

IRG WMR



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

Week of 6 October - 12 October, 2008

ideas | reach | growth

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Equity Market Indicators					
Index	Closing Level (10/10/2008)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
S&P 500	899.22	-18.2%	-22.9%	-38.8%	-36.6%
Dow Jones Industrial Avg.	8,451.19	-18.2%	-22.1%	-36.3%	-32.2%
Dow Jones Tech. Index	267.80	-15.1%	-20.1%	-41.7%	-35.1%
Dow Jones Telecom. Index	174.78	-19.5%	-19.8%	-44.2%	-32.8%
NASDAQ Composite	1,649.51	-15.3%	-21.1%	-37.8%	-31.7%
The Street.com Net	183.64	-14.8%	-21.3%	-34.8%	-25.7%
Japan Nikkei 225	8,276.43	-24.3%	-26.5%	-45.9%	-52.0%
JASDAQ	40.76	-18.2%	-22.2%	-43.5%	-52.7%
Japan Mothers	269.41	-24.2%	-33.1%	-65.6%	-75.7%
Korea KOSPI Composite	1,241.47	-12.6%	-14.3%	-34.6%	-13.5%
Korea Kosdaq	350.28	-18.9%	-20.5%	-50.3%	-42.2%
Taiwan Stock Exchange	5,130.71	-10.6%	-10.3%	-39.7%	-34.4%
Singapore Straight Times	1,948.33	-15.2%	-17.4%	-43.8%	-34.7%
Hong Kong Hang Seng	14,796.87	-16.3%	-17.9%	-46.8%	-25.9%
Hong Kong GEM	456.58	-16.5%	-17.3%	-66.2%	-62.7%
China Shanghai (A-Share)	2,101.30	-12.8%	-12.8%	-61.9%	-25.4%
China Shenzhen (A-Share)	558.34	-13.4%	-13.4%	-63.3%	-2.0%
China Shanghai (B-Share)	110.70	-16.6%	-16.6%	-69.7%	-14.9%
China Shenzhen (B-Share)	265.28	-14.8%	-14.8%	-62.6%	-38.8%

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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

Hardware

- **Sharp Corp. issued a profit warning for this fiscal year ending March, blaming a slump in sales of mobile phone handsets in Japan and weakness in liquid crystal display panel prices.** The company cut its group net profit outlook to 60 billion yen (US\$596 million) for this fiscal year from 105 billion yen (US\$1 billion) in its prior outlook in late April. The company also revised downward its operating profit outlook to 130 billion yen (US\$1.3 billion) from 195 billion yen (US\$2 billion). Sales are pegged at 3.4 trillion yen (US\$34 trillion), compared with the previous forecast of 3.6 trillion yen (US\$36 billion). That is nearly double the 45 billion yen (US\$447 million) in operating profit estimated for the fiscal first half that ended September. The company said it would be too early for other businesses, such as solar batteries and home appliances, to be strong enough to more than offset the company's sluggish cellphone operations.
- **Fujitsu Ltd. is in talks with U.S. hard disk drive maker Western Digital Corp on the sale of its money-losing hard drive business.** The move would be the latest in a round of consolidations as inventories in computer storage drives climb and price falls batter smaller hard disk drive makers. The two were in talks sent Fujitsu's share price up 4.7 percent, against the benchmark Nikkei average's 1.9 percent fall and despite Fujitsu's denial that it was approaching an agreement. Fujitsu competes in hard drives in a market roughly 60 percent controlled by heavyweights Seagate Technology and Western Digital. Fujitsu, whose losses in hard drives were approximately 5 billion yen (US\$47.3 million) in the year ended in March, is also in talks with other makers and aims to sell the business by the year-end.
- **Ibiden Co. anticipates group net profit sinking 52 percent to 22.3 billion yen (US\$224.6 million) in the year ending in March.** The company, which had previously predicted a net profit of 34.6 billion yen (US\$344 billion), has trimmed its fiscal 2008 forecast twice. Sales are estimated slipping 8 percent to 380 billion yen (US\$4 billion), an about-face from a prior prediction for a 2 percent jump to 420 billion yen (US\$4.17 billion). At the electronics division, sales of next-generation build-up circuit boards for cell phones have been dropping 20 percent. Although demand for commodity-grade printed wiring boards is growing in places like the BRIC nations of Brazil, Russia, India and China, that will not offset lackluster sales of its top-of-the-line products. Sales of diesel particulate filters at its ceramics business have skidded 20 percent. With supplies to Ford Motor Co. unlikely to recover early next year, European sales are also seen slipping.

