



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

Week of 19 May - 25 May, 2008

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

Hong Kong (HQ)

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

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

Singapore

5 Rhu Cross, #04-16
Olivia Block, Singapore
437434 Singapore
Tel: (65) 6325 1191
Fax: (65) 6348 9583

Japan

JT Building 15Fl, 2-2-1
Toranomom, Minato-ku,
Tokyo, Japan 105-0001
Tel: (813) 5114 8395
Fax: (813) 5114 8396

Korea

37/F, Asem Tower, Samsung-
dong, 158-1, Kangnam-gu,
Seoul, Korea
Tel: (822) 6001 3840 ext. 3841
Fax: (822) 6001 3711

Philippines

2/F, State Condominium Bldg.,
186 Saclcedo St. Legazpi Village,
Makati, Philippines
Tel: (632) 728 5307
Fax: (632) 728 5307

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Equity Market Indicators					
Index	Closing Level (5/23/2008)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
S&P 500	1,375.93	-3.5%	-0.2%	-6.3%	-3.0%
Dow Jones Industrial Avg.	12,479.63	-3.9%	-1.3%	-5.9%	0.1%
Dow Jones Tech. Index	431.07	-3.7%	6.6%	-6.1%	4.5%
Dow Jones Telecom. Index	283.50	-1.8%	-2.0%	-9.6%	9.0%
NASDAQ Composite	2,444.67	-3.3%	2.3%	-7.8%	1.2%
The Street.com Net	271.66	-3.3%	6.9%	-3.6%	9.9%
Japan Nikkei 225	14,012.20	-1.5%	3.1%	-8.5%	-18.7%
JASDAQ	64.69	-0.4%	3.3%	-10.4%	-24.9%
Japan Mothers	664.97	1.9%	1.8%	-15.1%	-40.1%
Korea KOSPI Composite	1,827.94	-3.2%	12.5%	-3.6%	27.4%
Korea Kosdaq	649.00	-0.5%	6.6%	-7.8%	7.1%
Taiwan Stock Exchange	8,834.73	-3.9%	17.5%	3.9%	12.9%
Singapore Straight Times	3,122.15	-3.7%	4.7%	-9.9%	4.6%
Hong Kong Hang Seng	24,714.07	-3.5%	5.4%	-11.1%	23.8%
Hong Kong GEM	892.78	-3.0%	-10.8%	-33.9%	-27.1%
China Shanghai (A-Share)	3,644.39	-4.2%	-20.8%	-34.0%	29.5%
China Shenzhen (A-Share)	1,105.06	-6.5%	-19.8%	-27.3%	94.0%
China Shanghai (B-Share)	245.20	-4.9%	-18.9%	-33.0%	88.4%
China Shenzhen (B-Share)	535.98	-3.7%	-16.1%	-24.5%	23.7%

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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
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						

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Weekly Highlights

Japan

Telecommunications

- **Japan's telecommunications ministry would urge mobile carriers to disclose their leasing fees for mobile virtual network operators in a bid to increase the number of new entrants to the market and boost competition.** Hefty initial costs of building base stations have deterred many would-be entrants from Japan's cellphone market, dominated by NTT DoCoMo Inc, second-biggest KDDI Corp, and No. 3 Softbank Corp, which bought Vodafone's local unit in 2006. The ministry hopes the move will make it easier to negotiate leasing terms and motivate those who want to join the market as virtual operators.
- **NTT DoCoMo plans to buy a 30 percent stake in Aktel, Bangladesh's No. 3 cellphone carrier, for about US\$386 million.** NTT DoCoMo has been looking to gain footholds in fast-growing Asian markets as it looks for new growth drivers outside the mature and highly competitive Japanese market. Bangladesh has one of the world fastest growing cellular markets, with a mobile penetration rate of around 26 percent and about 40 million users. Aktel is 70 percent owned by Telekom Malaysia International and 30 percent owned by Bangladeshi firm AK Khan & Co.
- **In an effort to gain new subscribers in the upcoming summer bonus season, NTT DoCoMo and KDDI will revise their handset pricing schemes, the Nikkei business daily reports.** Last November, both firms raised handset prices and lowered rates on calling plans, but these changes proved ineffective in slowing the momentum of rival Softbank Mobile. DoCoMo will offer all but the most popular of its 950i series phones for about 45,000 yen (US\$436), down from around 50,000 yen (US\$484), to customers who choose a discount calling plan and also buy the phone in a single payment. The company will also discount 705i series handsets by several thousand yen each.

Technology

- **Fujitsu announced that the Fujitsu BroadOne WX300 macrocell base station has received the prestigious System Design Award at WiMAX World EMEA.** The annual recognize leaders in the development and deployment of WiMAX technologies and are presented by a judging panel of experts from the WiMAX community. The base station is among the smallest, most power-efficient in the industry and ideal for operators looking for a quick in-service solution with easy installation and maintenance. Fujitsu designed the base station with many features to meet the global requirements for mobile WiMAX networks.

Semiconductor

- **Japanese orders for chip-making tools remained weak in April, declining from the previous month and falling short of sales as low memory chip prices hurt demand for new equipment from semiconductor makers.** The book-to-bill ratio stood at 0.76, meaning that for every 100 yen (US\$1) of sales, new orders worth 76 yen (US\$0.7) came in. The figure rose from 0.73 in March but usually does due to seasonal falls in sales. It was the tenth consecutive month that orders fell short of sales. The equipment usually takes one to 12 months to build and deliver. Price falls are prompting makers of microchips used in PCs, mobile phones and digital music players to hold back on orders for equipment used to process wafers, print circuitry and slice them into semiconductors.

