

# IRG WMR



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

*Week of 8 September - 14 September, 2008*

ideas | reach | growth

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Equity Market Indicators					
Index	Closing Level (9/12/2008)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
S&P 500	1,251.70	0.8%	-2.4%	-14.8%	-11.7%
Dow Jones Industrial Avg.	11,421.99	1.8%	-1.1%	-13.9%	-8.4%
Dow Jones Tech. Index	366.56	0.0%	-7.4%	-20.2%	-11.2%
Dow Jones Telecom. Index	235.31	0.7%	-4.4%	-24.9%	-9.5%
NASDAQ Composite	2,261.27	0.2%	-4.5%	-14.7%	-6.4%
The Street.com Net	250.87	-0.3%	-4.8%	-11.0%	1.4%
Japan Nikkei 225	12,214.76	0.0%	-6.6%	-20.2%	-29.1%
JASDAQ	55.58	-1.1%	-4.2%	-23.0%	-35.5%
Japan Mothers	437.16	3.0%	-5.9%	-44.2%	-60.6%
Korea KOSPI Composite	1,477.92	5.2%	0.2%	-22.1%	3.0%
Korea Kosdaq	466.91	5.6%	-0.7%	-33.7%	-23.0%
Taiwan Stock Exchange	6,310.68	0.1%	-10.4%	-25.8%	-19.3%
Singapore Straight Times	2,570.67	-0.1%	-6.2%	-25.8%	-13.9%
Hong Kong Hang Seng	19,352.90	-2.9%	-9.0%	-30.4%	-3.1%
Hong Kong GEM	622.59	-6.6%	-9.8%	-53.9%	-49.2%
China Shanghai (A-Share)	2,183.02	-5.6%	-13.3%	-60.5%	-22.5%
China Shenzhen (A-Share)	606.62	-4.7%	-12.1%	-60.1%	6.5%
China Shanghai (B-Share)	135.19	-8.1%	-10.9%	-63.1%	3.9%
China Shenzhen (B-Share)	326.56	-10.2%	-15.1%	-54.0%	-24.6%

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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	percent 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	percent 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*

- **There were 32.2 million smartphones sold in the second-quarter this year, a 15.7 percent increase from the year-earlier period, but flat compared to the first-quarter this year, according to Gartner.** The growth in sales of smartphones continues to slow, weighed by the weakening economy and slowing consumer demand. Last year's second-quarter smartphone sales saw robust growth of 55 percent year on year. Wider availability of new touch smartphone models together with the global introduction of Apple Inc.'s iPhone 3G is expected to help sales of smartphones return to stronger growth in the third quarter of 2008. Smartphone sales made up 11 percent of total device sales in the quarter.

#### *Hardware*

- **Affected by sluggish demand for notebook PCs in the U.S. and Europe, the world's top three suppliers of the products, namely Quanta Computer, Compal Electronics. and Wistron, all saw their sales revenue decline in August from July.** Quanta posted moderate shipment of 3.1 million notebook PCs and combined revenue of NT\$61.3 billion (US\$2 billion) in August, down 5.8 percent from July and 18.5 percent from one year earlier. Over the first eight months of the year, the firm has aggregated its combined revenue at NT\$529.1 billion (US\$17 billion), growing 19.9 percent from a year earlier. Despite launch of Intel's newest Montevina platform pushing back notebook PC shipment planned for the third quarter, Quanta, noted that the firm's shipment is expected to grow by 15 - 20 percent in the third quarter and 20 percent in the fourth quarter.

### Japan

#### *Telecommunications*

- **NTT DoCoMo Inc. is in talks with India's Tata Group to invest in its mobile phone business.** The Tata group has been looking to sell a stake in Wireless-TT Infoservices, an unlisted company that owns 14,000 telecom towers, for the past six months to raise money for its expansion plans. The company, which was spun off from India's sixth largest telecom firm Tata Teleservices Ltd., recently acquired licenses to operate in the northern state of Jammu and Kashmir and the North East of India. DoCoMo has been adding to its overseas investments recently as it faces a saturated and competitive market in its home country. Specifically, it has been focusing on investing in Asia.
- **Softbank will lease Apple's iPhone 3G to corporate clients free of charge for three months as part of efforts to attract corporate users as the initial hype surrounding the device's July release fades.** Some 1,500 companies attending Softbank Summit 2008 are eligible for the free rentals, which are limited to five handsets per company. The promotion covers both the phones and the communications charges. Softbank president Masayoshi Son devoted most of his keynote address to the iPhone, giving concrete examples of how it can be used in business settings. Major apparel chains and banks are already looking at introducing the device. With the sales boom having passed, Softbank is looking to boost sales volume by cultivating demand related to business applications.

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## *Media, Entertainment and Gaming*

- **Namco Bandai Holdings plans to spend about 5 billion yen (US\$46.8 million) to take a 34 percent interest in the sales unit to be spun off from French game developer Atari Europe SAS, a move that will help it tap the rapidly growing European market.** The Japanese game developer and Atari Europe's parent, Infogrames Entertainment SA of France, are still discussing the matter. The two sides signed a letter of intent that includes a timeline for negotiations. After conducting due diligence, the firms are to hammer out the investment amount and stake by late February.