Semiconductor

- **Elpida Memory, Inc. and Numonyx B.V. have formally signed a foundry agreement for Numonyx to utilize Elpida's 300mm wafer facility in Hiroshima to manufacture NOR flash memory.** The formal signing finalizes the letter of intent announced in July of this year. The agreement will give Numonyx access to increased 300 mm capacity while reducing the costs to make high-density NOR flash commonly used in mobile phones and embedded applications. The companies have begun technology transfer and development activities for Elpida's Hiroshima Plant and are planning to have initial production in the middle of next year. Elpida will allocate a portion of the plant's extensive capacity of approximately 120,000 wafers per month to Numonyx for the production of both 65nm NOR flash products as well as NOR flash products on the upcoming 45nm process technology.

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- **Panasonic Corp. and Renesas Technology Corp. have co-developed technology for the mass production of next-generation 32-nanometer system chips.** Beginning in 2011, the technology is expected to be applied to mass-producing chips used in cellular phones and digital home electronics products. An increase in power consumption has been an obstacle to miniaturization. But new materials have made it possible to hold power consumption for 32nm chips to the same level as 45nm chips. A metal oxide film is used on the insulating layer, instead of a silicon material, while titanium nitride is used on the conducting layer.
- **Tokyo Electron Ltd. said orders for its machines to make chips and flat panel displays rose a quarterly 0.3 percent on rising demand from makers of data processing chips.** Chip equipment makers have been long waiting for logic chip makers, such as Intel and Advanced Micro Devices Inc., to order more of the machines used to coat, etch and heat silicon wafers before they are cut into chips. Quarterly orders at Tokyo Electron totaled 105 billion yen (US\$1.1 billion), up a notch from 104.7 billion yen (US\$1 billion) in the previous quarter. Of the orders, those for chip equipment rose 14 percent to 83 billion yen. Chip makers are betting on strong sales of data processing chips used in mobile devices such as handheld computers, ultra-slim laptops and smart phones, with Intel preparing to launch Core i7, will run on less power than its tiny and successful Atom chip.

Telecommunications/Mobile

- **NTT Corp. and EnterpriseDB, a US-based enterprise open source database company, have entered into a wide-ranging strategic partnership that includes an equity investment in EnterpriseDB by NTT Investment Partners, a wholly-owned subsidiary of NTT.** Under the partnership, NTT and EnterpriseDB will collaborate to enhance and extend PostgreSQL and related technologies, in areas such as scalability and high availability, which are important in large-scale distributed database environments in data centers. NTT and EnterpriseDB will also collaborate to drive enterprises, including the NTT operating companies, to adopt PostgreSQL. Other goals of the partnership include studying and developing a solution powered by synchronous replication, which will be released as part of EnterpriseDB's Postgres Plus product family in the near future.
- **Softbank Corp. added more users than its rivals on a net basis in September for the 17th straight month.** Softbank has attracted subscribers with low call rates and quirky marketing. Its popularity has forced other carriers to cut fees as well, pushing the industry into a fierce price war. Softbank added a net 142,800 users in September, more than industry leader NTT DoCoMo's 129,700 net new subscribers. Second-ranked KDDI Corp gained 74,900 subscribers on a net basis last month while eAccess, Japan's No. 4 player, added 59,300. Softbank has about 18 percent share of Japan's mobile market. DoCoMo has just below half, while KDDI has around 28 percent.

Media, Gaming and Entertainment

- **Japan's home video game market contracted during the April-September fiscal first half, declining 21.3 percent from the same period last year to be worth 238.8 billion yen (US\$2.3 billion).** This was the first year-to-year interim decline in four years, but it followed the rapid expansion that took place in the first half of fiscal 2007, when new game machines were released. Hardware sales dived 33.5 percent to 95.23 billion yen in the first six months. The top game machine was the PlayStation Portable (PSP) from Sony which racked up sales of 1.58 million units. Second was the Nintendo DS from Nintendo. As for game consoles, the Nintendo Wii topped the list with sales of 1.11 million units, followed by the Sony PlayStation 3, which sold 350,000 units, and the Xbox 360 from Microsoft with sales of 140,000 units.

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Korea

Telecommunications

- **KT Freetel Co. named its new chief executive officer.** Kwon, 49, is replacing former KT Freetel CEO Young-Chu Cho, who resigned last month amid allegations he took kickbacks from suppliers in return for buying their products. At KT Corp., South Korea's largest fixed-line and broadband company by revenue, Kwon headed a task force preparing for a merger between KT and KT Freetel. Before that, he was KT Corp.'s chief financial officer. Cho is under probe by prosecutors on charges that he took at least 2.5 billion won (US\$2.2 million) in rebates from mobile parts suppliers in return for buying their handset equipment and routers.

Hardware

- **Samsung Electronics will roll out mobile external shape hard S series.** External hard is portable storage carrying hard disk, so it can move and store hundreds of giga large data. S series are 1.8 inch HDD based small S1 Mini and 2.5 inch HDD based portable 'S2 portable'. In particular, with USB technology, it has achieved smaller size and low consumption power. S 1 mini can store 160GB at maximum with credit card size. S2 portable will reduce 17 percent in size, 30 percent in power consumption and offer 500Gb capacity. IDC, a market survey firm, predicted that external HDD shipments will grow from 62 million units to 127 million units by 2011.

