

IRG WMR



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

Week of 22 September - 28 September, 2008

ideas | reach | growth

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

Hong Kong (HQ)

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

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

Singapore

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

Japan

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

Korea

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

Philippines

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

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Equity Market Indicators					
Index	Closing Level (9/26/2008)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
S&P 500	1,213.01	-3.4%	-5.4%	-17.4%	-14.5%
Dow Jones Industrial Avg.	11,143.13	-2.2%	-3.5%	-16.0%	-10.6%
Dow Jones Tech. Index	352.86	-2.7%	-10.8%	-23.2%	-14.5%
Dow Jones Telecom. Index	228.25	-2.2%	-7.2%	-27.2%	-12.2%
NASDAQ Composite	2,183.34	-4.0%	-7.8%	-17.7%	-9.6%
The Street.com Net	242.53	-3.9%	-7.9%	-13.9%	-1.9%
Japan Nikkei 225	11,893.16	-0.2%	-9.0%	-22.3%	-31.0%
JASDAQ	52.86	-0.1%	-8.9%	-26.8%	-38.7%
Japan Mothers	427.27	-4.6%	-8.1%	-45.4%	-61.5%
Korea KOSPI Composite	1,476.33	1.4%	0.1%	-22.2%	2.9%
Korea Kosdaq	448.34	0.4%	-4.7%	-36.3%	-26.0%
Taiwan Stock Exchange	5,929.63	-0.7%	-15.8%	-30.3%	-24.2%
Singapore Straight Times	2,411.46	-5.8%	-12.0%	-30.4%	-19.2%
Hong Kong Hang Seng	18,682.09	-3.3%	-12.1%	-32.8%	-6.4%
Hong Kong GEM	561.07	-0.6%	-18.7%	-58.4%	-54.2%
China Shanghai (A-Share)	2,408.88	10.5%	-4.3%	-56.4%	-14.4%
China Shenzhen (A-Share)	644.95	3.1%	-6.6%	-57.6%	13.2%
China Shanghai (B-Share)	132.76	9.2%	-12.5%	-63.7%	2.0%
China Shenzhen (B-Share)	311.30	-0.1%	-19.0%	-56.1%	-28.2%

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

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

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

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

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

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Weekly Highlights

Japan

Mobile/ Wireless

- **NTT Docomo, Nissan Motor and Sharp Corporation announced that they have jointly developed a mobile phone capable of functioning as an intelligent key for automobiles.** The device will incorporate Nissan's Intelligent Key system, already a standard feature in various Nissan vehicles. The convergence of automotive and cellular technologies was made possible through Docomo's marketability of mobile phones, Sharp's development of the phone itself and Nissan's provision of technical support to ensure the key's operability with its vehicles.

Media, Entertainment and Gaming

- **Japanese video game maker Nintendo Co. Ltd. plans to launch a new model of its DS handheld machine that can take pictures and play music by the end of the year, the Nikkei business daily said.** The move would pit the top-selling portable game gear with Apple iPod and camera-embedded cellphones in general. The price for the new machine, which will also be equipped with advanced wireless communications functions, is expected to be below 20,000 yen (US\$189) in Japan, compared with 16,800 yen (US\$158) for the current model, the Nikkei said. The Wii game console and DS have been Nintendo's twin growth engines, helping its share price to grow more than three-fold over the past three years. The DS far outsells Sony Corp's rival machine, PlayStation Portable (PSP), globally. But in Japan, the PSP's unit sales exceeded the DS's in five consecutive months through July, according to game magazine publisher Enterbrain, in a potential sign of slowing momentum for the current DS model.

Hardware

- **TriGem Computer Inc. is entering the Japanese market.** The company will market the machines under the Averatec brand. The AVN0270N notebook will have a 10.2-inch display and a 160-gigabyte hard-disk drive. Pricing will be open, but it is expected to retail for 59,800 yen (US\$564). The AVA8270N desktop will come with an 18.4-inch LCD monitor and a power-saving Intel Corp. processor. It is expected to sell for around 69,800 yen (US\$659). The computers will be sold through electronics mass merchandisers from mid-October and also offered via TriGem's online sales site. The company is aiming for combined sales of 20,000 units by the end of 2008.

