

# IRG WMR



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

***Week of 9 June - 15 June, 2008***

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Equity Market Indicators					
Index	Closing Level (6/13/2008)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
S&P 500	1,360.03	-0.05%	-2.9%	-7.4%	-4.1%
Dow Jones Industrial Avg.	12,307.35	0.8%	-2.6%	-7.2%	-1.3%
Dow Jones Tech. Index	426.92	-2.0%	-0.5%	-7.0%	3.5%
Dow Jones Telecom. Index	267.45	-3.7%	-5.3%	-14.7%	2.8%
NASDAQ Composite	2,454.50	-0.8%	-2.7%	-7.5%	1.6%
The Street.com Net	274.10	-0.2%	-2.3%	-2.7%	10.8%
Japan Nikkei 225	13,973.73	-3.6%	-2.5%	-8.7%	-18.9%
JASDAQ	63.05	-2.5%	-2.5%	-12.6%	-26.8%
Japan Mothers	603.60	-5.5%	-7.5%	-22.9%	-45.7%
Korea KOSPI Composite	1,747.35	-4.6%	-5.7%	-7.9%	21.8%
Korea Kosdaq	622.15	-3.4%	-4.6%	-11.7%	2.6%
Taiwan Stock Exchange	8,105.59	-7.3%	-6.0%	-4.7%	3.6%
Singapore Straight Times	2,979.56	-5.3%	-6.7%	-14.0%	-0.2%
Hong Kong Hang Seng	22,592.30	-7.4%	-7.9%	-18.8%	13.2%
Hong Kong GEM	837.40	-4.8%	-6.6%	-38.0%	-31.6%
China Shanghai (A-Share)	3,008.91	-13.9%	-16.5%	-45.5%	6.9%
China Shenzhen (A-Share)	896.03	-15.3%	-17.7%	-41.1%	57.3%
China Shanghai (B-Share)	222.58	-9.3%	-8.3%	-39.2%	71.1%
China Shenzhen (B-Share)	506.90	-8.1%	-6.9%	-28.6%	17.0%

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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

### International

#### *Hardware*

- **Personal-computer shipments will grow 12.5 percent this year, more than previously forecast, because of stronger-than-expected sales of laptops.** Worldwide PC shipments will increase to 297 million units in 2008 from 264 million last year, according to Stamford. In March, Gartner projected a 10.9 percent increase. Laptop sales beat Gartner's forecasts in the first quarter because of falling prices, which made the machines more attractive compared with desktop models. Shipments of mobile PCs will jump 30 percent this year, as manufacturers such as Hewlett-Packard Co. and Dell Inc. weather a slowing economy.

#### *Semiconductor*

- **TSMC said global semiconductor sales will probably grow around 5 percent this year, in line with previous estimates even as the U.S. economy slows.** Soaring oil prices and the subprime crisis have been crippling the U.S. economy, and that impact has spread to some other advanced economies around the world, hampering demand for some technology products. However, new computers and snazzy mobile phones could spur fresh demand for chips that go into them. TSMC's forecast is roughly in line with the estimate by the Semiconductor Industry Association, which forecast global semiconductor sales growth of 4.3 percent to US\$266.6 billion in 2008.

### Japan

#### *Hardware*

- **Dell Japan Inc. plans to increase the number of supermarkets and electronics mass merchandisers offering its personal computers by 20 percent to 600 this year as part of efforts to bolster PC sales to individuals.** The company has increased its domestic market share via an online sales model that allows customers to select their own PC specifications, but most sales have been to corporate customers. To increase sales to consumers, the company plans to boost the percentage of sales achieved through retailers from 10 percent at present to 50 percent in fiscal 2009. Dell will create a structure that enables customers who have purchased PCs online to get technical support and repairs via electronics mass merchandisers. It will also use customer data gleaned from online sales to introduce products whose specifications and prices match specific regions and mass merchandisers.
- **Toshiba Corporation announced a new line-up of 1.8-inch hard disk drives (HDD) adopting a serial ATA interface, including the industry's first drive of this type with a capacity of 160 gigabytes.** The new 160GB drive and an 80GB drive will enter mass production in August. Toshiba's new 1.8-inch HDDs boost interface speed to 1.5Gbps and offer a rotation speed of 5,400 rpm, faster than the current generation of Toshiba 1.8-inch HDD. By realizing the industry's first 160GB 1.8-inch drive with a serial ATA interface, Toshiba assures that mobile PCs will be able to meet the most demanding user needs.

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## *Mobile/ Wireless*

- **Japanese mobile phone venture Emobile Ltd. unveiled two new handsets aiming to achieve greater presence in the domestic mobile phone market following its start of wireless voice service in March.** The H11HW handset, made by Huawei Technologies Co. of China, is scheduled to go on sale at Emobile outlets and online, and the "Emonster lite," made by High Tech Computer Corp. of Taiwan, is planned to be released in late July. Both models boast high-speed data communication services. Among other features, the Emonster lite has a touch-panel slide screen with a keyboard and is the slimmest model, with a thickness of only 15.8 millimeters, in Japan.
- **Shipments of cellular phones and PHS (personal handyphone system) handsets within Japan sank 21.1 percent to 3.29 million units in April.** The decline is blamed on flagging subscriber growth and lackluster replacement demand due to the introduction of two-year contracts. New plans introduced by various cell phone providers require customers to use the same handset for two years. Shipments have now fallen three months straight on a year-on-year basis. Total shipments fell 5 percent in the January-April period to 17.21 million units.