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Media, Entertainment and Gaming

- **Computer game developers are discovering the advantages of scheduling simultaneous global launches of new titles.** Previously game software was developed for specific regional markets and then sometime later was localized for sales in other parts of the world. But this is quickly becoming a thing of the past, and "Haze," a new first-person shooter for Sony Corp.'s PlayStation 3 console, will debut in this manner May 22, with U.S. game developer Ubisoft Entertainment handling sales worldwide except for Japan, where Dwango Co. subsidiary Spike Co. will take charge. There is a great deal of dialogue in "Haze," and translating it into Japanese for the simultaneous global launch was no easy task. But Spike did what it had to do because otherwise, the local market could have been overtaken by the imported version.

Mobile/ Wireless

- **Japanese cellphone sales firm Telepark Corp is set to merge with its nearest rival MS Communications, its latest move to expand market share.** The two companies are in the final stage of negotiations and an announcement of the deal is likely this week. Telepark Corp is an affiliate of trading house Mitsui & Co Ltd while MS Communications is a joint venture owned by rivals Mitsubishi Corp and Sumitomo Corp.

Internet

- **Yahoo Japan Corp. plans to buy back 1.2 million shares and spend 60 billion yen. The company announced the buyback in a statement to the Tokyo Stock Exchange.**

Information Technology

- **Juniper Networks announced the latest phase in their ongoing relationship with Net One Systems becoming a premier partner in the company's Open IP Service Creation Program (OSCP).** This formal collaboration within the OSCP establishes Net One Systems as the premiere IPsphere solution integration partner in the program and will enable innovative new solutions for service providers based on IPsphere Forum specifications. Combining Net One Systems' development, integration and software customization capabilities and Juniper Networks high-performance routing and Session and Resource Control (SRC) portfolio, the two companies have made substantial strides in advancing IPsphere solutions through interoperability and proof-of-concept testing.

Software

- **Servigistics announced that Japan-based Komatsu will roll out the Servigistics Service Parts Management solution globally to achieve service chain optimization from its suppliers to dealers across all regions.** Komatsu America Corp, a subsidiary of Komatsu Ltd., successfully implemented the Servigistics Service Parts Management solution in North America last year. Building on the success in North America, Komatsu will extend the Servigistics solution to its extensive network of suppliers. In the first phase, Komatsu will deploy a global inventory planning platform, share inventory planning information between MPDCs and RPDCs, and promote collaboration with suppliers.

Hardware

- **NEC LCD Technologies, together with its sales and marketing channel in the Americas, NEC Electronics America, Inc., announced the successful development of a manufacturing technology that enables more flexible design of thin-film transistor (TFT) liquid crystal**

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display (LCD) panels. NEC LCD Technologies' new technology enables optimal arrangement of gate and source lines in the pixel array and minimizes the overlaps between gate and source driver circuitry, when the module is non-rectangular in shape.

Korea

Mobile/Wireless

- **South Korea aims to more than double its exports of mobile phones, one of its key export items, over the next five years by making technological and service innovations.** The government will help local mobile phone makers export 600 million mobile handsets by 2012, a 2.4-fold gain from 250 million shipped overseas in 2007. The mobile communication sector accounts for roughly 7 percent of South Korea's economy and is one of the country's leading manufacturing industries along with automobiles and shipbuilding.

Alternative Energy

- **SunPower has completed the design and construction of a new 1.4MW solar electric power plant project in Hampyeong, South Korea.** SunPower has worked with Korean energy firm, EnE System, to develop the plant, which is owned by Hampyeong Solar Plus. The facility is expected to generate 1.8 million kWh of electricity per year. At the power plant site, SunPower installed panels which are up to 50 percent more efficient than conventional panels, as well solar tracking systems, which reportedly increase daily energy production compared to fixed-tilt systems.

Technology

- **The state-run electronic research institute has developed a data transfer technology that is fully compatible with the latest component interconnection standards.** The development of the intellectual property (IP) core technology marks a first for the country's information technology sector and heralds its entry into the computer processor and system-on-chip (SoC) market. It said the technology has passed rigorous, year-long compliance tests to determine whether it is fully compatible with the Peripheral Component Interconnect Bus Express (PCI Express). The technology has been registered with the PCI-Special Interest Group that is responsible for setting global standards on PCI Express technologies.

Hardware

- **Samsung Electronics Co. maintained its global lead in television sales in the first quarter thanks to strong demand for its liquid-crystal display (LCD) television sets.** Samsung's sales accounted for 20 percent of all televisions sold globally in the January-March period, staying at the top position for the ninth-consecutive quarter. It was the first time that Samsung's global sales topped the 20-percent mark. Sony Corp. ranked second with 20.8 percent, trailed by LG Electronics Co. and Sharp Corp. with 11.6 percent and 7.3 percent. Panasonic Corp. ranked fourth with 7 percent.
- **Samsung Electronics will jumpstart Olympic marketing by presenting new products including flat TV, mobile phone and home appliances.** The company announced on 20 that it will show off high technology products at CHITEC 2008(China Beijing International High-Tech Expo) held in CIEC (China International Exhibition Center) in Beijing for four days until 21.