Software

- **Network software developer SoftEther Corp. has devised a way of sending data more than twice as fast as normal over VPNs (virtual private networks).** The company will use the technology in PacketiX VPN 3.0, the latest version of its PacketiX VPN software, which it plans to release in October. VPNs provide a way to send data over the Internet with the same level of security as a dedicated line. Corporations use them to link the head office with distant factories. SoftEther says it has used the new technology to send data at 80 megabits per second between connected points. With existing VPN software, the best achievable speeds are only around 30 - 40mbps.

Information Technology

- **Sumitomo Chemical Co. Ltd. of Japan has connected to the Elemica Business Process Network (BPN) to streamline order management with trading partners like BASF and Dow.** The Elemica BPN automates the order management processes across multiple systems and partners.

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Sumitomo Chemical creates, issues, and makes changes to orders via the network and receives order acknowledgements immediately, which improves responsiveness to customers and reduces order fulfillment costs. Elemica worked closely with Japanese integration partner, JFE Systems, to implement the solution.

Korea

Telecommunications

- **Shareholders of South Korea's Hanarotelecom Inc. approved a proposal to change the company's name to SK Broadband Co. as a result of it being acquired by SK Telecom Co. in December.** SK Telecom, South Korea's largest mobile carrier by revenue, purchased a 38.9 percent stake in the broadband company for KRW1.1 trillion (US\$947.7 million) from a consortium led by American International Group, TPG Capital and TVG Capital Partners, making it the biggest shareholder in Hanarotelecom with a 43.4 percent stake as of August.

Hardware

- **LG Electronics Inc. plans to unveil in the fourth quarter of this year the successor of the high-end Prada phone, co-designed with Italian fashion house Prada Group.** As part of the company's effort to tap into the fashion crowd, LG Electronics in March 2007 launched the Prada phone, a thin, metallic-black handset with a buttonless touch screen developed with Prada. LG has so far sold 1 million Prada phones globally since its launch.

Semiconductors

- **Hynix Semiconductor Inc. would sell part of its stake in a Chinese joint venture to partner Numonyx for US\$100 million, as Numonyx seeks to raise its control over the Hynix-led chip plant.** After the sale, Hynix will see its stake in the Wuxi plant, which produces dynamic random access memory (DRAM) chips used in personal computers, cut to 72.3 percent from the current 83.3 percent. Numonyx, a memory joint venture owned by STMicroelectronics, Intel Corp and Francisco Partners planned to increase its stake in the joint venture to one third. It is also working with Hynix in a five-year tie-up to develop NAND flash memory chips, used in hand-held devices including cellphones, digital music players and cameras. The stake sale comes as memory chip makers suffer a prolonged downturn hit by a supply glut and weak demand for personal computers and consumer electronics. The transaction will be completed by the end of this year.

China

Internet

- **China Finance Online Co. Limited, a Chinese online financial information and corporate data provider, will deploy Aladdin eToken PRO USB smartcard devices.** The devices provided by Aladdin are enabling secure customer access to China Finance Online's StockStar investment analysis tools and services. Aladdin eToken USB smartcard devices will provide an initial 20,000 VIP users with strong, two-factor authentication for secure online access to StockStar accounts and could potentially reach over 500,000 StockStar users. China Finance Online's customers will gain enhanced security against fraud and identity theft while receiving proprietary financial information through a secure network connection.

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- **The number of Internet users in China has increased 91 million, representing an increase of 56.2 percent from the same period in 2007.** In the meanwhile, broadband Internet access service subscribers have been growing rapidly, hitting 214 million. 86.7 percent of Internet access service users are broadband subscribers. 28.9 percent of Chinese Internet users once had used their mobile phones to get access to the Internet in the first half of 2008. Mobile phone Internet users have reached 70.1 million. By the end of August, the number of broadband users of China Telecom stood at 41.5 million. Meanwhile, the growth rate of broadband business of China Netcom was slowing down. Its broadband users hit 24.25 million by the end of this August.

