

IRG WMR



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

Week of 2 March - 9 March, 2008

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



Week of 24 February- 1 March 2008

Table of Contents

Equity Market Indicators	3
Technology, Media, Telecommunications and Life Sciences Market Activity	4
Weekly Highlights	5
International	5
Japan	5
Korea	7
China	8
Taiwan	12
Hong Kong	13
Singapore/Malaysia/Philippines/Indonesia/India	15
United States/Canada	15
Europe	22
Other Economic Data	25
Currency Exchange Rates	25
Fixed Income Prices and Yields	25

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



Week of 2 March- 9 March 2008

Equity Market Indicators					
Index	Closing Level (3/7/2008)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
S&P 500	1,293.37	-2.8%	-2.8%	-11.9%	-8.8%
Dow Jones Industrial Avg.	11,893.69	-3.0%	-3.0%	-10.3%	-4.6%
Dow Jones Tech. Index	390.06	-2.1%	-2.1%	-15.1%	-5.5%
Dow Jones Telecom. Index	268.64	-3.1%	-3.1%	-14.3%	3.3%
NASDAQ Composite	2,212.49	-2.6%	-2.6%	-16.6%	-8.4%
The Street.com Net	242.24	-2.2%	-2.2%	-14.0%	-2.0%
Japan Nikkei 225	12,782.80	-6.0%	-6.0%	-16.5%	-25.8%
JASDAQ	63.32	-2.6%	-2.6%	-12.3%	-26.5%
Japan Mothers	634.64	-8.7%	-8.7%	-19.0%	-42.9%
Korea KOSPI Composite	1,663.97	-2.8%	-2.8%	-12.3%	16.0%
Korea Kosdaq	643.75	-1.9%	-1.9%	-8.6%	6.2%
Taiwan Stock Exchange	8,531.38	1.4%	1.4%	0.3%	9.0%
Singapore Straight Times	2,866.28	-5.3%	-5.3%	-17.3%	-1.8%
Hong Kong Hang Seng	22,501.33	-7.5%	-7.5%	-19.1%	12.7%
Hong Kong GEM	981.51	-7.5%	-7.5%	-27.3%	-19.9%
China Shanghai (A-Share)	4,512.22	-1.1%	-1.1%	-18.3%	60.3%
China Shenzhen (A-Share)	1,441.66	-0.3%	-0.3%	-5.2%	153.1%
China Shanghai (B-Share)	309.48	-0.4%	-0.4%	-15.4%	137.8%
China Shenzhen (B-Share)	632.73	-0.3%	-0.3%	-10.8%	46.0%

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



Week of 2 March- 9 March 2008

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 2/15/08	% 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 2/15/08	% 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 2 March- 9 March 2008

Weekly Highlights

International

- **CeBIT tech show opens under theme of green IT as it officially launched in the northern German city of Hanover.** The six-day fair this year focuses on environmentally-friendly computers and other information technology systems. Cisco Systems manager Jan Roschek estimated that the IT sector is responsible for about 2 percent of the world's carbon dioxide emissions. This year, the CeBIT tech show is built on three pillars, namely: Business Solutions, Public Sector Solutions and Home & Mobile Solutions, which are expected to offer visitors a preview of the future of the ever-changing IT industry with high-tech gimmicks, gadgets and stunts. The fair attracted 5,845 exhibitors from 77 nations leasing booths to demonstrate software and new digital equipment, among which are 650 Chinese companies. For the second year, China ranked first among overseas exhibitors at CeBIT.

Mobile/ Wireless

- **Mobile phones compete to profit from the lucrative market of mobile social networking.** Several years of intense competition between Facebook, MySpace and Friendster have generated tens of millions of members. But the mobile market poses an even bigger potential as there are 3.3 billion mobile phone subscribers around the world, a number that far surpasses the total of Internet surfers. The advantage of mobile over the computer-based communities, according to analysts, is the mobile phone's innate ability to know where users are due to global positioning satellites and related technologies. Informa Telecoms said in a report that about 50 million people, or about 2.3 percent of the global population of mobile users, are already using the cellphone for social networking, from chat services to multimedia sharing. The market research company forecast that the penetration rate would mushroom to at least 12.5 percent in the next five years. AOL, Yahoo and Nokia have their own initiatives to create discrete communities out of mobile phone users.

Hardware

- **International media outlets said that Samsung Electronics and Sony have virtually agreed to jointly invest in a new flat-screen production line.** Reuters and other news agencies reported the two electronics giants will invest a total of US\$1.9 billion dollars to build a new production line at their liquid crystal display plant in Tangeong, South Chungcheong Province. According to the reports, the new line will churn out 50,000 to 60,000 large-sized LCD panels a month, starting in the first half of next year. Samsung said a final announcement will not be made until after April as the two companies are still negotiating.

Japan

Telecommunications

- **Fujitsu Limited announced that it will upgrade the capacity of the South East Asia-Middle East-Western Europe 4 (SEA-ME-WE 4) submarine cable network connecting numerous countries between Singapore and France.** With completion scheduled in 2009, this multi-million dollar second upgrade project will further triple the existing trunk capacity of the system, enabling SEA-ME-WE 4 to support the increased broadband traffic requirements along the route. Owned and operated by 16 international telecommunications carriers with 16 landing points. Fujitsu had the turnkey responsibility of designing and laying for Segment 1 linking Singapore to Mumbai. The network's capacity was subsequently doubled in the third quarter of 2007.

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



Week of 2 March- 9 March 2008

Hardware

- **Pioneer Corp. said it would incur losses this fiscal year as it booked charges to pull out of plasma television-panel manufacturing after failing to convince consumers to pay steep prices for its TVs.** The company cuts its net outlook for this fiscal year through March to a 15.0 billion yen (US\$147.1 million) loss from the 6 billion yen (US\$58.8 million) profit it previously expected. It blamed expenses for the plasma-panel pullout as well as higher taxes for the second downward revision in its profit outlook in just over four months. Instead of manufacturing its own panels, Pioneer said it is now in talks with Matsushita Electric Industrial Co. on securing supplies for its TV sets.
- **Fujitsu Ltd. announced the release of its new series of MHZ2 BT 2.5" hard disk drives with capacity of up to 500 GB.** The new series responds to the growing need for hard drives in the 2.5" form factor that can handle high-volume storage for such products as digital video recorders and external hard drives. The MHZ2 BT series requires only 1.8 W of power for read and write operations, ranking it among the most power-efficient drives in its class. The series is one of many new products announced as part of Fujitsu's Green Policy Innovation program, unveiled in December 2007 to promote energy-efficient products and services as a way to help customers lower their ecological footprint.

Mobile/ Wireless

- **Samsung Electronics Co. plans to build a high-speed wireless internet network based on Korea's home-grown technology WiBro in Japan.** Samsung said that it has agreed with UQ Communications Inc. of Japan to provide equipment and facilities to establish the WiBro network. UQ Communications, a consortium led by Japan's second-largest mobile carrier KDDI, plans to start a test service in Tokyo and Yokohama in February next year and launch the commercial service around next summer.
- **Mitsubishi Electric pulled the plug on its mobile handset operations, citing intense competition in the Japanese market.** Local vendors are struggling to compete as handsets made by the major European and U.S. players grow in popularity in Japan. Mitsubishi is the second major Japanese name to disappear from the market this year, following Kyocera's acquisition of Sanyo Electric's unprofitable mobile phone arm in January. Closure of the mobile unit will affect 600 employees across R&D, manufacturing and sales, although Mitsubishi said these will be repositioned within the group, mainly at its communications systems business.

Technology

- **The Japanese government is so bullish about the technology that it has earmarked US\$309 million a year for fuel cell development and plans for 10 million homes, about one-fourth of Japanese households, to be powered by fuel cells by 2020.** The technology, which draws energy from the chemical reaction when hydrogen combines with oxygen to form water, is more commonly seen in futuristic cars with tanks of hydrogen instead of gasoline, a key factor in pollution and global warming. Nearly every home in Japanese cities is supplied with natural gas, which could make it relatively easy to spread fuel cell technology there.
- **A plan by Chubu Electric Power Co. to use plutonium-uranium mixed oxide fuel to generate electricity at a nuclear plant in Shizuoka Prefecture received approval from the government, clearing the way for its implementation.** Governor Yoshinobu Ishikawa formally conveyed the

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



Week of 2 March- 9 March 2008

local consent to the so-called pluthermal, or plutonium-thermal, plan to Chubu Electric President Toshio Mita at his office.