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China

Internet

- **China's active accounts of instant messaging grew 1.5 percent quarter on quarter and 5.4 percent year on year to 396 million in the first quarter of 2008, according to Analysys International.** Free instant messaging computer programs like Tencent QQ, Microsoft Messenger, and Fetion of China Mobile ranked as the top three, in terms of their users. Analysys also shows the market performance of the three programs in the fourth quarter of 2007. By promoting many thematic activities to enlarge its active accounts, Tencent QQ's active accounts hit 315 million at that time, ranking the first place with a 79.6 percent market share.

Mobile/Wireless

- **KongZhong Corp.'s net profit slipped 94 percent from a year earlier to US\$90,000 in the quarter ended March 31, 2008.** The Chinese wireless value-added service provider saw operating revenue rise 6 percent year on year from US\$20.13 million to US\$21.39 million, including US\$6.71 million from 2.5G services, and US\$14.44 million from 2G services. Before special items, the company's adjusted earnings reached US\$0.03 per ADS in the first quarter, lower than analysts' expectations of US\$0.05 adjusted earnings per ADS and US\$21.28 million operating revenue.
- **Gome Yongle announced a callback of waste mobile phones on May 15, 2008.** In China, 20 million mobile phones are replaced by new ones each year, which have become a new electron pollution source. Compared with foreign companies, Chinese mobile phone makers, distributors, and consumers are lacking in green environmental protection consciousness, pointed out Sun Yiding, general manager of Gome. In Gome Yongle's callback, Shanghai Sequel Technologies Co., Ltd. will recycle waste mobile phones and accessories, building a complete industrial chain.
- **China's sales of cell phone reached 43.05 million units in the first quarter of this year, valued at 49.0 billion yuan (US\$7 billion), rising 4.02 percent and 7.22 percent over the previous quarter respectively.** CCID Consulting predicted that China's sales of cell phone would exceed 180 million this year as against 150 million in 2007. Since the second half of 2003, China's cell phone market has entered a stage of demand for exchange of new phones. More than 60 percent of the cell phones were sold to consumers for exchange of new ones to exceed 90 million units. The percentage is forecast to exceed 65 percent in 2008.
- **China Mobile has given up the plan to purchase South Africa-based mobile phone company MTN Group.** The negotiation between the two companies in 2007 triggered share price surge of MTN, and China Mobile had to give up the purchase plan because of its cost management strategy for overseas markets. MTN has acknowledged negotiation with India-based telecom company Bharti Airtel for share swap. MTN would prefer China Mobile for its sound financial status if it offers the same price as Bharti Airtel.
- **China Mobile joined hands with TCL this week in putting the Alcatel 8700 Blackberry mobile phones on market, but only for group customers.** This is the first Blackberry terminal on China's mobile phone market. TCL will take charge of the production, and China Mobile will be in charge of Blackberry brand marketing and popularization, decide sales mode and plans, and set prices. China Mobile launched Blackberry service in 2006 but got the approval for Blackberry mobile phones as late as in 2007. Thus, China Mobile used to provide Blackberry software and service only. Blackberry yields return on investment of 168 percent for mobile operators worldwide. China Mobile will sell Blackberry products by pegging the terminal and the service.

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- **Shanghai SmartPay Jieyin, in partnerships with China Unicom, China Unionpay and Huishang Bank, launched the Mobile-Wallet service for paying utility bills in Anhui Province.** New service allows users to pay bills any time, any where; no longer they have to go to banks or toll stations, all they have to do is to send a SMS and bills are paid, saving time and cost. For some time, people have been complaining about the hassles of paying utility bills: notification wasn't delivered, waiting time was too long, business hours were not right. In the mean time, construction of toll stations costs quite a lot and overall takes a long time, but it only serves for a single function after being built, thus not enough stations were built; and banks which offer utility payment services find it necessary to decrease their counters as they are trying to reduce costs.
- **The commercial district of Jiading in Shanghai has completed constructing the first phase of Wireless City recently, becoming the first city in the Chinese mainland offering wireless broadband Internet services in a large scale, announced the Administration of Jiading District in Shanghai on May 15, 2008.** Residents in the district will have access to the WI-FI wireless Internet services from now on. Divided into three phases, the ongoing program in Jiading was planned to stretch from the urban areas to other areas and eventually complete an entire-district wireless broadband coverage by 2010 through combination of Wi-Fi and WiMax.

Telecommunications

- **China asked the nation's six telecommunication companies to merge their assets and form three groups, part of an industry overhaul to boost competitiveness in the world's largest telephone market.** China Mobile Communications Corp. will take control of fixed-line operator China Tietong Telecommunications Corp., according to a statement on the Ministry of Information's Web site. China Telecom Corp., the nation's biggest fixed-line operator, will gain mobile-phone assets. The government plans to issue three licenses for third-generation high-speed mobile services to the companies after the restructuring, according to today's statement, issued jointly by the Information Ministry, the National Development and Reform Commission and the Ministry of Finance. China, the world's biggest mobile-phone market, is home to 583.5 million wireless subscribers, more than the combined populations of the U.S., the U.K. and Japan, according to government data.
- **China Telecom recovered communications in Wenchuan, Sichuan Province, Southwest China. 64 percent of China Mobile's damaged base stations in Sichuan, Gansu, and Shaanxi had been repaired and put into operation.** China Netcom's two 2.5G Internet circuits in Sichuan were also fixed and began running again. Damaged public networks of China Tietong had been fixed. And most of 24,460 fixed line telephones and 6,724 broadband accounts that were cut off by the earthquake had been resumed operation. The earthquake-stricken area is in urgent need of satellite telephones. On May 13, 330 satellite telephones gathered by China Satcom and the Ministry of Information Industry around the country arrived at the disaster area.
- **Spreadtrum Communications, Inc. obtained net profits of US\$ 2.8 million in the first quarter of 2008, up 37 percent from US\$2 million in the same period of 2007 while down 73 percent from 10.2 million in the previous quarter.** Total operating revenues reached US\$39.5 million, leaping 51 percent year on year but sliding 19 percent quarter on quarter. Diluted earnings per ADS stood at US\$0.06, higher than US\$0.05 in 2007 Q1 and lower than US\$0.22 in Q4 2007. Diluted non-GAAP earnings per ADS were US\$0.11, climbing from US\$0.08 a year earlier while dropped from US\$0.25 in the previous quarter.
- **Shenzhou Unicom is intent on building wireless networks using 4G technologies to provide cheap VoIP services and broadband access, as well as carry various application including**

