

# IRG WMR



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

*Week of 23 June - 29 June, 2008*

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Equity Market Indicators					
Index	Closing Level (6/27/2008)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
S&P 500	1,278.38	-3.0%	-8.7%	-12.9%	-9.9%
Dow Jones Industrial Avg.	11,346.51	-4.2%	-10.2%	-14.5%	-9.0%
Dow Jones Tech. Index	401.66	-3.9%	-6.4%	-12.5%	-2.7%
Dow Jones Telecom. Index	256.36	-1.1%	-9.2%	-18.2%	-1.4%
NASDAQ Composite	2,315.63	-3.8%	-8.2%	-12.7%	-4.1%
The Street.com Net	255.51	-4.1%	-8.9%	-9.3%	3.3%
Japan Nikkei 225	13,544.36	-2.9%	-5.5%	-11.5%	-21.4%
JASDAQ	61.74	-1.9%	-4.5%	-14.5%	-28.4%
Japan Mothers	546.88	-8.4%	-16.2%	-30.2%	-50.8%
Korea KOSPI Composite	1,684.45	-2.7%	-9.0%	-11.2%	17.4%
Korea Kosdaq	594.63	-2.4%	-8.8%	-15.6%	-1.9%
Taiwan Stock Exchange	7,548.76	-4.5%	-12.4%	-11.3%	-3.5%
Singapore Strait Times	2,955.91	-1.5%	-7.4%	-14.7%	-1.0%
Hong Kong Hang Seng	22,042.35	-3.1%	-10.2%	-20.7%	10.4%
Hong Kong GEM	787.38	-4.9%	-12.1%	-41.7%	-35.7%
China Shanghai (A-Share)	2,882.95	-3.0%	-20.0%	-47.8%	2.4%
China Shenzhen (A-Share)	833.29	0.2%	-23.5%	-45.2%	46.3%
China Shanghai (B-Share)	209.12	1.2%	-13.9%	-42.9%	60.7%
China Shenzhen (B-Share)	471.21	-0.9%	-13.5%	-33.6%	8.7%

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Technology, Media, Telecommunications and Life Sciences Market Activity						
NASDAQ/NYSE TMT and Life Sciences IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
N/A						

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/15/08	% Change From Offer
N/A						

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

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/15/08	% Change From Offer
N/A						

Asian Markets: TMT and Life Sciences Convertibles						
Issuance Date	Issuer [Equity Ticker]	Description of Issuer	Maturity Date	Size (US\$MM)	Per US\$10,000 converts to	Convertible Until
N/A						

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## Weekly Highlights

### International

#### *Internet*

- **Singaporeans and South Koreans are Asia's biggest online spenders.** Singapore online shoppers spent US\$770.70 over a three-month period, followed by South Koreans who spent US\$707.50, the survey found. It studied the behavior of more than 4,000 people with bank accounts who used the Internet at least once a week, in Hong Kong, mainland China, Australia, Japan, India and Thailand as well as Singapore and South Korea. Online shoppers in Thailand spent the least, at US\$406.30 over the three months, while those in Japan spent US\$581.00.
- **Internet advertising spending will surpass radio this year, with about 9.5 percent of ad budgets worldwide allocated to online media, said Steve King, head of Publicis Groupe SA's ZenithOptimedia unit.** Advertising spending on the Internet will increase 26 percent in 2008, with the majority of the growth coming from search-related ads. The overall global ad market is estimated to rise 4.7 percent. Consumers spend 15 percent of their time on the Internet, while 9 percent of advertising budgets are on the Web, leaving room for growth. He said rising Internet use will also drive online ad spending, with 19 percent of the world's population having Web access in 2008, compared with 17 percent last year.

#### *Hardware*

- **The combined printer and MFP (multifunctional printer) market grew 6.3 percent year-on-year (YoY) to reach 6.5 million units in the first quarter of 2008.** Laser MFPs continued to be a key driver, IDC said, with nearly every country posting double-digit growth in this product category as compared with the same period in 2007. HP remained the top HCP (hardcopy printer) vendor in APEJ, although Samsung enjoyed the strongest YoY and sequential growth among the top-five vendors following its eye-catching performance in the A4 laser MFP segment.
- **The number of personal computers in use around the world has surpassed 1 billion, with strong growth in emerging markets set to double the number of PCs by early 2014.** Mature markets accounted for 58 percent of the first billion installed PCs, but would only account for about 30 percent of the next billion. Gartner expects more than 180 million computers will be replaced this year, with some sold to second owners through various channels, some broken up and recycled, but many simply dumped directly into landfill.

### Japan

#### *Telecommunications*

- **KVH Co., a telecommunications service provider owned by U.S. investment firm Fidelity, will construct a large data center in the Japanese city of Inzai, Chiba Prefecture, at an estimated cost of 20-40 billion yen (US\$185.8 million-US\$371.5 million).** KVH intends to tap demand among businesses looking to outsource information technology operations. The company acquired a plot of land in Chiba New Town, which is home to data centers for many financial institutions, from the government-affiliated Urban Renaissance Agency. The six-story data center will cover half the lot, and will be expanded as demand grows. Expected to come onstream in spring 2010, the facility will have a floor space of 30,000 sq. meters initially.