Media, Entertainment and Gaming

- **Walt Disney will team up with several Japanese companies to produce animated features in Japan.** Disney will work with Toei Animation, Madhouse and Jinni's Animation Studios. The Nikkei reported that the move was made to help Disney gain wider acceptance of its animated programming in Asia. The Nikkei said the partnerships would allow Disney to tap local talent and computer graphics technology to produce programs for audiences in Japan and across Asia. These programs will be broadcast by satellite and terrestrial channels, but Disney will also look into delivering content to mobile phones, the report said. For Disney, this will mark the first time that it has gone outside of the U.S with the core production processes for major programs. The studio has tried to enter the global animation market by exporting programs, but it has concluded that production should be done locally so that its shows will be widely accepted in different countries and cultures.

Korea

Semiconductors

- **Korea's semiconductor exports that have been falling since last year, fell 28.5 percent in February with total overseas sales reaching US\$1.4 billion.** The negative growth marks the sixth month in a row that semiconductor exports fell on a year-on-year basis, according to the Ministry of Knowledge Economy. Parts for digital TVs rose 30.0 percent in the cited month with LCD TV shipments jumping 34.5 percent.

Hardware

- **Park's Digital Media Business unit, in charge of products like televisions, digital audio/video players and printers, aims for 30 trillion won (US\$31.7 billion) in global sales this year, up more than 15 percent from 26 trillion won in 2007 (US\$27.5 billion).** Shipments of printers and monitors and other IT products posted a 13 percent growth last year to about US\$10 billion, driven by strong sales through the B2B channel.
- **Samsung Electronics Co. released the world's first 3D-ready plasma TV set, which allows people to enjoy three-dimensional movies and games at home.** Users need to wear a pair of special glasses to experience the 3D effect. The TV set, Pavv Cannes 450, also produces clearer images, with a contrast ratio of 1 million to one, the company explained. It comes in two sizes - 42 inches and 50 inches - with a price tag of 1.75 million won (US\$1,868) and 2.5 million won (US\$2,668). The 3D accessory kit, which includes glasses and the software, which runs on a PC connected to the TV set, costs about 150,000 won (US\$160), additionally. The company plans to expand its 3D TV lineup.
- **The Electronic Times (Korea) reports that LCD makers pressure suppliers to lower cost.** In the booming LCD panel market, back light unit (BLU) makers still suffer from the pressure from panel makers to lower the price. Those supplying the large volume to Samsung Electronics and LG Display only mark a mere operating income rate of 1 percent and others are in deficit. Last year, the panel prices have increased while the prices of BLU kept decreasing. But, Taiwanese BLU makers mark much higher operating income making many raise the pressure of low price from panel makers and the practice of vertical integration should be removed to prevent the crisis of bankruptcy among suppliers. An industrial source said that Samsung Electronics and LG Display have decreased the BLU prices by 5 percent every quarter in the cooperation with suppliers.

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



Week of 2 March- 9 March 2008

- **Korea's digital electronics exports rose 7.7 percent year-on-year to US\$9.8 billion in February due to strong demand for mobile phones and liquid crystal displays, according to the government.** The Ministry of Knowledge Economy said last month's imports of digital electronics rose 15.8 percent to US\$5.6 billion with the trade surplus reaching US\$4.2 billion. The size of the surplus is 1.7 percent smaller than last year. Mobile phone exports rose 22.9 percent to US\$1.6 billion during the cited period, while those for LCDs were up 36.1 percent to US\$1.5 billion. Demand for premium mobile phones has been going up in recent years making them Korea's number one digital export, surpassing semiconductors. Mobile phone exports that had been hurt by cheap phones made by foreign rivals in 2005 and 2006 started to pick up as global consumers started to look for high-end products that local companies make.

China

Internet

- **Members of an overseas Chinese democracy party has sued Yahoo for human rights abuses, claiming the company turned over information to Beijing about a colleague that led to his arrest and jailing.** Zheng Cunzhu, a Los Angeles businessman and member of the China Democracy Party, sued on behalf of Li Zhi, a party member sentenced in 2003 to eight years in prison after Yahoo supplied information to identify and convict him, according to the complaint filed in San Francisco federal court. The February 22 lawsuit comes three months after Yahoo agreed to provide legal, humanitarian and financial support to the families of two jailed mainland writers to resolve a similar lawsuit over disclosures made to the central government that led to their arrests. Yahoo chief executive Jerry Yang apologized to the families at a U.S. congressional hearing last November.
- **SK Telecom Co. plans to open an online marketplace in China this year and is contacting Taobao and other Chinese e-commerce firms for possible partnerships, according to the company.** Last week, the company opened a customer-to-customer online shopping site, "11st", targeting the country's US\$17.0 billion e-commerce market, currently dominated by Yahoo-owned Gmarket and eBay Inc.'s local unit. Aside from offering everything from shoes to flat-screen TVs and air tickets, the new site allows customers to chat with other shoppers and synchronize their PC screens allowing them to shop together. The company is aiming for more than 1 trillion won (US\$1.1 billion) in transaction value in 2009. SK Telecom expects to start generating profits once transaction value reaches 1 trillion won (US\$1.1 billion), helped by gains from mobile payment and advertisements. As mobile operators struggle in the saturated market, SK plans to combine its e-commerce business model with its efforts to grow in overseas markets, such as China.
- **Ctrip.com International said quarterly net profit doubled, beating expectations because of higher bookings and pushing its share price up in after-hours trade.** The company, which is benefiting a wealthier and expanding mainland middle class who is spending more on travel, said it is growing faster than its competitors. Ctrip.com confirms that its market share increased last year mainly due to such events as the Beijing Olympic Games in August and the Shanghai World Expo in 2010. For full-year, Ctrip said it expected to continue year-on-year net revenue growth of around 35 percent.

Mobile/Wireless

- **China Hualu Group Co., Ltd. announced its entry into the domestic mobile phone market.** The company will introduce six series of concept mobile phones in March as the first step of the strategy. China Hualu is controlled by the State-Owned Assets Supervision and Administration Commission of the State Council and mainly engages in the audiovisual, movie and IT industries.

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



Week of 2 March- 9 March 2008

- **Beijing has completed the testing of the TD-SCDMA standard on the mobile phone network, edging closer to the commercial launch of the homegrown technology, industry insiders said.** The field tests were carried out in 10 major cities, involving only employees of the telecommunications companies and professional users. The central government wants to showcase the TD-SCDMA standard during the Beijing Olympics since a successful trial would pave the way for the issuance of 3G licenses. The process is now the optimization phase and afterwards, trials involving citizens will be launched. China Mobile has spent about 25 billion yuan (US\$3.5 billion) on building a TD-SCDMA trial network in eight cities: Beijing, Shanghai, Guangzhou, Shenzhen, Qinhuangdao, Xiamen, Tianjin and Shenyang.
- **China Mobile and China Netcom will put their homegrown TD-SCDMA networks into operation during the Beijing Olympic Games.** According to China Mobile, the company will conduct related testing after terminal acquisition and provide TD commercial services for common users in the Olympic Games period. China Netcom has not received any notification to transfer its own TD trial network to China Mobile, therefore the company will undertake the network operation independently in the period. By now, China Mobile has built TD trial networks in Beijing, Shanghai, Tianjin, Guangzhou, Shenzhen, Shenyang, Xiamen and Qinhuangdao while China Netcom has a TD network in Qingdao.
- **China Mobile Ltd. foresees only a small Chinese stock market float when its planned listing finally goes ahead, according to the company's chief executive officer Wang Jianzhou.** Further according to Wang, there are a lot of procedural issues to be resolved, but China Mobile is working hard on returning to the A-share market.
- **China Mobile is negotiating with overseas partners to lower its international roaming fee.** China hammered out a scheme to lower the ceiling of domestic roaming fee. The scheme will be fully implemented by China's two mobile operators, China Mobile and China Unicom on April 1, 2008. According to the company, the reduction of domestic roaming fee will also reduce China Mobile's revenue, but it expects that the loss will be offset by expected increase of subscriber number and profit from data services.