## *Mobile/ Wireless*

- **Shipments of cellular phone and PHS handsets by manufacturers declined 29.3 percent year-on-year to 3.8 million units in July.** The fall marks the second consecutive month of declines and the steepest drop in percentage terms so far this year. The weak figures were caused partly by slow subscriber growth and by a drop in the number of people replacing their old handsets with new ones. Shipments in June rose for the first time in five months as cell phone and PHS handset makers geared up for the summer sales season. But it appears to have pushed up inventories, forcing them to scale back shipments in July.

## **Korea**

### *Telecommunications*

- **The Korea Communications Commission has approved plans by KT, Hanarotelecom and LG Dacom to offer television services over high-speed broadband.** The three companies will be allowed to offer full-fledged IPTV services from October. The regulator, however, rejected a request by a group led by Internet portal company Daum, citing lack of financial capabilities, for such services. KT, South Korea's largest fixed-line and broadband service operator by revenue, and other telecom companies have offered video-on-demand services over the Internet, but asked for government approval for full-fledged IPTV services as their revenue from traditional voice calls stagnate.
- **As government pressures operators to lower prices, KTF aims to offset impact with value-added services.** The downturn in South Korea's economy has led to calls from its government for mobile operators to lower their call prices. Although cutting prices will negatively impact the operator's revenue, it has a strategy for mitigating its effects. KT Freetel, South Korea's second largest mobile operator by market share, is on track to take over the number one spot from rival telco SK Telecom, as more consumers make the switch from CDMA, to UMTS-based services. Freetel has also moved into the enterprise IT services space.

### *Semiconductors*

- **Hynix Semiconductor would cut production of NAND flash memory chips by 20 to 30 percent starting in September.** Hynix is planning to shut down a production line this month, while a new memory line is only producing small quantities. The 2008 outlook for NAND makers is dim as global consumer spending suffers from a worldwide economic slowdown.

### *Alternative Energy*

- **LDK Solar has signed an eight-year contract with Sumitomo, a trading and investment house, to supply multi-crystalline solar wafers to a manufacturer of solar cells and modules in Japan.** Under terms of the agreement, LDK Solar will deliver approximately 750MW of multi-crystalline

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silicon wafers to Sumitomo over an eight-year period, commencing in 2009 and extending through 2016.

## *Hardware*

- **Samsung Electronics decided to delay the additional construction for its LCD module factory in Guangzhou which it had decided to set as its new strategic foothold in China to meet the growing demand for TV sets, save the manufacturing cost and streamline the logistics.** Instead, it will add up the LCD module factory in Suzhou. Also, it decided to delay the transfer of its LCD module line in Cheonan that it was supposed to complete in the first half of this year to the next year. Such a change comes from its judgment over the worsening market situation in the next year as the global LCD panel market including China is shrinking.
- **Samsung Electronics announced on Sept. 8 that it will build an LCM manufacturing plant in Suzhou City in Jiangsu Province.** The company expects to put the plant into operation in the first half of next year. Samsung will invest US\$500 million in constructing the plant, which is designed to have an annual production capacity of 2 million units of LCMs. Samsung cooperated with Chinese TV maker TCL Group to establish an LCM plant in Huizhou City in Guangdong Province in April this year. The plant's annual production capacity exceeds 8 million LCM units.

## **China**

### *Hardware*

- **Workforce of Amoi Electronics has been cut to 5,000 by now from 13,000.** And the company will further narrow its losses in the third quarter of 2008 as a result of a series of cost-control measures adopted by Lu Zhenyu, president of the company. The interim financial report released on August 9 by Amoi Electronics shows that it recorded total sales of 1.2 billion yuan (US\$170 million), down 24.2 percent from the corresponding period one year ago, with net losses of 412 million yuan (US\$60.2 million).

### *Software*

- **Huawei Technologies, ZTE and Haier Group were the three leading Chinese software vendors by revenue in 2007.** Huawei maintained its top position for the seventh year running since the annual list's inception, recording revenue of 41.6 billion yuan (US\$6.1 billion) from its software business in 2007. ZTE overtook Haier to take second place, with software revenue of 11 billion yuan (US\$1.6 billion) for the year, while Haier slipped to third place with 9.1 billion yuan (US\$1.3 billion).

### *Internet*

- **Sohu.com announced on Sept. 8 that it will begin beta testing a new massively multiplayer online role-playing game (MMORPG) at the end of this month, in preparation for the game's launch in China next year.** The new MMORPG, "Legend of Ancient War", is a martial arts game set in ancient China. The game will adopt the free-to-play business model popular among China's large game developers, a model that depends on the sale of virtual in-game items to generate revenue. Sohu's success with online games that feature martial arts began with the launch of "Dao Jian" in December 2006 and "Tian Long Ba Bu" (TLBB) in May 2007. TLBB, adapted from a popular novel by Taiwanese writer Jin Yong, is Sohu's most popular game and the main driver behind Sohu's surging revenue.