## *Telecommunications*

- **NTT DoCoMo would cut its monthly fees to match rivals KDDI Corp and Softbank Corp., further intensifying a price war in a mature market.** DoCoMo, which holds about half of Japan's mobile phone market, would lower its cheapest price plan by nearly 7 percent to 980 yen (US\$9.1) a month from July. Second-ranked KDDI also started offering a 980 yen (US\$9.1) -a-month plan from this month to better compete with No. 3 carrier Softbank, which has won more new subscribers than its bigger rivals on a net basis for the past 13 months with its low-price strategy and aggressive marketing.

## *Semiconductor*

- **Japan's Elpida is open to a share swap or buying a stake in Infineon's Qimonda.** The remarks gave new hope to investors that Infineon could finally find a buyer for its struggling chips business, sending shares in Infineon up over 5 percent. Earlier this year, Infineon wrote down its stake in memory chipmaker Qimonda by 1 billion euros in preparation for a sale as Qimonda dipped into the red and prepared to slash jobs. Communications and automotive chipmaker Infineon has failed to find a buyer for the 77 percent of Qimonda it owns after carving out and listing its former memory unit in 2006 in the hope of cutting exposure to the volatile memory chip market.

## **Korea**

### *Telecommunications*

- **SK Telecom denied market talk that it was seeking to buy local set-top box maker Humax.** Founded in 1989 and listed on the Korean stock exchange, Humax exports digital satellite set top boxes to more than 90 countries worldwide. The company's international headquarters and R&D facility are based in Korea and Poland, with offices in Dubai, Germany, India, Italy, Japan, the UK, and the U.S.
- **South Korea plans to increase subsidies of mobile phone fees for people in the low income bracket to help them cope with mounting inflation.** The government will pay up to 50 percent of all mobile phone calls for them, up from the current 35 percent. The government will also pay for all minimum monthly fees for the underprivileged, adding that it will also simplify subsidy application

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paperwork. South Korea's consumer inflation hit a seven-year high of 4.9 percent in May, breaching the Bank of Korea's target of 2.5-3.5 percent for the sixth straight month. Due to runaway inflation the central bank froze its benchmark 7-day repurchase agreement rate at 5 percent in May for the ninth consecutive month.

## *Mobile/Wireless*

- **Samsung Electronics unveiled its full-touch screen phone “OMNIA(SGH-i900),” sporting a user-friendly haptics UI and similar in function to the PC.** The new phone sports leading mobile handset technologies and features for more enhanced convenience and powerful functions. As a Samsung's global strategic item for the second half of 2008, OMNIA is said to be the first of its kind, allowing users to enjoy both the innovative, convenient Haptics UI and Windows Mobile 6.1.
- **LG Electronics Inc. plans to launch its latest premium handset model in Central and South America.** The South Korean company plans to hold a launching ceremony of its LG-KF755 model, nicknamed the "Secret," in Sao Paulo, Brazil. The 11.8 millimeter-thin handset with a built-in 5-megapixel camera made its overseas debut in Europe in late May, where it sold 200,000 units in just two weeks. It will be sold through various mobile carriers in the region, including Vivo, Claro of Brazil and Movistar in Venezuela. Sales of LG Electronics handsets in Central and South America have posted 70-percent-and-above growth in the past few years, thanks to the strong popularity of its "Black Label," "Chocolate," and "Shine" models released between 2006 and 2007.

## *Media, Entertainment and Gaming*

- **Gravity Co. announced that Mr. Brian Yoon Seok Kang has been appointed as Chief Executive Officer, Co-Chief Operating Officer, Chief Compliance Officer and Chairman of the Board of Directors.** Mr. Kang replaces Mr. Il Young Ryu, who has resigned as Chief Executive Officer and Chairman of the Board of Directors, and Mr. Kyu Hyeong Lee, who has resigned as Chief Compliance Officer. Mr. Kang was most recently Managing Director of the Korea Venture Fund in charge of structuring the fund's investments and overseeing the fund's portfolio companies, from 2000 to 2008. In this capacity, Mr. Kang was recognized as a leading professional in the turnaround and value enhancement of many IT and technology companies.

## *Hardware*

- **Following Samsung Electronics, LG Display will begin mass-producing embedded touch screen LCD panel within this year.** Centered on mobile phone and small and medium sized mobile devices, demand for touch screen has surged. Therefore, companies are turning to touch screen embedded LCD panel that can increase production efficiency at cheaper cost. Samsung and LG, beginning from mobile phone, then navigation, are hurry to apply it to large LCD panel to preoccupy market. Early this year Samsung Electronics began mass-producing touch screen embedded LCD panels for mobile devices like mobile phones. By end of this year, LGD plans to mass-produce 7 inch LCD panels for navigations. LGD, from late last year, has produced 3.5 inch and 4.3 inch small size panels for touch screens but didn't make embedded style. Samsung Electronics applied touch screen embedded LCD panels to small and medium sized products mass-production.
- **Samsung Electronics has remained dominant in world LCD market in the first quarter.** In particular, in fierce LCD TV market, Samsung ranked first with 22.2 percent market share by amount and 19.6 percent by quantity, broadening already widening gap with the second. Displaysearch, a market survey agency, announced on June 10 that in Q1 global LCD TV market share, Samsung was No.1 with 22.2 percent followed by Sony 18.1 percent, Sharp 10.1 percent, LG Electronics 9.7 percent



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and Philips 7.8 percent. The electronics giant recorded 19.6 percent market share by quantity, widening gap with second Sony (13.3 percent) by more than 6 percent. LG Electronics was ranked third with 10.5 percent, double digit share, followed by Sharp (9.1 percent) and Philips (8.7 percent) Samsung Electronics sold 4.136 million units in global LCD TV market, up more than 70 percent from 2.357 million units of Q1 of last year, occupying No.1 for seventh quarter in a row by quantity.

