

IRG WMR



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

Week of 16 June - 22 June, 2008

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Equity Market Indicators					
Index	Closing Level (6/20/2008)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
S&P 500	1,317.93	-3.1%	-5.9%	-10.2%	-7.1%
Dow Jones Industrial Avg.	11,842.69	-3.8%	-6.3%	-10.7%	-5.0%
Dow Jones Tech. Index	417.79	-2.1%	-2.6%	-9.0%	1.2%
Dow Jones Telecom. Index	259.19	-3.1%	-8.2%	-17.3%	-0.3%
NASDAQ Composite	2,406.09	-2.0%	-4.6%	-9.3%	-0.4%
The Street.com Net	266.38	-2.8%	-5.0%	-5.5%	7.7%
Japan Nikkei 225	13,942.08	-0.2%	-2.8%	-8.9%	-19.1%
JASDAQ	62.96	-0.1%	-2.7%	-12.8%	-27.0%
Japan Mothers	597.16	-1.1%	-8.5%	-23.8%	-46.2%
Korea KOSPI Composite	1,731.00	-0.9%	-6.5%	-8.8%	20.7%
Korea Kosdaq	609.16	-2.1%	-6.6%	-13.5%	0.5%
Taiwan Stock Exchange	7,902.44	-2.5%	-8.3%	-7.1%	1.0%
Singapore Straight Times	3,001.81	0.7%	-6.0%	-13.4%	0.5%
Hong Kong Hang Seng	22,745.60	0.7%	-7.3%	-18.2%	13.9%
Hong Kong GEM	828.08	-1.1%	-7.6%	-38.6%	-32.4%
China Shanghai (A-Share)	2,970.93	-1.3%	-17.5%	-46.2%	5.5%
China Shenzhen (A-Share)	831.92	-7.2%	-23.6%	-45.3%	46.1%
China Shanghai (B-Share)	206.68	-7.1%	-14.9%	-43.5%	58.8%
China Shenzhen (B-Share)	475.54	-6.2%	-12.7%	-33.0%	9.7%

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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 6/20/08	% Change From Offer
6/17/08	RHI Entertainment [NASDAQ: RHIE]	Develops, produces, and distributes new made-for-TV movies and mini-series	US\$250	US\$14.00	US\$13.00	-0.07%

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

Mobile/ Wireless

- **According to Bloomberg, phones with Internet, e-mail and video are the fastest- growing part of the handset market, with users forecast to quadruple to 400 million units in the next three years.** Samsung boosted its global market share of the mobile-phone market to 16 percent in the first quarter, closing the gap with Nokia, which had a 41 percent. Sony Ericsson Mobile Communications Ltd., ranked fifth after LG Electronics, also plans to introduce its touch-screen X1 device under the new Xperia brand. Motorola Inc., ranked third worldwide, may lose its No. 1 spot in the U.S. this year as consumers abandon its handsets for more-advanced models.

Japan

Hardware

- **Victor Co., which will form a holding company with Kenwood Corp. in October, plans to increase its video-camera shipments by 10 percent this fiscal year.** Victor, the maker of JVC-brand electronics, is targeting shipments of 3.55 million video cameras in the year ending March 2009, up from 3.2 million a year earlier. Victor and Kenwood will form a holding company on October 1 to focus on car and audio electronics. Victor shares rose 2.2 percent to 235 yen (US\$2.20) after the announcement.
- **Sony Corp. Chairman Howard Stringer said the company's top priority is to restore profitability at the company's television and gaming divisions.** Stringer, 66, made the comment at Sony's annual shareholder meeting in Tokyo. The company is scheduled to announce its next mid-term business plan on June 26. Sony said when it reported earnings on May 14 profit at the electronics division, which makes Bravia TVs and Cyber-shot cameras, will fall this year as the stronger yen erodes the value of its exports. Tokyo-based Sony forecast net income will drop 22 percent to 290 billion yen (US\$2.69 billion) in the year started April 1, matching the median estimate of five analysts in a Bloomberg survey.
- **Sony forecast it will sell 10 million PlayStation 3 machines and 9 million PlayStation 2s this year.** That means the company may lose its rank as the world's largest maker of home video-game consoles because Kyoto-based Nintendo has projected it will sell 25 million Wii players this year. A motion by some shareholders for full disclosure of every board member's salary and retirement package was defeated. Sony only publishes managers' combined salary and retirement payments without giving a breakdown.
- **Data storage company SanDisk has collaborated with Toshiba to develop and manufacture rewriteable 3D memory chips.** Both the companies will contribute and cross-license the technology related to 3D chips. SanDisk will also receive certain payments from Toshiba for licensing its intellectual property. Both the companies have collaborated in NAND flash for many years, and are currently shipping their 43nm NAND devices. Both the companies have decided to cease production at their joint venture in Japan, FlashVision, which manages part of the NAND flash-memory fabrication on 200-mm wafer lines.