Telecommunications

- **China's communications industry got positive results in the first month of 2008.** For the period, the industry generated a total business volume of 184.6 billion yuan (US\$25.9 billion), rising 27.8 percent year-on-year, and 69.5 billion yuan (US\$9.8 billion) business revenues, up 9.9 percent year-on-year, including 31.3 billion yuan (US\$4.4 billion) contributed by the mobile communications networks, growing 15.2 percent. In January, the talk time of long-distance calls through fixed-line telephones reached 8.06 billion minutes in China, down 0.4 percent from the same month of 2007. But the talk time through mobile phones totaled 221.89 billion minutes, hiking 36.2 percent, in spite of the impact from the snowstorm in South China. 54.64 billion short messages were sent through mobile phones in the month, up 32.8 percent. In the month, 6.987 million telephone clients were newly added in the country, increasing the total number to 919.7 million. The number of fixed-line telephones users decreased by 1.496 million but that of mobile phone users increased by 8.483 million up to 556 million.
- **CLSA noted that the Ministry of Information Industry confirmed yesterday that the China's telecom restructuring is underway.** According to CLSA, restructuring has passed the first hurdle, but the process could drag on as the government is trying to create "super ministries" by combining

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



Week of 2 March- 9 March 2008

the MII with other ministries. This is likely to require new Vice Premier Wang Qishan's approval, and CLSA expects no real change in the sector until 2009.

- **China Unicom said that reshuffle of China's telecom industry is expected to start in the first half of this year.** According to market hearsay, the company will be separated in the reshuffle to form two full-play telecom operators. China Unicom has denied rumors about the company's plan for refinancing.
- **Nokia China opens new headquarters in Beijing.** It is a six-story building that has a total floor area even larger than that of its world headquarters in Finland. The new headquarters will house 2,000 research and development and management staff. The headquarters, R&D center inside and manufacturing base located in the Beijing Economic-Technological Development Area in Yizhuang, southeastern Beijing, will form the Nokia China Campus. The headquarters building started construction in May 2006 with an investment of 450 million yuan (US\$60 million).

Media, Entertainment and Gaming

- **SK Telecom announced that the company has signed an investment agreement with Beijing TaiheMusic Co., Ltd (TR Music) acquiring a 42.2 percent stake of the recording company.** SK Telecom will participate in the management of the company as the equal majority shareholder along with Taihe Media, the current largest shareholder. Through this agreement, SK Telecom expects to create strong synergy effects with its other businesses such as mobile phone, content, and convergence services. SK Telecom and TR Music will focus on pioneering new business areas, developing capable producers, fostering young talent while striving to develop new business models for digital music contents. The Chinese music market is posting continued growth due to the broad consumer base, fast-growing digital music service, and government efforts to address the illegal market. With the advancements, SK Telecom plans to build the TR music into a major music label not only in China but also in Asia. Digital contents created by TR Music will also be offered through Viatech and UNISK, SK Telecom's subsidiaries in China. This will help SK Telecom secure strong distribution networks in the digital contents market and create synergy with telecommunications and convergence business in the future.
- **Giant Interactive Group Inc. announced that it has established cooperation with Huawei Technologies on R&D of server platforms for online games.** The two companies would make joint efforts to develop next generation computing platforms to improve maintenance, customer service, and players' overall game experience. Under the agreement, Huawei would provide high-level hardware and customized software, and Giant Interactive, which recently saw peak concurrent users of its pillar game ZT Online breaking 1.5 million, will set multiple indicators for server operation and optimization, based on its know-how of China's online game industry. Giant Interactive has applied its self-developed advanced server engine to its new game Giant Online, which will enter into public testing soon and is expected to draw one million concurrent players. According to iResearch, Giant Interactive generated revenues of 440 million yuan (US\$61.8 million) in the fourth quarter of 2007, ranking third among domestic peers, only after Shanda and Netease.
- **CDC aims for US\$1 billion revenue within the next three years.** The company believes that without that billion-dollar scale, it cannot compete with the Microsofts of the world. It claims to be currently the only Chinese software company with the global reach to achieve that. The drive to reach a competitive, world-class scale, following the ambitious path taken by Lenovo Group in the computer hardware sector, is expected to help stimulate further development in the mainland software market. According to Thomson Financial, CDC's sales should grow 15.6 percent to US\$426.1 million

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



Week of 2 March- 9 March 2008

this year from US\$399.7 million last year. Net profit this year is forecast to rise 6.05 per cent to US\$33.1 million from US\$31.3 million. From April 2002 to September last year, CDC Software has made about 16 strategic corporate acquisitions including human resources and payroll management software specialist Platinum China and United States-based ERP supplier Ross Systems.

- **Shanda Interactive Entertainment reported a 21.8 percent increase in fourth-quarter profit after it upgraded titles and strengthened promotions.** Profit for the quarter hit US\$40.1 million, as sales surged 51.8 percent to US\$97.8 million from a year earlier. The company expected first-quarter revenue to grow another 6 to 9 percent to between US\$103.6 - 106.6 million, against a consensus estimate of US\$97.5 million. Active paying accounts increased 12.7 percent from the previous quarter to US\$3.47 million, but the average rate dropped 3.1 percent to 57.8 yuan (US\$8.12) per month. Players were drawn to Shanda's games because of the release of upgrade packs and promotions, said Citigroup.

Hardware

- **Dell recently announced that it started selling in China its Inspiron 530 and 531 desktops preinstalled with the Ubuntu 7.10 operating system.** Ubuntu will provide one-year technological support for its products, while Dell will provide guidance on basic installation, startup and uninstallation. In 2007, Dell cooperated with Novell on the introduction of the Optiplex 755 and 330 desktops preinstalled with the SUSE Linux Desktop 10 operating system targeting the Chinese users.
- **UTStarcom Inc., China's networking solutions provider, announced that its IP Video Surveillance (IPVS) system had been selected by China Netcom to serve as the primary design and deployment platform for the latter's Safe-City project in Benxi, Liaoning Province.** Financial details of the deal were not disclosed. UTStarcom is responsible for the overall design, implementation and construction of the entire surveillance system in this project and the company would establish 700 surveillance points (cameras) throughout Benxi in the first phase of the project.

Semiconductor

- **Samsung Corp. achieved a total turnover of about US\$38.9 billion in the Greater China Region for the fiscal year 2007, up US\$9.0 billion compared from US\$29.7 billion a year ago.** Samsung's turnover reaped in the region, including Mainland China, Hong Kong, Macao and Taiwan, had accounted for about 25 percent of the total it achieved overseas by the end of 2007, said the South Korean consumer electronics giant in a statement on its website. Notably, the turnover it achieved in Mainland China reached a record high of about US\$10.8 billion in 2007, accounting for more than 40 percent of the total it captured in the region.
- **China Securities Regulatory Commission urged Amoi Electronics to carry out corporate reform after investigating into its huge losses.** In responding to the requirement of CSRC, the company says that it will close down all of its branches and subsidiaries across the country and turn some of them into representative offices in a bid to reduce operational costs. Moreover, new management team of the company will make changes to the company structure and business models in the near future. In the third quarter of 2007, Amoi Electronics recorded net losses of 110 million yuan (US\$15.5 million), in contrast to losses of 352 million yuan (US\$49.5 million) for the first half of 2007. In the meanwhile, sales and gross profits of the company's mobile phone sector had been falling significantly. Its liquid crystal display TV and mobile phone businesses were both in struggling operations during the period.

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



Week of 2 March- 9 March 2008

Taiwan

Telecommunications

- **Chunghwa Telecom said net profit was NT\$1.9 billion (US\$61.5 million) in February, down 47.4 percent from a year earlier after booking a NT\$3.0 billion (US\$97.1 million) charge related to a foreign currency derivative contract.** Revenue rose 3.6 percent to NT\$16.0 billion (US\$519.8 million) but did not specify whether the unaudited figures were parent-level or consolidated.
- **Ericsson Telephone Company is aiming to become Taiwan's largest IPTV service provider in the next three years.** According to the company, there are now about 2 million registered users of IPTV service through fixed-line broadband in the global market, and the figure is estimated to sharply grow to 40 million in 2011. This means the IPTV service sector is poised to emerge all around the world. The company adds that to prosper, the sector should hammer out a series of common open standards; at the moment, the world's nine representative companies in the communication industry, namely AT&T, Ericsson, France Telecom, Sony, Samsung, Siemens, Panasonic, Philips and Telecom Italia, have together formed the Open IPTV Forum to do the job.