## China

### *Mobile/Wireless*

- **China's annual shipment of multimedia mobile phones is expected to hit 133 million units by 2011, about 80 percent of the country's full-year mobile phone shipment.** China, the world's largest mobile phone market, is going to enter a new epoch and multimedia mobile phones will be much more popular. The Chinese consumers, who seem to prefer to some low-priced mobile phones in the past, have begun showing rising interest in mobile phones with functions such as music playing and photo taking now. Mobile phones that can play videos and broadcast TV programs have begun drawing increasingly more attention from Chinese consumers.
- **Research and Markets reports that the number of mobile enterprise email subscribers in China will see triple digit growth over the next five years as the mobile email movement gains firm ground within Chinese enterprises.** At present, the enterprise market for mobile messaging remains under-penetrated and there are significant opportunities in the PRC for this technology. China is already the largest mobile communications market in the world, with over 400 million subscribers. As China ascends into becoming one of the most significant economies in the world, many of its enterprise managers are depending on mobile messaging.
- **Sharp Corp will target wealthy users in China with its mobile phone launch later this month, seeking growth in a market that has defeated its Japanese peers.** Sharp is aiming for upscale users in Shanghai and Beijing to avoid direct competition from lower-priced phones by global leaders such as Nokia and Samsung Electronics Co Ltd, which have greater economies of scale. The move follows pull-outs by fellow Japanese handset makers Matsushita Electric Industrial Co, NEC Corp and Kyocera Corp, which failed to earn a profit in price-competitive China despite a lineup of some of the world's most cutting-edge phones.

### *Telecommunications*

- **China's homegrown 3G mobile service, the TD-SCDMA standard, has drawn a cool response from the public.** Only slightly more than 3,000 handsets have been sold since the commercial trial was launched two months ago. To lift the service's popularity, China Mobile Communications Corp, the parent of Hong Kong-listed China Mobile, last week unveiled the second phase of a free trial by inviting up to 60,000 existing China Mobile customers to join the service. That could boost the number of 3G users on the mainland from 20,000 to 80,000. However, doubts about the quality of the service remain. China Mobile, the nation's largest mobile operator, is expected to be awarded a 3G mobile licence for the service later this year, after the mainland telecommunications industry restructuring is complete in the third quarter.
- **China Mobile may acquire part of China Tietong's fixed-line assets as part of the revamp of the mainland telecommunications sector.** The state announced earlier this week that China Mobile Communications Corp, the parent of red chip China Mobile, must submit a final proposal on its merger with China Tietong by the end of next month. China Tietong, which owns the



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telecommunications network along the nation's railroads, was ordered to be merged with China Mobile Communications last month to help the nation's largest mobile phone operator extend its reach to the fixed-line segment.

- **China Unicom officially started the commercial use of its mobile TV service for CDMA subscribers in the Shanghai service area on July 31.** The mobile TV service is launched in partnership with Shanghai Media Group (SMG) and provides mainly live broadcasting of film, music and fashion show and video on demand service. The mostly-watched entertainment programs, including Come On! Good Boy and My Show, will also be broadcasted lively on mobile phones. Shanghai Film Group will also provide some part or the whole contents of excellent films and the latest films, making mobile phone another display platform of TV and film programs.
- **Huawei Technologies Co. has announced that a recent report by industry consulting firm Broadbandtrends, ranked Huawei first in the global DSL market with a market share of over 31 percent.** This demonstrates Huawei's leading position in the global broadband access market. Huawei has seen increased DSL port shipments even as total industry sales declined 14 percent. The report also shows that IP DSLAM Ports represent 75 percent of total DSL ports and Huawei also ranks No. 1 position. Huawei had shipped a total of 150 million lines of access equipment including 70 million DSLAM ports to over 96 countries and regions.
- **Huawei Technologies has signed a contract with Grameenphone, the largest mobile operator in Bangladesh, to expand and enhance its mobile-phone network.** The mainland's top wireless equipment maker will help upgrade Grameenphone to offer an all-internet protocol (all-IP) network, which will enable the convergence of mobile-phone and radio-access systems, providing a smooth transition to 3G and future access technologies. The financial details of the deal were not disclosed; it was worth more than US\$500 million over three years. Majority-owned by Norway's Telenor, Grameenphone last year invested more than US\$500 million on expansion. It had about 18 million customers as of last month.