Media, Entertainment and Gaming

- **Cyber game vendor Netease.com held a press conference in Shangri-La, Yunnan province, and announced the start of trial run of Tianxia II.** Tianxia II is the first 3D large scale cyber game developed by Netease with five-year efforts. And it is the first cyber game of the company charging fees for game property. As one of the flagship products of Netease, Tianxia II has drawn great expectations from game players. The game has been regarded by young Chinese as the hope of domestic cyber game industry. Industry analysts believe that with more than half a year optimization, Tianxia II has improved a lot in playability and operability. After undergoing the fast growth period during the past a couple of years, China's cyber game vendors are struggling with the growing pains this year.
- **NetDragon Websoft Inc. Board Chairman Liu Dejian purchased over one million shares of the Hong Kong-listed company, lifting its holdings to 52.4 percent from the previous 52.3 percent.** The online game operator also filed a stock buyback report to the Stock Exchange of Hong Kong, saying that it purchased back 1.0525 million shares at a price range between HK\$4.68 (US\$0.60) and HK\$5.08 (US\$0.65) apiece, or HK\$5.2 million (US\$0.7 million) in total. NetDragon has been repurchasing its shares since September 2008. Since September 3, it accumulatively bought back 8.5425 million shares for HK\$39.7 million (US\$5.1 million). The move was believed to accord with shareholders' interests, CEO Liu noted earlier, adding that the current share price could not reflect the company's potential value.

Telecommunications

- **Huawei Technologies has been appointed by Axis, Indonesia's newest GSM and 3G operator, as a key partner in establishing a national mobile network.** Huawei will design, build, deploy and manage the Indonesian firm's 2G and 3G networks across Java, Bali, Lombok, Kalimantan and Sulawesi until 2010.
- **The State-owned Assets Supervision and Administration Commission (SASAC) is expected to transfer about 50 billion yuan (US\$7.3 billion) from China Mobile Group to China Unicom Group to boost Unicom's working capital.** Unicom would then transfer part of the sum to China Telecom as an interconnection settlement to ease Telecom's financial pressure as it purchases Unicom's CDMA wireless network. SASAC is the main shareholder of China Mobile Group, China Unicom Group and China Telecom Group. Under the state-sponsored restructuring of the country's telecom industry, fixed-line operator China Telecom will pay 110 billion yuan (US\$16.1 billion) to buy Unicom's CDMA wireless network, becoming a full-service operator. Unicom, which retains its GSM wireless network, is merging with the other big fixed-line operator, China Netcom.
- **The parent of China Unicom has bought back 50 million shares in its listed subsidiary as major state-run firms heed Beijing's call to buy back shares in their listed units to prop up a**

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volatile stock market. The parent, which had owned 60.74 percent of the listed company, increased that to 60.97 percent by buying back the shares through the Shanghai Stock Exchange trading system. The parent would continue to increase its stake in the listed company over the next 12 months, but the total stake would not exceed 2 percent of China Unicom's entire corporation's share capital. Local-currency A shares in Shanghai-listed China Unicom, which indirectly owns a similarly named Hong Kong subsidiary, closed up 7.72 percent at 5.3 yuan (US\$0.77), helping the overall market reverse its early losses to finish the day up 0.7 percent. Major shareholders of more than 20 listed firms, including the parent of top Asian oil producer PetroChina, have bought back or have announced plans to buy back shares.

- **China Mobile Ltd. intends to build the TD-SCDMA and Long Term Evolution experimental networks in a certain number of cities in China in 2010.** It was disclosed by Zhou Jianming, general manager of the technology division of the company. The company will push the evolution of TD-SCDMA towards TD-LTE, building a strong TD-LTE industry in China, and it is now busy in testing with Chinese telecoms carriers. It will further the interoperability between 2G and 3G.
- **China Netcom Group Co., Ltd. will issue its first batch of short-term finance bills for this year involving a total face value of 10 billion yuan (US\$1.5 billion) on China's inter-bank bond market on October 6.** The bills have a term of 365 days from October 8, 2008 to October 8, 2009. Chinese rating agency CCXI gave an AAA rating for the issuer and A- 1 rating for the issue. Following the first batch, China Netcom will later float an additional 10 billion yuan (US\$1.5 billion) of such bills.
- **The total income of China's telecom sector registered in the first seven months this year amounted to 467.8 billion yuan (US\$68.3 billion), representing a year-on-year rise of 9.1 percent.** During the January-July period, the number of newly added phone users amounted to 50.5 million, bringing the total number of users to 963 million at the end of July. Of the total, mobile phone users increased 61.1 million from a year earlier to about 608 million, while the fixed-line users decreased 10.6 million year-on-year to 355 million as of the end of July. In the corresponding period, the newly added broadband subscribers stood at 11.4 million, bringing its total subscribers to 77.8 million. In August, China Mobile and China Unicom added 7.2 million and 510,000 users respectively.