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Mobile/ Wireless

- **More Japanese firms are seeking to join the growing market for electronic books packaged for delivery to cell phones.** The overall market for e-books grew some 1.7-fold to roughly 30 billion yen (US\$277.8 million) in fiscal 2007. Content for cell phones accounted for more than 70 percent of that total. Helping to fuel the market was the introduction of wireless service plans with cheap, fixed fees for packet communications. Younger consumers are driving the demand, so the companies that provide content are developing more products like youth-oriented manga. Game software company Koei Co. is putting together a collection of light novels or novels with anime illustrations.
- **Huawei Technologies is scheduled to launch a Internet-capable H11HW mobile phone in the middle of June in Japan, debuting the Japanese market.** Being able to support a data transfer speed of 3.6 megabit per second, the new mobile phone will be sold by Tokyo-based Japanese carrier Emobile. In addition to features like blue tooth, Web browser, music player and camera, the mobile phone will enable users to have access to those videophone services launched by Emobile. The mobile phone, catering for mass customers aside from business users, will be priced at 5,980 yen (US\$56) each with a two-year use contract, or 29,980 yen (US\$279) without a contract.

Semiconductor

- **Renesas Technology Corp., a joint venture between Hitachi and Mitsubishi Electric, has developed a way to vastly reduce the sludge that remains after wastewater has been treated at semiconductor plants.** The semiconductor industry uses a cocktail of toxic chemicals in the chip-making process and some ends up in the industrial wastewater. Chipmakers have made significant progress treating the wastewater, but the bacteria they use in the treatment tanks tend to die and accumulate as sludge. In the technique developed by Renesas, microbubbles are jetted into the tank, providing the bacteria with ample oxygen and keeping them alive. Microbubbles last long enough to reach bacteria even deep inside the tank.

Telecommunications

- **NTT DoCoMo Inc. has agreed to take a 30 percent stake in TM International (Bangladesh) Ltd., purchasing roughly 37 billion yen (US\$342 million) in shares of the third-largest cellular service provider in Bangladesh.** TMIB, a joint venture between Telekom Malaysia Bhd and Bangladeshi conglomerate A.K. Khan & Co., operates cell phone service under the Aktel brand. With about 7.4 million subscriptions, TMIB holds a 19 percent share of Bangladesh's cell phone market, which has been growing slightly faster than 60 percent a year. The nation of 150 million people had 38.3 million cellular service contracts as of March 31, 2008. DoCoMo will purchase all of the A.K. Khan group's TMIB shareholdings by the end of this year.
- **NTT DoCoMo would seek more acquisitions overseas and particularly in Asia. DoCoMo has not given up on talks to launch Apple Inc's iPhone and that it may also expand sales of Research In Motion's BlackBerry to individual customers.** As the number of mobile phone subscribers approaches 108 million, or 85 percent of the country's population, DoCoMo and rivals KDDI Corp. and Softbank Corp. have been searching for other ways to expand business.

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Korea

Telecommunications

- **SK Telecom is interested in buying a stake in China Telecom Corporation Ltd., disclosed So Jin Woo, President of SK Telecom.** SK Telecom would like to team up with China Telecom if conditions are ripe. The South Korean company expects to set up win-win cooperation with companies in China. The company will take every chance of expanding its business. In fact, China Telecom Chairman Wang Xiaochu revealed the company's plan to lure a strategic investor soon after China Telecom announced its proposal of acquiring the CDMA network from China Unicom.

Internet

- **Prosecutors arrested the heads of five top Internet service providers on allegations of facilitating illegal distribution of copyrighted movies, with the companies claiming the probe is politically-motivated attempt to thwart anti-government protests.** Arrested were Moon Yong-shik, head of online service provider Nowcom, and four other heads of major Internet service operators for allegedly instigating the violation of online copyright laws. Moon and the other suspects gave 10 percent of the charges they received from downloaders to their top customers.

China

Internet

- **Sohu.com announced that it had got the Internet broadcasting right of the 2008 Beijing Olympic Games under a cooperative agreement with China Central television (CCTV), the official broadcaster of the Olympics.** Sohu has by far been the first Chinese Internet portal that has gained the broadcasting right. It will broadcast the opening ceremony and all games of the Olympics in the form of live broadcast and video on demand. During the course of the Olympics, it will broadcast 3,800 hours of video programs with the aid of CCTV.com.
- **Sohu.com said online advertising revenue growth may slow in 2009 to half this year's pace as sales ease after the Olympic Games, which start in August.** Sales of online display ads are expected to increase 20 percent to 30 percent in 2009, compared with a projected growth rate of more than 40 percent this year. Sohu shares have more than tripled in the past year as the company's sponsorship of the Beijing Olympics attracted higher advertising spending from customers including Samsung Electronics Co. and Adidas AG. The Beijing-based business's ``Tian Long Ba Bu" online game also helped bolster earnings.
- **Registrations for Internet addresses ending in China's ".cn" have surpassed those for the global ".net," showing the continued rapid rise in Internet use in the communist nation.** A study by VeriSign, which runs the ".net" databases and other core directories for helping computers find web sites and route email, found that ".cn" overtook ".net" sometime in the first quarter of 2008. VeriSign did not provide registration breakdowns but said ".cn" registrations grew 23% from the previous quarter and were triple those in the same period in 2007. The organization that runs Germany's ".de" domain pegged ".cn" registrations at 11.8 million and ".net" at 11.6 million as of May. The findings come as China reported that the number of Internet users there has soared to 221 million, by some measures tying the US online population as largest in the world.