## *Media, Entertainment and Gaming*

- **The shareholders meeting of NetDragon Websoft Inc. approved the company's plan to switch from the Growth Enterprise Board of the Hong Kong Stock Exchange to the Main Board on June 24th.** NetDragon is Mainland China's eighth largest online game company after Shanda Interactive Entertainment Limited, Netease and Giant Interactive Group Inc., operating a series of MMORPG games. NetDragon floated its shares on the market on December 2nd, 2007.
- **The9 Ltd., Blizzard Entertainment and China Merchants Bank, jointly announced that they will jointly issue credit cards featuring the online game World of Warcraft (WoW), as part of their cooperation on brand and marketing.** The9 and US-based Blizzard Entertainment are operator of WoW in China and developer of WoW, respectively. The cooperation with China Merchants Bank will bring convenience to WoW players, as credit account will be linked with game account. In addition, the credit card will give players a psychological recognition among credit card holders, and break the gap between the virtual community and real world.
- **China's online game industry maintained a fast growth in the first quarter of 2008. However, investors doubt that the market is approaching saturation.** Statistics from Analysys International show that Shanda Interactive Entertainment Ltd. is still the market leader. Benefiting from massive multiplayer RPG under operation and seasonal proceeds from casual online games, the company's operating revenue from online games reached 745 million yuan (US\$108 million) in the period. As to

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NetEase.com Inc., thanks to its strong Fantasy Westward Journey's wonderful performance during the 2008 Spring Festival, the company's online game operating revenue hit 532 million yuan (US\$77 million), with the second largest market share in the industry. Besides Shanda and NetEase, Giant Interactive Group Inc. and The9 also respectively has operating revenue of more than US\$60 million.

## *Software*

- **AsiaInfo has won a tender with China Telecom to develop an Operational Data Store (ODS) system for Xinjiang Telecom and Northern Telecom.** As part of China Telecom's Business Intelligence (BI) system, the ODS system is able to analyze data from multiple business sectors, and thus help the telecom operator to better understand customer behaviors. With market competition increasing, BI system is vital for operators to launch new differentiated services. The win of contract for developing ODS system for China Telecom proved AsiaInfo's ability to provide ace technology and comprehensive solutions for customers.
- **Beijing RedFlag Chinese 2000 Software Co. introduced its brand-new Red Office 4.0 office software, which will go on the market on July 1st.** The Red Office 4.0 is compatible with the Windows and Linux operating systems and includes six components, namely, word, excel, powerpoint, draw, calculate and database. The Red Office 4.0 meets the domestic new-generation document format standard, the UOF, as well as the corresponding international standard, the ODF. In addition, the new software is compatible with Microsoft's Office, HTML, XML, RTF and TXT formats and can produce high-quality PDF files.

## *Semiconductor*

- **Semiconductor Manufacturing International Corp (SMIC) is finalizing a sale of shares to several strategic investors, which may include a state-owned company.** The chipmaker was talking to as many as four investors about a partnership and preferred to sell a stake to a strategic partner such as a customer, rather than a financial institution. Potential buyers might include some U.S. private equity funds, Shanghai-based Hua Hong Group and Burnon International, all previously linked to SMIC.

## **Taiwan**

### *Telecommunications*

- **Chunghwa Telecom expects to launch telecom services in Cambodia, as part of a plan to expand overseas.** The company will collaborate with Vietnam's military-run operator Viettel, which it had set up a US\$30 million joint venture with in May. The firm declined to give a specific timeline for when the services would be launched or any investment figures. Chunghwa Telecom had started investments in Vietnam and Thailand and planned to invest in every Southeast Asian country besides Myanmar. Viettel, fully owned by the Vietnam military, has become a dominant telecoms operator in Vietnam, taking up about a third of the mobile phone market. Viettel competes with Vinaphone and MobiFone, both mobile phone providers owned by state-run Vietnam Posts and Telecommunications.
- **Chunghwa Telecom Co Ltd has raised the year-end subscriber target for third-generation (3G) telecom services to 3.3 million from an earlier goal of 3.0 million.** The company now has 2.8 million 3G subscribers. Chunghwa is undertaking various promotions, including providing free handsets, to attract more subscribers.

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## *Mobile/ Wireless*

- **LG Electronics Inc. aims to sell handsets valued at US\$100 million as the No. 4 brand in Taiwan this year.** LG recently unveiled its third generation of LG KF Secret series mobile phone in Taiwan, and plans to achieve sales goal of 150,000 units on the island. Sales of its first generation LG KF Chocolate series reached 18 million units globally, including 150,000 units in Taiwan, as well as 7 million units of the second generation Shine series, of which 100,000 units were sold on the island. After launching LG KF Secret series mobile phone in Europe, the firm has sold more than 200,000 units in the first week. Unfazed by the Apple Inc.'s new edition iPhone, LG believes that increasingly shorter lifecycle of a mobile phone stops any one maker to achieve success, competitiveness without a wide ranging lineup.

## *Hardware*

- **Acer Inc. said JT Wang has been re-elected as chairman while also naming him as the CEO of Acer Group with immediate effect.** Separately, company President Gianfranco Lanci has assumed the role of Acer Inc. CEO. Wang will manage the business of the group and its affiliates, it said, with Lanci being responsible for Acer's business.
- **Delta Electronics reported consolidated sales revenues for 2007 of NT\$130.6 billion (US\$4.3 billion) and net income after tax was NT\$15.1 billion (US\$495 million).** Shareholders approved the dividend for shareholders. Each one thousand shares shall receive stock dividends of 20 new shares (10 from retained earnings and 10 from capital reserve) and a cash dividend of NT\$5,500 (US\$181) based on the number of shares held as recorded in the shareholders' register on the record date. Shareholders approved the issuance of new shares to raise capital. The Company will allocate NT\$786.3 million (US\$25.8 million) from the earnings and capital reserve in 2007 for the issue of new shares to augment the Company's operating funds and strengthen its financial structure. Shareholders approved the removal of the non-competition restrictions on Directors.
- **Compal Electronics Inc. named a former Dell Inc. executive as vice chairman.** John Medica, 49, will take up the newly created post as well as the position of corporate advisor, Taipei-based Compal said in a statement today. His role will include product planning. Medica retired from Dell last year after 14 years at the Round Rock, Texas-based company, where he was senior vice president of products, Compal said. He also worked at Apple Inc. for 10 years.