Hardware

- **Canon said China is one of the most important strategic.** The company has worked out new strategy in China. It hopes to have its sales increase 10 times in the coming ten years in this country. Under its new strategy, it will shift its exposure from digital camera to projectors. Last year it won 21.5 percent of the global digital camera market. In years ahead, it is set to be the number one in the projector sector. Canon is about to increase the number of its quick service centers in China to 25 in the coming three years. So far it has more than 100 flagship special stores in the country.
- **HP China has established a Chinese center for microenterprise development in cooperation with Youth Business China (YBC), providing support and training to microenterprises and enterprise starters to use technology to build and grow their business..** HP has established 21 microenterprise development centers and accessory training rooms so far, serving surplus rural workers, social youths, college students and migrant workers, with investment exceeding 10 million yuan (US\$1.5 million). The HP Microenterprise Development Program, which was introduced to China in 2007, is a nonprofit community investment program.

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Software

- **NetDimensions announced it has acquired a 25 percent interest in Peak Pacific Limited, an Asia's strategic eLearning Product, Solution and Services Company, for a cash consideration of US\$250,000.** Peak Pacific Limited, based in Hong Kong, is a newly incorporated business which has been formed through the spin-out of Cathay Pacific Airways' corporate eLearning business unit. Peak Pacific will be led by CEO Kishor Mistry, former Corporate eLearning Manager at Cathay Pacific. Peak Pacific will primarily focus on aerospace, maritime, transportation and logistics business and will provide a one-stop eLearning company for customers to outsource their entire eLearning requirements, giving better economy of scale in terms of cost, quality, resources and flexibility depending on demand and business conditions.

Mobile/ Wireless

- **Hurray! Holding Co., Ltd. announced the signing of definitive agreements to make a strategic investment in Taiwan's Seed Music Group Limited (Seed Music).** Seed Music is a music production company which focuses on artist development, music production and offline distribution of music in the Asia Pacific, especially in China, Taiwan and Hong Kong. Hurray! will invest US\$3.0 million in cash for 61.1 percent of Seed Music. The final consideration payable by Hurray! and the respective ownership interests of the shareholders of Seed Music are subject to adjustment based on the financial performance of Seed Music following the closing of the transaction. Hurray! currently expects the transaction to close before October 30, 2008, subject to customary closing conditions.

Alternative Energy

- **Chinese solar wafer maker LDK Solar Co. Ltd. raised US\$192.4 million from a secondary offering of 4.8 million American Depositary Shares.** 60 percent of the proceeds would fund construction of its polysilicon manufacturing plant, 30 percent would fund an expansion of its wafer production facilities, and the remaining 10 percent would go toward other corporate purposes. The ADS's sold at US\$41.75 each. LDK's ADS's closed at US\$36.42.
- **Yingli Green Energy announced that it has entered into a sales contract with SunDurance Energy, LLC which develops, designs and builds large-scale solar energy facilities for private and public entities in the U.S..** Pursuant to this agreement, Yingli agreed to supply an aggregate of 1.4 MW of PV modules to SunDurance from December 2008 to January 2009, which will be used for a solar power plant under construction on the Livingston Campus of Rutgers University. The US\$10.0 million solar farm project will be financed by Rutgers University and the Clean Energy Program of the New Jersey Board of Public Utilities. This project will be the largest campus solar energy facility in the United States, and is expected to generate approximately 10 percent of the electrical demand for the Livingston Campus while reducing the university's carbon dioxide emissions by more than 1,200 tons per year.
- **Jifan Gao, CEO of Trina Solar Ltd., expects his company's stock price to rise and fall erratically and acknowledges future financing might be difficult to attract.** However, Trina Solar still plans to spend US\$250 million in 2009 revamping its business. The company had about US\$190 million in the bank at the end of July. Once this year's earnings are added, the company's cash reserves will soar to between US\$350 million and US\$400 million. These plans include refocusing the company on its downstream products. Trina Solar's annual production capacity of silicon ingots and solar modules stands equivalent to nearly 350 megawatts (MW) at present, the company's target for 2008. Gao is confident that the company can double its output to 700 MW by the end of next year. As the

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company intensifies its focus on downstream products, it will also take a new approach to the upstream sector.