Hardware

- **Taiwan's Asustek aims to become the world's third-biggest laptop maker from its seventh-ranked position currently, according to a company executive.** The company had previously said it aimed to become the world's fifth-biggest laptop vendor by 2010. It sold 350,000 Eee PCs in the fourth quarter, according to Mercury Research, and aims to sell 5 million globally this year. Deutsche Telekom's T-Mobile said at CeBIT on Tuesday it would start selling the A5-sized Eee to customers in Germany and Austria for 299 euros (US\$459.0), with a contract including 300 hours of Internet access at T-Mobile hotspots. Europe is Asustek's most important market, bringing in 52 percent of its sales.
- **Compal Electronics, a Taiwanese contract laptop PC maker, said it expects laptop shipments to fall in the first quarter on weaker U.S. demand, but shipments will pick up from the second quarter.** After reporting a 60 percent rise in fourth-quarter profit that matched market expectations, Compal forecast its first-quarter laptop shipments would drop 5-7 percent from the fourth quarter. But second-quarter shipments will rise about 10 percent from the first quarter, while the second-quarter gross margin will fall slightly from the first quarter, when its gross margin was flat with the fourth quarter's 4.9 percent, the company said. Further, demand in the third quarter is expected to be strong leaving its 2008 shipment target unchanged at 32 million units.

Semiconductor

- **Powerchip Semiconductor Corp. said parent sales in February fell to NT\$4.86 billion (US\$158.6 million) from NT\$9.2 billion (US\$300.1 million) a year earlier.** In the first two months of the year, parent sales dropped to NT\$30.0 billion (US\$978.7 million) from NT\$21.0 billion (US\$685.1 million) in the previous period.
- **Qisda Corp. said it will invest US\$18 million in Qisda (Shanghai), a mainland China consumer electronics maker.** The company, formerly known as BenQ Corp., consigned the old name to its branded operations, which were spun off on Sept 1. The parent company now focuses on original design manufacturing for clients, including its BenQ unit.
- **Taiwan suppliers benefits with increasing MacBook Air notebook shipments.** Most key parts and the assembly works of Apple's MacBook Air are produced and handled by Taiwan-based

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



Week of 2 March- 9 March 2008

companies, according to industry sources. AU Optronics Corp. (AUO), the largest manufacturer of thin film transistor-liquid crystal display (TFT-LCD) panels in Taiwan, supplies LED-backlight 13.3-inch display to MacBook Air with a monthly value of NT\$500 million (US\$16.3 million). Kenmos Technology Co., Ltd. and Nano Electro-Optical Technology Co., Ltd. (Nano-Op), Taiwanese suppliers of the super-thin backlight units for the 13.3-inch TFT-LCD displays, are also expected to benefit from increasing MacBook Air shipments.

- **Advanced Semiconductor Engineering Inc. (ASE) said it signed a NT\$24.8 billion (US\$809.1 million) syndicated loan agreement with banks led by the Taipei branch of Citibank NA.** ASE, a global independent integrated circuit packaging and testing firm, said the financing will facilitate its plans to take over 100 percent ownership of Singapore's ASE Test Ltd, of which it is now majority owner.

Hong Kong

Software

- **CDC Software, a wholly-owned subsidiary of CDC Corp., agreed to buy a controlling stake in a Hong Kong-based vendor of ERP systems, as part of its strategic expansion in China.** CDC Software will have a 51 percent stake in Integrated Solutions Limited upon the completion of the transaction by the end of March, the companies announced. The company declined to reveal the cost of the transaction, citing CDC Software's ongoing preparation for a public listing in the United States.

Telecommunications

- **PCCW is expected to report 35 percent net profit growth for the year to improve on improvements in its core fixed-line business and narrowed losses from pay television and mobile operations, analysts estimated.** The company will announce its results for last year on Thursday. Market estimates for its net profit are in the range of HK\$1.58 billion (US\$202.9 million) to HK\$1.7 billion (US\$218.3 million), representing an increase of between 25 percent and 35 percent year on year. Market sources believe that a rebound in its core operations, coupled with the recent poor performance of its share price, may cause its second-largest shareholder China Netcom Group to boost its stake or even help key shareholder Richard Li Tzar-kai exit from the company. Lower sales at its property arm were likely to have reduced revenue to the range of HK\$22.9-23.7 billion (US\$2.9-3.0 billion) from HK\$25.6 billion (US\$3.3 billion) in 2006, analysts said.

Mobile/ Wireless

- **SmarTone Telecommunications announced that its net profit rose 270 percent to HK\$161 million (US\$ million) for the six months ended December 2007.** Revenues fell by 2 percent to HK\$2.1 billion (US\$269.7 million) with the growth in mobile service revenue offset by the drop in mobile telephone and accessory sales. It declared an interim dividend of 28 cents per share, payable on April 15, 2008.
- **TCL Communication Technology Holdings reported a rise in net profit of 120 percent to HK\$33 million (US\$4.2 million) in 2007 on strong overseas sales growth, despite a slump in domestic turnover.** Operating profit jumped 246 percent to HK\$52 million (US\$6.7 million), excluding a loss of HK\$19 million (US\$2.4 million) stemming from convertible bonds. However, sales fell 10 percent to HK\$4.97 billion (US\$638.4 million) in the year, compared with HK\$5.5 billion (US\$706.4 million) a year ago. The company sold about 11.9 million handsets, 4 percent up from the previous year. Overseas shipments rose 9 percent to 10.8 million units due to strong growth in

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



Week of 2 March- 9 March 2008

Europe, the Middle East, Africa, Latin America and the Caribbean but local sales declined 31 percent to 1.08 million units. The company, which has been using the Alcatel label outside the mainland since 2004, will launch 15 models under the Alcatel brand and 52 models for TCL this year. TCL Communication expects to turn a profit in its home market and targets the shipment of 16 million handsets this year.

Investments/ Ventures

- **Hong Kong Exchanges and Clearing beat analysts' estimates to post a record net profit of HK\$6.2 billion (US\$796.9 million) last year due to soaring trading volume.** For the year ended December 31, 2007, the company's net income jumped 145 percent from HK\$2.5 billion (US\$321.1 million) in 2006, capping a fourth consecutive year of record earnings. The company's revenue more than doubled to HK\$8.4 billion (US\$1.1 billion), bolstered by turnover- related income, which jumped 121 percent to HK\$5.3 billion (US\$680.7 million). Average daily turnover of local stocks soared 160 percent to HK\$88.1 billion (US\$11.3 billion), fuelled by hopes of inflows from the mainland after Beijing said in mid- August that it would let Chinese citizens invest directly in the Hong Kong stocks.

Internet

- **The online directory page of Macao's Public Administration and Civil Service Bureau (SAFP) was hacked.** The SAR government said in the statement that since the hijacked website only provides public information, it does not concern any leakage of internal information. However, Macao's Judiciary Police has launched an investigation into the case. Meanwhile, the SAFP will run a security assessment of the government websites and will step up online security monitoring, according to the statement. Websites in Macao had generally low security measures as it was not a common place for hacking activities, according to the Information Technology Manager of the Macao Inter-University Institute.

Hardware

- **Lenovo Group Ltd. has been a top seller of notebook PC in Hong Kong in the last ten years.** According to IDC, Lenovo has been taking a leading position in notebook PC and desktop PC sales in Hong Kong. In 2007, Lenovo's desktop PC sales secured a market share of 23.4 percent and notebook PC sales 26 percent.
- **Canon Hong Kong Co. Ltd forecasts Digital Single Lens Reflex Camera (DSLR) sales volume will approach near 180,000 units in 2008, and its sales volume was over 130,000 units in 2007.** According to the company, among the consumers of DSLR, the proportion of China consumers increases from around 10 percent two years ago to around 20 percent in 2007. The company sees good market potential and has invested HK\$1 million (US\$0.1 million) to target China consumers promotion in 2007. He expects to raise promotional fee on China consumers to HK\$5 million (US\$0.6 million) in 2008. Promotions will include having outdoor advertising at borders areas and presenting gifts for China consumers in Hong Kong. The company adds that branded DSLR sales volume was over 60,000 units in 2007, which accounted for 16 percent of all digital camera sales volume. He expects the sales volume of DSLR will increase to over 20 percent and reach 100,000 units in 2008.