## *Semiconductor*

- **Taiwan Semiconductor Manufacturing (TSMC) unit Global Unichip Corp. has secured shareholder approval at its annual general meeting to establish a subsidiary in China.** Global Unichip plans to close its representative office in Shanghai once the mainland subsidiary is established. The integrated circuits design house will apply to the Investment Commission at Taiwan's Ministry of Economic Affairs for approval of the China-bound investment. Global Unichip has yet to decide on the subsidiary's location, which will also handle sales and customer services. TSMC, which owns 38 percent of the unit, will continue to be the sole provider of contract manufacturing services for Global Unichip.
- **MediaTek Inc. expects first half shipments of integrated circuits for cellular phone handsets to rise more than 40 percent from a year earlier.** MediaTek supplies handsets to Spice and Airtel in India. The company's deliveries of handset ICs to the Middle East, South Africa and Russia are also rising.

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## Hong Kong

### *Media, Entertainment and Gaming*

- **Television Broadcasts (TVB) has selected capacity on the EUROBird 9 satellite operated by Eutelsat Communications to launch its new multi-channel digital platform of Chinese-language channels for satellite homes across Europe.** For the first time in Europe, TVB's subsidiary 'The Chinese Channel' is offering a line-up of five of the group's flagship infotainment channels including 'TVBS-Europe' which specializes in Hong Kong drama series, local news and Chinese community events in Europe. The channels are broadcast in Cantonese and uplinked to EUROBird 9 by Eutelsat's Skylogic affiliate from its teleport in Turin.
- **While GlobeCast has been present in the Asia-Pacific market for about 10 years, a recently announced deal to acquire Hong Kong-based broadcast services company Pacific Century Matrix is expected to help strengthen Globecast's presence.** When the transaction is complete, PCM will be renamed GlobeCast Hong Kong. GlobeCast's fifth office in Asia and 18th office worldwide. The acquisition will give PCM clients access to the worldwide reach of GlobeCast, a full subsidiary of France Telecom. GlobeCast believes this deal will make an attractive proposition for broadcasters looking to target some potentially lucrative pay-TV markets in the region.

### *Internet*

- **Ma Huateng, Chairman of Tencent Inc., sold 230,400 of his company shares at HK\$ 71.075 (US\$9.1) per share and cashed in HK\$16.4 million (US\$2.1 million), reducing his stake from 12.65 percent to 12.64 percent.** This is the fourth time that Ma Huateng sold equity in Tencent in the last eleven days. Mr. Ma sold 300,000 shares on May 26th at HK\$ 67.24 (US\$9) per share, 50,000 shares on May 30th at HK\$69 (US\$9) per share and 300,000 shares on June 2nd at HK\$ 69.016 (US\$9) per share. From the four sales, Ma Huateng earned HK\$60.69 million (US\$8 million). Tencent's share price touched a peak and that the equity sale by the company's managers are evidence of this fact.

### *Information Technology*

- **The government would launch more information technology systems in Hong Kong to improve efficiency and help users.** Responding in the Legislative Council to a question from legislator Sin Chung-kai, who had asked what the government had been doing to upgrade IT, Mr Ma said a number of innovative IT services had been launched recently. These included the new e-Tax service, the Leisure Link Self-Service Kiosk System, and use of e-channels at the airport. Over the next six months, more than 10 new e-Government services would be provided to the public.

### *Hardware*

- **Lenovo Group completed the acquisition of the Mexican personal computer business of Sanmina-SCI, pushing forward its manufacturing expansion efforts in North America, despite an expected slowdown in technology spending on the continent this year.** The assets purchased would form part of Lenovo's new 24,155 square meter Monterrey facility, which is due to start up in the third quarter of this year. Lenovo, the world's fourth-largest personal computer supplier, will spend as much as US\$15 million developing its facility in Monterrey, a key industrial city and capital of the northeastern Mexican state of Nuevo Leon.
- **Lenovo Group has finished the integration of the IBM PC business that was acquired about two years ago, so it is set to expand consumer goods business into overseas market to win**

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**new growth.** The PC maker achieved operating revenue of up to US\$3.9 billion and gained net profit of US\$66.8 million, surging nearly 12 times over the same period of a year earlier. The good performance is mainly attributed to its business computer service. The number of its large, medium and small company customers rose greatly in the American, European and the Middle East.

## Singapore/Malaysia/Philippines/Indonesia/India

### *Mobile/ Wireless*

- **Malaysian mobile phone firm TM International has no plans to sell its stake in India's Spice Communications.** TM International holds 39.2 percent in the Indian telecom services provider, which has operations in two of the country's 23 telecom circles. The Malaysian company does not rule out merging its Indian mobile assets with other players as it aims to grow the business fast. But the executive declined to confirm if the group has been approached by Idea Cellular, India's No.6 mobile operator, for a preference share deal which aimed at facilitating a merger between Idea and Spice. Idea will make a preferential offer to the Malaysian company, as part of a deal to buy smaller rival Spice, the Economic Times reported, citing people close to the development.