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- **KDDI R&D Laboratories Inc. has developed a system for delivering free viewpoint video over the Internet.** The research arm of KDDI plans to use the system for a trial service on its Web site this year. Within five years it hopes to integrate the system with the delivery of on-demand television programming over the Internet. In free viewpoint video, the viewer can choose to watch events play out from any angle. This is accomplished by filming the action from multiple angles using multiple cameras and then synthesizing the image data to generate a digital 3-D view. The new KDDI system uses data-compression technologies and selective processing of image data to create a 300mbps data stream, which is small enough for delivery to household Internet terminals.
- **KDDI is teaming up with Nippon Express Co. to enter the telegram market in a bid to break the grip held by NTT Corp.** KDDI will start offering a telegram service on July 1, setting up nine delivery centers nationwide, with the goal of grabbing a 20 percent market share in three years. The telegram market is estimated at about 60 billion yen (US\$557 million, down about 40 percent from a peak in fiscal 1996). But the market size has remained unchanged in recent years due to strong demand for telegram messages of congratulation or condolence on such occasions as wedding parties and funerals. By tapping Nippon Express' existing delivery network, KDDI plans to offer services that are 20 percent cheaper than NTT's.

## *Hardware*

- **Matsushita Electric Industrial Co. plans to market ultra-small business-use personal computers globally by the end of the year, starting out with a product for nurses and then offering a ruggedized model for use at factories and construction sites.** These PCs are to have screen sizes of 12.1 inches or smaller, with each model having functions targeting specific fields. The manufacturer behind the Panasonic brand plans to release the medical-use model simultaneously in Japan, the U.S. and Europe. This machine will have a touch panel instead of a keyboard, allowing for nurses in hospitals and those making house calls to input such data as blood pressure and treatments quickly with one hand.
- **Canon Inc. is expected to report a group net profit of around 210 billion yen (US\$1.9 billion) for the six months ending June 30, a drop of 18 percent on the year and the first decline for an interim half since 2002.** In addition to the yen's advance against the dollar, slumping demand for office equipment and rising materials costs are cutting into the firm's bottom line. Operating profit is estimated to fall 17 percent to 324 billion yen (US\$3 billion), with the stronger yen likely lowering the figure by around 80 billion yen (US\$753 million).
- **Sony Corp.'s shares fell the most in more than two months in Tokyo trading after the company's midterm plan didn't include products to beat the competition.** The company plans to invest 1.8 trillion yen (US\$16.8 billion), increase the number of businesses that generate at least 1 trillion yen (US\$9 billion) in annual sales and connect 90 percent of Sony's electronic products to the Internet by March 31, 2011. The company also pledged to generate return on equity, or profit divided by book value, of 10 percent by the year ending March 2011. That's almost double the 5.8 percent average for the company in the past five years. The 10 percent target is not good enough to turn investors into buyers of Sony shares.

## *Internet*

- **NTT Corp., Sony Corp. and others said that they will unify the technical standards for Internet Protocol television (IPTV) services.** The standardization process will be led by a forum established by three major telecommunications services firms: NTT, KDDI Corp. and Softbank Corp.

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The forum has since been joined by a total of 15 businesses and organizations, as well as two individuals. Its members now include Sony, Matsushita Electric Industrial Co., Toshiba Corp., Sharp Corp. and Hitachi Ltd., as well as the five major commercial TV broadcasters in Tokyo and Japan Broadcasting Corp. The forum is to draw up unified standards by the end of August and urge Japanese IPTV service providers and consumer electronics makers to develop compatible technologies and equipment.

## Korea

### *Telecommunications*

- **South Korea banned hanarotelecom Inc. from taking new customers for its broadband service for 40 days after the company disclosed customer information to telemarketing firms.** Some former and current executives at hanarotelecom have been questioned by police in relation to the disclosure of data on about 6 million customers to telemarketing firms from 2006 to end-2007. The Korea Communications Commission also fined hanarotelecom 148 million won (US\$143,100) for registering its customers as members for the company's portal service without permission.
- **SK Telecom said that it has signed a memorandum of understanding (MoU) with Shanghai Media Group (SMG) on the import and export of television programs.** SK Telecom said that TV programs made by SMG will be exported to South Korea through its sales channels while the company's own media resources will be exported to China via SMG. The two parties also agreed to participate in mobile TV, IPTV (internet protocol television) and interactive media technology. SMG's new media unit also signed a cooperative agreement with SK Telecom's China unit, Via-SK Network, on wireless value-added services.
- **KT has begun aggressive marketing for VoIP market.** KT started purchase of VoIP Phone by dividing products into four products, including fixed line for household, wireless for high price good (Wifi), low priced product for company and ultra-low product for corporate. In particular, the products that were included into lineup are fundamentally differently from purchases of 70,000 handsets KT has done because KT would participate in product development stage like it did for PSTN.
- **SK Telecom said it had secured rights to publish two online games produced by SEGA CORP. as part of its plan to expand its business into the gaming industry.** The South Korean company said it had recently signed a deal with SEGA Publishing Korea, the local unit of the Japanese game maker, to release "Sangokushi Taisen Online" and "Let's Make a Pro Baseball Team Online". SK Telecom was in the process of localizing the games and planned to begin service near the end of the year after creating a new game portal to be run by its gaming subsidiary. The company was also in talks with Sega to secure rights for additional games, such as "Splash Golf" and "Let's Make a Pro Football Team Online."
- **SK Telecom has signed a deal with China Shanghai Media Group to cooperate on new media services.** Under the terms of the memorandum of understanding, the two companies plan to partner on services including mobile TV and IPTV. SMG is one of China's major media outfits, with 13 television channels and a host of radio stations. In April, the company received a US\$12 million investment from Intel to develop its internet TV service, with Intel providing funding, technology research and product development, to build a more secure, convenient, and stylish online TV platform. SK Telecom last year won control of broadband network operator Hanarotelecom for



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Won 1.09 trillion (US\$1.2 billion), buying a 38.9 percent stake. Hanarotelecom offers telephony and broadband internet access, as well as the Hana TV IPTV service.