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



Week of 2 March- 9 March 2008

Singapore/Malaysia/Philippines/Indonesia/India

Mobile/ Wireless

- **Motorola announce that it would roll out a number of products in the Philippines in the next few months of the year despite earlier talks that it was contemplating on spinning off its mobile phone division.** Local and regional executives met with members of the IT media recently armed with new phone models that range from entry-level units to music phones and Windows-based Qwerty-enabled types. The executives explained that the new phones have features that are tailored to the needs of the targeted market segments.

Telecommunications

- **Singapore Telecommunications (SingTel) has announced the certification of its suite of business Ethernet services by the Metro Ethernet Forum (MEF), the international standards-setting authority on Carrier Ethernet services.** SingTel's MEF Certification is the first of its kind and is poised to set new standards for the delivery of carrier grade Ethernet services in the region. Services that have been certified include SingTel's local connectivity service MetroEthernet and international connectivity services ConnectPlus E-VPN and E-line. To comply with MEF specifications, SingTel had to undergo three stages of certification.

Semiconductor

- **Semiconductor-maker Intel announced the launch of its first set of modular server building block products for the Philippines market.** The company said the first set of modular server building blocks will support a server specification announced last July by the Server Systems Infrastructure (SSI) organization. In using these modular server building blocks, Intel claims that system builders can uniquely integrate computing, networking and storage capabilities in one system for small and mid-sized businesses, and their needs for budget-friendly IT simplicity and flexibility. Research firm Access Markets International (AMI) Partners believe global SMB server spending is set to hit .8 billion in 2008, growing at a double-digit rate over 2007.

Internet

- **88DB.com, a multimedia service portal and lifestyle network, has launched The 88DB First Online Battle of the Bands in the Philippines.** The service revolutionizes the way band competitions in the country are held. Amateur and upstart bands with no prior recording deal will go head to head via an online voting system at the 88DB.com website. Online video productions will be hosted by 88DB.com.ph for the Internet voting. Fans and friends can register, log on, view the pod casts and enter their pick. The top 15 bands with the most number of votes by March 31, 2008 will move on to the finals and rough it out again with their scores back to zero.

United States/Canada

Mobile/ Wireless

- **Research in Motion (RIM) is teaming up with Will.i.am, the rapper and frontman for the Black Eyed Peas hip-hop band, in the company's latest effort to push deeper into the consumer market.** According to the company, it would make Will.i.am's Dipdive online community and music content available wirelessly on the BlackBerry. The company adds that users currently view social networking and downloading music and other multimedia content as two separate experiences,

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



Week of 2 March- 9 March 2008

but RIM believes that architecturally, music and the social networking are going to merge. Over the past few years RIM has expanded its offering of so-called lifestyle applications such as games and multimedia together with multimedia-capable BlackBerrys such as the Pearl and Curve in an effort to attract more consumers to the traditionally business-focused BlackBerry.

- **A study shows the number of people using broadband mobile internet connections in U.S. jumped to 2.16 million in the fourth quarter of 2007 as compared to 854,000 in the same period a year earlier.** The study focused on direct mobile broadband connections and did not include use of wireless "hotspots" such as those common at cafes, airports or hotels. Further, the study indicates more than half the U.S. mobile broadband use is done from work computers and that more than 75 percent of the users claim household incomes of more than 50,000 dollars annually. Mobile broadband relies on cellular telephone networks. Users pay subscriptions for access and connections are made wirelessly through "smart phones" or with cards or hardware designed for laptop computers.
- **Apple launched a direct challenge to Research in Motion and other makers of businesses smart phones by announcing business e-mail and calendar capabilities for its iPhone mobile handset.** The move came as Apple also unveiled a set of software tools that will allow software developers to create and sell software to run on the iPhone. The iPhone's new business capabilities will allow business users to receive emails, contacts, and calendar information from Microsoft Exchange, one of the world's most popular business communications software suites. Apple has set a goal of selling 10 million iPhone handsets by the end of the year. Although iPhone has proven popular among consumers, its use inside businesses has been limited.

Media, Entertainment and Gaming

- **DreamWorks Animation SKG Inc. paid its Chief Executive Officer Jeffrey Katzenberg US\$11.0 million in stock and option awards last year, more than double his 2006 total.** Katzenberg, 57, got US\$8.7 million in stock awards and US\$2.4 million in option grants, according to a regulatory filing today. He took US\$1.00 in salary, unchanged from 2006. The company's "Shrek the Third" was the second-highest-grossing movie in the U.S. and Canada in 2007, with US\$322.7 million in ticket sales, according to the Motion Picture Association of America. DreamWorks Animation increased profit to US\$218.4 million last year from US\$15.1 million in 2006 as revenue almost doubled to US\$767.2 million.
- **Viacom Inc., the media company controlled by Sumner Redstone, may double its profit growth this year by improving the margins at its cable networks and film studios and getting more income from video games.** Viacom's 2008 operating income may increase 10 percent to US\$3.3 billion, compared with last year's 5.4 percent gain, according to Sanford C. Bernstein & Co. More viewers at MTV and Nickelodeon will boost operating income 8.4 percent to US\$3.4 billion at the company's media networks division. Profit from Paramount Pictures and DreamWorks SKG will jump 60 percent to US\$166.0 million. Viacom generates less profit from its film operation than News Corp., Walt Disney Co. and Time Warner Inc.
- **CBS Radio is teaming up with Time Warner Inc.'s AOL to provide online streams from all 140 of its stations to AOL's online radio service.** The deal will bring news, sports and music programming from big CBS stations to AOL, including WFAN-AM and 1010 WINS in New York. AOL's deal with CBS will replace an arrangement the online portal currently has with XM Satellite Radio Holdings Inc. The deal with CBS Radio, which is part of CBS Corp., goes live in mid-May.

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



Week of 2 March- 9 March 2008

Telecommunications

- **Communications network operator Level 3 Communications Inc. and IBM have signed a long-term patent cross-licensing deal.** Financial terms were not disclosed. As part of the deal, International Business Machines Corp. granted Level 3 licenses to about 42,000 pending and issued patents covering a broad range of telecommunications services and technologies. In turn, Level 3 granted IBM licenses for more than 850 pending and issued patents covering information-handling systems.
- **AT&T to spend US\$1 billion on corporate customers as it plans to boost spending on its network and applications for corporate customers by 33 percent in 2008.** The investment will be used to expand its global network reach and capacity and to upgrade it to handle new technologies. The company said demand for Internet protocol services, such as voice transmissions, will account for much of the spending. AT&T plans to invest in new subsea fiber optic cable capacity to Japan and Asia, increasing diversity and reliability on these critical routes. This will include more investments in multiple undersea cable systems into Southeast Asia and Australia, investment in several subsea cable system upgrades to grow capacity on multiples routes in the Caribbean, as well as subsea investments on existing cables servicing India and the Middle East. The company also said it will add new core MPLS routers in Europe, Asia and the United States, and roll out a global virtual private local area network service, initially in the United States, Europe and Asia Pacific.
- **BCE Inc., a Canadian telephone company, moved a step closer to completing its C\$52 billion (US\$52.4 billion) buyout after a Quebec judge dismissed a lawsuit by a group of bondholders opposed to the deal.** The buyout, the largest in Canada's history, is due to close next quarter. Bondholders, including Aegon Capital Management Inc. and CIBC Global Asset Management Inc., wanted compensation for a decline in the value of their BCE investments, which total about C\$1.7 billion (US\$1.7 billion). The group argued that the buyout violates the conditions of the bondholder agreement. BCE accepted a C\$42.75-a-share offer from an investor group led by the Ontario Teachers' Pension Plan in June. The bondholders said the transaction adds debt and increases the risk that BCE will default, pushing down the value of their holdings.
- **Sprint suffers a US\$29.5 billion loss in the fourth quarter of 2007 due to the continued loss of customers to competitors and a write down of most of the remaining value of its 2005 purchase of Nextel Communications Inc.** The company said it would quit paying dividends for the foreseeable future and was tapping a revolving credit line. According to the company CEO, the quarter was more difficult than he had expected and it could be some time before proposed operational changes have any effect. During a conference call with analysts, the CEO predicted the company would lose 1.2 million valuable customers who sign annual contracts during the first quarter and would see additional losses in the second quarter. To counteract customer losses, Sprint Nextel would begin offering unlimited voice and data service usage for US\$99.99 per month. Unlimited voice only would cost US\$89.99 per month, undercutting US\$99.99 unlimited calling plans announced by rivals Verizon Wireless and AT&T.
- **Ciena Corp. nearly tripled its fiscal first-quarter net income amid increasing demand for the telecommunications-equipment maker's gear that allows network operators to handle more traffic at lower costs.** The company also announced an increased fiscal-year revenue forecast to reflect a recent acquisition. For the quarter ended January 31, the company reported net income of US\$28.8 million up from US\$11.1 million. Revenue increased by 38 percent to US\$227.4 million. In December, the company projected sales would grow up to 5 percent from the fourth quarter's

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



Week of 2 March- 9 March 2008

US\$216.2 million. The latest mean estimates of analysts polled by Thomson Financial projected revenues of US\$226 million. The results mark Ciena's sixth straight quarter of profit following a five-year earnings drought. Gross profit margin rose to 51.3 percent from 44.6 percent.