Semiconductors

- **Semiconductor Manufacturing International Corp. (SMIC), announced operating losses of US\$242.6 million for the first half of this year.** The huge losses were due to SMIC's increased expenses in transitioning from DRAM production to more lucrative logic chip production. SMIC announced the decision to dump its DRAM business due to the continuous decline of DRAM prices since 2001. SMIC's sales revenues and profits have therefore been impacted by dealing with its DRAM inventories and setting up new facilities for logic chip production. In the first half of this year, the company announced a 7.6 percent annual decrease in total sales revenues to US\$705.3 million, but a 25.3 percent year-on-year increase in total expenses to US\$947.9 million. SMIC runs five chip production plants in China, including Shanghai, Tianjin, Beijing, Chengdu, and Wuhan. It also plans to launch a new plant in Shenzhen. The newest plant, in Wuhan, was launched with full funding from the Wuhan municipal government of 10.0 billion yuan (US\$1.5 billion).

Taiwan

Telecommunications

- **Chunghwa Telecom Co. is considering introducing the G1 smartphone, which uses the new Android platform, to the Taiwan market as soon as the end of 2008.** The G1 smartphone was launched globally by Google Inc. for carrier T-Mobile USA Inc. It is the first phone operating on the platform jointly developed by Google, Taiwan's HTC Corp. and others. The platform gives mobile operators and device manufacturers significant freedom and flexibility to design products. T-Mobile USA will bring the device to users in the U.K. in November and throughout Europe in the first quarter of 2009.

Consumer

- **All Taiwan companies with operations in China will be affected by slowing economic growth on the mainland.** However, those with solid mainland distribution networks and tentacles that reach into the consumer market are better equipped to meet the challenge than export-oriented manufacturers. Consumption power in China looks still attractive to those focusing on domestic demand. JP Morgan expects China's private consumption to grow 10.5 percent in 2009 after a projected 10.3 percent expansion this year, though it sees real GDP growth falling to 9.7 percent next year from 10.2 percent this year. Sales of desktop computers in the second quarter were up 15 percent while sales of notebook computers rose 42 percent year-on-year. The company expects Taiwanese consumer goods companies to relatively outperform the materials companies.

Hardware

- **BenQ, the branded unit of Qisda Corp., joined PC rivals to introduce smaller, low-cost notebooks carrying its own name, and it aimed to grab a 5 percent share of the new market within two years.** Asustek Computer's low-cost Eee PCs have been warmly received since hitting the market about a year ago, prompting many technology firms, including Acer and Dell to develop similar portable computers. Eee PC, Acer's Aspire One and other similar models are called netbooks, which are smaller and cheaper than regular notebook PCs and aimed at emerging markets and buyers of additional computers. Acer expects the global netbook market to reach 50 million units in 2009, and aims to take 30 percent of that market by selling 15 million units of its own mini PCs.

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- **Taiwan's Acer sees no takeover targets big enough for the company's needs.** Franci reiterated the company plans to raise sales to US\$30.0 billion by 2011 from about US\$20.0 billion and to increase the operating margin to 4 percent from 2.5 percent. The company does not plan to buy the Fujitsu Siemens Computers joint venture, owned by Siemens and Fujitsu, and does not plan to expand into computer-based services.

Hong Kong

Technology

- **Global Payments Asia-Pacific Limited (Global Payments), a joint venture between The Hongkong and Shanghai Banking Corporation Limited (HSBC) and U.S.-based Global Payments Inc., has introduced a secure GPRS-powered mobile payment service called Global MobilePay that provides mobile card acceptance capabilities for merchants in the Asia-Pacific region.** Global Payments is one of the first payment processors to launch an extensive mobile payment solution for merchants across Asia. This service is now available in Brunei, China, India, Malaysia, the Maldives, the Philippines, Singapore, Sri Lanka and Taiwan.