China

Internet

- **Baidu.com appoints Yinan as new CTO.** Prior to joining Baidu, Li served as chief telecommunications scientist and vice president at Huawei Technologies, a telecom solutions provider. In that position, he oversaw the development of 3G mobile chipsets.

Mobile/Wireless

- **iWOW Communications, a developer of wireless communication solutions, announced the opening of a new research and development office in China.** Located in Chengdu, the new office is an addition to iWOW's existing R&D facility that is aimed to accelerate the build-up of its telecommunications expertise and R&D capabilities.
- **China added 68.71 million new mobile phone subscribers in the first eight months of 2008, pushing the country's total mobile phone users up to 616 million, while fixed-line subscribers numbered 354.1 million, down 11.6 million from the end of 2007.** China's mobile handset penetration rate was at 45.6 percent, while the figure for fixed-line telephones was 27 percent. 99.5 percent of administrative level villages in China were connected with telephony services. Chinese mobile phone users sent and received 459.2 billion text messages; an increase of 21.3 percent on the same period last year.
- **China had 79.35 million broadband Internet users, with 12.9 million new broadband users signing on during the January to August period.** China recorded 15.3 million dial-up Internet users, 4.13 million fewer than at the end of 2007. Revenue from telecom services totaled 538.45 billion yuan (US\$78.8 billion) over the eight-month period, up 8.5 percent compared to the same period in 2007. The total investment in telecom fixed assets reached 146.42 billion yuan (US\$21.4 billion) over the same time period, increasing by 10.8 percent year-on-year.

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- **Amoi Electronics Co. Ltd. puts a 72.14 percent stake in its mobile phone shell unit Xiamen Amoi Engineering Plastics Co. Ltd. on sale at a price of 37.33 million yuan (US\$5.5 million) on the Shanghai United Assets and Equity Exchange (SUAEE).** With a registered capital of 35 million yuan (US\$5.1 million), Amoi Engineering mainly produces mobile phone shells as well as shells for laptops and TVs. As of October 31, 2007, its total assets reached 93.8 million yuan (US\$14 million) and liabilities stood at 42 million yuan (US\$6.2 million). The disposal is part of Amoi's efforts to recover capital and ease operating pressure. Amoi will be responsible for the mobile phone production and sales after shedding the mobile phone shell business.
- **BYD Company Ltd. is expected to take over assets of bankrupt wafer maker SinoMOS Semiconductor Inc., putting an end to the recent eye-catching auction in China's integrated chip industry.** BYD wins the bidding for the company's assets with an offer of nearly 200 million yuan (US\$29.3 million), noting that the price stood close to the 170 million yuan (US\$25 million) reference price in the previous auction. Shanghai Belling Microelectronics Manufacturing and Founder Microelectronics were reported to be possible buyers. The acquisition signals BYD's attempt to leverage its existing mobile phone IC deployment. The company has successfully extended its reach from its profit-generating battery business to the information technology (IT) business, especially the mobile phone OEM business. It was in a close tie with global mobile phone bellwether Nokia Corporation.

Telecommunications

- **ZTE Corp said its largest shareholder Zhongxingxin Telecom Equipment Ltd plans to increase its stake by up to 2 percent in the coming 12 months through purchases on the open market.** Zhongxingxin purchased 2.3 million A-shares of ZTE, or 0.2 percent of its total equity, in trading on the Shenzhen bourse. Before the purchase Zhongxingxin held a 35.08 percent stake in ZTE.
- **Chinese telecom operators tapping SNS market.** All three of China's major telecom operators have launched trial social network service (SNS). 20 percent of China Mobile's revenues come from data services and more than half of that data revenue is contributed by text messaging. SNSs can help to drive up mobile Internet usage for operators. A major telecom operator in Japan generates 30 percent of its revenues from data services and a very small portion of that comes from text messaging. China Telecom and its partner launched the closed beta testing of a 3D virtual community named ChinaQ. Both China Mobile's and China Unicom's SNS sites are similar to Facebook. Both China Telecom's and China Unicom's SNS sites are primarily computer-based while China Mobile already allows users to post pictures and blogs to their spaces through MMS and text messaging from their mobile handsets. China Telecom is the only one of the three that has already introduced paid-for functions to its site.
- **Huawei Technologies intended to set aside the plan of selling stakes in its mobile phone unit to investment companies, in consideration of the global financial crisis.** To postpone the planned share sales was the best way to protect its interest, given the current global market conditions and economic uncertainty. Huawei previously hired Morgan Stanley as consultant for the auction of controlling right of its mobile phone unit. And informed people disclosed last month that private equity firms Bain Capital LLC and Silver Lake Partners were leading bidders in the auction. The unit would worth about US\$4 billion. Kohlberg Kravis Roberts & Co., Carlyle Group, Blackstone Group LP and TPC Inc. lost interest in the unit after failure in the first round of bidding.
- **China has ordered its telecommunications operators to share their core infrastructure to cut down on the duplication of investment in the sector.** The Ministry of Industry and Information Technology will set up a task force of officials from the ministry, the State-owned Assets Supervision