### *Investments/ Ventures*

- **Singapore Technologies Telemedia, a subsidiary of Singapore's state investment company, Temasek Holdings, is to end its six-year investment in Indosat by selling its 30.6 percent stake in Indonesia's second largest telecoms company to Qatar Telecom.** Sale was motivated by the offer price of S\$2.4 billion (US\$2 billion), a 30 percent premium to the market price of the shares, and by Indosat's record revenue and high subscriber growth. Temasek, STT and Singapore Telecommunications, which is 54 percent owned by Temasek and has a 35 percent stake in Telekomunikasi Selular, Indonesia's largest mobile phone group, have been convicted of violating cross-ownership laws and seeking to control prices in Indonesia's mobile phone market.

## United States/Canada

### *Mobile/ Wireless*

- **Verizon Wireless and handset maker Palm are raining on Apple's iPhone 3G parade this week. The companies announced the Palm Centro smartphone will go on sale through Verizon for US\$99.** Dressed in a crisp cobalt blue, the Centro provides customers with a wireless tool to manage busy lives with voice, text messaging, e-mail and the Web. Centro runs on Verizon's high-speed data network, so customers can send and receive e-mail messages and attachments and browse rich Web content. Verizon customers can also use the Centro as a modem for laptops when they subscribe to Verizon's BroadbandAccess Connect service plan. The handset offers a touchscreen, a full QWERTY keyboard, and a lightweight design.

### *Media, Entertainment and Gaming*

- **Walt Disney will start offering movies for free on its Web site.** The films, which will first air on Disney's ABC broadcast network on Saturday nights throughout the summer, will be available to watch on Disney.com the following week. Disney aims to increase visitors to its Web site with the free films, which will be sponsored by advertisers.



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- **Take-Two Interactive Software Inc. said a U.S. court ordered it to show why it isn't in compliance with a request for additional information regarding Electronic Arts Inc.'s proposed purchase of the video-game maker.** The subpoena and demand from the Federal Trade Commission are unnecessarily broad and would require unacceptable additional expense. The company has been cooperating with the FTC and trying to limit the scope of the information sought. The company's 45-day arrangement with the FTC only applies to Electronic Arts complying with requests.
- **Time Warner Inc., the media company spinning off its cable unit, may use the US\$9.25 billion dividend from that transaction to buy back stock and purchase the Weather Channel.** Such a move would boost earnings-per-share growth 8.7 percent annually from 2009 to 2012. He has an "outperform" rating on Time Warner shares and doesn't own any. Chief Executive Officer Jeffrey Bewkes, who last month said the company may have overpaid for its US\$850 million purchase of the social networking Web site Bebo, is facing questions from investors about his management strategy.
- **U.S. video-game sales increased 41 percent in May, led for a second month by Take-Two Interactive Software Inc.'s "Grand Theft Auto IV."** Consumers purchased 1.31 million copies of the game at U.S. stores last month, said the NPD Group Inc. Video-game hardware sales rose 34 percent, led by Nintendo Co.'s Wii. "Grand Theft Auto IV" may generate more than US\$1 billion in sales by the end of this year, with Take-Two announcing that consumers had purchased 8.5 million units worldwide from the April 29 release through May 31.
- **U.S. newspapers' print advertising sales fell the most on record in the first quarter, tumbling 14 percent on shrinking real-estate and job markets, and the loss of business to the Internet.** Advertisers spent US\$8.43 billion on newspaper ads in the first three months of 2008, according to the Newspaper Association of America, the eighth drop in a row. Real estate and recruitment ads each fell 35 percent. Many of the industry's biggest advertisers in real estate, automotive and employment are cutting spending and shifting advertising to their own Web sites.

## *Telecommunications*

- **Nortel Networks Corp. pledged to focus on a wireless technology backed by AT&T Inc. and Verizon Wireless.** Nortel will concentrate its research efforts on LTE, a so-called fourth-generation standard. The company will reduce resources devoted to WiMax, a rival wireless technology, by partnering with Israel's Alvarion Ltd. Telecommunications companies are seeking faster wireless equipment to offer services such as e-mail and Internet access on phones. Carriers such as AT&T, Verizon, China Mobile Ltd. and Japan's NTT DoCoMo Inc. plan to build networks using LTE.
- **Sprint Nextel Corp., seeking to lure customers from larger rivals AT&T Inc. and Verizon Wireless, will start selling phones that function as walkie-talkies.** The QChat feature will be available June 15 on four phones in more than 40 U.S. markets. Sprint plans to use the feature to win back subscribers after 1.1 million customers dropped their contracts last quarter. QChat may help the company retain users of its older push-to-talk technology, acquired in the 2005 purchase of Nextel Communications Inc. Sprint developed the walkie-talkie technology with chipmaker Qualcomm. It uses the phone's Internet connection to deliver quick voice messages without users having to wait for a dial tone.