Hardware

- **Spokesperson for Lenovo denied that they would take over the PC sector of Fujitsu Siemens Computers.** Lenovo intended to outpace Acer through acquisitions to be the third largest PC maker in the world. Some forecasted that the stagnant PC business of Fujitsu Siemens Computers may be sold after IBM put its PC sector on the block. Fujitsu Siemens Computers was a joint venture co-founded in 1999 by Fujitsu and Siemens. The company in 2002 integrated the PC and server departments of Fujitsu and Siemens, becoming the fourth largest PC brand in the world. The valuation of Fujitsu Siemens Computers is between US\$3.2 billion to US\$ 4.7 billion. Recently Siemens was about to sell its stakes in the joint venture to Fujitsu. And then Fujitsu would sell the PC businesses to Lenovo.

Singapore/Malaysia/Philippines/Indonesia/India/Australia

Telecommunications

- **SingTel called on mobile operators to exploit the business potential of technology available right now, rather than aggressively drive towards next-generation infrastructure.** Mobile operators have a constant and ubiquitous link to every one of their subscribers. Aiyar, CEO of global wholesale services, suggested that financial services could provide a lucrative revenue stream beyond the traditional telco model. Aiyar also drew attention to location-based services (LBS), saying that operators need to be more agile when it comes to moving beyond pilot schemes to commercially launching services.
- **Reliance Communications Ltd. (R-Com) is spending close to US\$1.2 billion on rolling out cellular services under the global system for mobile communications, or GSM.** India's second-largest mobile phone company by subscribers, is on track to launch its GSM services by the end of 2008, and hopes to complete the launch by mid-2009. R-Com operates GSM services in the eight of the country's 22 service areas. It has received licenses to operate in the rest of the areas as well.

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- **Telkomsel expects to have more than 60 million subscribers by the end of 2008.** To support the new subscriber target, Telkomsel plans to allocate 14.0 trillion rupiahs (US\$1.5 billion) in capital expenditure next year. Telkomsel is 65 percent-owned by PT Telkom, Singtel, owns the rest. United States/Canada

Telecommunications

- **The Russo-Ukrainian rocket Zenit put the U.S. telecommunications satellite Galaxy-19 in orbit.** The satellite, manufactured by the California-based firm of Space Systems/Loral, has a wide footprint covering the U.S., the Caribbean region as well as Canada and Mexico. The Zenit was launched from a floating platform in the Pacific Ocean run by Sea Launch, in which U.S., Russian, Norwegian and Ukrainian firms hold stakes, including aviation giant Boeing Co.

Networking

- **Cisco Systems Inc. is aiming to further its push into the online conferencing market by acquiring instant-messaging start-up Jabber Inc. for an undisclosed amount.** The computer networking company is betting that business users will want the tools it is acquiring to work on, share and store files in a virtual work room, where they can collaborate on projects and communicate over the Internet. Cisco believes such tools, dubbed the collaboration market, can be a US\$34 billion industry. Other players in the market are Microsoft Corp. and International Business Machines Corp.

Software

- **Computer security company McAfee Inc. agreed to pay US\$465 million for Secure Computing Corp. as it looks to strengthen its leadership position in network-security risk management.** McAfee will pay US\$413.0 million or US\$5.75 per common share for Secure, a 27 percent premium. Network security provider Secure Computing's outstanding preferred stock will also be redeemed for cash as part of the deal, representing US\$84 million. Including cash held by Secure, McAfee will end up paying US\$465 million. McAfee expects to be able to deliver the industry's most complete network-security portfolio with the acquisition of Secure's Web, email and network protection.
- **Serena Software has acquired Projity for OpenProj, its free, open source desktop project management software, and Project-ON-Demand, its Software as a Service (SaaS)-based project management software.** With this acquisition, Serena expects to significantly bolster its Serena Mariner Project & Portfolio Management (PPM) offering. Serena Mariner provides total visibility into project and portfolio status and metrics to ensure the right people are on the right projects at the right time, ultimately delivering more value to the business. With the addition of the Projity offerings, Serena Mariner gains an alternative to Microsoft Project.
- **Microsoft Corp.'s board authorized the software giant to buy back another US\$40 billion in stock as the company boosted its quarterly dividend 18 percent, saying it's confident about long-term growth.** The buyback plan comes after Microsoft repurchase up to US\$30 billion in stock over the next four years. That plan ultimately grew to US\$40 billion and has been completed. The plan, which follows the end of a series of convoluted and ultimately fruitless attempts to acquire Internet company Yahoo Inc., appears to suggest that such a deal is off the table in the medium term.
- **Cisco launched a new iteration of its Webex Connect collaboration software, which it will sell as software as a service.** The new software service reveals Cisco explicitly preparing for a future in which fewer enterprises rely on physical customer premise equipment, and instead buy communication services, and in particular collaborative communication services that hinge on