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nd Administration Commission, and the operators, China Mobil, China Unicom and China Telecom to implement the arrangement. Penalties will be imposed on companies that don't follow the order, which came into effect Oct. 1. The move is part of the restructuring of China's telecommunications sector, which involved merging six of the country's state-owned mobile phone and fixed-line operators into three nationwide carriers that offer both fixed-line and wireless services, instead of dividing coverage in terms of region or type of service.

- **China Telecom and its partner Shenzhou Hengji Network Technology Co. Ltd. launched the closed beta testing of ChinaQ.** Shenzhou Hengji primarily provides the technology for the ChinaQ community while China Telecom is responsible for its operation. Individuals can use the ChinaQ community without charge and revenues will mainly come from advertisers. Individuals are awarded free virtual land and merchandise when they sign up at ChinaQ. They can later increase their land holdings by paying or redeeming their accumulated experience points. Companies can pay for their products, such as clothing, cars and real estate properties, to appear in digital form in the ChinaQ community. China Telecom has many advantages over other Chinese 3D virtual world operators. ChinaQ has very high computer system requirements such as memory, screen resolution and graphics card, as well as network speed. China Telecom needs to lower the entry barrier for ChinaQ if it wants to make the service more popular.
- **Huawei Technologies Co., Ltd. has reached a patent license agreement with Nokia and Nokia Siemens Networks.** Under the agreement, the three companies are entitled to use each other's standards essential patents around the world, including GSM, WCDMA, CDMA2000, optical networking, datacom and WiMAX in mobile devices, infrastructure and services. Huawei is the 35th company to license Nokia cellular standard-related patents in the world. The agreement will help the competitors expand their businesses in the global telecoms market, and more importantly, set up a healthier intellectual property rights environment, pointed out market observers.
- **China Unicom's SNS site sns.u-powerbook.com had attracted more than 217,000 registered users.** Although "U-Power" is China Unicom's brand for its prepaid mobile service targeting young people, the site is open to all. China Unicom has been testing this new SNS site in Liaoning Province for several months. China Unicom will promote the new site on a larger scale after the completion of its merger with China Netcom. China Unicom's SNS is based on the UCenter backend platform that is normally used for small sites. China Unicom, a major operator with a much bigger user base than most Web sites, should develop a platform of its own that can support around 1 million users.
- **Three new China Telecom units, the China Telecom Broadband Application Laboratory, the China Telecom Base Network Security Protection and Evaluation Center and China Telecom Navigator (Beijing) Information Consulting, were established recently in China Telecom's Beijing Institute.** The three new units will help China Telecom in its transition from a traditional voice service provider to a versatile telecom service provider. The China Telecom Broadband Application Laboratory will mostly focus on R & D into broadband speed acceleration and broadband value-added services. Broadband services are the basis of the operator's non-voice services. By the end of 2007, 38.5 percent of China Telecom's revenue came from non-voice services, and the figure is expected to reach 55 percent by 2010. The China Telecom Base Network Security Protection Support and Evaluation Center will provide services such as base network security management, risk evaluation and recovery services, in response to the growing importance of network security.