- **Motorola Inc. announced the resignation of Stu Reed, who was moved aside last month as chief of the company's troubled mobile devices division.** According to Motorola, Mr. Reed has decided to leave the company, effective immediately. His departure comes five weeks after Motorola CEO Greg Brown assumed direct control of the mobile devices division, which lost US\$1.2 billion last year as sales of the popular RAZR phone declined.

Internet

- **MTV Network's computers were hacked and confidential information about its employees was stolen.** The company said data relating to some 5,000 employees had been illegally accessed, including names, dates of birth, Social Security numbers and, in some cases, salaries. Identity theft has plagued the corporate world in recent years, with hackers tapping into the personal data of millions of people. One of the most serious breaches last year involved discount retailer TJX Cos., compromising millions of credit card numbers of its customers. Many states now require companies to publicly disclose such data losses.
- **Facebook hires Sheryl Sandberg, a well-regarded top executive at Google. Both companies are increasingly finding themselves rivals as they hunt for top talent in Silicon Valley and build businesses in the rapidly growing field of social networking.** Sandberg, currently vice president of global online sales and operations at Google, joined the search giant in 2001 and helped to develop its immensely lucrative online advertising programs, AdWords and AdSense. She will join Facebook later this month as chief operating officer, working closely with Zuckerberg, Facebook's co-founder. Sandberg will help Facebook expand overseas and develop an advertising network that will help justify its US\$15 billion valuation, set last year when Microsoft invested US\$240 million for 1.6 percent of the company. She will also oversee Facebook's marketing, human resources and privacy departments - essentially guiding how Facebook presents itself and its intentions to the outside world.
- **Haute Secure Inc. introduced a free online service that it claims will let consumers detect and stop Internet-borne computer code designed to steal private information.** The company said it will offer a paid service to businesses to regularly scan their Web sites for potentially damaging code. From Haute Secure's Web site, consumers download a program that works with a computer's Internet browser to detect and stop potentially damaging computer code running on a Web site. The consumer receives a red warning when a Web page is blocked, the company said. When a page is blocked, the program then notifies Haute, which automatically alerts other PCs running Haute's program and informs them about the problem Web page. Though the service is free to consumers, Haute will charge a fee to scan companies' Web sites and send them regular reports. The fee, based on the number of Web pages scanned, starts at US\$20 a month.
- **Yahoo unveiled a cell phone tool OnePlace, to be launched in the second quarter that will allow users to keep up with their favorite topics like links, news feeds or search results using dynamic bookmarks.** Yahoo said it has reinvented bookmarking for phones, given their small screens and different user requirements, with placeholders linked to updated info instead of a fixed page. OnePlace also leans on two other Yahoo mobile services, oneSearch and oneConnect, by tailoring the content behind the bookmarks to match the location of users and the preferences and activities of friends and contacts who use the service. Users will be able to gather their favorite Web

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



Week of 2 March- 9 March 2008

places either by choosing them on their PC and then synchronizing with their cell phone, or directly on the mobile phone itself.

- **Yahoo extended a deadline for director nominations, buying itself more time to consider its options following Microsoft's take-over bid.** Microsoft had been expected to turn hostile in its bid, worth US\$39.78 billion, if an amicable agreement could not be reached with the internet company by March 14. That would have been the deadline for Microsoft to submit a new slate of directors and start a proxy fight for control of Yahoo's board at its annual meeting expected in June. But Yahoo issued a statement saying it had amended its bylaws to extend the deadline for nominating directors to 10 days following the public announcement of its annual meeting. No announcement has yet been made, but Yahoo could hold its meeting as late as July 12 and make its announcement between May 14 and July 2 under Delaware law. While analysts say a deal with Microsoft is still the most likely outcome, the company has been talking with Rupert Murdoch's News Corp. about swapping MySpace and other internet properties for a minority stake. Yahoo is also discussing a similar combination with Time Warner's AOL division.
- **MySpace moves to promote Internet security amid mounting public criticism for online security negligence.** MySpace announced a series of measures to educate users and the parents on Internet safety that includes public service announcements, partnerships with nonprofit organizations and a new website linked to the MySpace site to promote online safety. As part of the program MySpace joined with iKeepSafe to release a broadcast PSA (Parent-Student Association) to encourage parents to talk with teens about their Internet use and help them to make smart decisions on how to stay safe online.
- **YouTube remains No.1 amid U.S. video sites with almost 66.2 million unique viewers and streamed almost 2.6 billion clips in January.** YouTube will soon give marketers more data about viewership of its videos, according to the company. By making more detailed metrics available, YouTube wants to give marketers a better understanding of the reach of their clips, and of their effectiveness at boosting brand awareness and sales. YouTube has only recently begun to be used as a marketing vehicle as it introduced significant advertising opportunities in last year's third quarter and is still very much learning how to make itself useful for these purposes
- **Facebook is approaching big record companies about creating a music service on the social networking site.** The approach has come in the past week and was described as preliminary. It follows similar moves by MySpace which is discussing a MySpace Music joint venture with the four largest record companies: Universal Music, Sony BMG, Warner Music and EMI. The record companies, all of whom declined to comment, view the recent talks as evidence of the importance of music to social networking sites as they vie for young audiences. They are hoping that the sites, which have mostly served as promotional platforms for artists, will become sources of revenue at a time when their sales of physical albums are in decline. They are also eager to encourage a counterweight to Apple's dominant iTunes store.
- **Ask.com is abandoning its effort to outshine Google Inc. as the leader in search engines and will instead focus on a narrower market consisting of married women looking for help managing their lives.** The company will return to its roots by concentrating on finding answers to basic questions about recipes, hobbies, children's homework, entertainment and health. The decision to cater to married women primarily living in the southern and midwestern United States comes after Ask spent years trying to build a better all-purpose search engine than Google. The quest intensified after Internet conglomerate Inter Active Corp. bought Ask and its affiliated websites for US\$2.3

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



Week of 2 March- 9 March 2008

billion in 2005. But Ask.com remained an also-ran, despite spending tens of millions of dollars on an advertising blitz about dozens of new products that impressed many industry analysts.

Semiconductors

- **Marvell Technology Group Ltd., the maker of chips for Apple Inc.'s iPod media player, forecasted a more rapid sales decline than analysts had projected.** First-quarter sales will be US\$775-785 million, a drop of as much as 8.3 percent from last quarter's US\$844.7 million. Analysts had predicted a 2 percent decrease. An uncertain U.S. economy is considered to have influenced demand for products made by Marvell's customers such as Research In Motion and Western Digital Corp. US employers cut jobs in February for the second consecutive month, the Labor Department reported, adding to evidence the economy is in a recession, which could curb consumer spending.