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Mobile/Wireless

- **Mobile-phone sales in China grew the slowest in four years as consumers donated to relief efforts for the Sichuan earthquake.** Sales gained 8.7 percent in May from a year earlier, the slowest rate since 2004 and less than half the 18.4 percent increase recorded for the first four months of this year. The impact of the Sichuan earthquake may continue to hurt sales into July. Demand may not recover until September, after the Beijing Olympics.

Telecommunications

- **SingTel is in talks with operators in China about investing in the world's biggest telecoms market, which is being overhauled and opened to foreign investors.** The restructure opens the door to foreign investors who have been restricted to taking small stakes, such as Vodafone's 3.3 percent investment in China Mobile Ltd. China has about 575 million mobile subscribers, and adds some 4 million new users every month. Mobile penetration stands at slightly above 40 percent. SingTel was considering investing in fixed-line operator China Telecom although there have been no formal talks. China Unicom early this month paid US\$24 billion for a fixed-line rival and sold a network for almost US\$16 billion as part of the industry reshuffle.
- **Telefonica announced its plans to acquire a 10 percent stake in wireless operator China Unicom, one of the two mobile phone operators in China after the country's telecom restructuring.** The company presently owns a 7.2 percent stake in fixed-line operator China Netcom, which will be diluted to about 3 percent once China Unicom acquires China Netcom for US\$24 billion this year. Fixed line operator China Telecom will acquire Unicom's mobile-phone assets based on CDMA technology for more than US\$15 billion. Last month, China announced a telecom restructuring plan which will result in three groups based around China Mobile, China Telecom, and China Netcom in the world's largest telecom market.
- **Huawei Technologies said it expects its contract sales in Asia Pacific, excluding China, to hit US\$3.9 billion this year as regional operators upgrade their networks.** Shenzhen-based Huawei, which competes with cross-town rival ZTE Corp. Its contract sales in the region rose to US\$2.5 billion in 2007, versus US\$2 billion the previous year. In addition, **Huawei** is looking for a buyer for its growing terminal business. Carriers AT&T and Vodafone and private equity firms including Blackstone, TPG and Kohlberg Kravis Roberts have been reported as possible buyers of a 50% stake in the handset business. Meddy Lu, director of Huawei's terminal division, said the company had appointed Morgan Stanley to handle the possible sale of the group. The handset business was in good health, accounting for about 10% of Huawei's total revenues. Huawei shipped 30 million handsets and terminal cards up to May 2008, generating revenues of US\$1.8 billion. Last year the Chinese vendor sold 40 million handsets and modem cards, worth US\$2.6 billion.
- **China's TD-SCDMA Industry Alliance revealed that 38 TD-SCDMA terminals have obtained network access licences from the Ministry of Industry and Information.** The 38 TD-SCDMA terminals come from 21 companies. Apart from domestic telecommunications firms like Datang, Lenovo and Huawei, three cell phone models from Motorola and Samsung have also obtained licences.
- **Alcatel-Lucent announced that its Chinese subsidiary Alcatel Shanghai Bell Co., Ltd. has signed a cooperation framework agreement for 2008 with China Mobile on mobile communications equipment and services with contractual value of US\$1 billion.** Alcatel-Lucent will offer China Mobile mobile core network equipment, wireless network equipment, TD-SCDMA

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equipment, application platforms, transmission equipment, IP routers and the relevant specialized services.