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video telephony, mobile TV and location-based services. Shenzhou Unicom began wireless broadband trials in Changde in February, and has a plan to set up wireless broadband coverage in the city's center by October of this year. Lu expects to achieve citywide wireless broadband coverage in Changde in February of next year. The planned budget for Changde city is 250 million yuan (US\$36 million). And this is on the low side.

- **China's telecom operators are changing their operation modes for income guarantee in response to the transformation of the industry, said the Telecommunications Center of Ernst and Young.** The income of China's telecom operators is rising with high telecom consumption in urban areas. The number of users in rural regions has increased. As a result, it is necessary for them to ensure a mature operation model to fulfill the increasing demands of clients. The launch of the 3G technology and the pending reshuffle of China's telecom industry will help establish several key operators. China's telecom industry is transforming from previous measure-by-user-number or amount-used to measure-by-return in performance measurement.
- **China Netcom Group is reportedly estimated to suffer direct economic loss of around 100 million yuan from the earthquake hitting in Sichuan Province.** Quake caused severe damages to the company's transmission and switch equipments, computer rooms and air-conditioners in Sichuan, Gansu, Yunnan and Shaanxi provinces, Ningxia Hui Autonomous Region and Chongqing Municipality, with the total economic loss estimated to reach 82 million yuan (US\$11.8 million) in Sichuan alone.
- **China Unicom announced that some 1.06 billion currently non-tradable shares held by its parent company China Unicom Group will be unlocked and become tradable on the secondary market from May 19.** China Unicom Group is unlikely to cash these shares, and thus the related influence on China Unicom share price will largely be psychological. An identical volume of formerly locked-up shares held by China Unicom Group has been tradable as from November 16, 2007, and by May 12, none of these shares had been sold on the secondary market
- **China Mobile will finish the HSDPA upgrading of its TD network in eight Chinese cities in the near future. HSDPA, which is also known as 3.5G, is an upgraded edition of TD network, with the transmission speed reaching 2.8M/S, equaling to 7 times of that of the present TD network.** China Mobile is advancing and improving the network quality, and trying to achieve the HSDPA upgrading to accelerate the speed of data transmission soon. China Mobile has launched the second round of TD mobile phone procurement, and Chinese cell phone producers Amoi Electronics and TCL have recently received licenses to access TD network, with the total authorized TD handsets varieties reaching 25.
- **China's spending on broadband aggregation hardware in 2007 roughly quadrupled that of Japan and South Korea.** The report, Broadband Aggregation Hardware in Asia Pacific: China, Japan, and South Korea, stated that China represents about 50 percent of the US\$2.0 billion spent on broadband aggregation hardware in 2007 by Asia Pacific countries. Asia Pacific represents close to 1/3 of worldwide total telecom capex, and over 1/3 of worldwide broadband aggregation equipment. The primary drivers for the shift from copper- to fiber-based services include IP network transformation projects and traffic increases boosted by video, IPTV, online gaming, and P2P applications.

Media, Entertainment and Gaming

- **Giant Interactive Group Inc. gained net profits of 338.7 million yuan (US\$49 million) in the first three months, rising 36.5 percent from 248.1 million yuan US\$36 million) in the same period of the previous year.** During the period, operating revenues swelled 48.7 percent to 471.6

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million yuan (US\$68 million) from 317.2 million yuan (US\$46 million), including 470.2 million yuan (US\$68 million) from online games, a year-on-year growth of 49.1 percent compared with 315.3 million yuan (US\$45 million) a year earlier. Excluding special items, the Chinese online game developer's adjusted earnings per ADS reached 1.43 yuan (US\$0.2), higher than analysts' expectations of US\$ 0.16.

- **Giant Interactive Group Inc. is reportedly participating in the third-round financing scheme of 51.com, a leading blog community platform established in 2005.** QQ quoted insider as saying that Giant Interactive will not hold majority stake in 51.com and the financing scheme has not been finalized by far. It is learned that the financing is for acquisition of more servers due to rapid user expansion. 51.com has completed two rounds of financing in 2006 and 2007, and raised US\$6 million and US\$12 million respectively, from such investors as Redpoint Venture and Sequoia Capital China.