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- **China Mobile will set up a research and development center in Silicon Valley next year.** China Mobile plans to locate its first overseas research and development center in Silicon Valley. The operator is conducting research on mobile Internet applications to diversify its source of revenue, as at present most of the company's revenue comes from voice services. China Mobile considers Silicon Valley a unique place for its research, as there are currently many mobile Internet pioneers located there. The absence of a unified mobile Internet operating platform was a major obstacle for the rapid development of the mobile Internet, and that China Mobile is currently in talks with other operators in regard to building a unified mobile Internet operating platform.
- **ZTE Corp. has signed an investment agreement with Xi'an Hi-tech Industrial Development Park Management Committee for the investment in and construction of ZTE Corp. Xi'an Research and Development and Production Base.** The total investment will amount to Rmb 6 billion, while the base will occupy a site area of 1.332 million sqm. The committee also agreed to provide services and preferential policy support for the company's construction and investment. It will allot land sites in different stages based on the company's overall planning to meet the construction needs of the project.
- **ZTE so far has shipped 100 million mobile phones.** ZTE has set its goal of becoming the third largest handset maker in the world in the coming five years. ZTE has reached partnership with Vodafone, the second largest mobile telecom operator in the world, to launch ZTE-Vodafone dual-brand handsets in the fourth quarter of 2008. Such move will further shore up the brand recognition of ZTE globally. That means ZTE will have to boost up its sales to 100 million by 2010 to squeeze into the top five brands. ZTE shipped more than 20 million mobile phones, representing an increase of 66 percent from the comparable period one year ago. Its overseas sales accounted for 80 percent of its total shipment. Foreign telecom carriers have been the biggest contributors to ZTE. ZTE is targeting 20 percent of its global sales and will enter the retail market with its own brand by this year-end. It has reached 100 million sales globally.
- **Fonix Corp. announced the Chinese government approvals are nearing completion for the acquisition by Fonix's subsidiary of 80 percent of the common stock of G-Soft Ltd, the sole shareholder of Shanghai Gaozhi Software (GaozhiSoft), a software developer and solutions provider.** The remaining 20 percent will be acquired by funds managed by Southridge, LLC. Total consideration includes cash, Fonix Series L convertible preferred stock contributed by Southridge, Series P convertible preferred stock issued by Fonix, and a promissory note. The closing is subject to final due diligence review and certain governmental approvals. GaozhiSoft's first 3G contract with China Telecom, one of the three 3G mobile network service providers in China. This contract with China Telecom is for 8 of 29 provinces of China. GaozhiSoft provides 2G and 3G network OSS software and services to all three Chinese mobile network service providers, including: China Mobile, China Unicom, China Telecom, and fix line carriers China Netcom and China Digital. In addition, GaozhiSoft is the exclusive Chinese XFS and HFS mediation software provider to Alcatel-Lucent for Asia market.

Media, Gaming and Entertainment

- **Former The9 spokesman joins Shanda as entertainment producer.** Zhao Yurun will be in charge of developing and promoting Shanda's new music game, Super Star. Prior to his tenure at The9, Zhao served at China's second-largest media group, Shanghai Media Group (SMG), at music Web site Myrice, Chinese online portal Sohu and at Intel China. He was a director of a talent show program for SMG and was a founder of Sohu's music channel.

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- **Pay88 Inc. announced that the company has signed an exclusive agreement with Shenzhen Changtong Web Technology Co Ltd for sales and distribution of the Play-for-Fun video chess games in Chongqing.** The two companies are also expected to sign another agreement soon, whereby a program to sell and distribute Shenzhen Technology games in 20 new provinces in China will be implemented by Pay88.
- **Shenbi Group, an advertisements and animated cartoons producer, will get 50 million yuan (US\$7.3 million) of venture capital investment from Beijing Zhengrun Investment Co., Ltd.** Shenbi Group inked agreement with China Mobile, to jointly develop mobile cartoon MMS, and digital multimedia products. Shenbi Group was founded in 2003 by well known Chinese painter Zuo Jin, director Zang Zhixin, and reputed children educationist Chen Peng. It is a leading player in Hangzhou's national cartoon industry base. It has four cartoon bases in Beijing, Shenzhen, Hangzhou, and Harbin in the form of subsidiaries, one product sales company in Shanghai, and one brand promotion company in Beijing. Besides Shenbi Group, other 38 cartoon projects also got investments amounting to over 1.4 billion yuan, winning favor of VC and private equity funds.

Taiwan

Telecommunications

- **Chunghwa Telecom Co.'s unaudited net profit in September rose 11 percent to NT\$4.12 billion (US\$127 million), largely due to smaller losses on foreign-exchange derivatives contracts.** The company by revenue didn't provide last year's figure for comparison, but it previously reported an unaudited net profit of NT\$3.7 billion (US\$114.0 million) for September 2007. The company's unaudited net profit for the January-September period was NT\$36.9 billion (US\$1.1 billion) compared to NT\$37.8 billion (US\$1.2 billion) for the same period last year. Revenue in September fell 2.8 percent to NT\$15.5 billion (US\$477.7 million) from NT\$16.0 billion (US\$493.1 million) a year earlier. Revenue in the January-September period rose 0.1 percent to NT\$140.1 billion (US\$4.3 billion) from NT\$139.9 billion (US\$4.3 billion). The company's foreign-exchange derivatives losses as of the end of September totaled NT\$1.1 billion (US\$33.9 million), narrowing from NT\$1.6 billion (US\$48.3 million) in August.
- **Chunghwa Telecom selects Alcatel-Lucent for FTTB rollout as part of five-year, US\$1.8 billion optical era project for the construction of a fibre optic network across Taiwan, with the goal of bringing fibre connections to 2.4 million subscribers by 2010.** Under the contract, Alcatel-Lucent is providing Ethernet/MPLS solutions for CHT's FTTB initiative based on its 7450 Ethernet Service Switch (ESS), a scalable Ethernet/MPLS aggregation solution designed to enable carriers to provide high-bandwidth, high-speed Internet, video and voice services. The Alcatel-Lucent solution is intended to provide CHT with increased network capacity and service coverage, and enable FTTB subscribers to be offered download speeds of 10 Mbit/s, 50 Mbit/s and 100 Mbit/s to support services such as IPTV and VPNs.
- **ChinaTel Group announced the implementation of its wireless broadband applications center in Taipei, Taiwan to provide advanced applications for Next Generation wireless communications services worldwide.** ChinaTel has subsidiary centers underway in China, Singapore and Japan. The Taiwan site was selected as it has the necessary resources to provide complete WiMAX industry chain service, including chipset development, device manufacturing/testing, certification services, and functioning service operators. The total value of WiMAX will reach NT\$140 billion (US\$4.5 billion) in 2012 in Taiwan alone. The applications center was set up to develop advanced