## *Hardware*

- **Samsung Electronics Co., Ltd. will build its second liquid crystal display (LCD) plant in China after it succeeded in producing 82-inch LCD at the Tianjin Display Plant.** Samsung is selecting a place for the construction of the project with scheduled investment of US\$500 million. The first batch of 82-inch LCD is expected to service airports and bourses. To meet the increasing market demand, Samsung has released a package of 40-inch, 46-inch, 57-inch, 70-inch and 82-inch LCD in succession. The company decided to build another LCD manufactory in China to satisfy the robust market requirement.
- **Samsung Electronics outbeat its global competitors in terms of television units sold in Europe.** Samsung Electronics accounted for 31 percent of all television units, including liquid-crystal display (LCD) and cathode-ray tube (CRT) types, sold in the European market in the first quarter of 2008. Samsung's domestic rival LG Electronics Inc. ranked second and Royal Philips Electronics NV of the Netherlands rank third, with 13.4 percent and 12.7 percent, respectively, DisplaySearch said, adding that Television sales in Europe accounted for 21.5 percent of all television units sold in the world.

## **China**

### *Internet*

- **Mozilla saw its web browser Firefox holds a 2-3 percent share in China's browser market presently, up from 1 percent when Firefox was officially launched in the nation a year earlier.** Meanwhile, Firefox's user number has doubled from a year earlier indicating that the rollout of Firefox 3.0 fueled the browser's extension in China. Having teamed up with Internet giants like Baidu.com, and Google, the company is expecting more partners in the near future in a bid to increase its market share in China. Firefox 3.0 recorded over 8 million downloads in 24 hours around the world after it was released on June 18, 2008.
- **Sohu.com will sharpen its focus on internet-based advertising even as it continues to expand its online, multiplayer gaming service.** Sohu is seeking growth from its participation in the Olympic Games and from overseas expansion. The Company CEO expected online advertising to grow 45 percent this year because of huge interest in the Olympic Games, but warned that growth would slow by 20 to 30 percent next year after the event. At its peak at the end of April, 600,000 people were playing the game simultaneously. This made it one of the top five most popular online games in the country. The game contributed US\$38 million or 44 percent of Sohu's first-quarter revenue. That is expected to grow a further 5 to 10 percent in the second quarter over the first quarter.

### *Mobile/Wireless*

- **Prosten Technology Holdings Ltd., a wireless mobile search provider, saw its user number leap to around 120 million as of March 31, 2008, up from 10 million in 2006 when it started provide wireless music search services for China Mobile subscribers.** Prosten is expected to have 150-160 million users at the end of this year. In addition, the company hopes to establish a long-term collaboration with China Mobile, which signed a three-year contract with Prosten in 2007. The Hong Kong GEM-listed Prosten is intended to get itself listed on the Main Board within two years.



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- **The number of China Mobile's subscribers increased 7.491 million in May to reach an all-time high of 407 million.** In contrast, China's leading fixed-line operator, China Telecom, suffered a net subscriber loss of 820,000 in May, which was also the 10th consecutive month of net subscriber loss. By the end of May, China Telecom's total subscribers stood at 215 million. China carried out a massive scheme in May to restructure its telecommunications sector, which involves the country's top five telecom companies, all state-owned, including mobile operators China Mobile and China Unicom, and fixed-line service providers China Tietong, China Telecom and China Netcom. They will be restructured into three groups, each able to provide both mobile and fixed-line services.
- **China Mobile has commenced the construction of 1,500 3G base stations of TD-SCDMA in Shanghai in June.** The company will expand the 3G network coverage, apply the wireless broadband technologies, such as the Wi-Fi and HSDPA, and totally construct more than 3000 3G bases in the city by 2008-end, in a bid to make it wireless city. And its branches in Shanghai, Jiangsu, and Zhejiang, are going to launch the service of one card with double numbers, by which its users are able to use two telephone numbers in one mobile phone.

## *Telecommunications*

- **About 240 employees at China Unicom headquarters, accounting for 29.3 percent of the total, will move to China Telecom, amid the country's telecom industry regrouping, persons in the know disclosed on June 23, 2008.** They are mainly employees at departments for CDMA network operation, value-added services, plan construction, network construction, technologies, and maintenance. China Unicom and China Telecom have jointly set up a working team to finish affirming CDMA network assets before the end of July. Provincial branches of the two telecom operators will also commence preparations from June 25 for spinning off and new integrating of the CDMA network.
- **Datang Mobile Communications Equipment Co Ltd is seeking to team up with Taiwan's MediaTek Inc. to expand its presence in the mainland market for TD-SCDMA handset chips.** Datang Mobile is considering inviting MediaTek to invest in an affiliate of the Datang group. The newly established affiliate is meant to focus on development of TD-SCDMA chips for handsets, the newspaper said. TD-SCDMA is a 3G mobile telecommunications standard being pursued in China by Datang, the Chinese Academy of Telecommunications Technology (CATT) and Siemens AG.
- **Huawei Technologies expects to sell 70 million units of terminal products this year, said the company.** According to the company, these 70 million units of terminal products consist of mobile broadband equipments, handsets, routers, wireless gateways and ADSL, with a total value of about US\$4.1 billion. Huawei Technologies sold 40 million units of telecommunication terminal products last year, realizing a total income of US\$2.6 billion, which accounts for 16 percent of its overall income. Huawei Technologies sold more than 30 million units of terminal equipment in the first five months of this year, among which 3G data cards' sales volume exceeded 12 million units.
- **China ordered the country's phone and Internet companies to stop signing up customers in August to focus on providing services during the Olympic Games.** The moratorium builds on curbs by the government, which is also restricting traffic and shutting factories during the Olympics in Beijing, which begin in August. An unidentified spokesman for the telephone industry regulator in Beijing said the restrictions will affect operations in the capital and other cities hosting Olympic events. China Mobile has been told to stop any physical changes to its network after July 20. China Netcom Group Corp. will avoid installing equipment from Aug. 1 to August 25, AP cited an unidentified spokeswoman at the phone and Internet service provider as saying.