Hardware

- **MSI Notebook unveiled its ultra-portable notebook computers Wind Notebook in China that is scheduled to be officially launched in June this year.** Wind Notebook is an Eee PC lookalike, which is priced at 3,999 yuan (US\$576) and 4,299 yuan (US\$619). Wind Notebook is equipped with a 10-inch LED backlight wide screen with a resolution of 1024 X 600. It is more power saving. It will be powered by Intel Atom processor, featuring 80GM hard disk, 92 percent keyboard, and a 1.2-kilogram battery. Its Linux version will be sold at 3,999 yuan (US\$576) and 4,299 yuan (US\$619) for the Windows XP version. It comes in three colors: pink, white, and black.
- **China's demand for digital photo frames is expected to double and redouble to hit 500,000 sets this year.** Sales of digital photo frames topped 104,000 sets in China in the first quarter of this year, with Aigo, Samsung and ViewSonic taking a dominant share of more than two-third. China's purchase of digital photo frame made up about 80 percent of the total market, with consumer group concentrated in industrial purchase of financial, insurance, oil and government institutions.

Semiconductor

- **An undisclosed American private equity fund will invest US\$600 million to acquire over 20 percent of the stake of Semiconductor Manufacturing International Corporation (SMI) and the two sides will sign a formal agreement in late June.** In late March, SMIC issued an announcement in which it said that it was negotiating with a strategic investor which might purchase its shares or convertible tools, or even acquire a considerable part of its stakes. Later in early April, SMIC appointed Shirley Lin, former partner and managing director of Goldman Sachs Group who was known for her rich experience in direct investment and enterprise financing and, as its chief strategic consultant, a move which was regarded by many as planning for a strategic investment.

Taiwan

Telecommunications

- **Chunghwa Telecom announced that it has launched its new Channel Me service, powered by Adobe Flash Cast software, to deliver engaging multimedia information and entertainment services.** Subscribers will receive personalized and automatically updated information virtually anytime and anywhere via their mobile device. Channel Me is available immediately via a simplified subscription fee and initially supported by more than twenty mobile devices from Nokia, Samsung, and HTC. The basic channel service is expected to be available for NT\$40 (US\$1.30) per month. Premium channels will be offered for NT\$20-100 (US\$0.65 - \$3.23). The monthly fee provides

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unlimited usage of Channel Me data services. There are no additional data traffic fees for using the service.

- **Chunghwa Telecom has launched a discount program allowing 019 service subscribers to place phone calls at a rate of NT\$1.00 (US\$0.03) per minute to Sichuan Province in southwestern China, which was rocked by a 8.0-magnitude earthquake.** Subscribers calling long distance from landlines with the 019 prefix to Sichuan can benefit from the reduced rates through all time slots until the end of May without a cap on call duration. Even though more than 700 Taiwanese tourists stranded in the quake-stricken province returned home aboard four chartered humanitarian direct flights, there are still many others stranded there.

Hong Kong

Mobile/ Wireless

- **Hong Kong mobile phone maker i-Touch was finalizing procedures to enter Vietnam's emerging handset market.** i-Touch, which produces a wide range of handsets from entry-level to luxury models, would bring to Vietnam the 50 handset models of its "dynamic communication" series. i-Touch, whose handsets are available in many neighboring countries, would soon complete its distribution and retail network later within the year.

Telecommunications

- **Artificial Life, a provider of award-winning mobile 3G technology and applications, announced that it has raised new funds through a private placement transaction.** The Company raised US\$4,753,424 through the issuance of 2,022,734 shares of its common stock at a price of US\$2.35 per share. In connection with this issuance of common stock, the Company also issued warrants to purchase 1,011,366 common stock with an exercise price of US\$3.00 per share. Such warrants are valid for three years.
- **Citigroup noted that City Telecom has reported H108 results, which saw strong subscriber growth.** But Citigroup believes it is likely at the expense of smaller providers than market leader PCCW. The reported H1 EBITDA margin fell 350 basic points, though new and renewal blended ARPUs are up slightly to HK\$177 (US\$23) versus HK\$175 (US\$22) a year ago reflecting a benign pricing environment - positive for PCCW. It also pointed out that i-Cable subs fell by 7 percent year-on-year to 306,000 at 2007 end from 328,000, likely to the benefit of PCCW and City Telecom.

Singapore/Malaysia/Philippines/Indonesia/India

Mobile/ Wireless

- **Green Packet Berhad has announced that Intel Capital has invested 50 million yuan in the company to work together to deploy Malaysia's first nation-wide 802.16e WiMAX network.** This is targeted to be commercially available from June 2008.
- **SingTel announced that TRACE, an international TV channel exclusively dedicated to urban music and culture, will be exclusively available on mio TV Channel 41.** Launched in March 2003 in France, TRACE is a unique 24/7 music channel that covers all urban music genres including Hip Hop, R&B, Soul, Groove, Dance, Electro, Salsa, Reggae and Rap fusion; with exclusive selections of features, celebrity interviews, and documentaries dedicated to urban trends. SingTel's partnership with

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TRACE allows mio TV subscribers exclusive access to the channel's wide-range of urban culture content 24/7.

- **LM Ericsson AB won an order worth \$160 million to expand and enhance Singapore Telecommunications Limited's (SingTel) GSM/WCDMA/HSPA mobile networks in Singapore.** The move will give SingTel's mobile customers greater coverage and higher data speeds. The network enhancements are to be completed by March 2009.
- **Ericsson to expand and enhance SingTel's GSM/WCDMA/HSPA Mobile Network In Singapore.** Ericsson will be providing the operator's mobile customers with greater coverage and higher data speeds. The contract is worth US\$160million. Ericsson will provide a complete IP-based radio access and common core network. The system is designed to carry large volumes of traffic, providing SingTel's 2.6 million mobile customers with improved services and better coverage island-wide, both indoors and outdoors.