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wireless applications for Next Generation wireless broadband network related products and services targeting three important markets: consumer, enterprise, and government.

- **Intel Corp. plans to move ahead with plans to invest US\$500 million in the wireless communication business in Taiwan over the next five years despite a gloomy global economic outlook.** While technology firms are cutting their spending plans amid a global economic slowdown, the company will stick with its investment plans for Taiwan given the strong demand for mobile data services on the island. A global economic slowdown, which many worry may evolve into recession, may actually help speed up the adoption of WiMAX services because customers look for cheaper rates. WiMAX is a high-speed wireless broadband technology that allows users to access the Internet on the go.

Semiconductors

- **Taiwan Semiconductor Manufacturing Co Ltd said its consolidated sales totaled NT\$ 29.32 billion in September, down 8.0 percent from NT\$31.85 billion (US\$982 million) in August.** Sales were down 0.5 percent from September 2007. Parent sales for the month came in at NT\$28.3 billion (US\$872.2 million), down 8.9 percent from the previous month's NT\$31.0 billion (US\$955.4 million) and down 0.9 percent from a year earlier. In the third quarter to September, consolidated sales amounted to NT\$92.98 billion (US\$3 billion), compared with NT\$88.14 billion (US\$3 billion) in the second quarter. For the first nine months of the year, consolidated sales rose 17.4 percent from a year earlier to NT\$268.6 billion (US\$8.3 billion). Parent sales were NT\$260.9 billion (US\$8 billion), up 17.2 percent.
- **MediaTek Inc. chairman Tsai Ming-kai expects the company's sales for the current quarter to December to be lower compared to the third-quarter level, although the magnitude of the decline should be less than the drop experienced in the final quarter of 2007.** The island's integrated circuits design house posted NT\$27.9 billion (US\$860 million) consolidated sales in the third quarter. The fourth quarter could be affected by seasonal factors and the global economic slowdown. In the fourth quarter of 2007, MediaTek's sales declined 24 percent from the previous quarter.

Hardware

- **Delta Electronics, Inc., announced its financial results for September 2008.** Consolidated sales revenues totaled NT\$13.9 billion, representing an 11 percent increase as compared to NT\$12.6 billion (US\$387.2 million) for September 2007 and a 2 percent increase as compared to NT\$13.7 billion (US\$421.3 million) for August 2008. The Company's cumulative consolidated sales revenues from January to September in 2008 were NT\$110.7 billion (US\$3.4 billion), a 17 percent increase as compared to NT\$94.9 billion (US\$2.9 billion) for the same period last year.
- **Hon Hai Precision Industry Co. Ltd. said parent sales rose 36.65 percent from a year earlier to NT\$157.4 billion (US\$4.9 billion) in September.** Parent sales for the first nine months of the year rose 27.21 percent to NT\$1.1 trillion (US\$32.3 billion).
- **Asustek Computer said its notebook PC shipments could hit a monthly record of 800,000 in October, heading into the important holiday shopping season.** Asustek also has so far suffered little impact from the global financial crisis, which is starting to erode demand for electronics gadgets in key markets. The figure for October shipments, which does not include sales for Asustek's year-old fast-selling line of low-cost Eee PCs, puts the company on track to sell 6.2 million standard laptops this year. The company expected to ship 6.0-6.6 million notebooks this year. There are some worries

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in the technology sector that the spreading global financial crisis would crimp demand in major markets such as the U.S.

- **HTC Corp said its board has approved a proposal to spend up to NT\$5.0 billion (US\$154.1 million) to buy back 10 million common shares of the company, representing a 1.32 percent stake, from the market.** The shares will be bought at prices ranging from NT\$400 (US\$12.30) to NT\$500 (US\$15.40) per share. Repurchased shares will be used to reduce capital.