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- **Intel Corp. signed a memorandum with the Ministry of Science and Technology of China to set up a Mobile Computing Technique Research Center.** The center, jointly set up by the Intel Research Center together and Tsinghua University, will focus on the related researches of the whole framework of mobile computing, including the research on new generation end-to-end mobile computing framework, the research on new server, which is used in the mobile distributed computing, and the research on the new application software and operation mode. The center involves large sum of investment, said the top U.S. chipmaker. But the company did not reveal the details of the investment.
- **Siano Mobile Silicon announced the official launch of its new Mobile Digital TV (MDTV) receiver chip, the SMS118X, targeting China's domestic mobile TV market.** The chip, scheduled to debut in hand-held consumer applications at the Olympics Games this summer, supports the Chinese MDTV standard CMMB. CMMB is the technology developed in China and selected by the State Administration for Radio, Film and Television (SARFT) as the main platform for delivering TV services to mobile devices. The pilot launch of mobile TV in China, broadcasted in more than 30 cities over a UHF spectrum band, will be at the Olympic Games in August this year. Full commercial deployment, including satellite transmission and conditional access system, is scheduled for early 2009, prior to the Chinese New Year.

## *Semiconductor*

- **Semiconductor Manufacturing International Corp. (SMIC) plans to sell a stake in less than six months at a much better price than the stock's market value.** The chipmaker's financial adviser valued the company at a price range that the potential buyer regards as reasonable. The company has narrowed its search to a single Chinese investor. SMIC, which has shareholders' approval to sell as much as a 20 percent stake, would use the proceeds from a sale to pay off debt. After posting four quarters of losses, SMIC is abandoning the unprofitable computer-memory chip business to compete against Taiwan Semiconductor Manufacturing Co. in producing customized chips used in game consoles and mobile phones.

## **Taiwan**

### *Telecommunications*

- **Chunghwa Telecom Co Ltd is planning a NT\$20 billion (US\$658 million) reduction in its share capital this year, returning NT\$1.70 (US\$0.1) to shareholders for every share held.** The planned capital reduction will be sourced from its capital reserves that stand at around NT\$200 billion (US\$7 billion) now, the report said. Its board of directors will take up the topic at a meeting. The island's biggest telecom operator plans to cut capital by another NT\$60-100 billion (US\$2-3.3 billion) in the next five years.

### *Hardware*

- **NEC recently opened a laboratory in Taiwan to test interoperability between different WiMAX systems and develop WiMAX systems.** The firm will invest NT\$20 million (US\$666,000) into the facility and staff the laboratory with five to six specialists initially. More money would be spent and staff size would be increased to 20 to 40 upon achieving bigger operating scale. The laboratory would initially offer tests of interoperability between end-user WiMAX equipment supplied by Taiwanese manufacturers and NEC's Paso Wings office-end systems. In the future, the laboratory will double as a system-development center.

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- **Taiwan is planning to lift a ban on local LCD makers producing panels in the mainland in three stages, permitting older sixth-generation LCD plants in the mainland within four years.** The Commercial Times said Taiwan's economics ministry would lift a rule that prohibits local display makers from making seven-inch panels in the mainland as a first step, and then allow them to open 5.5th-generation manufacturing factories there. The ministry plans to allow display makers to open sixth-generation factories in China within four years, but only after Taiwan plants using advanced 8th-generation or higher technology have entered steady mass production for six months, the newspaper said, without quoting sources.
- **Hon Hai Precision Industry is planning to move three production lines for electronic components back to Taiwan, from China.** The Taiwanese electronics producer has apparently been influenced by the rising RMB and the increasing labor cost in the mainland. Hon Hai Precision is also working to enhance automation and management of its production lines. Hon Hai Precision's products cover both Taiwan and overseas markets, including Asia, Europe and the U.S. As of Dec. 31, 2007, the company had 14 major subsidiaries and three major associates.

## *Semiconductor*

- **Powerchip Semiconductor said its board has approved a plan to raise up to NT\$3 billion (US\$99 million) through a private equity placement to boost working capital.** Powerchip would raise the funds by issuing a domestic corporate bond, with maturity of three years. Proceeds will be used to strengthen its financial structure and boost its working capital. Powerchip and other makers of dynamic random access memory (DRAM) chips, used primarily for PCs, are struggling in the battered computer memory chip market, but some analysts expect the sector to recover in the second half of the year.

## **Hong Kong**

### *Telecommunications*

- **Hutchison Telecom Hong Kong expects mobile data services to be the new front in the battle for subscribers, and is turning up the heat on competitors with the sale of Apple's iPhone 3G from next month.** The city's biggest 3G mobile telephone operator will launch the iPhone on July 11. Although it has yet to disclose details, the company has launched a marketing campaign promoting services offered, such as mobile television. Market watchers said the iPhone 3G could absorb the company's high-spending customer base, compared with rivals such as CSL New World Mobility, SmarTone-Vodafone and PCCW Mobile. The new Mobile 3.0 marketing campaign was aimed at boosting usage of mobile data services. Updated mobile network services and devices are now ready for the mass market, which could help boost non-voice revenue growth.
- **Credit Suisse sees a number of challenges for the iPhone launch on July 11 in HK, including competing services and devices, more expensive data packages to offset the heavy handset subsidies, and competitors becoming more aggressive with their own handset subsidies and tariffs discounts.** The house does not expect the launch to significantly boost earnings for 3 Hong Kong as the number of handsets could be small.