Telecommunications

- **All of Kuala Lumpur will have broadband coverage by the end of next year with the installation of 3,500 WiFi zones under the KL Wireless Metropolitan project.** So far 200 zones are up and running, including in the vicinity of the Kuala Lumpur Convention Centre (KLCC) where the World Congress on Information Technology will be held from May 18 to 22. Some 1,500 WiFi zones will be in operation by the end of this year and these will cover commercial centers, public spaces, office premises, community centers and public housing provided by City Hall.
- **Telekom Malaysia will spend 1.9 billion ringgit (US\$591.9 million) over 10 years to supply broadband infrastructure to an economic zone in southern Johor state.** Telekom group chief executive officer Zamzamzairani Mohd Isa was quoted as making the comments in Johor. Malaysia is building a tourism, education and manufacturing hub in Johor state.
- **Packet One Networks has selected Oracle Communications Billing and Revenue Management to support its new WiMAX services, scheduled for rollout in June 2008.** The implementation is an important milestone in P1's plan to become Malaysia's first WiMAX service provider and longer-term goal of becoming Malaysia's leading converged communications service provider. P1, a subsidiary of Green Packet Berhad and a WiMAX license-holder, will implement Oracle Communications Billing and Revenue Management to provide a unified backend platform to help improve its time to market for new services and lower operational costs.
- **Terming its prize scheme on more talk-time usage a case of "corporate greed", a consumer court has imposed a fine of 5 million rupees (US\$117, 000) on Vodafone Essar.** Denying the charge, the purpose of the scheme was first for the benefit of its high-end users, second for the benefit of the subscribers as a whole and third to reward their loyalty and usage and not to promote the firm's business interest. Justice Kapoor rejected the firm's plea and observed that if it was for the benefit of high-end users then every subscriber who had in the past called for more than 20 minutes a day should have been given prizes and if it was for the general benefit of all subscribers the scheme should have been open to all and not restricted to those with talk-time of more than 20 minutes a day.
- **Bharti Airtel Ltd. declined to comment on media reports that its negotiations to merge with Africa's top cellular player MTN were entering a crucial phase.** Bharti might offer the chairman's post of the proposed merged colossus to South Africa's MTN group chairman Cyril Ramaphosa in a bid to sweeten its overtures. Bharti's billionaire chairman Sunil Mittal would be deputy chairman and

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group chief executive officer, while MTN chief executive officer Phutomo Nhleko would be deputy group CEO.

Internet

- **Nokia Siemens Networks is offering its Village Connection solution to get the rural communities in the country connected.** The company plans to extend the initiative elsewhere. The company is in talks with the Malaysian Communications and Multimedia Commission (MCMC) to get the go-ahead for the formal rolling-out of the project. The Village Connection initiative could help the government's aspiration to increase the household broadband penetration in Malaysia to 75 percent by 2015. Village Connection offers an innovative way to build rural connectivity, village-by-village, while enabling local entrepreneurs to run a franchise-based business model that brings communications to community.

Semiconductor

- **SunPower Corporation announced plans to build its next solar cell fabrication plant in Malaysia.** The new manufacturing facility is expected to be constructed in two phases, with the first phase comprised of 14 solar cell production lines with a nameplate capacity of 40 megawatts each. Solar cell production in Fab 3 is likely to begin in 2010, with the integrated site development planned to start later this year. SunPower will launch its manufacturing operations with its industry-leading 22 percent minimum rated Gen 2 solar cells.

United States/Canada

Media, Entertainment and Gaming

- **Warner Brothers announced that it would shut two troubled film divisions, a cost-cutting move rooted in the changing economics of the specialty film business.** Picturehouse, known for art films like "Pan's Labyrinth," and Warner Independent Pictures, which distributed "March of the Penguins," will cease operations in the coming weeks. About 70 people will lose their jobs. Together, Picturehouse and Warner Independent released 12 films in 2007. Warner would release "overall fewer movies" but declined to specify a goal. The two labels were intended to tap a growing market for cerebral, low-budget films and to make Warner competitive at the Oscars. But the company was late to the game.
- **Regal Entertainment, one of the largest U.S. cinema chains, has struck a deal to install new technology that will sharply lift the number of screens capable of showing 3-D films and give Hollywood studios a more profitable outlet for their new releases.** Regal has signed an agreement with RealD, which makes 3-D projection technology, to install more than 1,500 3-D screens. The deal will lift the number of 3-D screens operated by RealD to more than 3,500. With cinemas able to charge higher ticket prices for 3-D titles, Hollywood studios are clamoring to release their films in the new technology. DreamWorks Animation will release all of its films in 3-D starting next year with Monsters vs Aliens. Walt Disney will also release 3-D films in 2009, as will Universal Pictures with James Cameron's Avatar.
- **Electronic Arts and Ikea announced an agreement with Ikea in which its furniture would be featured in "The Sims," a series of games that allows players to simulate the actions of a fictional family.** For around US\$20, players will be able to buy a "stuff pack" that will let them fill out their Sims abodes with Ikea designs.