Singapore/Malaysia/Philippines/Indonesia/India/Australia

Telecommunications

- **TT&T PCL is to temporarily suspend its 50 billion baht (US\$1.5 billion) third-generation investment plan due to the global financial crisis.** The country's two largest mobile operators, AIS and DTAC, recently scaled back 3G network investment in light of the financial crisis. The company would have to indefinitely postpone its 3G and other new business projects that required high investments. TT&T is moving forward with existing initial investment plans in fixed-line network maintenance with a combined value of around 800 million baht (US\$23.1 million).
- **Bharti Airtel Ltd., India's largest mobile services company by user numbers, will launch its direct-to-home, or DTH, satellite television broadcast operations from Oct. 9, as it moves to strengthen its non-wireless operations.** The company will initially launch services in 62 cities in the first phase. The DTH market in India is at an initial stage with only 3 percent penetration at 7 million customers out of 225 million potential customers. The DTH market is expected to grow by four times in the next five years and is rising at 80 percent per annum. India currently has five DTH players, including Reliance Communications Ltd., Dish TV India Ltd. and privately owned Tata Sky, part of the Tata Group.
- **SingTel expects another 12-18 months of uncertainty; rules out job cuts.** The global financial turmoil and economic slowdown is starting to hurt the company's domestic operations, raising another signal of deteriorating market conditions for the city state's largest company by market capitalization. SingTel is already starting to see some impact of the global financial crisis and deteriorating economic conditions on some parts of its Singapore businesses. He added that the company currently anticipates another 12-18 months of uncertainty and a difficult economic environment. In August, a 5.3 percent decline in net profit for the fiscal first quarter ended June 30 and earnings could be further impacted by currency fluctuations on contributions from foreign associates its earnings growth driver.
- **True Corp. has denied speculation about a partnership with China Mobile or local companies which has pushed its share price sharply higher.** The company clarified rumors that foreign mobile operators including China Mobile were interested in buying a stake in True group have circulated in the Thai market often in the past. The company has always denied the rumors. True Corp, which has a majority stake in True Move is saddled with huge debt. Its weaker financial capability makes it less competitive than bigger rivals Advanced Info Service, backed by SingTel and Total Access Communication (DTAC)-backed by Telenor.

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United States/Canada

Telecommunications

- **Verizon Communications Inc. lost its patent-infringement case against Cox Communications Inc., signaling that Verizon may have a difficult time extracting royalties from cable providers for Internet-based telephony.** A federal jury found that Cox didn't infringe on six Verizon patents related to Internet telephony. Cox has more than three million residential and business phone customers. Verizon has been aggressively asserting its patents in Internet phone technology, despite not promoting the service to its own customers. Its case against Atlanta-based Cox was a prelude to further lawsuits against bigger cable rivals. Verizon was seeking past damages from Cox of US\$404 million.

Mobile/ Wireless

- **Research In Motion Ltd. takes its first crack at a touchscreen smartphone and the iPhone with the Storm, which will launch next month in the U.S. through Verizon Wireless and overseas through Vodafone Group PLC.** The Storm represents the latest attempt by Verizon Wireless to counter the success of market leader AT&T and the iPhone. The No. 2 U.S. carrier has churned out several touchscreen phones over the last two years, but has failed to stop the momentum of Apple Inc.'s iPhone from nabbing high-end customers. Some remain skeptical about the latest attempt. For RIM, the Storm represents a significant push in the consumer market for a company known better in corporate circles. The company has taken a hit to its image. It warned that its profitability would suffer as it expands its product line while the highly anticipated BlackBerry Bold faces delays at AT&T.

Hardware

- **Netgear Inc. lowered its estimate for fiscal third-quarter revenue on demand weakness, especially in the service provider area.** The networking equipment maker expects revenue of US\$173 million to US\$183 million. Product demand was weak worldwide, particularly in September, amid recent financial and credit market turmoil. Carrier customers requested shipment delays on previously placed orders, preventing the company from recognizing revenue on those orders. The company raised its operating margin forecast to 10.3 percent to 11.3 percent, from 9.5 percent to 10.5 percent.

Internet

- **As part of its effort to prove that the business model behind Google's YouTube unit depends on copyright infringement, Viacom has targeted early investors who seeded the video-sharing service and cashed in when they sold it roughly two years ago.** Viacom has filed discovery requests against Sequoia Capital, Artis Capital Management and TriplePoint Capital, seeking documents that could provide insight into why the venture-capital firms chose to invest in YouTube and subsequently sell it to Google. The request is extraordinary for venture firms, which most often keep their internal decision-making processes under a tight seal. The firms have agreed to produce the documents. Sequoia, a Silicon Valley icon that backed Google, Apple and Cisco Systems in their early days, first invested in YouTube in 2005. As a result of the start-up's sale to Google in late 2006 for US\$1.7 billion, Sequoia received Google shares valued at US\$504 million.