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presence, as part of an online, centrally-managed service. Telcos such as BT, Orange Business Services and Deutsche Telekom, plus Google and Amazon are among the companies offering and developing business communication software applications as a centrally-managed online service.

Media, Entertainment and Gaming

- **Comcast Corp. formally submitted plans to the Federal Communications Commission detailing how the company plans to manage its broadband network.** Rather than target specific types of bandwidth-intensive applications like peer-to-peer file sharing, the company will instead slow Internet speeds for its heaviest users at peak times when its network is congested. Comcast will do this by creating a second stream of traffic for recent heavy users that will have a lower priority when compared to its other customers. The so-called protocol-agnostic approach is intended to comply with the FCC's network neutrality principles, which restrict Internet service providers like cable and phone companies from degrading traffic from particular companies.
- **Netflix Inc. has cut deals with CBS Corp. and Walt Disney Co. that will give a boost to the library of television shows available to Netflix subscribers for viewing over the Internet.** The agreements, covering television shows ranging from the crime series CSI to Hannah Montana, will let Netflix subscribers watch the shows over the Internet a day after their original air dates on television. The pacts are part of a wave of deal-making by Netflix that is intended to ease the company's transition to an era where online delivery of movies and television shows eclipses its current main business of mailing DVD rentals to customers. The transition could eventually reshape the television landscape and has already created a race by Internet companies like Apple Inc. and Amazon.com Inc. to become gatekeepers for digital movies and other video.

Europe

Mobile/ Wireless

- **French telecommunications regulator Arcep recommended that all or part of the frequencies for a fourth third-generation mobile operator in France be set aside for award by public tender.** France's antitrust body Conseil de la Concurrence released a study criticizing the level of competition in the French mobile-phone market. The award of a fourth 3G license would create a positive dynamic in the market. During the public consultation launched by Arcep last June, the scenario that involved dividing the frequencies into several packages open to all operators was rejected unanimously. The regulator gathered opinions on the matter from twenty-three different parties during the public consultation phase.
- **The managers of Russia's biggest mobile phone retailer OAO Euroset have sold the company to local financier Alexander Mamut.** The biggest cellular operator by users, OAO Mobile TeleSystems was interested in buying the retailer. The deal valued the company at US\$1.25 billion including debt. The retailer sold handsets worth a total of US\$6.8 billion in 2008.
- **Sony Ericsson unveiled its PlayNow plus music download subscription service, which will offer millions of songs from the world's biggest music labels.** The move is seen key for the company that made its mark with its music-focused Walkman phones and Cybershot camera phones, but has seen sales suffer along with rivals due to slowing consumer demand and increased competition. The service will first launch in Sweden on the W902 Walkman phone, through Norway-based carrier Telenor ASA. Sony Ericsson didn't say how much the subscription would cost, but it is expected to be similar to Vodafone Group's U.K. MusicStation service which costs GBP1.99

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(US\$3.66) a week. Some 1,000 songs will come preloaded. Sony Ericsson said its goal is to ultimately offer some five million songs to PlayNow plus users. When the subscription ends, several hundred of the most played songs will remain available DRM-free, or without digital rights management, meaning songs can be moved between devices an unlimited number of times.

Internet

- **The World Federation of Advertisers, an organization representing large global brands, sent a letter to the European Commission complaining about the adverse effects that a planned advertising agreement between search engine giants Google Inc. and Yahoo Inc. may have on competition.** WFA, which represents brands such as Coca Cola, InBev and Nokia, is asking the commission to block the deal as its members fear it will result in price increases and reduce the options available to advertisers worldwide. Google defended the deal, saying that it would preserve Yahoo and Google as robust competitors, while providing advertisers and publishers with better, more relevant ads. Google and Yahoo also argue that the agreement is limited to North America and therefore should remain outside of the European Union's jurisdiction. However, the effects of the deal will be global.