Software

- **Apple launches its new Leopard operating system that lets home-computer users back up data.** Leopard includes a feature called Time Machine that automatically and continuously backs up a Macintosh computer's entire hard disk, without requiring the user to do any tedious setup or have any technical knowledge. Time Machine is a key selling point for Leopard and the Mac. It is more complete, and yet simpler, than the built-in backup feature in Vista Home Premium, the most popular home version of Windows. Time Machine's major drawback however is that it works much better on desktop Macs than on laptop models because it's primarily designed to operate with backup hard drives you connect directly to the computer.
- **Apple Inc. unveiled its software developer's kit for iPhone and announced support for Microsoft Exchange, allowing enterprises to bring the hip and powerful device into their corporate folds for the first time.** The company also announced a new version of the iPhone software scheduled for release in June, which could be a prelude to a new version of the iPhone. Apple released the SDK for public download as well as an iPhone emulator for the Mac that would allow software makers to test their apps out on a program that simulates the iPhone's interface. The iPhone 2.0 software, however, only went out to a select group of development partners and enterprises as a Beta release, allowing Apple's partners to get a leg up on development on a real device. The initiative with the biggest immediate impact, though, is Apple's licensing of Microsoft's ActiveSync, which allows the e-mail applications running natively on the iPhone to synch securely to Exchange servers, opening a potentially huge market for the iPhone in the business community.
- **Apple laid out its plans to allow outside software developers to create applications that will work on the mobile handset.** Beginning in June, developers will be able to build software specifically designed for the iPhone and sell it through a special Apple store. Apple said it would pocket 30 cents of every dollar of software sold over the service. In a sign of the iPhone platform's potential on Thursday, Kleiner Perkins Caufield and Byers, the venture capital group known for backing Google, Amazon and a number of other successful internet companies, unveiled a new US\$100 million fund dedicated to funding companies that are working on software for the iPhone. Several developers demonstrated applications they had built over a two-week period using Apple's software developer kit. Electronic Arts demonstrated an iPhone version of its new video game Spore, while Salesforce.com demonstrated a mobile version of its sales force software specifically designed for the device.
- **In an effort to get consumers to upgrade their older computers to its newest operating system, Microsoft plans to cut the prices of packaged versions of Windows Vista by as much as nearly 50 percent in some countries.** The price for a full, retail copy of Windows Vista Ultimate in the U.S. has been reduced 20 percent to US\$320 from US\$400. The upgrade version of Ultimate has been cut

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



Week of 2 March- 9 March 2008

to US\$220 from US\$260. The full version of Vista Home Premium falls 19 percent to US\$130 from US\$160. In the UK, the price for the full version of Vista Home Premium drops 44 percent to 131.92 pounds (US\$265.54) from 233.60 pounds (US\$471.21). The list price for Home Premium in South Africa will fall 41 percent to about Rand 1700 (US\$212.52). Microsoft said Vista price cuts in emerging markets -- where the company faces the most competition from open source software -- will be as high as 48 percent in some countries.

- **Microsoft will release the Internet Explorer 8 browser this summer, which is aimed at a wider audience.** The IE 8 beta will run on both 64-bit and 32-bit versions of Windows Vista and Windows Vista SP1 as well as Windows XP Service Pack 2 and Windows Server 2003 and 2008. Microsoft is trying to find ways to both be more compatible and add features. Consumer features known as activities, which allows users to select a block of text and have it looked up on Dictionary.com or mapped with Microsoft or Google's services will be included.
- **Microsoft will begin offering its online business services including Exchange Online and SharePoint Online, to companies of all sizes, no longer limiting them to those with more than 5,000 users.** The company believes that if all goes well, it'll have a general availability of a subscription type service for both SharePoint and Exchange. The company's Search Serve Express is available now as a free download. The services let businesses access software through a subscription service or onsite servers or both.

Hardware

- **Hewlett-Packard is cutting the number of projects undertaken by HP Labs, its renowned research arm, as it attempts to sharpen the focus of its research efforts.** Instead, the company plans to focus on 20-30 big research projects, rather than the 150 or so smaller projects currently being undertaken by the group. HP stressed that the shakeup at HP Labs was not a cost-cutting move but is simply reorienting the resources around fewer big bets. HP said the shakeup was designed to balance the need exploratory research with a desire to shorten the time it takes for laboratory innovations to be transformed into products that can be sold to customers.
- **Dell reported fourth-quarter profit that missed analysts' estimates after a retail expansion failed to improve earnings.** Net income fell 6 percent to US\$679 million from US\$726 million a year earlier. CEO Michael Dell's plan to enlist thousands of retail outlets has not turned around the company as quickly as analysts had estimated. Further, Dell's U.S. focus may hurt the company as that economy slows, according to analysts. Dell gets more than half of its sales from the United States while its larger rival Hewlett-Packard counts on the country for less than a third of revenue. An analyst from Edward Jones reports that the company has less international exposure versus major competitors which holds them back.
- **Nike and Apple are working with several gym equipment manufacturers and the health clubs 24-Hour Fitness and Virgin Athletic Health Clubs to allow members to plug their iPod Nanos into cardio equipment.** The new technology is expected to start rolling out to more than 500 gyms worldwide this summer. It's another major partnership for Nike Inc. and Apple Inc., which created Nike+ technology more than a year ago. The wireless system allows some Nike running shoes embedded with a sensor to communicate with Apple's iPod Nano. Nike would not disclose the number of members to its Nike+ site but has said previously that roughly 1,000 runners sign up daily. It has members in more than 160 countries, including some where the product isn't even sold.
- **Bain Capital LLC and China's Huawei Co. plan to resubmit an application seeking U.S. approval for their planned US\$2.2 billion buyout of 3Com Corp. within the next several weeks.**

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



Week of 2 March- 9 March 2008

The new transaction under consideration still would leave Huawei with 16.5 percent of the company and Bain holding the rest. But the deal would be structured to limit Huawei's access to some core U.S.-related network products, including certain Ethernet technologies, which are essential for the communications between computers. The purchase price is expected to remain the same.

Europe

Mobile/ Wireless

- **Nokia handsets will support Microsoft's webvideo technology Silverlight.** The Silverlight would first be available for S60 software platform, used in more advanced phones, but later also for S40, which is used in many of Nokia's cheaper phones. The S60 is used in every second smartphone sold globally, and is in more than 150 million phones sold so far. Nokia's S60 software, built on UK-based mobile phone software firm Symbian's operating system, is used extensively in Nokia's line-up, but also in advanced cell phones of LG Electronics and Samsung Electronics. Its closest rival is Microsoft's own Windows Mobile, with just over 10 percent of the market. In 2005 the two companies signed their first co-operation agreement to put Windows Media player on to Nokia phones.
- **Juniper Research estimates that over 2.6 billion mobile tickets will be delivered to just over 208 million mobile phone users by 2011.** The research report found clear evidence that the sector is gearing up for major launches over the next few years. Early trials, mainly led by mobile network operators, are now migrating into commercial services that are controlled by the ticketing issuers themselves. Benefits for the ticketing issuers include reduced cost, better security to help the fight against fraud and improved environmental footprint by reducing paper. Early use of mobile barcode technology will be gradually complimented by the emergence of NFC (Near Field Communications), in particular for the transportation ticketing sector where there are already commercial deployments in the Far East and important trials in Western Europe and North America. Some of the major ticketing organizations such as Ticketmaster, British Airways and Tickets.com have showed support for this new technology. This is coupled with the involvement of the key operators and technology providers such as O2, NTT, DoCoMo, Vodafone, Nokia and Samsung.

Internet

- **Nokia opened its second online music store in Germany.** Nokia's German music store will charge 1 euro (US\$1.52) per track, compared with Apple's iTunes' 0.99 euros (US\$1.50) charge. Nokia plans to open stores in nine more countries by mid-2008 and launched the online music store in Britain last November, but delayed launches at other large European markets by several months. Nokia is the first cellphone maker to move aggressively to content space with its music stores and new internet services strategy under the Ovi brand. Now it plans to open the store in seven more European countries, including France, Italy, Spain, along with stores in Australia and Singapore, by the end of the first half of 2008.
- **European regulators are set to clear Google's acquisition of online advertising firm DoubleClick, setting the stage for the company's push into the broader online advertising market.** The proposed US\$3.1 billion deal, which was approved by the U.S. anti-trust regulators late last year, has been the subject of a second-stage investigation by officials in Europe due to the deal's impact on online privacy. To ease the fears Google said it would keep personally-identifiable search logs for less time and that it would look for ways to collect less information through DoubleClick's cookies, though it has yet to announce any changes to practice in this area..