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## *Mobile/Wireless*

- **KongZhong Corp., a wireless value-added service provider in China, announced that its online game Tian Jie Online had been launched on the Mobile Online Game Platform of China Mobile.** The game is a MMORPG developed by KongZhong Kammoth, a mobile game R&D company acquired by KongZhong in 2005. It has developed over two million registered players since it started open testing in Q3 2007. Tian Jie Online is among the first three games launched on China Mobile, which spent one year to develop the mobile online game platform to promote mobile value added service. Three Kingdoms Online, another game developed by KongZhong, has also passed China Mobile's testing, and is expected to be launched before September 25, 2008.

## *Telecommunications*

- **Telefonica is ready set to raise its 5 percent holding in China Netcom, China's second fixed-line company, to 7.2 percent.** Under the new plans, two tranches of acquisitions will take its holding up to approximately 12 percent, although the group's imminent merger with mobile carrier China Unicom will leave Telefonica's share of the combined group at 5.5 percent. China had an estimated 530 million mobile subscribers at the end of 2007, representing 46 percent penetration; from 2004 to 2007 total revenue doubled from US\$32.7 billion to US\$61.5 billion, and now represents 1.8 percent of GDP. China Mobile's profits were up 45 percent to US\$8 billion with 82 million new subscribers. In contrast, China Telecom, which relies on fixed-line voice calls for more than half its revenues, was down 4 percent to US\$1.7 billion.
- **Alcatel-Lucent's flagship company in China, Alcatel Shanghai Bell, and Datang Mobile announced that they have signed a Memorandum of Cooperation (MoC) to facilitate the widespread commercial deployment of TD-SCDMA systems in China and overseas.** The memorandum calls for Alcatel Shanghai Bell and Datang Mobile to form a joint team responsible for developing a comprehensive strategy to create the resources and manufacturing infrastructure required to meet future demand for TD-SCDMA technology in China and the rest of the world, through developing standard manufacturing, quality controls and testing procedures. In China, Datang Mobile will designate Alcatel Shanghai Bell as its privileged partner for TD-SCDMA market cooperation and the two parties plan to jointly bid on key projects.
- **China Mobile Communications Corp. cut tariffs on third-generation mobile services it is offering on a trial basis in China, ratcheting up the competition for subscribers among the country's largest telecommunications operators.** China Mobile Communications, the parent of China Mobile Ltd. and the world's biggest mobile operator by subscribers, wants to build up its 3G user base before China Unicom Ltd. and China Telecom Corp. are granted 3G licenses as part of the country's telecom sector restructuring. China Mobile's voice tariff per minute for 3G customers will be 45 percent-73 percent cheaper than the existing 2G service plan, according to the company's Web site.
- **According to state media consumer electronics and computer firm Apple and mobile network operator China Mobile are in the final stages of talks that would pave the way for the official launch of Apple's iPhone in China.** The two companies will complete talks soon. China Mobile, which has over 415 million subscribers, had previously stated that the main obstacle to bringing the iPhone to China had been swept away when Apple dropped its revenue sharing demands. China Mobile will procure the handsets for their full price, and then on-sell subsidized handsets to consumers.



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- **China Communications Services Corp. said its first-half net profit rose 11 percent from a year earlier on an increase in demand for telecommunications support services.** The Hong Kong-listed company expects favorable growth potential in the coming few years because of the restructuring of China's telecommunications industry. The country's telecom operators are investing heavily to prepare for increased competition following the reform of the sector. China Communications Services' net profit for the six months ended June 30 was 567 million yuan (US\$83 million). Revenue rose 37 percent to 13.6 billion yuan (US\$2 billion).
- **China Mobile Communication Corp announced its plan to cut 3G tariffs in 10 cities include Beijing in a bid to attract more subscribers.** China Mobile's voice tariff per minute for 3G customers will be 45.7 percent cheaper than the existing 2G service charge. China Mobile Communications is running commercial trials of China's homegrown 3G wireless standard TD-SCDMA, hoping to replace the other widespread ones, W-CDMA and CDMA2000.
- **China Communications Services Corporation Ltd. posted net profits of 567 million yuan (US\$83 million) for the first half of 2008, up 11.3 percent from a year earlier.** Basic earnings per share stood at 0.101 yuan (US\$0.014). Operating revenue climbed 37.6 percent year on year to 13.6 billion yuan (US\$2 billion). Revenue from telecommunication infrastructure services went up 9.7 percent from a year ago to 5.9 billion yuan, accounting for 43.3 percent of the total revenue. Revenue from business process outsourcing services surged 83.7 percent to 6.1 billion yuan (US\$888 million), of which 1.7 billion yuan (US\$243 million) were generated from applications, contents and other services. Notably, revenue from China's Big Three telecommunications operators added up to 8.0 billion yuan (US\$1.2 billion), rising 23 percent and accounting for 58.6 percent of the total revenue. Revenue from China Telecom contributed 41.9 percent to its total revenue and from China Mobile and China Unicom, 16.7 percent.
- **China Unicom will establish a new handset procurement and distribution company as it has agreed to sell Unicom Vsens Telecommunications Technology Co. Ltd. to China Telecom.** All employees of Vsens's provincial subsidiaries will join China Telecom. The new China Unicom handset company will be named Hua Kai, and that China Telecom's personal handy-phone system handset procurement department will merge with Vsens.
- **China Telecom Corp. received approval from the China Securities Regulatory Commission to sell 20 billion yuan (US\$2.9 billion) worth of fixed-rate bonds in the first batch of a planned 80 billion yuan (US\$11.7 billion) issuance.** The company plans to issue the bonds as soon as late September, said one person who is close to Citic Securities Co., one of the deal's underwriters. The company is likely to offer the 20 billion yuan worth of bonds in three-year, five-year and seven-year tranches. The deal's underwriters include Citic Securities, China Galaxy Securities and UBS Securities. China Telecom planned to sell up to 80 billion yuan (US\$11.7 billion) worth of bonds to help finance the acquisition of China Unicom Ltd.'s mobile business. The acquisition forms part of the restructuring of China's telecommunications industry, which will consolidate six state-owned operators into three.