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- **Empire Interactive, an international publisher and developer of interactive entertainment software and a unit of Silverstar Holdings will ship Animal Paradise, Agatsuma's fun and exciting virtual pet sim for Nintendo DS to North America as well other NTSC territories, including Japan, Mexico, the Philippines, South Korea, and Taiwan.** The title has been a tremendous commercial success for Empire Interactive in Europe, and its blend of pet fun and quirky animal photography will have American gamers clamoring for the title. Building on the phenomenal success of other animal titles on Nintendo DS, Animal Paradise goes further than any of its predecessors by offering 18 different animals.

Telecommunications

- **Telecommunications equipment provider UTStarcom, Inc. announced on May 15, 2008 that its net profit reached US\$25.4 million in the first quarter of 2008, in contrast to a US\$54 million net loss a year earlier.** Earnings per share stood at US\$0.21. Operating loss declined to US\$30.9 million from US\$52.3 million in the prior January-March period. Sales revenue reached US\$586 million, higher than US\$476 million from the comparable period of 2007. The better-than-expected performance of the company was attributed to its account of US\$48.3 million special gain on sales of investments and US\$8.5 million from tax law adjustment.
- **Nortel Networks said 2008 revenue will grow at a rate in the "low single digits," reaffirming an earlier forecast.** To revive profit after three losses in four years, Chief Executive Officer Mike Zafirovski is focusing on networks that handle faster wireless downloads and Internet calling. He's also eliminating 2,100 positions and moving 1,000 more to lower-cost labor markets in a bid to reduce operating expenses.

Internet

- **Carl Icahn, the billionaire investor, launched his keenly anticipated proxy battle to install a new slate of directors on Yahoo's board, stepping up pressure on Yahoo to consider a deal with Microsoft.** Mr. Icahn was proposing 10 new directors for Yahoo's board, including himself; Frank Biondi, former chief executive of Viacom and Universal Studios; Mark Cuban, founder of high definition cable television network HDNet; and Robert Shaye, co-chairman and co-chief executive of New Line Cinema, which distributed the Lord of the Rings blockbuster trilogy. Yahoo had set a deadline for shareholders to propose alternative directors to be voted on at its annual meeting on July 3, 2008.
- **Yahoo is in danger of being edged out of a landmark advertising deal with Bebo as the social networking site plans to begin using technology developed by AOL, its new owner.** AOL will mark the completion of the US\$850 million acquisition with news that it plans to integrate Bebo with existing community platforms such as AIM instant messaging into a single division. Yahoo agreement covered only the UK, Ireland and Australia, leaving Bebo free to use Platform-A, AOL's internet advertising network, in the US and elsewhere. Yahoo's deal last September to sell most of the display advertising on Bebo was one of its largest deals in Europe.

Software

- **Microsoft Corp.'s proposed alternative to acquiring Yahoo Inc. would involve a breakup of the Internet giant that people close to Yahoo is unlikely to win favor with its board.** In recent days, Microsoft floated a proposal to acquire Yahoo's search-advertising business. Under the proposal, Yahoo would also sell its Asian assets, and Microsoft would acquire a minority stake in what remained of Yahoo. Microsoft didn't indicate how much it would pay under the plan, which was initially

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presented by Microsoft representatives to Yahoo, with subsequent discussions between bankers for the two sides. Microsoft hasn't put the proposal in writing. Microsoft walked away after Yahoo rejected a sweetened offer valuing it at US\$33 a share, or US\$46.5 billion and instead held out for US\$37 a share. Microsoft's shares were down slightly, off 0.7 percent at US\$29.78. Yahoo stocks were trading 1.5 percent higher at US\$28.08.

- **Intuit Inc. announces third-quarter profit and sales and beat analysts' estimates on demand for its TurboTax software.** Sales jumped 15 percent to US\$1.31 billion, beating the \$1.28 billion average estimate. Excluding acquisition and stock-option costs, profit rose 23 percent to US\$1.39 a share. The results prompted Intuit to boost its forecast for the year. Customers bought 16.9 million copies of TurboTax from November to April, 17 percent more than a year earlier. Intuit also got a boost as more people filed returns over the Internet rather than using store-bought software. For the year, Intuit predicted annual sales of about US\$3.1 billion and profit at US\$1.61 a share.

Hardware

- **Wal-Mart Stores are being criticized for keeping laptops out of customers' reach prompting a test open display at 50 of its 2,500 supercenters in a move that may boost revenue for personal-computer maker Dell Inc.** Wal-Mart is switching on the PCs and displaying them where people can touch them. More customer access may give Dell a better chance to regain the PC market-share lead from Hewlett-Packard Co. Dell PC shipments rose 22 percent to 10.9 million in the first quarter from a year earlier, the most in two years. Hewlett-Packard's rose 17 percent. Wal-Mart is giving PCs and accessories more space. Over the next two weeks, the 3,400 supercenters and discount stores are posting new signs explaining computer basics such as hard drives and recommending uses of particular models.

Europe

Semiconductor

- **Soitec, which gave a bleak earnings outlook in February, posted a 2007-2008 net loss of 10 million euros (US\$15.60 million) due to lower customer demand and the weakness of the dollar.** Soitec supplies silicon-on-insulator wafers to semiconductor companies, but it has faced delays to orders from customers such as U.S. groups IBM and Advanced Micro Devices. The company was maintaining a forecast for flat sales for the current 2008-2009 fiscal year. Soitec shares closed up 2.1 percent at 6.31 euros. The shares have fallen roughly 25 percent since the start of 2008, having already lost 69 percent last year.