- **Datang Mobile Communications Equipment Co., Ltd. put up for sale on the China Beijing Equity Exchange the 32.11 percent stake that it holds in Beijing T3G Technology Co., Ltd. for 122 million yuan (US\$17.7 million).** With a registered capital of US\$42.01 million, T3G Technology mainly develops and manufactures multi-mode chip sets and associated software, however the company has been incurring huge losses for some time now. Apart from Datang Mobile Communications Equipment, the company's other shareholders are NXP Semiconductors with a 42.7%, Samsung Electronics with a 16.91% stake and Motorola with 8.28% equity.
- **China Telecom kicked off a bidding fight for 574,000 IPTV (Internet Protocol Television) terminals on June 13, 2008.** China Telecom will procure 536,000 standard definition terminals and 38,000 high-definition terminals, both of which are coded with H. 264. Under the framework agreement signed by China Telecom and suppliers, China Telecom's provincial branches will purchase the devices in accordance with their demands. The bidders should be terminal providers that took part in China Telecom's ongoing IPTV V2.0 platform test and their products should support the IPTV V2.0 platform. The fight is part of its efforts to unify the standards of terminal providers and system operators and stir competition among terminal manufacturers so as to cut cost.
- **Telecom Group, parent of China Telecom, is seeking to offload 30 percent of its wholly owned hotel subsidiary as it sets about acquiring a mobile network from China Unicom Group for 66.2 billion yuan (US\$10 million).** The mainland's largest fixed-line operator is putting up a 30 percent stake in Tong Mao Hotel Holdings for sale with an asking price of 731 million yuan (US\$106.2 million). Tong Mao is involved in hotel and property management with net assets of 1.843 billion yuan (US\$268 million) and operating 11 hotels in seven provinces as of last year. Of the Tong Mao hotels, six are of four stars in Shanghai, Nanjing, Yangzhou, Jiejiang, Hefei and Guangxi, three are of three stars in Jiejiang and Shaanxi, and two are of five stars in the Xinjiang Autonomous Region.
- **China Mobile decided to strengthen its promotion on the TD terminals before the opening of the 2008 Beijing Olympic Games.** In line with that, sources at ZTE Corporation disclosed that China Mobile has increased the volume of its second-phase TD terminal tender from 100,000 to 200,000 units. On February 18th, 2008, China Mobile invited tenders for 60,000 TD mobile phones and 15,000 data cards as the first phase of this project. After TD mobile phones went in commercial use on April 1st, the company has already put six mobile phones and two data cards on the market.
- **China Unicom released its user data for May.** Data shows that the company's GSM mobile phone users increased by 1.1 million units in the month, bringing the total to 126.5 million users, and that the newly-added CDMA users stood at 55,000, pushing the total up to 43.15 million users. The company estimates that its GSM users will increase by 6.0 million in 2008, with the contract and pre-paid users accounting for 65.2 million and 61.3 million respectively, while its CDMA users will expand by 1.226 million, with the contract and pre-paid users to make up 39.9 million and 3.3 million respectively.

Media, Entertainment and Gaming

- **Shanda Interactive Entertainment recently purchased 1,200 servers from IBM and HP.** Shanda is one of China's first and largest internet service providers of Dynamic DNS servers. The company has so far set up almost 20,000 servers in China, with the internet trunk bandwidth at 80GB and the total investment at 400 million yuan (US\$58.1 million).

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- **The Administration believes that the Olympic Games will be a major factor behind the development of the field and that the total number of users will reach and even exceed 10 million in 2008.** By the end of 2007, China's mobile television users had soared from less than 1 million in 2006 to 8 million, shows the 2008 China Broadcasting, Film and Television Industry Development Report released by the Development Research Center of the State Administration of Radio, Film and Television. CCTV.com introduced mobile television programs on December 11th, 2006, with the registered users from China Mobile and China Unicom totaling 4 million at the end of 2007.
- **Zhang Miao, chairman of Beijing Gehua CATV Network Co., said that the company will focus on expanding its network in 2008 and plans to lay 500km of underground optical cables.** This will be used to establish new and re-construct its bi-directional network for 500,000 households and to introduce digital televisions to 700,000 households so that it may bring its total up to 1.9 million households. In addition, the company will establish a digital television interactive application and support platform and will start testing it soon. Gehua CATV Network's optical nodes in Beijing have now exceeded 10,000, soaring by more than 200 percent over 2006.
- **The9 Limited, the licensed operator of World of Warcraft (WoW) in Mainland China, will issue and promote WoW-themed co-branded credit cards in partnership with China Merchants Bank Co., Ltd.** The9 announced the news with CMB, and Blizzard Entertainment, the developer of the massive multiplayer online RPG, saying that the three parties would cooperate in brand and marketing, to attract more players on the strength of their own brand reach. A set of credit card, including four pieces, features images of different characters in the game, and can be collected by players, or used to purchase, charge, and recharge their top-up cards. With preferential derivative products and automatic account recharge function, such credit cards are an extension of CMB's All in One Net service, providing convenience for players.
- **Hurray! Holding Co. announced that its President, Chief Operating Officer, and acting Chief Financial Officer Sean Wang will, effective June 20, 2008, resign from his position.** Following his resignation, Ms. Xiaoqing Guo, current Vice President and Financial Controller of the company, will assume the role of acting Chief Financial Officer of the company.

Hardware

- **Hewlett-Packard opened a global testing service centre in the Xiyong Micro-electronics Industrial Park in China's city of Chongqing, Sichuan Province.** Robb Rasmussen, vice president of HP, said this centre will hire 2,000 test engineers in three years to provide non-stop and comprehensive software testing service to customers. The software development unit of this centre will have around 5,000 staff by 2012. The centre will become HP's base to attract Chinese and international software professionals.
- **China may be about to see the opening of its first official Apple Store as the firm prepares to launch the iPhone in the country.** Apple currently distributes its products in China through a network of several hundred licensed dealers. Some other products, such as the original iPhone, are widely available as unofficial grey market imports. An Apple dealer in Beijing told local news service Sina that Apple plans to open a 1,000 square metre store on three floors in a central Beijing shopping centre and office development. While the dealer did not provide an opening date, other businesses in the new building are expected to open during July and August.

