

# IRG WMR



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

***Week of 24 November - 29 November, 2008***

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



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Equity Market Indicators					
Index	Closing Level (11/28/2008)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
S&P 500	896.24	12.0%	-7.5%	-39.0%	-36.8%
Dow Jones Industrial Avg.	8,829.04	9.7%	-5.3%	-33.4%	-29.2%
Dow Jones Tech. Index	242.87	8.9%	-11.6%	-47.1%	-41.1%
Dow Jones Telecom. Index	189.96	11.1%	2.8%	-39.4%	-27.0%
NASDAQ Composite	1,535.57	10.9%	-10.8%	-42.1%	-36.4%
The Street.com Net	174.38	9.5%	-7.5%	-38.1%	-29.5%
Japan Nikkei 225	8,512.27	7.6%	-0.8%	-44.4%	-50.6%
JASDAQ	44.55	0.2%	1.5%	-38.3%	-48.3%
Japan Mothers	313.76	2.7%	4.9%	-59.9%	-71.8%
Korea KOSPI Composite	1,076.07	7.2%	-3.3%	-43.3%	-25.0%
Korea Kosdaq	307.48	6.0%	-0.2%	-56.3%	-49.3%
Taiwan Stock Exchange	4,460.49	6.9%	-8.4%	-47.6%	-43.0%
Singapore Straight Times	1,732.57	4.2%	-3.4%	-50.0%	-42.0%
Hong Kong Hang Seng	13,888.24	9.7%	-0.6%	-50.1%	-30.4%
Hong Kong GEM	351.91	1.6%	-3.5%	-73.9%	-71.3%
China Shanghai (A-Share)	1,965.19	-5.0%	8.2%	-64.4%	-30.2%
China Shenzhen (A-Share)	567.39	-2.4%	14.6%	-62.7%	-0.4%
China Shanghai (B-Share)	106.13	0.2%	20.0%	-71.0%	-18.4%
China Shenzhen (B-Share)	250.78	1.1%	12.5%	-64.7%	-42.1%

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

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

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

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

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

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## Weekly Highlights

### International

#### *Mobile/ Wireless*

- **Global mobile handset sales will see a low single-digit decline in 2009.** Worldwide third-quarter device shipments rose to 309 million units compared to 291 million in the same period in 2007. However, growth slowed year-on-year to 6 percent from 16 percent, as the economic downturn affected sales in both mature and emerging markets. Motorola's market share dropped again in the third quarter, as sales to end users fell to 24.6 million units. Asia-Pacific sales rose 13.8 percent to 116.7 million units in the third quarter, but longer replacement cycles in mature markets, and the drop in disposable income felt in emerging markets means fourth-quarter sales are expected to be largely flat. In Eastern Europe, third-quarter sales grew 13.1 percent to 57.8 million units. Handset sales in Latin America and North America also showed slight growth of 5.5 percent and 4.5 percent respectively. In Western Europe 43.5 million units were sold in Q3, a decline from 47.2 million a year earlier, as longer 18 to 24-month contracts and the higher cost of living extended replacement cycles.
- **The global smart phone market is expected to grow 35 percent in 2009, outpacing the entire handset industry's growth, as handset makers are sprinting to create high-end devices amid an overall slowdown in demand.** Dedicated smart phone vendors such as RIM, HTC and Apple are all registering higher profit margins than Nokia. Operators in developed markets are willing to subsidize their expensive devices in an attempt to drive their voice data revenue. The 35 percent growth forecast compares with the entire handset industry's estimated growth of 3 percent for next year. Nokia Corp. warned in mid-November that industry device volume will likely decline in 2009 from an estimated industry shipment of 1.24 billion phones this year as a result of the rapid change in global consumer spending.

#### *Hardware*

- **Global shipments of televisions racked up three straight quarters of strong growth in 2008, but signs point to a weaker holiday quarter.** Global TV shipments rose 6 percent, year over year, and 11 percent from the second quarter to more than 53 million units, the Quarterly Global TV Shipment and Forecast Report showed. Growth was buoyed by shipments made to retailers before demand weakened significantly at the end of the third quarter. China had the largest quarterly gain, at 15 percent, and was up 21 percent quarter over quarter, to a record 12 million units as a result of an early October shopping season. North American shipments grew faster than expected, rising 12 percent year over year, to 10 million units, before consumer demand began weakening in the last weeks of the quarter.

### Japan

#### *Hardware*

- **Panasonic has slashed 90% from its full year profit forecast, announcing it is struggling with sluggish consumer spending and intensifying price competition amidst the economic crisis.** The company has revised its net profit forecast downwards to just 30 billion yen (US\$315 million), from its US\$3.2 billion forecast from just a month ago. Operating profit is expected to reach US\$3.5 billion, down from the predicted US\$8 billion. Panasonic is expecting a 14% decline in sales this quarter. Overall revenue is expected to reach US\$9.2 billion, down around 8% from the earlier forecast

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U96.6 billion. The company also blamed the revised forecast on the rapid appreciation of the yen, which Panasonic says has shaved US\$231 million from its operating profits. The yen has gained 17% against the dollar this year.