### *Media, Gaming and Entertainment*

- **ViXS Systems, a developer of video processing solutions, and China Digital TV Holding Co. Ltd., a provider of conditional access (CA) systems in China, announced the launch of a line of secure PC-based digital TV tuner products.** This new line of smart card secured, DVB-C tuner products will serve digital cable television customers in China, and allow users to turn their PCs into powerful and secure high-definition home theaters. Working with both PC manufacturers in China and

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ViXS Systems, China Digital TV has created DVB-C products for PCs that are compatible with over 180 digital cable TV network operators across China.

- **NetDragon Websoft Inc. bought back 47,000 ordinary shares on Sept. 8, 2008 at a price range between HK\$5.17 (US\$0.66) and HK\$5.25 (US\$0.67) a piece, or HK\$245,610 (US\$31,500) in total.** The Hong Kong-listed company had purchased back its shares for four times since Sept. 3 at an average price of HK\$5.07 (US\$0.65) a share. The move is believed to accord with shareholders' interests, noted Liu Dejian, president and executive director of the online game developer, adding that the current share price cannot reflect the company's potential value, thus, NetDragon will not rule out the possibility of more share purchases at proper time. The company posted net profits of 115.3 million yuan (US\$17 million) for the first half of 2008 in its unaudited interim report, down 25 percent from a year earlier.
- **China's State Administration of Radio, Film and Television (SARFT) will offer more than eight channels on a free-to-air basis to China Mobile Multimedia Broadcasting (CMMB) mobile TV users, industry insiders told Interfax on Sept. 8, 2008.**
- **China Cablecom Holdings, Ltd. announced its unaudited financial results for the second quarter ended June 30, 2008.** Hubei revenues for the first six months of 2008 increased to US\$12.5 million, up 35 percent from the same period last year. Hubei EBITDA increased to US\$3.2 million, up 31 percent from the same period last year. Hubei paying subscribers as of June 30, 2008 were 862,983, up 19 percent over the same date last year. Binzhou revenues for the second quarter of 2008 increased to US\$2.3 million, up 18 percent from the same period last year; revenues for the first six months of 2008 declined slightly by 3 percent to US\$4.3 million from prior year comparison. Binzhou EBITDA increased to US\$0.9 million, up 15 percent from the same period last year. Binzhou paying subscribers as of June 30, 2008 were 470,111, up 6 percent over the same date last year. Consolidated pro forma paying subscribers for China Cablecom as of June 30, 2008 were 1.3 million

## *Technology*

- **BigBand Networks, Inc. announced that Jiangsu Cable is deploying its Broadband Multimedia-Service Router (BMR) to process and deliver digital television services, including high definition (HD) and interactive television.** The BigBand BMR will be deployed in the provincial capital and nine cities, and provide digital television services to millions of subscribers. Jiangsu Cable, located on the east coast of China, has a long-term strategy of providing a suite of on-demand and interactive services, in standard and high definition, to 15 million subscribers. Jiangsu Cable is consolidating its existing infrastructures into a single network in order to accelerate the pace of its digital migration. At present, more than 250,000 Jiangsu Cable subscribers receive digital television services.

## **Taiwan**

### *Mobile/ Wireless*

- **To counter Apple's second-edition iPhone and HTC's Diamond, Samsung has resolved to invest heavily to promote its Omnia series smartphones to attain a sales goal of 30,000 units in Taiwan.** At the moment, Samsung commands a 15 percent share of the Taiwanese market for high-end mobile phones, including smartphones, and plans to double the market share with its Omnia and Innov8 series in the fourth quarter of this year. Samsung Taiwan noted that the global economic depression has actually undermined its overall sales of high-end handsets, causing its market share to

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regress to around 10 percent in Taiwan's handsets market in the first half from 20 percent achieved at the end of last year.

- **High Tech Computer (HTC) aims to expand sales in Japan through the launch of its products in the coming months by second-ranked carrier KDDI Corp. and No. 4 EAccess Ltd.** KDDI will introduce HTC's Touch Pro sometime after April to beef up its line-up for corporate clients. It would be the first time for KDDI to sell HTC products or so-called smartphones that combine functions of cellphones and computers. EMobile, the mobile unit of EAccess, announced the previous day that it would launch the Touch Diamond in October. The Diamond is often compared to Apple Inc's iPhone for its touch panel and interface.