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Taiwan

Telecommunications

- **Taiwan's Ministry of Finance decided to withdraw a planned NT\$52.8 billion (US\$1.74 billion) worth of Chunghwa Telecom share disposal, and will sell bonds instead to help raise part of the funds for a program on boosting the economy.** The government had hoped to raise NT\$52.8 billion (US\$1.7 billion) by reducing its stake in Chunghwa Telecom, Taiwan's largest phone services provider by revenue, to as low as 30% from 35.65%, in part to help fund the NT\$120 billion (US\$4 billion) government spending program aimed at supporting domestic demand at a time of rising prices. But some lawmakers have voiced opposition to the share disposal.

Hardware

- **Promos Technologies is offering 640 million new common shares at NT\$7.96 (US\$0.3) each to South Korea's Hynix Semiconductor Inc.** The actual size of the stake has yet to take into account other fund raisings. The total stake held by Hynix would amount to around 9.55 percent. Among ProMOS' fund raising plans is an offer of up to 800 million new common shares for no more than US\$200 million via overseas depositary receipts. ProMOS now has paid-in capital of NT\$67.1 billion (US\$2.2 billion), or NT\$6.7 billion (US\$221 million) common shares. The private placement offer follows an agreement signed between the two firms last month for an enhanced strategic alliance.

Semiconductor

- **Taiwan Semiconductor Manufacturing (TSMC) bought back 16.30 million shares at an average price of NT\$63.96 per share on the open market.** The repurchase was part of its plan to buy back up to 500 million shares, or 1.95 percent of its shares outstanding, in the May 14-July 13 period. The repurchase program is part of an agreement with Royal Philips Electronics NV whereby the Dutch firm is to eliminate its stake in the Taiwan company before the end of 2010. Before the May 14-July 13 repurchase began, Philips held about 5 percent of TSMC's common shares, with a market value of about US\$2.8 billion.
- **Hynix Semiconductor would buy a 2 percent stake in Taiwan-based chip design house Phison Electronics Corp .** Hynix would spend NT\$346.5 million (US\$11 million) for the stake under an alliance deal aimed at technology cooperation and joint product development. Under the agreement, the South Korean chip maker will also supply Phison with NAND flash memory chips until the end of 2009 and receive an initial payment of US\$26.4 million.

Hong Kong

Mobile/ Wireless

- **Facing the problems of raw material cost hikes, a set of new labour laws in China, and a poor global economy, Foxconn International Holdings says the company's 2008 gross profit will be pressured.** Due to the high labour cost in southern China, the company plans to move its labour-intensive processings to other provinces such as Hebei and Shanxi where a new plant is scheduled to operate in July. He adds that the company plans to raise its production capacity by 25-30 percent in 2009 and given the large potential of the intelligence mobile phone market, the company will spend more on research and development in 2008. Foxconn provides vertically integrated manufacturing services for the handset industry worldwide.

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Internet

- **Tencent Holdings signed deal to acquire up to 50 percent stake in MIH India Global Internet Ltd over the next three years, sources cited the company's announcement as saying.** Tencent will invest about 52.1 million yuan (US\$7.5 million) in the planned acquisition. Tencent, 35.2 percent owned by its controlling shareholder MIH China (BVI) Ltd, is engaged in boosting its business in China which is Tencent's key market. The company is also attaching lots of importance to its overseas business, as an effort to enhance its presence in the potential markets, sources said. Tencent's instant message service QQ owns approximately 597.9 million registered users and 253.7 million active instant messaging accounts at present. MIH India Global Internet is the wholly-owned subsidiary of Nasper Ltd. which is also the controlling shareholder of MIH China.

Telecommunications

- **Huawei has signed a cooperation agreement with Hong Kong telecom operator PCCW.** Huawei will help PCCW build the first CDMA 2000 1X/1xEV-DO Rev mobile network in Hong Kong, according to a press release by Huawei on June 5, adding that the network will substantially reduce costs and facilitate smooth transition to 3G and newer-technology networks for PCCW. Pursuant to the agreement, Huawei will deliver its fourth-generation CDMA-enabled BTS (Base Transceiver Station) solution - featuring the advantages of multi-standard convergence, high integration, All-IP (Internet Protocol), energy saving, and environmental protection - to PCCW.

Singapore/Malaysia/Philippines/Indonesia/India

Mobile/ Wireless

- **Mobile internet access in Thailand is expected to experience explosive growth this year, thanks to a greater variety of high-feature handsets and increasing number of GPRS (General Packet Radio Service) and Edge users.** It is predicted that the country would see tenfold growth in terms of data usage volume once third-generation (3G) services are fully available next year. The overall mobile internet market in Thailand witnessed an increase of 50% in terms of usage volume and value in the first quarter of this year. AIS alone reported a 70% increase in data revenue to 300 million baht. Internet usage over mobile phones more than doubled, with customers in Bangkok accounting for 40%.