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



Week of 2 March- 9 March 2008

Telecommunications

- **Deutsche Telekom's T-Systems business client unit said it had entered a partnership with U.S. IT services provider Cognizant mainly focused on system integration services.** T-Systems India, which has about 1,150 staff, will be transferred to Cognizant, subject to regulatory clearance. Deutsche Telekom has been sounding out options for T-Systems India for almost a year in an effort to help it expand internationally and catch up with rivals such as Cap Gemini and Atos Origin.
- **Telecom Italia SpA, an Italian phone company, cut its sales forecast for the third time in as many years, citing increased competition and regulatory pressure.** Sales in 2008 are forecast to be in line with 2007 at about 31 billion euros (US\$47.8 billion), according to the company. Last year, the company had forecast 1-2 percent growth in revenue, excluding currency moves and acquisitions or disposals. Telecom Italia plans to focus on expansion abroad and debt reduction to make up for increased competition, regulatory pressure to cut prices and lower profit margins at home. Telecom Italia's debt fell to 35.7 billion euros at the end of last year. According to the company's CEO, management's main focus will be financial discipline.
- **Deutsche Telekom said that the level of wireless data traffic on its high-speed cellphone networks surged 61 percent in the final three months of 2007 from the previous quarter.** The jump was driven by data-intensive applications like the mobile Internet search function from Google and devices like the Apple iPhone. The company said that its profit slipped 1.9 percent in the fourth quarter to 808 million (US\$1.2 billion) from 824 million (US\$549.3 million) a year earlier, hurt by higher taxes, reserves made for early retirement compensation and write-downs of businesses recently purchased in Poland and Austria. Analysts said the acceleration in data outlined by Deutsche Telekom was further evidence that wireless operators in Europe were finally expanding their businesses into digital data from simple voice service, where prices have been falling by more than 10 percent a year. Other large European operators, like Vodafone, the Orange service of France Télécom, and Telefónica, the Spanish operator of the O2 wireless unit, have also recently reported double-digit increases in wireless use.
- **Vodafone said cost savings from network supply chains and consolidation of data centers had been achieved ahead of schedule.** The company said that it had delivered cost savings of 410 million pounds (US\$815 million) since May 2006. It claims to be ahead of its supply chain agenda and is now moving on further.
- **Telefonica SA's net profit rose from 1.0 billion euros (US\$1.6 billion) to 1.1 billion euros (US\$1.6 billion) or 2.3 percent boosted by growth in key Latin American and Spanish subdivisions.** Operational income before depreciation and amortization (OIBDA) was 4.6 billion euros (US\$6.9 billion) for the period, also up 2.3 percent from 4.5 billion euros (US\$6.8 billion). Revenue increased 1.6 percent to 14.4 billion euros (US\$21.7 billion) from 14.20 billion euros (US\$21.3 billion) in the same period last year. Net profit for the year was at 8.9 billion euros (US\$13.4 billion), up 42.9 percent from 6.2 billion euros (US\$9.3 billion). Sales for 2007 rose 6.7 percent from 52.9 billion euros (US\$79.4 billion) to 56.4 billion euros (US\$84.9 billion). Telefonica also said it expects revenue growth in 2008 to be between 6 and 8 percent compared with last year, and OIBDA growth to be between 7.5-11 percent. Operating income is set to rise between 13 and 19 percent, and the company said it has earmarked 8.6 billion euros (US\$12.9 billion) in capital expenditure for the period.
- **Deutsche Telekom AG's T-Systems said it is teaming up with Cognizant Technology Solutions Corp. ending its search for a partnership for the systems-integration business.** T-

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



Week of 2 March- 9 March 2008

Systems said the partnership works like a joint venture but without its complex structure. Deutsche Telekom said it was the last missing element in the restructuring of T-Systems, the company's smallest and least profitable unit, which provides information-technology and telecommunication services for business clients.

Semiconductor

- **Siemens AG says it is making headway in identifying executives who were responsible for bribes-for-business schemes due to leads generated by an employee amnesty program.** The program, which was offered to all employees except 300 of Siemens's top executives, prompted about 110 employees to offer information about alleged wrongdoing. The advances come as Europe's largest engineering company hopes to start negotiating a settlement soon with U.S. authorities, who are investigating Siemens under the U.S. Foreign Corrupt Practices Act. A German court already fined Siemens 201 million euros (US\$306 million) in October for bribing government officials in Nigeria, Russia and Libya to win business contracts. Siemens has identified 1.3 billion euros (US\$2.0 billion) in suspicious transactions between 2000 and 2006 in what could prove to be the biggest corporate-bribery case ever. German prosecutors identified dozens of suspects since a raid of Siemens's headquarters in late 2006 but have indicted only one former company executive so far.
- **Intel faces questions from analysts regarding its memory chip business after taking another hit to its financial performance.** The company put the blame on lower-than-expected prices for Nand flash memory chips. Intel will hold an analyst day at its Santa Clara headquarters on Wednesday, with some of those attending already suggesting that the company should exit from memory chips. Citigroup analysts said in a note that while Nand will be an overhang in coming quarters, they view an eventual exit from this business as a likely and positive catalyst.
- **Intel will release its new nanometer chips named Atom and several versions of it will hit the market during the first half of this year.** The processors are made using Intel's 45-nanometer process, and will run at clock speeds up to 1.8GHz. Slower versions will also be available, but Intel isn't saying what the slowest clock speed will be. Pricing for the chips has yet to be announced. The chips, which measure less than 25 square millimeters, have a thermal design power (TDP) of between 0.6 watts to 2.5 watts. That number refers to the maximum sustained power that users are likely to see with the chips, not the maximum amount of power the chips can consume. The small size of the Atom means 2,500 of them can be produced on a single 300-millimeter silicon wafer, allowing Intel to sell them at a low price while maintaining high margins.

Software

- **The European Commission will propose in the next few days to buy more of its computer software from open-source developers.** The move is a potential setback for Microsoft as it is trying to prevent an increasing number of defections by governments from its proprietary software toward software from open-source developers, who are allowed to modify the software source code. The Dutch government announced in September that it would favor "open standards" when purchasing desktop software. Singapore stopped using Microsoft's Office software in 2004 and Munich has decided to use the Linux-based operating system rather than Microsoft's Windows program.

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



Week of 2 March- 9 March 2008

Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 3/7/08)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
Japanese yen	¥/US\$	102.7000	-1.0%	-1.0%	-8.8%	-13.7%
Hong Kong dollar	HK\$/ US\$	7.7829	0.03%	0.03%	-0.3%	0.1%
Chinese renmenbi	RMB/ US\$	7.1110	-0.01%	-0.01%	-2.6%	-8.9%
Singapore dollar	S\$/ US\$	1.3856	-0.7%	-0.7%	-4.1%	-9.9%
South Korean won	KRW/ US\$	957.3000	2.0%	2.0%	2.3%	2.9%
New Taiwan dollar	NT\$/ US\$	30.7050	-0.7%	-0.7%	-5.5%	-5.8%
Australian dollar	US\$/A\$	0.9273	-0.2%	-0.2%	6.0%	17.6%
New Zealand dollar	US\$/NZ\$	0.7947	-0.4%	-0.4%	2.7%	12.9%
Philippine peso	PHP/ US\$	40.6000	0.6%	0.6%	-1.5%	-17.2%
Euro	US\$/€	1.5358	1.2%	1.2%	4.4%	16.4%
British pound	US\$/£	2.0135	1.3%	1.3%	1.0%	2.8%

Fixed Income Prices and Yields

Note	Currency	Current (on 3/7/08)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	99.27	4.42%	99.27	4.42%	99.05	4.43%
Japan 30-year	¥	104.49	2.25%	104.49	2.25%	102.67	2.35%
Hong Kong 10-year	HK\$	105.37	2.91%	105.37	2.91%	108.69	2.53%
China (06/16)	US\$	110.71	3.21%	110.71	3.21%	110.71	3.21%
Singapore 10-year	S\$	110.36	2.39%	110.36	2.39%	111.9	2.21%
South Korea 20-year	KRW	9,766.00	5.61%	9,766.00	5.61%	9,766.00	5.61%
Australia 15-year	A\$	92.35	6.22%	92.35	6.22%	92.61	6.18%
New Zealand (12/17)	NZ\$	96.97	6.42%	96.97	6.42%	96.89	6.43%
Philippines 20-year	PHP	100.21	8.56%	101.22	8.55%	102	8.55%
India 30-year	INR	94.27	8.88%	94.27	8.88%	106.47	7.76%
UK 30-year	£	97.60	4.40%	97.60	4.40%	98.09	4.37%
Germany 30-year	€	92.59	4.46%	92.59	4.46%	93.62	4.39%

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