### *Internet*

- **Tencent Holdings signed a deal to acquire up to 50 percent stake in MIH India Global Internet Ltd over the next three years, according to the company.** Tencent will invest about 52.1 million yuan (US\$7.5 million) in the planned acquisition. Tencent, 35.24 percent owned by its

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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.

## Singapore/Malaysia/Philippines/Indonesia/India

### *Telecommunications*

- **India's Department of Telecommunications (DoT) has acknowledged the failure of its broadband policy and is seeking industry inputs to rescript the sector's growth path.** Broadband and internet is one of the worst performing sectors under the DoT, contrasting sharply with the tremendous success achieved in mobile telephony which is clocking a near 8 million to 10 million subscribers every month. The policy collapse is illustrated by the fact that at the end of 2007 India barely reached 10.36 million internet subscribers against the target of 18 million, while broadband penetration touched 3.13 million against the target of 9 million subscribers. The DoT held a meeting with Reliance, Tatas, Bharti, AT&T and Sify to discuss the policy challenges preventing the growth of broadband in India. Mobile phone industry associations COAI and AUSPI were also present.
- **India's DoT is understood to have finalized the guidelines for allocation and pricing of 3G spectrum as per which anyone who fulfils standard UASL telecom license criteria will be able to participate in the auction.** Successful bidders who are not UASL licensees would be given a separate UAS license for the service area to provide only 3G services. A separate entry fee shall be payable for grant of UAS license for 3G service besides the 3G spectrum auction prices. This shall be equal to the entry fee of the UAS license of 2005. The guidelines pave the way for foreign players for their participation in the 3G auction.
- **AIS reported that its net new users in the second quarter of 2008 will be lower month-on-month and year-on-year, but expect higher profits for the period.** The outlook for the Thai telecom sector has improved this year on hopes that a pick-up in consumer confidence should boost mobile usage earnings and price competition will be less aggressive than in previous years. AIS, valued at US\$8.6 billion, has about 50 percent of the domestic mobile market and raised its tariffs in the first quarter. AIS had 25.1 million subscribers at the end of March, up 19.5 percent from a year earlier. It added a net 982,000 new subscribers in the quarter, up from 901,000 in the previous quarter. That compared to 884,000 net additions at rival DTAC.
- **Six Indonesian telecommunications companies have been found guilty of price fixing and Singapore's information and communications industry saw profits soar.** Indonesia's competition watchdog found six mobile phone providers guilty of price fixing, which may have cost consumers more than \$300 million in additional rates. The Business Competition Supervisory Commission says the companies formed a cartel to keep tariffs for text messaging artificially high. The companies include Telkomsel, Telkom and Smart Telecom. They were given fines totaling more than eight million dollars.
- **Smart Communications said the low income segment of the country's population helps boost its profitability.** This year the company was recognized as the country's mobile operator of the year

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for the second time, having first received the award during the Asian Mobile News Awards 2005. The company attributed the Philippines' success in promoting the usage of mobile phones to the introduction of various innovations in cellular technologies and business models. Prepaid services were further enhanced when Smart introduced micro-tops through electronic loads or Smart Load in 2003. The sachet size of airtime tops in Smart Load now as low as 10 pesos per load has made mobile phone services affordable for many more low-income subscribers.

- **Idea Cellular Ltd. offered 32.4 billion rupees (US\$757 million) for control of Spice Communications Ltd. to increase subscribers by a sixth.** Idea, owned by billionaire Chairman Kumar Mangalam Birla, agreed to buy a 41 percent stake from Spice Group for 77.3 rupees (US\$2) a share and make an open offer for a further 20 percent at a price that's 41 percent higher than Spice's close yesterday. Idea, whose chairman also runs cement and aluminum operations, will sell a 15 percent stake to Malaysia's TM International Bhd. after the takeover. TM owns 39 percent of Spice. Idea will add about 4.5 million customers, closing in on Bharat Sanchar Nigam Ltd., India's fourth-largest carrier. India is projected by the telecom ministry to double its mobile-phone subscribers to 500 million in two years, after having surpassed the U.S. as the second-biggest market this year.
- **TM International will pick up around a fifth of Indian mobile operator Idea Cellular strengthening its presence in the world mobile market, after the 40.8 percent stake takeover of Spice Telecom for 21.8 billion rupees (US\$508 million).** TM International's 39.2 percent stake in Spice will be converted into Idea shares, and it will pay 72.9 billion rupees (US\$1.7 billion) for a preferential allotment of 14.99 percent. TM International is a unit of Telekom Malaysia.
- **Malaysian palm oil company, Sime Darby will not invest in an undersea cable project to carry electricity from Sarawak on Borneo to peninsular Malaysia, saying it did not fit with its business strategy.** The Malaysian government offered Sime Darby the chance to take up a 60 percent stake in Sarawak Hidro Sdn Bhd, the owner of the dam project last November. The government also offered Sime the opportunity to own a 60 percent stake in the company building the cable. The cable project is one of the biggest on the federal government's drawing board.
- **Qatar Telecom has completed its acquisition of Indonesia Communications Limited (ICLM) and Indonesia Communications Pte. Ltd. (ICLS), which hold a combined 40.8 percent, interest in PT Indosat Tbk.** Pursuant to the previously announced share purchase agreement with STT Communications Ltd, legal ownership of the shares of ICLM and ICLS was transferred from Asia Mobile Holdings to Qtel upon the closing of the acquisition. Based on Qtel's interpretation of Indonesia's mandatory tender offer rules, Qtel believes that it may be required to commence a tender offer to acquire the outstanding shares of Indosat (including the shares represented by American Depositary Shares) that are not owned by Qtel.

