
New Taiwan dollar	NT\$/ US\$	32.4970	0.04%	0.7%	-0.3%	-1.0%
Australian dollar	US\$/A\$	0.8764	1.0%	-0.9%	11.1%	19.6%
New Zealand dollar	US\$/NZ\$	0.7744	1.4%	1.4%	10.0%	13.3%
Philippine peso	PHP/ US\$	41.2000	-0.2%	-2.6%	-15.9%	-22.4%
Euro	US\$/€	1.4727	2.4%	0.7%	11.6%	24.3%
British pound	US\$/£	1.9962	0.6%	-3.0%	1.9%	15.9%

## Fixed Income Prices and Yields

Note	Currency	Current (on 12/28/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	107.99	4.51%	106.74	4.58%	106.86	4.57%
Japan 30-year	¥	103.03	2.33%	102.22	2.37%	102	2.39%
Hong Kong 10-year	HK\$	100.19	3.53%	101.57	3.36%	103.38	3.15%
China (06/16)	US\$	110.71	3.23%	110.71	3.23%	110.71	3.32%
Singapore 10-year	S\$	108.20	2.68%	108.45	2.65%	107.1	2.83%
South Korea 20-year	KRW	9,766.00	5.61%	9,766.00	5.61%	9,413.90	5.87%
Australia 15-year	A\$	91.39	6.33%	92.34	6.21%	93.78	6.02%
New Zealand (12/17)	NZ\$	97.01	6.41%	96.94	6.42%	96.65	6.46%
Philippines 20-year	PHP	117.30	8.41%	121.60	8.53%	101.97	8.41%
India 30-year	INR	101.59	8.18%	101.22	8.22%	100.77	8.26%
UK 30-year	£	97.99	4.37%	96.93	4.44%	96.54	4.47%
Germany 30-year	€	90.29	4.61%	90.60	4.59%	90.97	4.57%

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