Telecommunications

- **Alcatel-Lucent plans to conduct a trial of wireless broadband services using WiMAX Rev-e technology with True Corp.** For the trial, Alcatel-Lucent will provide True Corp. with a comprehensive WiMAX solution that operates on the 2.5 GHz frequency band, including base stations, wireless access controller, operation and maintenance centre, customer premises equipment (CPE), including WiMAX CPE and wireless cards for laptop computers, to deliver broadband internet access when on the move. Alcatel-Lucent will also provide its WiMAX engineering expertise and integration services for the trial, which will take place in Phatumthanee province on the outskirts of Bangkok.
- **TT&T Subscriber Services has launched a new broadband-Internet package, offering a minimum speed of 2 megabits per second for 590 baht (US\$18) a month.** The company also plans to double its subscriber numbers to more than 600,000 this year. The package was expected to help boost company revenue from 2 billion baht (US\$60million) last year to 3 billion baht (US\$90

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million) this year. The new package covers all provinces and some areas of Bangkok. TT&T Subscriber is a subsidiary of TT&T, which operates fixed-line telephone services upcountry but not in Bangkok. True is the country's largest broadband-Internet provider, with more than 600,000 subscribers. TT&T Subscriber will spend Bt50 million to market its new package.

- **EVN Telecom announced that it will join in building a US\$200 million pan-Asian submarine optic cable system.** The telecommunications arm of Electricity of Vietnam has said it will pour US\$30 million into a cable segment, which will have an initial capacity of 50 Gbps and will enable direct connection to Singapore, Hong Kong and Japan. The pan-Asian submarine optic cable system, with a data transmission speed of 3.84 Tbps, will also enable direct linkage to TGN-Pacific cable system and some spots in the US.
- **CAT Telecom has allowed Total Access Communication (DTAC) and True Move to start developing their 3G cellular broadband services.** CAT would ask for permission from the National Telecommunications Commission (NTC) to adjust the current use of the 800MHz band by DTAC and CAT's Code Division Multiple Access 2000 1-x cellular service in order to free up 5MHz for True Move. CAT has to make the adjustment to meet the request of True Move for 800MHz bands to develop the 3G service using High Speed Packet Access technology. Though DTAC had sought CAT's permission many times to develop the 3G HSPA service on its existing 800MHz bands, CAT had stalled, pending its finding of any 800MHz bands for True Move, which has only the 1800MHz spectrum.
- **Smart Communications in the Philippines are keeping their lines open and are still willing to hold dialogues with the government to bring cheaper rates for text and voice calls for their customers.** The company for the past 10 years has been providing low-priced, good quality telecom services. Unlike other industries such as utilities or the oil industry, the telecom industry is one of the few that grew by bringing down the cost of service. Offering free text messages would not be cost beneficial to them. For every five text message sent, four are free of charge and only one is being charged at 1 peso (US\$.02) which gives them a yield of 20 centavos (US\$.005).
- **Philippine Long Distance Telephone said its core net profit in January to May rose from a year ago but rising food and fuel prices could cut revenue this year.** In the first quarter, core net profit was 9.3 billion pesos (US\$209.3 million), up 11 percent from a year earlier. The company, a unit of Hong Kong-based First Pacific Co Ltd maintained its 2008 core earnings guidance of 37 billion pesos, up 5 percent from last year. But rising fuel and food prices as well as a volatile peso, down more than 7 percent so far this year, could trim the firm's revenues and core net profit.
- **Globe Telecom and Apple will be bringing the iPhone 3G to the Philippines later this year.** iPhone 3G will be twice as fast as the first generation iPhone, built-in GPS for expanded location based mobile services, and iPhone 2.0 software which includes support for Microsoft Exchange ActiveSync and runs the hundreds of third party applications already built with the recently released iPhone SDK. iPhone 3G will be available to Globe's postpaid and prepaid subscribers in the Philippines later this year.
- **Reliance Communications, India's second-largest mobile operator, added 1.63 million mobile users in May.** Reliance, which is in talks with South African mobile operator MTN for a possible combination that would create a top-10 global telecoms firm, had 47.4 million subscribers as of end-April. India is world's second-largest wireless market, trailing only China.

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- **StarHub has signed a Memorandum of Understanding with Japan's NTT DOCOMO to pilot mobile wallet service in Singapore.** Singapore will be the first market outside Japan to pilot the service, popularly known as Osaifu-Keitai, which was launched by the Japanese carrier in 2004. The service requires contactless chips embedded into mobile devices to facilitate mobile payment and transactions, including electronic money, identity card, fare card for bus and train rides, credit card and loyalty card. The application is supported by other mobile service providers in Japan and is accepted by more than 640,000 stores in the country.