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## *Internet*

- **A new generation of social networking sites is gaining support in Silicon Valley, challenging the established models of leaders MySpace and Facebook.** FriendFeed, a service founded by the creators of Google Maps and Gmail, is at the head of an anarchic counter movement of “lifestreaming”, where users themselves aggregate and order their online social activities from multiple sources. Since opening to the public in February, the service has won over leading bloggers and early adopters who feel Facebook is too structured and not sufficiently open to other services. FriendFeed has gained the most traction among the new lifestreaming aggregation services, which include Plaxo, Iminta, Socialthing, Lifestream.fm and Zude.
- **Google Inc. Chief Executive Officer Eric Schmidt said preventing Yahoo! Inc. from being swallowed up by Microsoft Corp. would help preserve competition in the online advertising market.** Billionaire investor Carl Icahn is pushing Yahoo to sell itself to Microsoft, the world's largest software maker, which dropped its US\$47.5 billion bid last month. The acquisition would triple Microsoft's share of U.S. Internet search queries and expand its business of selling graphical and video ads. Google, owner of the most popular search engine, handled almost two thirds of search queries in the U.S. in April.
- **Microsoft Corp. made a final proposal to Yahoo! Inc. before the Internet company forged an agreement with rival Google Inc., offering to buy US\$8 billion of Yahoo shares at US\$35.00 each and acquire its search-engine business.** The discussions were the most recent round of talks that began with an unsolicited bid for the whole company on Jan. 31. The Microsoft proposal would have challenged Google's dominance in Internet searches by forming a long-term partnership with Yahoo, according to the e-mail. The deal would generate more revenue for three years than what Yahoo gets from its own ad system. The company opposes Yahoo's partnership with Google, the largest search engine, because the deal will consolidate more than 90 percent of the market, Johnson said in the e-mail. Yahoo will let Google run ads beside some of its search results.
- **Clearwire Corp., planning to combine with a Sprint Nextel Corp. unit, said it may attract more than 30 million customers by 2017.** If about 15 percent of people in its coverage area buy its service, Clearwire's sales may reach US\$17.5 billion in nine years. The figures were part of a financial model outlining the company's growth plans. By combining with Sprint's high-speed wireless unit, Clearwire plans to build a network with faster Internet downloads than rivals AT&T Inc. and Verizon Wireless can offer for mobile devices. The Sprint-Clearwire transaction includes more than US\$3 billion in funding from companies including Comcast Corp. and Intel Corp.
- **The battle for dominance of the web search business took a decisive turn as Yahoo sealed an alliance with search giant Google, leaving rival suitor Microsoft out in the cold as it hunts for a way to revive its own flagging internet fortunes.** The alliance between the two biggest search companies, which many antitrust experts would face intense scrutiny, will put Google adverts alongside Yahoo's search results and on other web pages in the U.S. and Canada. To reduce the risk of a regulatory backlash, the partnership would be non-exclusive and would mean that Google ads would sit alongside others generated by its own advertising system as well as those supplied by other companies, potentially including Microsoft.



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## *Semiconductors*

- **Wireless chip developer Qualcomm Inc. raised its outlook for the June quarter and full year amid higher demand for advanced mobile phones, sending its shares up 5.5 percent.** Qualcomm said it updated its view to reflect better-than-expected demand for higher-priced chips used in next-generation 3G phones, dissipating concerns among investors that a weakened U.S. economy was hurting cell phone sales. Investors had begun to expect that Qualcomm would see more growth from emerging markets, where lower-end handsets tend to prevail, as North America and Europe suffer from an economic slowdown.

## *Software*

- **Microsoft Corp. has developed a financial program designed to help investors track stock markets.** Microsoft will offer a test version of the program through the Web site of partner Zignals, a Dublin-based online finance firm. The site uses Microsoft's Solver Foundation technology, which detects patterns in large amounts of fluctuating data. The software helps users analyze patterns and build trading strategies, competing with similar programs used by investment banks. The Zignals software may eventually be linked to Microsoft's MSN Web site to help drive traffic.

## *Hardware*

- **Hewlett-Packard updated its desktop and notebook computers, adding an ultra-thin portable to rival Apple's MacBook Air.** The Voodoo Envy is less than an inch thick and weighing about 3.4 pounds. Hewlett-Packard retook the PC lead from Dell two years ago by wooing consumers through retailers and making its portable designs more appealing. Dell has mimicked that strategy, offering machines with new designs and expanding beyond its direct-sales model. Dell now sells through 13,000 stores, while Hewlett-Packard works with more than 70,000.
- **Apple chief executive Steve Jobs may unveil an iPhone that works with faster wireless networks in a bid to lure business users from the BlackBerry and reach more international customers.** He is expected to announce an updated Apple iPhone that worked with third-generation networks, said an analyst at Piper Jaffray. Higher speed, combined with software due this month that links the iPhone to corporate e-mail systems, may make it a bigger threat to Research In Motion's BlackBerry and help Mr Jobs reach his goal of selling 10 million telephones this year. The lack of 3G capability has limited the iPhone's appeal among overseas users accustomed to fast data feeds.
- **Apple sought to boost the limited appeal of its acclaimed, but modestly selling, iPhone as it announced that new models would sell for as little as half the price of the first version.** The drastic cuts, which will bring the price of an 8-gigabyte model down to US\$199 and a 16GB version to US\$299, largely reflect subsidies from mobile operators who hope to make money from selling data services with the handsets. Operator subsidies could reduce prices in some countries below the prices set by Apple. In the U.K., O2, the only British mobile operator selling the iPhone, is expected to offer the 3G version free to customers who sign up to its most expensive monthly tariff.
- **Hewlett Packard and Acer have resolved a wide-ranging patent dispute in a move to limit costs for both companies' businesses in the U.S.** HP and Acer had settled all ongoing patent litigation. The dispute broke early last year when HP sued Acer and asked for certain products of its rival to be banned from sale in the US. The move followed a period of strong growth in Acer's US business, which made the Taiwanese company a serious competitor for HP for the first time. HP held 19.1 percent of the global computer market in the first quarter of this year. Acer's market share rose to 9.1 percent following its acquisition of Gateway, the struggling US brand.