Telecommunications

- **Swiss communications regulator ComCom slashed the price that incumbent carrier Swisscom AG can charge rivals for access to the local loop - the last stretch of copper wires from the exchange to the customer's doorstep.** ComCom set the price for unbundling at 18.18 Swiss francs (US\$16.68) per connection per month, after Swisscom in March already cut the price to 23.50 Swiss francs (US\$21.59), from 31.00 Swiss francs (US\$28.44). ComCom is also reducing interconnection prices paid by competitors to use Swisscom's network by between 25 percent and 30 percent. Swisscom, the former monopoly and still majority owned by the state, would accept the ruling if, after examination, it falls in line with current legislation.
- **TeliaSonera International Carrier expands its extensive global backbone further into Asia and sets up its second point of presence in Singapore.** TeliaSonera International Carrier owns and manages over 43,000 kilometers of fiber-optic cable and has more than 100 points of presence across Europe, the US and Asia.

Middle East/South Africa/South America

Telecommunications

- **Etisalat has signed a final agreement to acquire around 45 percent of India's Swan Telecom Private Ltd. for as much as US\$900 million.** The deal implies a valuation of US\$2 billion for 100 percent of the Indian firm. Swan Telecom holds a license for operating telecom services in 13 of the 22 service areas in India. Etisalat, the Gulf region's second largest telecom firm by market capitalization, announced plans to expand in populous India in May, saying it was in talks with Spice Telecom and bidding for a US\$1 billion stake in Tata Teleservices. Etisalat which operates in 16 countries across Asia, the Middle East and Africa, faces competition from other Gulf telecom operators like Kuwait's Zain, Saudi Telecom who are also planning to expand abroad.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 9/26/08)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
Japanese yen	¥/US\$	105.9700	-1.3%	-2.6%	-5.8%	-11.0%
Hong Kong dollar	HK\$/ US\$	7.7759	-0.01%	-0.4%	-0.4%	-0.02%
Chinese renmenbi	RMB/ US\$	6.8431	0.1%	-0.1%	-6.3%	-12.3%
Singapore dollar	S\$/ US\$	1.4273	0.1%	0.8%	-1.3%	-7.2%
South Korean won	KRW/ US\$	1,160.1000	1.8%	6.5%	24.0%	24.7%
New Taiwan dollar	NT\$/ US\$	32.1200	-0.1%	1.8%	-1.2%	-1.4%
Australian dollar	US\$/A\$	0.8309	-0.3%	-3.2%	-5.0%	5.4%
New Zealand dollar	US\$/NZ\$	0.6857	-0.3%	-2.2%	-11.4%	-2.6%
Philippine peso	PHP/ US\$	46.6400	0.4%	1.4%	13.2%	-4.8%
Euro	US\$/€	1.4613	1.0%	-0.4%	-0.7%	10.7%
British pound	US\$/£	1.8445	0.7%	1.3%	-7.4%	-5.8%

Fixed Income Prices and Yields							
Note	Currency	Current (on 9/26/08)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	102.09	4.37%	101.90	4.38%	101.98	4.38%
Japan 30-year	¥	104.97	2.22%	103.84	2.28%	103.76	2.29%
Hong Kong 10-year	HK\$	103.64	3.15%	106.87	2.77%	104.89	3.00%
China (06/16)	US\$	108.77	3.39%	110.71	3.12%	101.99	4.39%
Singapore 10-year	S\$	106.03	3.28%	107.64	3.10%	106.95	3.18%
South Korea 20-year	KRW	9,470.89	5.98%	9,470.89	5.98%	9,767.72	5.93%
Australia 15-year	A\$	100.98	5.64%	101.45	5.59%	99.89	5.76%
New Zealand (12/17)	NZ\$	100.09	5.99%	102.48	5.65%	99.15	6.12%
Philippines 20-year	PHP	99.36	8.68%	97.74	8.86%	87.03	10.17%
India 30-year	INR	91.75	9.15%	94.33	8.88%	86.54	9.74%
UK 30-year	£	103.64	4.53%	104.23	4.49%	105.90	4.40%
Germany 30-year	€	92.09	4.74%	91.56	4.78%	95.21	4.54%

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