## *Telecommunications*

- **Chunghwa Telecom Co. said its unaudited net profit in August rose 8.2 percent from a year earlier largely due to smaller foreign-exchange derivatives losses.** The company didn't give last year's figures for comparison, but it previously reported an unaudited net profit of NT\$4.9 billion (US\$153 million) for August 2007. Revenue in August fell 1.3 percent to NT\$15.8 billion (US\$493 billion). Unaudited net profit for the January-August period was NT\$32.7 billion (US\$1 billion). It posted a net profit of NT\$34.1 billion (US\$1 billion) for the same period last year.

## *Hardware*

- **Canon Inc. will boost production capacity for interchangeable lenses for SLR (single-lens reflex) cameras by 33 percent in Taiwan.** The investment is expected to total about 2 billion yen (US\$18.45 million), with the expanded operations at the existing Canon plant in Taichung to begin next July. Entry-level lenses priced between 20,000 yen and 60,000 yen will be produced there. Floor space at the factory will be expanded 23 percent to about 60,000 sq. meters, and the staff will be increased by 600 people to 3,000. Thanks to the fast-growing market for digital SLR cameras, sales of entry-level models are growing. Canon anticipates that demand for optional lenses will rise as well.

## *Semiconductors*

- **PowerChip Semiconductor Corp. announced that it would cut output of standard DRAM chips by 10 to 15 percent and postpone construction of new plants to mitigate the impact of oversupply plaguing the global industry.** 2008 is the worst year since the company started up the DRAM business around 17 or 18 years ago. Its estimated output reduction would bring down supply and, thus, bolster prices. The company projected such reduction to push up prices by mid-2009. PowerChip is the first DRAM chipmaker globally to announce output cuts in the recent market meltdown with the cuts to total 15,000 300mm wafers a month.
- **Taiwan DRAM makers Nanya Technology and ProMOS said they have no plans to follow bigger rivals in cutting output in the struggling computer memory chip market.** Japan's Elpida Memory and Taiwan's Powerchip Semiconductor said earlier that they plan to cut DRAM output to fight oversupply and falling prices. Elpida plans to cut output by about 10 percent from mid-September, while Powerchip is starting to adjust its output plan to achieve a production cut of 10-15 percent, without giving a time-frame. ProMOS told Reuters his company has no plans to trim output but it has been allocating part of its production for specific chips that have fatter margins.
- **Nanya Technology Corp., a maker of dynamic random access memory chips, said its parent-level sales in August fell to NT\$4.0 billion (US\$124 million).** For the first eight months of the year, parent sales declined to NT\$26.9 billion (US\$842 million) from NT\$38.4 billion (US\$1.2 billion) in the corresponding period in 2007.

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- **Himax Technologies Inc. raised its third-quarter outlook, citing rising demand for its display drivers and tight cost-control measures.** The company now sees earnings of 7 cents to 9 cents a share and expects revenue to fall 5 percent to 8 percent sequentially. It had earlier forecast earnings of 4 cents to 6 cents a share, and had expected revenue to decline by low-teen percent from the second quarter. Excluding items, it sees earnings of 14 cents to 17 cents a share for the third quarter, up from its prior view of 11 cents to 14 cents.

## Hong Kong

### *Telecommunications*

- **China Netcom Group Corporation (Hong Kong) Ltd.'s futures and option contracts will be adjusted in line with China Unicom and China Netcom's suggestions on their merger.** One China Netcom share can swap for 1.508 China Unicom shares. The share exchanges will come to an end on October 6, 2008 and the new contracts will be effective from October 8. China Unicom Limited is to be renamed as China Unicom (Hong Kong) Limited on October 15, signaling the official merger of the two telecoms carrier's publicly-traded units. After the reshuffle, China Unicom (Hong Kong) Limited, the merged China Unicom, will have around 259 million users, including 128 million GSM users, 109 million fixed-line users and 23.36 million broadband users, calculated by user bases of China Unicom Ltd. and China Netcom as of June 30, 2008.

### *Hardware*

- **Lenovo Group Limited has no plan to acquire Dell's factories.** Dell was reported to sell its plants across the whole world in a view to reducing costs and lifting up profit margin. However, Lenovo has enough production capacity and do not need to purchase its rival's computer facilities. To put more energy in the promotion of new independent consumer brand IdeaPad, the Chinese PC titan now is selling computers under existing sub-brands at a low price. The company lowered the prices of Tianyi and Xuri series by 20 percent, revealed a notebook distributor on September 2, saying that the markdown actually began a week ago.