Hardware

- **Brother International Philippines is planning to hire more employees to help carry out its plans to expand its corporate client base in the Visayas and Mindanao.** The company director and general manager Toshiaki Isayama said the company has witnessed remarkable growth every year in sales and market share since it put up a branch in Cebu two years ago and even after its incorporation in November 2000. The company is second in the country in terms of market share for multi-function products, which features up to six functions printing, faxing, scanning, copying, PC faxing, and Photo Capture Centre in a single unit. Brother has a 20 percent market share in the country for printer products.

United States/Canada

Mobile/Wireless

- **Samsung Electronics Co. began selling its touch-screen Instinct handset for US\$70 cheaper than Apple Inc.'s new iPhone to win sales in the U.S.** Sprint Nextel Corp. will offer the phone, which can access e-mail and get live television programs, starting today for US\$129.99 each. That's below larger rival AT&T Inc.'s US\$199 price for the iPhone. Unlike Apple's latest phone, the Instinct can also record videos. The Instinct joins High Tech Computer Corp.'s Diamond and LG Electronics Inc.'s Vu in challenging the iPhone, which helped Apple become the second-largest maker of so-called smartphones in the U.S. in less than a year.

Media, Entertainment and Gaming

- **ESPN is in partnership talks with the National Football League to carry more games.** The NFL Network is considering a deal that could give ESPN Thursday and Saturday night games. A deal may end the league's carriage dispute with cable systems. NFL Network Chief Executive Officer Steve Bornstein has been meeting with Disney executives. Disney CEO Robert Iger and NFL Commissioner Roger Goodell are also involved. Under one scenario, ESPN would carry the eight regular season games scheduled by the league on ESPN Classic. The NFL channel started in November 2003, airing highlights, interviews and the league's annual draft.

Internet

- **The online social network intended for professional use has been valued at more than US\$1 billion, putting it among a small group of private internet companies to have crossed that threshold before going public.** LinkedIn, whose members use the site to do things such as making professional contacts, recruiting staff or finding new jobs, said it had raised US\$53 million from a group of venture capitalists led by Bain Capital, taking the total raised to US\$80 million in all. The latest investment, for about 5 percent of the company, gives LinkedIn a "pre-money" valuation of US\$1.015 billion.

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- **Yahoo Inc. signed agreements to provide its mobile-phone search software to five Asian carriers.** The operators will make Yahoo the preferred search service on their Web sites designed for subscribers to visit using their handsets, the Sunnyvale. Agreements were signed with India's Mahanagar Telephone Nigam Ltd., Hong Kong CSL Ltd., Vibo Telecom Inc. in Taiwan, along with Smart Communications Inc. and Digital Mobile Philippines Inc. in the Philippines. Mobile-phone subscriptions in India and other Asian economies have surged as rising wages make handsets and wireless services affordable to more of the region's consumers. Yahoo agreed to sell advertising on Web sites designed by Malaysia's Maxis Communications Bhd and India's Idea Cellular Ltd. for their handset users.
- **Three of the largest U.S. Internet service providers are planning to impose surcharges on heavy Internet usage.** Time Warner Cable, Comcast and AT&T are looking into extra charges for beyond average Internet usage. Time Warner this month kicked off its "Internet metering" trial asking customers to select a monthly plan and pay surcharges when they exceed their bandwidth limit. Rival Comcast may slow down the connections of the heaviest users, or the so-called bandwidth hogs. The report quoted AT&T as saying that limits on heavy usage were inevitable and that it is considering pricing based on use.
- **Yahoo! Inc. Chief Executive Officer Jerry Yang faces an exodus of top managers, challenging his effort to turn around the Internet company after he spurned a US\$47.5 billion takeover offer from Microsoft Corp.** At least nine officials may have decided to leave, and the possible reorganization of Yahoo's e-mail, search and homepage units into one global division may prompt even more departures. Losses amid Yahoo's ranks, including Jeff Weiner from the networks unit and Qi Lu from the search business, may make it harder for the company to prosper on its own. Billionaire investor Carl Icahn is seeking to oust Yang, whom he accused of botching the Microsoft acquisition.
- **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 \$850m 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.

Software

- **Misys shrugged off the effects of the credit crunch as it reported robust figures for the year, boosted by growth outside the U.S. and European markets.** Mike Lawrie, chief executive, said that the divisions had benefited from supplying core systems to companies, rather than discretionary products and services. It also benefited from its presence in markets unscathed by the credit crunch. Revenues at the group, which announced a merger of its struggling healthcare group with US-based Allscripts in March, rose 6 percent on a like-for-like basis. This brought total revenues for the year to the end of May to about 492 million pounds (US\$971 million) based on last year's figures.

Hardware

- **Apple Inc. said its iTunes online store has sold more than 5 billion songs since its debut five years ago as more fans abandon record shops for the Web.** The site is the most popular in the U.S. for legal music downloads, with more than 8 million songs. iTunes customers also are renting or buying more than 50,000 movies a day. While it took Apple almost three years to sell the first 1 billion

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songs, orders have picked up as more consumers switch to digital media players from older music devices. Apple, which is counting on iTunes to increase sales of iPods, iPhones and Macintosh computers, broke the 3 billion-song mark last July.