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- **YouTube is featuring TV shows from CBS Corp. and is in discussions with other networks and studios.** CBS will sell ads for the videos, sharing the proceeds with Google. Terms weren't disclosed. Google is seeking ways to expand beyond the advertisements that appear next to Internet search results, which accounted for almost all of its US\$16.6 billion in revenue last year. The company has experimented with placing ads in videos and also offers links that let consumers buy products featured in YouTube clips. Google hasn't yet found an ideal method.

Europe

Telecommunications

- **BT Group is ready to invest in a project aimed at building up Italy's next-generation (NGN) broadband network, on condition of clear regulatory rules and guarantees on the investment's return.** BT is interested in investing in Italy's new broadband network as part of its global expansion strategy, but only if this would bring equal access to the network for all the operators and an improvement in the quality of services. BT plans to invest 1.5 billion lira (US\$1.0 million) in the U.K. to roll out a superfast fiber-based broadband network that aims to reach 10 million homes by 2012.
- **Turkish regulators are planning to hold a 3G license auction in December.** The news comes despite earlier reports in June which claimed that the government planned to launch a tender in November, following the introduction of mobile number portability. Turkey originally held a 3G auction in 2007, which was won by the country's largest mobile provider Turkcell with a bid of 312 million euros (US\$421.8 million). However, for competitive reasons the operator was never granted a license because Turkcell emerged as the sole bidder for the spectrum. The operator's rivals, Vodafone and Turk Telekom's mobile arm Avea, decided not to participate in the auction because number portability regulations had yet to be implemented. Turkcell on the other hand was opposed to mobile number portability. The country's dominant mobile operator has since then spent most of 2008 looking at overseas expansion opportunities.
- **Deutsche Telekom AG has no problems with the financial crisis and confirmed its 2008 outlook.** After refinancing around 6 billion euros (US\$8.1 billion) through bonds so far this year, there is no further need for refinancing in 2008. Germany's incumbent telecom company has a refinancing volume of 4.5 billion euros (US\$6.1 billion) in 2009. Deutsche Telekom's net debt was 40.6 billion euros (US\$54.9 billion). Deutsche Telekom confirms its outlook for 2008. Deutsche Telekom targets 2008 adjusted EBITDA of around 19.3 billion euros (US\$26.1 billion) and free cash flow of around 6.6 billion (US\$8.9 billion), the same level as 2007. Deutsche Telekom gave its 2008 outlook in late 2007 and has confirmed it since then.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 10/10/08)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
Japanese yen	¥/US\$	100.6400	-4.4%	-5.1%	-10.6%	-15.5%
Hong Kong dollar	HK\$/ US\$	7.7625	-0.1%	-0.04%	-0.5%	-0.2%
Chinese renmenbi	RMB/ US\$	6.8345	-0.1%	-0.1%	-6.4%	-12.4%
Singapore dollar	S\$/ US\$	1.4825	2.3%	3.4%	2.6%	-3.6%
South Korean won	KRW/ US\$	1,306.4000	7.0%	8.3%	39.6%	40.5%
New Taiwan dollar	NT\$/ US\$	32.4400	0.9%	0.5%	-0.2%	-0.5%
Australian dollar	US\$/A\$	0.6430	-16.9%	-19.0%	-26.5%	-18.5%
New Zealand dollar	US\$/NZ\$	0.5941	-10.1%	-11.4%	-23.2%	-15.6%
Philippine peso	PHP/ US\$	47.6600	1.1%	0.9%	15.7%	-2.8%
Euro	US\$/€	1.3412	-2.6%	-4.9%	-8.9%	1.6%
British pound	US\$/£	1.7041	-3.8%	-4.4%	-14.5%	-13.0%

Fixed Income Prices and Yields

Note	Currency	Current (on 10/10/08)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	106.30	4.13%	107.08	4.09%	103.08	4.31%
Japan 30-year	¥	107.54	2.09%	103.75	2.29%	103.66	2.29%
Hong Kong 10-year	HK\$	108.47	2.59%	105.90	2.88%	106.55	2.81%
China (06/16)	US\$	108.60	3.40%	108.77	3.39%	110.71	3.12%
Singapore 10-year	S\$	107.94	3.06%	107.40	3.13%	107.75	3.09%
South Korea 20-year	KRW	9,470.89	5.98%	9,470.89	5.98%	9,638.84	5.82%
Australia 15-year	A\$	104.34	5.27%	103.94	5.32%	100.56	5.69%
New Zealand (12/17)	NZ\$	100.44	5.94%	100.22	5.97%	99.68	6.04%
Philippines 20-year	PHP	95.43	9.12%	97.31	8.91%	99.65	8.54%
India 30-year	INR	98.35	8.48%	92.10	9.11%	95.29	8.78%
UK 30-year	£	104.18	4.50%	106.70	4.35%	103.76	4.52%
Germany 30-year	€	98.75	4.32%	96.36	4.47%	93.04	4.68%

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