## Singapore/Malaysia/Philippines/Indonesia/India/Australia

### *Telecommunications*

- **India's BPL Mobile Communications Ltd., a privately-owned cellular phone services company, said it has issued about a 17 percent stake to a Mauritius-based company for about US\$80 million, adding that the move doesn't violate an order issued by an arbitration panel.** The Mauritius-based company, to whom the shares were sold, is owned by an international institutional fund investing in emerging markets. An arbitration panel had earlier ordered BPL Mobile minority shareholder Essar Group to freeze the sale of shares in BPL Mobile, and BPL Mobile's shares in Loop Telecom, following arbitration proceedings over the ownership of BPL Mobile between Essar Group and Vodafone Essar Ltd.
- **The Indian unit of global telecom major Motorola Inc. expects revenue of US\$20 million to US\$30 million over the next five years from three new pacts to establish digital radio communication networks at three Indian airports.** The communication networks would be established at the Delhi international airport, which is undergoing upgradation, and the newly built Bangalore and Hyderabad international airports.

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- **Unitech Ltd., one of India's largest real estate developers, said it has selected an overseas company as a potential joint venture partner for the company's telecommunications operations.** Two of the potential partners are in Europe, while one is in Asia. The executive described a local media report about the potential partner being Norway's Telenor ASA as speculative. Unitech Wireless, a wholly owned unit of Unitech, has received licenses to operate telecommunications services in all of India's 22 service areas.
- **Indian state-run telecom firm Bharat Sanchar Nigam Ltd. has received technical and financial bids from six global telecom equipment suppliers for its contract to supply 93 million global system for mobile, or GSM, communication lines.** The six vendors include LM Ericsson Telephone, Nokia Siemens Networks, Nortel Networks Corp., Alcatel-Lucent, Huawei Technology Co. and ZTE Corp. Less than US\$100 (per GSM line) is what the company expects to spend on its network expansion, which will be spread over three-to-four years. The company expects to spend around US\$9 billion on its network expansion plans.

### *Media, Entertainment and Gaming*

- **Reliance Big Entertainment Pvt. Ltd., a Reliance Anil Dhirubhai Ambani Group firm, is in the process of investing US\$250 million in three Web sites - zapak.com, bigflix.com and bigadda.com - which are part of its new media business.** The company is investing US\$100 million in gaming portal zapak.com, US\$100 million in movie rental and download portal bigflix.com and US\$50 million in social networking Web site bigadda.com. Reliance Big Entertainment has bought a majority stake in U.S.-based cricket webcasting portal Willow TV, which will form a part of the company's new media business. The company will invest about US\$60 million - \$70 million over the next two to three years in www.willow.tv, the portal run by Willow TV. The investment includes the acquisition price.

## United States/Canada

### *Telecommunications*

- **The top four wireless providers in the U.S. are being asked by a senior senator to account for their text-messaging prices.** Sen. Herb Kohl sent letters to Verizon Wireless, AT&T Inc., Sprint-Nextel Corp., and T-Mobile USA, noting that text-messaging prices have increased 100 percent since 2005. Mr. Kohl's letter noted that each company appears to have changed text-messaging rates at nearly the same time, with identical prices. Verizon Wireless is jointly owned by Verizon Communications Inc. and Vodafone Group PLC. T-Mobile is a unit of Deutsche Telekom AG.
- **Vodafone Group Tuesday unveiled a major reorganization and management shake-up, reigniting speculation over its minority stake in U.S. operator Verizon Wireless, and suggesting cost-cutting may lie ahead.** Among a swathe of management changes, the world's largest mobile company by revenue said executive control of its 45 percent stake in U.S. mobile operator Verizon Wireless will now rest with new chief executive Vittorio Colao, chief finance officer Andy Halford and human resources head Terry Kramer, who was appointed group strategy and business improvement director.
- **AT&T Inc.'s U-verse service will let subscribers watch recorded shows on as many as eight television sets, an upgrade intended to compete more effectively with rivals' digital-video recorders.** The feature, often called multi-room or whole-home DVR, is already available in San Francisco and some nearby cities to subscribers of U-verse, which allows users to view Internet video



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as well as TV programming on their sets. It will be rolled out to the rest of the Bay Area this week and will be available nationwide by year end. It will be free as part of a U-verse subscription, which costs from US\$44 to US\$99 a month.

- **Clearwire Corp. is still on track to close its deal with Sprint Nextel Corp.** CFO Butler, speaking at an investor conference hosted by Jefferies Group Inc., said he was pleased with the progress of the regulatory approval, except for an attempt by AT&T Inc. to throw a hurdle on the road with its objection. Butler touted the company's spectrum position, which is fully devoted to WiMax. He said the larger carriers will struggle to roll out their fourth-generation wireless technologies without rededicating some of the spectrum already used for 2G and 3G services.

## *Mobile/ Wireless*

- **Research In Motion Ltd. (RIM) is on track to hire more than 2,000 people in fiscal 2009.** The BlackBerry maker also expects to complete construction of a new building at its Waterloo, Ont. headquarters next year, and construct another four new buildings over time in Waterloo. RIM also plans to add two new facilities in the Toronto area, one later this year and one next year. RIM's expansion plans, which also include the addition of hundreds of employees in each of Chicago and Florida, are a direct result of the burgeoning smartphone market. The company's subscriber base nearly doubled to 16 million at the end of its first quarter in June, up from more than 9 million a year earlier. For fiscal 2009, which ends in February, analysts are forecasting net income of US\$3.80 a share on revenue of US\$10.98 billion, up from US\$2.26 and US\$6.01 billion, respectively, a year earlier.