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## Europe

### *Mobile/ Wireless*

- **Samsung is seeking to grow in Finland with touch-screen phones.** Currently the South Korean company has about 6 percent share in the market that is dominated by Nokia, which has about 86 percent share in its home market, a recent study showed. Samsung had a stronger position in the Finnish market in 2005 when it introduced clamshell phones there, a new trend in the European market at the time. Nokia reiterated earlier this week it plans to launch a touch-screen handset in the latter half of the year. Samsung aims to improve its position in Finland with a line-up of devices such as the Omnia, which it just introduced.
- **Norwegian Internet browsers developer Opera Software ASA announced that the Japanese 3G operator KDDI has selected the Opera Mobile browser for 12 of its new mobile phones.** Opera Software, headquartered in Oslo, Norway, develops the cross-platform Opera web browser for PCs, mobile phones and other networked devices.

### *Telecommunications*

- **European telecoms commissioner Viviane Reding dismissed efforts by mobile phone operators to cut data roaming prices, and warned them that if they don't make bigger reductions themselves by the end of this month, she will intervene to force down the prices as she did with roaming costs on phone calls last year.** GSM Association, a trade group representing mobile phone operators, claimed that the average retail price of data roaming fell by 25 percent in the year to April 2008 in the EU, and that E.U. data roaming traffic grew 75 percent over the same period. Data roaming allows travellers to access multimedia services using their mobile phone or laptop. It also includes services such as sending and receiving SMS messages via a mobile phone.

### *Semiconductor*

- **Norwegian solar energy technology group REC ASA has entered into a significant long-term agreement for supply of multi-crystalline silicon wafers to Gintech Energy Corporation in Taiwan.** Under the agreement, REC will, until 2015, deliver wafers worth more than NOK3.0 billion. The deliveries will start with limited volumes in the second half of 2009 and increase over the contract period. REC, headquartered in Oslo, Norway, is the world's largest producer of polysilicon and wafers for solar applications, and a leading manufacturer of solar cells and modules. The company has 1,800 employees in Norway, the US and Sweden and reported revenue of NOK2.59 billion in 2007.
- **Philips Electronics NV plans to accelerate the sale of its remaining stake in contract chip maker Taiwan Semiconductor Manufacturing Co Ltd.** Philips had previously would sell down its holding, currently around 5 percent. Philips had taken steps to optimise the global supply base of its television business faster than planned and would as a result book half of the expected 125 million euros (US\$193 million) of charges in the second quarter.

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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 6/13/08)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
Japanese yen	¥/US\$	108.1500	3.1%	2.5%	-3.9%	-9.2%
Hong Kong dollar	HK\$/ US\$	7.8121	0.1%	0.1%	0.1%	0.4%
Chinese renmenbi	RMB/ US\$	6.9018	-0.3%	-0.6%	-5.5%	-11.6%
Singapore dollar	S\$/ US\$	1.3792	1.2%	1.3%	-4.6%	-10.3%
South Korean won	KRW/ US\$	1,044.0000	1.3%	1.6%	11.6%	12.3%
New Taiwan dollar	NT\$/ US\$	30.4350	0.4%	0.1%	-6.3%	-6.6%
Australian dollar	US\$/A\$	0.9379	-2.5%	-1.9%	7.2%	18.9%
New Zealand dollar	US\$/NZ\$	0.7484	-2.4%	-4.4%	-3.3%	6.3%
Philippine peso	PHP/ US\$	44.4500	0.9%	2.4%	7.9%	-9.3%
Euro	US\$/€	1.5380	-2.5%	-1.1%	4.5%	16.5%
British pound	US\$/£	1.9465	-1.2%	-1.8%	-2.3%	-0.6%

## Fixed Income Prices and Yields

Note	Currency	Current (on 6/13/08)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	93.16	4.79%	95.61	4.65%	96.73	4.58%
Japan 30-year	¥	98.90	2.58%	99.20	2.55%	100.13	2.49%
Hong Kong 10-year	HK\$	97.20	3.64%	101.28	3.39%	105.41	2.89%
China (06/16)	US\$	110.71	3.16%	110.71	3.17%	110.71	3.17%
Singapore 10-year	S\$	100.49	3.69%	103.30	3.61%	109.80	2.44%
South Korea 20-year	KRW	9,704.14	6.02%	9,822.11	5.76%	10,187.20	5.43%
Australia 15-year	A\$	91.64	6.73%	92.38	6.64%	94.91	6.33%
New Zealand (12/17)	NZ\$	96.77	6.46%	96.77	6.46%	96.68	6.47%
Philippines 20-year	PHP	83.89	10.43%	87.10	10.24%	87.64	10.18%
India 30-year	INR	95.43	8.77%	96.68	8.65%	99.14	8.41%
UK 30-year	£	100.86	4.70%	102.01	4.63%	104.22	4.49%
Germany 30-year	€	86.67	4.87%	88.97	4.71%	89.54	4.67%

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