## *Semiconductor*

- **Samsung Electronics and Germany's Siltronic have opened a US\$1 billion joint venture 300 mm silicon wafers plant in Singapore, named Siltronic Samsung Wafer.** The 300mm wafers are currently the most advanced and largest diameter silicon wafers in commercial mass production. The plant aims to reach a monthly capacity of 300,000 wafers by 2010. The plant, Samsung's first wafer production site outside South Korea, will supply the company's internal needs as well as customers in the U.S., Japan, and Europe.



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## *Hardware*

- **Samsung Electronics is in talks about building a manufacturing plant in the Philippines. Officials of the Clark Development Corp (CDC), which oversees an industrial zone in a former U.S. military base north of Manila, have been in talks with Samsung for some time.** CDC president Liberato Laus and other top officials are currently in Korea for further talks with Samsung. Electronics, largely assembled from imported parts, account for over 50 percent of export revenues in the Philippines, which wants to expand its role as a hub for electronics firms seeking low-cost manufacturing bases.

## *Media, Entertainment and Gaming*

- **India's Reliance Entertainment and other investors are in talks with Hollywood's DreamWorks SKG to raise up to US\$2 billion to create a movie venture.** DreamWorks is looking to raise a total of US\$2 billion from investors, US\$1 billion in equity and another US\$1 billion for new movie projects, according to The Associated Press. Reliance Entertainment plans to invest more than US\$500 million in equity.

## **United States/Canada**

### *Business Process Outsourcing*

- **Accenture reported higher-than-expected quarterly earnings and raised its business outlook for the full year on strong demand for consulting and outsourcing services despite worries of a weaker U.S. economy and financial sector.** Net income for its fiscal third quarter ended May 31 rose to US\$469.1 million, or 74 cents per share, from US\$345.4 million, or 54 cents a share, a year earlier. That was higher than the average earnings forecast on Wall Street of 69 cents per share. Accenture shares rose more than 2 percent in after-hours trading to US\$39.72 after falling 1.32 percent in the day to US\$38.85. The results showed that its increasingly global business of management consulting and outsourcing was helping it grow despite a challenging environment.

### *Media, Entertainment and Gaming*

- **AniBoom.com, an Internet home for animators to create and share their work, has raised an additional US\$10 million in funding led by venture capital firm Draper Fisher Jurvetson.** Other investors in its second round of financing, include Israel's DFJ Tamir Fishman Ventures and existing stakeholder Evergreen Venture Partners, which had invested about US\$4.5 million last year. Founder and President Uri Shinar says the company is building a virtual studio for animators, aiming to find a home for their work across all media and advertising outlets. But aniBoom can serve an audience, largely of young adults, who are keen on short-form entertainment that has the added benefit of being less costly to produce.
- **Three shareholders of digital music service Napster Inc. are seeking election to the board, saying current management had not been aggressive enough in battling rival Apple Inc. and Internet piracy.** Perry Rod, Thomas Sailors and Kavan Singh are preparing an independent proxy after their May 21 application to Napster's board for nomination was rejected on June 13. They asked other shareholders to vote for them, as well as on proposals to separate the roles of chairman and chief executive, on executive compensation and on a bylaw to require a majority vote for the election of directors. Napster, which has 760,000 subscribers, has struggled to compete with Apple's iTunes online music store, which has more than 70 percent market share.

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## *Telecommunications*

- **Virgin Mobile USA unveiled an unlimited calling plan for US\$79.99 a month that undercuts similar offerings from larger rivals like AT&T by US\$20.00.** Virgin Mobile's average revenue per user (ARPU) would keep falling throughout the year as consumers feel the pinch from rising fuel and food prices. Virgin Mobile, which focuses on selling prepaid phone cards rather than post-paid subscription services, said the "Totally Unlimited" plan will be offered starting July 1 and can be paid for with cash or by credit card. For an additional US\$10.00 per month, customers can get unlimited texting and messaging service, said the company, which is partly owned by Richard Branson's Virgin Group and Sprint Nextel Corp.
- **AT&T wants to expand its business of delivering online media, moving into more direct competition with specialized content delivery companies like Akamai Technologies Inc. and Limelight Networks Inc.** As more companies launch websites with video and interactive features, AT&T said it will spend nearly US\$70 million by the end of the year to bolster its network infrastructure across the United States, Europe and parts of Asia. Content delivery is not entirely new to AT&T, which has customers like Forbes.com and AccuWeather.com; but it said it will start selling more of these services to help companies deliver digital media to consumers' computers and mobile phones.
- **Tyco Telecommunications Inc. and NEC Corp. announced the commencement of construction on the Unity Cable System, a high-bandwidth, trans-Pacific, optical submarine cable system that will link Los Angeles, U.S. to Chikura, Japan.** The contract for the project was signed on February 23, 2008, between the Unity Consortium, comprising of six purchasers, Bharti Airtel, Global Transit, Google, KDDI, Pacnet and SingTel and suppliers Tyco Telecommunications and NEC. The Unity Cable System is a multi-fiber pair system, with each fiber pair capable of carrying up to 960 Gigabits of data per second. Tyco Telecommunications and NEC will each manufacture a portion of the undersea system. Tyco Telecommunications will install the undersea cable from the U.S. end and NEC will install the undersea cable from the Japan end.
- **T-Mobile USA Inc. will offer its home-phone service nationwide, stepping up competition with AT&T Inc. and Verizon Communications Inc.** Customers connect their home phones to a device costing \$49.99 that routes calls over the Internet. The service, available July 2, costs US\$10 a month for unlimited national calls and requires customers to sign a two-year contract, T-Mobile said in a statement. T-Mobile, owned by Deutsche Telekom AG, is trying to lure families that want to sign up for wireless service while keeping their home phones. Larger rivals AT&T and Verizon already offer both wireless and home-phone plans. One in six U.S. households has cut land line service in favor of wireless, T-Mobile said.