## *Internet*

- **Yahoo Inc. hired former Microsoft Corp. executive Joanne Bradford to lead its U.S. advertising sales force, helping to rebuild its executive ranks after a string of high-profile departures.** The Sunnyvale, Calif., company announced the move, along with the departure of David Karnstedt, a longtime Yahoo executive and senior vice president of U.S. sales. Mr. Karnstedt is joining venture-capital firm Redpoint Ventures. Ms. Bradford, who will carry the title of senior vice president of U.S. revenue and market development, inherits a challenging role. Yahoo is struggling to retain its prime position in selling display advertising during tough economic times while pushing out new products. Meanwhile, a number of senior advertising and product executives have left the company in recent months, dampening morale.
- **AOL is unveiling a new home page as well as a slew of Web sites aimed at women, pop-culture addicts and parents of gamers in a bid to win back subscribers.** The revamped AOL.com will for the first time let visitors access email accounts from outside providers like Google and Yahoo and will include updates from major social-networking sites and automatically personalize content for users. The changes are an effort to recalibrate AOL's portal model with the way people use the Internet these days. In recent years, Web traffic has fragmented across thousands of sites and people often use multiple email accounts.

## *Semiconductors*

- **Texas Instruments Inc. hasn't seen any changes to its initial outlook on the wireless chip market, despite concerns on Wall Street recently that weakness in the segment could pull down third-quarter results.** The chip maker narrowed its third-quarter earnings view to a range of 42 cents to 46 cents a share on revenue of US\$3.33 billion to US\$3.47 billion, placing the midpoints squarely in-line with their previous outlook.

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## Europe

### *Mobile/ Wireless*

- **Nokia Corp. is deepening its relationship with software giant Microsoft, giving more mobile phone users access to their office email - a move meant to combat the rising popularity of RIM's BlackBerry and other rival smartphones.** Finland-based Nokia, the world's largest maker of phones, with almost 40 percent of the global market, said it will now offer Microsoft's Exchange ActiveSync email service to all 80 million of its S60 third-edition handsets in the market as a free download, and will also make the service standard on upcoming models of its business Eseries and high-end Nseries phones. Anssi Vanjoki, Nokia's executive vice-president of markets said that those accessing their email from a mobile device are still a small proportion of the overall email market.

### *Internet*

- **Internet advertising spend rising in central Europe, driven by Poland, Hungary and Czech Republic.** Drawn by growing Internet advertising spending in central Europe, now estimated to be worth over 500 million euros (US\$707.3 million) annually, financial investors and media houses are battling for a share of the market amid steadily rising Web penetration and online use in countries such as Poland, Hungary and the Czech Republic. Internet advertising spending in Central Europe is rising between 35 percent and 50 percent annually, depending on a given country's Internet penetration growth rate and monthly fee structure, making it the fastest growing sector among all media in the region. With 42 percent Internet penetration, Poland's Internet advertising sector was estimated to be worth about 5 percent of total advertising spending there, and should top 170 million euros (US\$304.2 million) this year.

### *Telecommunications*

- **Bouygues Telecom, a division of Bouygues SA, confirmed it has agreed to sell mobile network capacity in France to Dutch operator Royal KPN N.V.** The move will enable KPN to add another major European market to its repertoire by offering mobile services to French customers without owning its own network. KPN's French plan may seek to duplicate its brand in Spain called Simyo. Bouygues Telecom is the third largest mobile operator in France by revenue, after France Telecom SA's Orange and Vivendi SA's SFR.
- **Deutsche Telekom AG is preparing for a downsizing that promises another round of labor strife and raises the possibility of something rare in Germany: forced layoffs.** Fifteen months after enduring a bitter strike over plans to slash labor costs, Europe's largest telecommunications carrier by revenue is planning new steps to streamline its domestic work force and boost profits. Talks with labor representatives are expected to begin in earnest in the coming days and thousands of jobs hang in the balance. The former state telephone monopoly says the restructuring is necessary to survive rising competition and falling prices on its home soil, where smaller rivals have made big inroads in recent years with slimmer and lower-paid work forces.
- **Hungary's Magyar Telekom Nyrt is maintaining its 2008 EBITDA guidance as well as its revenue guidance for this year.** Magyar Telekom targets a flat to slight decline in its 2008 EBITDA and that its revenues will remain flat this year from last year. Magyar Telekom had stellar second-quarter results and in the first six months of this year, the company's unadjusted EBITDA rose 12.1 percent to 144.3 billion forint (US\$852.3 million) and its revenues increased 2.2 percent to 335.8 billion forint (US\$2 billion).

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- **Three bidders are left in the auction of Hungarian Telephone & Cable Corp. Norwegian telecommunications operator Telenor ASA, private equity firm Mid Europa Partners and Romanian Cable Systems have all submitted bids and remain in the process.** The company has been put on the block by owner Danish telecommunications operator TDC AS, which has appointed BNP Paribas SA to run the process. TDC is owned by a consortium of private equity firms consisting of Apax Partners, Blackstone Group LP, Kohlberg Kravis Roberts & Co., Permira and Providence Equity Partners Inc. and has a 68 percent stake in U.S.-listed HTCC. Initial bids were submitted July but the current progress of the sale is unclear.