Internet

- **Moneybookers, a European online payments provider, is launching an application which will allow customers, who have registered their bank details with the service to make charity donations, repay loans from friends or pay for services.** Users of Facebook, the social networking site, will be able to transfer money directly to each other for the first time from Saturday with a carry-on fee of 40 percent. Moneybookers, which is regulated in the U.K. by the Financial Services Authority, is already used by Unicef, Wikipedia and Skype to process payments and donations.

Telecommunications

- **Greek officials had sold a controversial 3 percent stake in the country's public telecommunications operator to Deutsche Telekom.** The two sides had been in negotiations since

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March, trying to iron out details of a complex deal that would share ownership and management of the Greek company, Hellenic Telecommunications Organization, or OTE. Deutsche Telekom had already agreed to acquire a 19.9 percent stake in OTE from the private equity group Marfin Investment Group Holdings for US\$4 billion.

- **Deutsche Telekom AG and Russia's Vimpel Communications may compete with India's Bharti Airtel Ltd. to acquire South Africa's MTN Group Ltd., Business Standard reported, citing unidentified bankers.** Deutsche Telekom and Vimpel are evaluating the merit of making a bid or forming a strategic partnership with the South African telecommunications company.

Investments/ Ventures

- **Swiss bank UBS launched a deeply discounted rights issue worth 16 billion Swiss francs (US\$15.55 billion), aiming to issue new stock at about a third below its latest market price.** The emergency offering, at 21 francs per share a whopping 73 percent below its peak price less than one year ago illustrates the extent of UBS's troubles after the world's largest wealth manager was forced to write down around US\$37 billion of assets hit by the U.S. subprime mortgage crisis. The price comes far below what some analysts had expected in recent weeks, when speculation had centred around 24-25 francs per share, but above the 17-20 franc price feared by some, which would have meant a massive dilution for existing shareholders.

Media, Gaming and Entertainment

- **The French government may raise the television license fee, tax Internet-access providers and telecommunications operators or put a levy on sales of consumer electronics to pay for advertising-free public television.** A commission headed by Jean-Francois Cope, the governing party leader in the National Assembly, will present a final report June 25. The commission is developing French President Nicolas Sarkozy's proposal to scrap ads on publicly funded TV. Ending ads on the channels of state-owned France Televisions would mean finding 650 million euros (US\$1 billion) a year in financing to make up for lost revenue.
- **Television advertising spending at France's six main national TV channels rose 0.5 percent to 5.51 billion euros (US\$9 billion) last year.** Overall TV-ad spending, which includes cable and satellite channels, rose 7.1 percent to 6.74 billion euros (US\$11 billion). The commission proposes a tax on the additional ad revenue commercial broadcasters will get due to the phasing out of ads on public television. Advertising would be phased out in two steps. First, beginning Sept. 1, 2009, all advertising would be eliminated after 8 p.m. Then, beginning Jan. 1, 2012, the remaining ads would be eliminated.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 5/23/08)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
Japanese yen	¥/US\$	103.3000	-0.7%	-0.6%	-8.2%	-13.2%
Hong Kong dollar	HK\$/ US\$	7.8017	0.03%	0.1%	-0.04%	0.3%
Chinese renmenbi	RMB/ US\$	6.9412	-0.7%	-0.7%	-5.0%	-11.1%
Singapore dollar	S\$/ US\$	1.3576	-0.7%	0.2%	-6.1%	-11.7%
South Korean won	KRW/ US\$	1,045.5000	0.8%	4.3%	11.7%	12.4%
New Taiwan dollar	NT\$/ US\$	30.4900	-0.5%	0.2%	-6.2%	-6.4%
Australian dollar	US\$/A\$	0.9593	0.4%	1.8%	9.7%	21.6%
New Zealand dollar	US\$/NZ\$	0.7859	1.6%	0.7%	1.6%	11.6%
Philippine peso	PHP/ US\$	43.3700	1.7%	2.8%	5.3%	-11.5%
Euro	US\$/€	1.5764	1.2%	0.9%	7.1%	19.4%
British pound	US\$/£	1.9795	1.1%	-0.3%	-0.7%	1.1%

Fixed Income Prices and Yields

Note	Currency	Current (on 5/23/08)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	96.84	4.57%	96.73	4.58%	100.51	4.34%
Japan 30-year	¥	98.94	2.56%	100.13	2.49%	102.64	2.35%
Hong Kong 10-year	HK\$	104.85	2.96%	105.41	2.89%	107.53	2.65%
China (06/16)	US\$	110.71	3.17%	110.71	3.17%	109.45	3.36%
Singapore 10-year	S\$	107.97	2.67%	109.80	2.44%	110.70	2.34%
South Korea 20-year	KRW	9,982.75	5.61%	10,187.20	5.43%	10,188.61	5.37%
Australia 15-year	A\$	93.41	6.51%	94.91	6.33%	92.89	6.15%
New Zealand (12/17)	NZ\$	95.86	6.59%	96.68	6.47%	97.27	6.38%
Philippines 20-year	PHP	87.70	10.06%	87.64	10.18%	100.27	8.51%
India 30-year	INR	98.72	8.45%	99.14	8.41%	99.59	8.36%
UK 30-year	£	103.21	4.55%	104.22	4.49%	105.89	4.40%
Germany 30-year	€	89.14	4.70%	89.54	4.67%	90.85	4.58%

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