## *Internet*

- **Google said it's on schedule to deliver the first mobile phones that run its Android operating system to customers by the second half of this year.** Google is seeking the same payoff from mobile-phone advertising that it reaped in the computer-based online ad market, which analysts at Piper Jaffray Cos. value at US\$41 billion worldwide last year. Google is going up against companies such as Nokia Oyj and Research In Motion, which together accounted for 58.6 percent of the market for advanced handsets in the first quarter. Apple's iPhone was third with 5.3 percent. Shipments of so-called smart phones, which have Internet browsing and e-mail access, increased 29 percent to 32.3 million units. North America led that growth, where shipments more than doubled from a year earlier, Gartner said.



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- **Yahoo's management ranks are rapidly thinning as the internet pioneer fends off a shareholder mutiny threatening to culminate in the firing of CEO Jerry Yang.** Three more executives have decided to jump ship. The latest defectors reportedly are: Qi Lu, an executive vice president in charge of Yahoo's search and advertising technology; Brad Garlinghouse, a senior vice president who oversees communications tools like mail; and Vish Makhijani, a senior vice president involved in search. Garlinghouse is the best known of the trio. The management turmoil appears related to a major reorganization that Yahoo president Susan Decker wants to complete as early as next week.
- **Google was named in a trade secrets lawsuit alleging that the company's business software unit copied a tiny start-up's tool for moving customers off of Microsoft software onto Google's.** LimitNone LLC filed a complaint in an Illinois circuit court alleging that Google at first began promoting the smaller firm's tool for migrating Microsoft Outlook customers to Gmail, then copied the idea and went into competition with it. The lawsuit was brought by the commercial litigation firm of Kelley Drye & Warren LLP, by the same team who previously faced off with Google in a trademark case involving the company's highly successful online advertising system. The latest suit takes aim at the company's fast-growing Google Apps software application business, which includes Gmail for business users. Google is seeking to woo customers away from relying on rival Microsoft software.
- **Google will offer advertisers a free media planning tool to help them locate target audiences on the Web.** The company is making available Web measurement tools to advertisers and their agencies, based on the belief the more data ad customers have about their audiences, the more they are likely to spend. The spokesman said audience measurement features are an outgrowth of Google's efforts to provide better media planning tools. The company was confirming details first reported by the Wall Street Journal about Google's plans to compete with established providers of Web audience measurement tools such as comScore Inc and Nielsen Media. These Web measurement firms have roots in conventional media or retail audience tracking technologies. They have relied on selective surveys or customer panels to estimate Internet behavior.
- **MySpace published application programming interfaces that enable developers to connect to user content on the social network.** Full documentation and specifications and a video tutorial are available on MySpace's developer Web site. The APIs are part of the "data-availability initiative" the site launched in May. The idea behind the initiative is to give MySpace users the option of sharing their profiles, photos, and friends networks with other sites.
- **MySpace has developed a library of relatively simple client-side controls, so Web sites with minimal technical expertise can also leverage MySpace content.** In order for users to share information, they must first go to a central privacy control panel on MySpace and chose the information they want to share and the sites they want to share it with. For now, users are able to share basic profile information, photos, personal videos, and friend networks. Third-party Web sites can embed a button on their own properties to take MySpace users to the control panel.
- **New Internet top-level domains available to far more applicants may be approved by the third quarter of next year and cost as little as US\$100,000 to register, ICANN executives said.** ICANN agreed to start crafting rules for a new method of creating generic top-level domains (gTLDs). Unlike existing gTLDs, such as .biz and .mobi, which came from a limited set of applicant entities and went through a long process to be approved by ICANN, the new ones could come from anyone who has the capacity to run an Internet registry. Also, approval will be automatic unless there

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are objections from someone else. Once the gTLDs were cleared through the process, their owners could start selling domains that go with them, just as registrars now sell domain names that end in .com, .org or .biz. But ICANN has to work out how much to charge for the gTLDs, how objections would be resolved, and other issues.

## *Semiconductors*

- **Micron Technology Inc. posted a wider third-quarter loss after prices plunged for semiconductors used to store pictures and music in portable devices.** Prices are dropping for memory chips that are the main storage in devices such as Apple Inc.'s iPhone, just as Micron reaches full production in a joint venture with Intel Corp. That glut is outweighing improvements in the price of Micron's main product, personal-computer memory. Micron rose 1 cent to US\$7 in late trading, after closing down 7.2 percent to US\$6.99. The stock has lost 3.6 percent this year. Analysts on average had anticipated a net loss of 33 cents a share on sales of US\$1.47 billion.