## Middle East/South Africa/South America

### *Telecommunications*

- **Colombia's antitrust agency fined the local mobile units of America Movil SA and Spain's Telefonica SA for charging higher costs when customers made phone calls from fixed-lines to mobile phones.** The regulator ordered the companies to pay each 923 million Colombian pesos (US\$448,100) after finding that in 2005 they charged much higher costs for making phone calls from fixed-line to mobile phones in an effort to boost cell phone use by discouraging people from using fixed lines. Both companies can appeal the agency's decision.
- **Etisalat announced the launch of its telecommunications services in Nigeria.** The company would replicate the technologies it has pioneered in other markets around the world in Nigeria. These technologies include the 3.75G network, which it rolled out in Egypt recently, and fixed-line services over its next-generation network. Nigerian-based Emerging Market Telecommunications Services (EMTS) owns the license operated by Etisalat. EMTS entered into partnership with Mubadala Development Co. of the United Arab Emirates following Mubadala's acquisition of a Unified Access License from the Nigerian government in January 2007 for US\$400 million. Etisalat has acquired a 40 percent stake in EMTS and operates the license in Nigeria.
- **Brazil telecommunication operators will see stiff competition get stiffer after the introduction of number portability earlier this week.**
- **Broadband connections in Chile reached 1,402,951 in June, up 80,000 new connections, or 6 percent, from the end of 2007.** The data, however, shows a deceleration from previous six-month periods, when two-digit growth rates were posted, according to the Cisco Broadband Barometer report. Connections likely reached a consolidated critical mass, centered on higher-income clients. Home-sector connections rose 7 percent from where they were at the end of 2007, reaching 84 percent of total broadband connections. Broadband connections in the country have a penetration rate of 8.5 percent or 26.8 percent of Chilean homes have a broadband hook-up.
- **Egypt's National Telecommunications Regulatory Authority, or NTRA, postponed the bidding for a second fixed line phone license for one year.** The auction was due to take place Sept. 18 but was postponed for a year due to international market conditions. The decision was taken after talks with the 12 companies that had purchased the bidding booklets, which include Orascom Telecom Atheeb (Saudi Arabia), Alcan, Giza Systems, Emirates Telecommunications Corp, France Telecom, Ericsson and Alcatel-Lucent, led to the conclusion that a postponement was best in light of the turbulence in the telecommunications markets globally due to rising inflation. The companies preferred to delay the bidding for a year when capital and telecommunications markets improve especially as the setup costs for a second fixed-line network in Egypt could amount to US\$1 billion.



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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 9/12/08)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
Japanese yen	¥/US\$	107.9400	0.2%	-0.8%	-4.1%	-9.3%
Hong Kong dollar	HK\$/ US\$	7.7980	-0.10%	-0.07%	-0.09%	0.3%
Chinese renmenbi	RMB/ US\$	6.8370	-0.1%	-0.2%	-6.4%	-12.4%
Singapore dollar	S\$/ US\$	1.4335	-0.1%	1.3%	-0.8%	-6.8%
South Korean won	KRW/ US\$	1,106.5000	-1.0%	1.6%	18.3%	19.0%
New Taiwan dollar	NT\$/ US\$	31.9100	0.3%	1.2%	-1.8%	-2.1%
Australian dollar	US\$/A\$	0.8238	1.0%	-4.0%	-5.8%	4.5%
New Zealand dollar	US\$/NZ\$	0.6677	-0.1%	-4.8%	-13.7%	-5.1%
Philippine peso	PHP/ US\$	46.6200	-0.2%	1.3%	13.2%	-4.9%
Euro	US\$/€	1.4227	-0.3%	-3.0%	-3.3%	7.8%
British pound	US\$/£	1.7935	1.6%	-1.5%	-10.0%	-8.4%

Fixed Income Prices and Yields							
Note	Currency	Current (on 9/12/08)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Price	Yield	Price
US 30-year	US\$	103.08	4.31%	103.45	103.08	4.31%	103.45
Japan 30-year	¥	103.66	2.29%	104.28	103.66	2.29%	104.28
Hong Kong 10-year	HK\$	106.55	2.81%	105.82	106.55	2.81%	105.82
China (06/16)	US\$	110.71	3.12%	101.99	110.71	3.12%	101.99
Singapore 10-year	S\$	107.75	3.09%	108.07	107.75	3.09%	108.07
South Korea 20-year	KRW	9,638.84	5.82%	9,778.74	9,638.84	5.82%	9,778.74
Australia 15-year	A\$	100.56	5.69%	101.09	100.56	5.69%	101.09
New Zealand (12/17)	NZ\$	99.68	6.04%	99.36	99.68	6.04%	99.36
Philippines 20-year	PHP	99.65	8.54%	94.90	99.65	8.54%	94.90
India 30-year	INR	95.29	8.78%	91.16	95.29	8.78%	91.16
UK 30-year	£	103.76	4.52%	106.69	103.76	4.52%	106.69
Germany 30-year	€	93.04	4.68%	95.43	93.04	4.68%	95.43

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