Europe

Media, Gaming and Entertainment

- **The games industry is warning that the U.K. could lose one of its greatest creative assets without more government support, as cheaper and more plentiful labor in other countries tempt companies to relocate abroad.** Although the biggest game of the year, Grand Theft Auto IV, was developed in Edinburgh, MPs are more often found joining tabloid condemnation of the violent game than celebrating its contribution to the economy. The big guns of the UK games industry believe that this attitude threatens its competitiveness in the face of tantalizing tax breaks and better training abroad, led by Montreal, Canada. Ian Livingstone, a campaign spokesman and creative director at Eidos, the Tomb Raider developer acquired by SCi Entertainment, says the UK has not kept up as countries such as France, Singapore, Australia and the US have mimicked Montreal's tactics.
- **Infogrames Entertainment SA posted a narrower loss after cutting costs and predicted sales will increase as much as 18 percent this year.** The net loss in the year ended March 31 fell to 51.1 million euros (US\$79.4 million) from 103.1 million euros a year earlier. Infogrames forecast sales will grow 12 percent to 18 percent by March 2009 and it will return to operating profit within 18 months. Infogrames Entertainment SA appointed Gardner, former chief operating officer at Electronic Arts, as chief executive officer in January, replacing Chairman and CEO Patrick Leleu. Michel Combes was named chairman, with Lagardere SCA Chief Financial Officer Dominique D'Hinnin as vice chairman.

Mobile/Wireless

- **Sony Ericsson said it projected strong demand for the global handset industry in the second quarter and the second half of this year.** The firm was keeping its 10 percent growth forecast for the global handset market this year. Coupled with component shortages, first-quarter pretax profit fell to 193 million euros (US\$306 million) from 362 million euros (US\$565 million) a year ago.

Hardware

- **Hewlett-Packard Co. formally notified European Union regulators about its plan to buy Electronic Data Systems Corp. for US\$13.2 billion.** The European Commission, the antitrust authority for the 27-member EU, will rule on the deal by July 25, the regulator said. At that time, the commission can approve the transaction or extend the investigation by 90 working days. The purchase is Hewlett-Packard's largest since its \$18.9 billion takeover of Compaq Computer Corp. in 2002. Combining with EDS, founded by H. Ross Perot in 1962 with US\$1,000, would help Hewlett-Packard more than double revenue from services as PC shipment growth slows worldwide.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 6/20/08)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
Japanese yen	¥/US\$	107.2600	-0.8%	1.7%	-4.7%	-9.9%
Hong Kong dollar	HK\$/ US\$	7.8038	-0.1%	0.004%	-0.01%	0.3%
Chinese renmenbi	RMB/ US\$	6.8796	-0.3%	-0.9%	-5.8%	-11.9%
Singapore dollar	S\$/ US\$	1.3641	-1.1%	0.2%	-5.6%	-11.3%
South Korean won	KRW/ US\$	1,030.5000	-1.3%	0.2%	10.1%	10.8%
New Taiwan dollar	NT\$/ US\$	30.3700	-0.2%	-0.1%	-6.5%	-6.8%
Australian dollar	US\$/A\$	0.9536	1.7%	-0.2%	9.0%	20.9%
New Zealand dollar	US\$/NZ\$	0.7598	1.5%	-2.9%	-1.8%	7.9%
Philippine peso	PHP/ US\$	44.0100	-1.0%	1.4%	6.8%	-10.2%
Euro	US\$/€	1.5601	1.4%	0.3%	6.0%	18.2%
British pound	US\$/£	1.9758	1.5%	-0.3%	-0.9%	0.9%

Fixed Income Prices and Yields

Note	Currency	Current (on 6/20/08)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	94.42	4.73%	93.16	4.79%	96.84	4.57%
Japan 30-year	¥	99.55	2.53%	98.90	2.58%	98.94	2.56%
Hong Kong 10-year	HK\$	97.98	3.81%	97.20	3.64%	104.85	2.96%
China (06/16)	US\$	110.71	3.22%	110.71	3.16%	110.71	3.17%
Singapore 10-year	S\$	104.30	3.49%	100.49	3.69%	107.97	2.67%
South Korea 20-year	KRW	9,799.20	5.80%	9,704.14	6.02%	9,982.75	5.61%
Australia 15-year	A\$	92.19	6.66%	91.64	6.73%	93.41	6.51%
New Zealand (12/17)	NZ\$	96.57	6.49%	96.77	6.46%	95.86	6.59%
Philippines 20-year	PHP	83.32	10.51%	83.89	10.43%	87.70	10.06%
India 30-year	INR	94.04	8.91%	95.43	8.77%	98.72	8.45%
UK 30-year	£	100.62	4.71%	100.86	4.70%	103.21	4.55%
Germany 30-year	€	88.43	4.75%	86.67	4.87%	89.14	4.70%

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