## *Hardware*

- **Typhoon Touch Technologies Inc. said it has expanded its patent infringement suit commenced in December 2007 against Dell by adding Apple, Nokia, LG Electronics USA, and others.** Typhoon Touch, owner of foundational intellectual property in the area of portable touch-screen computing, believes that numerous defendants are selling and/or offering for sale what could be millions of devices which may infringe Typhoon's patents. Typhoon Touch and its licensee and co-plaintiff, Nova Mobility Systems, previously reached an out-of-court settlement with Motion Computing Inc. and recently completed a settlement with Electrovaya Inc, wherein Electrovaya recognized the validity of Typhoon's patents at issue in the litigation.

## **Europe**

### *Mobile/ Wireless*

- **The advertising-funded mobile telecoms operator, Blyk, will enter the German, Spanish and Belgian markets next year.** Finnish-British Blyk offers a number of free calls and text messages to 16 to 24 year olds in return for users accepting advertisements. The company is a pioneer among wireless carriers, which are only slowly entering the mobile ad market, helped by new technologies and the spread of more advanced phones. Strategy Analytics analyst Nitesh Patel said Blyk's continued growth depended on demonstrating value to advertisers through superior ad response rates, growing its highly targeted subscriber base, and learning more about its customers.

### *Media, Gaming and Entertainment*

- **SMG Plc said it remains confident of meeting its 2008 expectations and proposes to rename itself as STV Group Plc.** SMG would take the name of its television unit, after the sale of Virgin Radio and the Primesight advertising business, as it focuses on the broadcasting in Scotland, the Glasgow-based company said in an e-mailed statement today. Information about the proposal and details of a 30 million pounds (US\$59 million) cash return from the Virgin Radio sale will be sent to shareholders in due course. The sale of Virgin Radio and Primesight is part of SMG's plan to fund more TV production, expand Internet offerings and build on its relationship with ITV Plc, the U.K.'s biggest commercial broadcaster.

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## *Telecommunications*

- **Nokia Siemens Networks is not expecting fierce competition for telecoms network gear contracts to ease, as rivals continued to slash prices.** Ericsson, Nokia Siemens and Alcatel-Lucent are the leading players in the telecoms network market, but have been increasingly challenged by Chinese vendors, including Huawei Technologies and ZTE in the last few years. With aggressive pricing, Huawei took the No. 4 spot in the global telecom network gear market in the January-March quarter, bypassing Nortel Networks and Motorola, according to research firm Dell'Oro. Nokia Siemens would not compete on price alone. The company has walked away from several deals in the past as it focused on improving profit margins and cash flow.
- **European mobile carriers have crossed the 100 million mark with subscribers on their third-generation networks.** At the end of May, Europe had 101.5 million 3G subscriptions out of a total of mobile subscriptions of 910.8 million, a 11.1 percent penetration, only counted devices that were actively used for voice or data services or both. Mobile operators are increasingly looking to data services, provided over third-generation networks, to drive growth in mature markets where revenues from voice calls have begun to stagnate or fall.

## *Internet*

- **Google Inc. predicts online ad sales will jump fivefold in Russia to reach US\$1 billion in 2010.** Google competes with the yandex.ru and rambler.ru search engines in Russia. The country's economy is expanding for a 10th consecutive year, spurring companies to invest more in advertising as people spend more on goods and services. Online ad sales reached US\$200 million last year and have more than doubled every year for the past four. Russia will have almost 40 million personal computers this year.

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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 6/27/08)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
Japanese yen	¥/US\$	106.1200	-1.1%	0.6%	-5.7%	-10.9%
Hong Kong dollar	HK\$/ US\$	7.8020	-0.02%	-0.02%	-0.04%	0.3%
Chinese renmenbi	RMB/ US\$	6.8615	-0.3%	-1.1%	-6.1%	-12.1%
Singapore dollar	S\$/ US\$	1.3624	-0.1%	0.04%	-5.7%	-11.4%
South Korean won	KRW/ US\$	1,043.0000	1.2%	1.5%	11.5%	12.2%
New Taiwan dollar	NT\$/ US\$	30.3740	0.01%	-0.1%	-6.5%	-6.8%
Australian dollar	US\$/A\$	0.9607	0.7%	0.5%	9.8%	21.8%
New Zealand dollar	US\$/NZ\$	0.7600	0.03%	-2.9%	-1.8%	8.0%
Philippine peso	PHP/ US\$	44.7600	1.7%	3.1%	8.6%	-8.7%
Euro	US\$/€	1.5794	1.2%	1.6%	7.3%	19.7%
British pound	US\$/£	1.9941	0.9%	0.6%	0.1%	1.8%

## Fixed Income Prices and Yields

Note	Currency	Current (on 6/27/08)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	97.49	4.53%	94.42	4.73%	94.76	4.70%
Japan 30-year	¥	101.61	2.41%	99.55	2.53%	100.09	2.50%
Hong Kong 10-year	HK\$	100.14	3.58%	97.98	3.81%	102.40	3.25%
China (06/16)	US\$	109.12	3.37%	110.71	3.22%	110.71	3.17%
Singapore 10-year	S\$	103.28	3.61%	104.30	3.49%	103.67	3.57%
South Korea 20-year	KRW	9,709.78	5.89%	9,799.20	5.80%	9,923.06	5.67%
Australia 15-year	A\$	93.92	6.45%	92.19	6.66%	93.23	6.53%
New Zealand (12/17)	NZ\$	97.23	6.39%	96.57	6.49%	96.38	6.52%
Philippines 20-year	PHP	83.00	10.70%	83.32	10.51%	86.63	10.21%
India 30-year	INR	91.67	9.16%	94.04	8.91%	98.61	8.46%
UK 30-year	£	102.97	4.57%	100.62	4.71%	102.30	4.61%
Germany 30-year	€	87.46	4.82%	88.43	4.75%	87.51	4.81%

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