- **The global digital camera market may contract next year, according to Canon, as sluggish economic conditions dampen consumer demand.** Canon was aiming to cut US\$1 billion in costs with a new computer system to be completed by 2010. The economic slowdown has started to hit sales of digital single-lens reflex (SLR) cameras high-end models that use interchangeable lenses but overall Canon's camera sales are solid ahead of the year-end shopping season. The outlook, however, has become increasingly murky and the US\$40 billion digital camera market may shrink next year in unit terms.
- **Toshiba Corp. is considering delaying construction of two new domestic chip plants amid slowing demand and falling prices.** Toshiba faces weakening consumer demand for memory-hungry electronics because of the financial crisis and the prospect of a lingering economic downturn. The company had not made a decision to push back construction of the two plants. It was always studying the best timing to build new plants to meet demand. Toshiba had planned to start building semiconductor factories in Iwate prefecture in northern Japan and Mie prefecture in western Japan in early 2009 and to begin operations in 2010. One of them was going to be jointly run with partner SanDisk.

## *Semiconductor*

- **Goldman Sachs Group Inc. said it broke off negotiations yesterday to sell a stake in Sanyo Electric Co. to Panasonic Corp. because of disagreements over terms.** Goldman stopped discussions because Panasonic had no intention of making an offer for all of Sanyo's stock. Goldman considers Panasonic's offer to be too low as it's less than Sanyo's current market price. Buying Sanyo would give Panasonic the world's largest maker of rechargeable batteries and entry into solar-cell production. Panasonic gained Sanyo's support this month to take control, clearing the way for talks with Goldman, Daiwa Securities SMBC Co. and Sumitomo Mitsui Financial Group Inc., which together hold preferred stock equal to about a 70 percent stake now valued at US\$6.8 billion.
- **Elpida Memory Inc. Chairman Yukio Sakamoto said that the company will consider merging with Promos Technologies and is assessing the feasibility of merging with PowerChip Semiconductor Corp. (PSC).** The executive recently flew to Taiwan to meet with his counterpart at PSC to show determination to work with the Taiwanese strategic partner regardless of the bearish DRAM market. Some industry watchers believe in addition to solidifying partnership with PSC, seeking to merge with Promos is another purpose behind Sakamoto's visit to Taiwan. Elpida would only merge with Promos if it settles its debt and cuts its technological tie with Hynix Semiconductor of South Korea. Industry watchers expect Elpida to likely take over Promos in partnership with United Microelectronics Corp. (UMC) considering that UMC currently has the second-largest stake in Promos, as well as having close technological tie with Elpida.

## *Telecommunications*

- **KDDI Corp. will refund about 16.72 million yen to customers who have been charged erroneously for a mobile Internet service they did not use.** KDDI, the provider of the "au" mobile phone service, said the erroneous charges were applied due to a software glitch in 16,851 cases during a two-year period from Sept. 21, 2006 to Oct. 31, 2008. The cases involve 14 handset models manufactured by Casio Computer Co., Hitachi Ltd. and Panasonic Mobile Communications Co. since

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September 2006. The glitch was discovered after customers complained to the company about Internet service charges that were included in their monthly bills even though they had not accessed the Internet by connecting their mobile phones to personal computers.

- **Nokia announced that it will give up most of its attempts to compete in the Japanese market , keeping only the Vertu luxury handset brand.** Nokia has been able to capture just a fraction of the advanced Japanese market, which is dominated by local brands. Nokia's Japanese division will now focus on R&D and outsourcing for the global market. There has been no word on how this decision will effect Nokia's reported decision to launch a Mobile Virtual Network Operator (MVNO) business in Japan on NTT DoCoMo's network. This decision has not yet been formally announced by either party, and appears in doubt as the purported aim of the move was to promote Nokia handsets.

## Korea

### *Telecommunications*

- **KT Freetel signed a deal to feature movies and TV series made by Time Warner unit Warner Bros. Entertainment on its mobile phones.** Users of KTF's 3G mobile services will be able to view some 150 films from the U.S. movie studio on their devices via mobile streaming. The offering is aimed at enhancing the richness of the multimedia content of KTF's 3G mobile services and therefore to generate additional revenues and increase customer royalty. The operator had a total of 14.25 million mobile subscribers at the end of September, compared with SK Telecom's 22.87 million and LG Telecom's 8.13 million mobile subscribers. All three operators are locked in a fierce battle in growing 3G businesses. Having primarily focused on marketing and advertising at the initial stage of 3G launch, the operators are shifting their efforts to enhancing service quality and contents to attract customers.

### *Mobile/Wireless*

- **The “Chocolate Phone” of LGE is likely to surpass 20 million units in world wide sales while the “Shine Phone” is a step ahead of surpassing 10 million units in sales.** Both phones are the first and second in Black Label Series that led a turn around for LG Cell Phone. The makers that surpassed 20 million units in sales worldwide have been only Nokia, Samsung Electronics (E250) and Motorola (Laser), so the achievement by LGE has shown that the maker becomes major company in cell phone market. LGE announced on November 23 that worldwide Chocolate phone sold 1.95 million units and Shine Phone 9.8 million units. Considering sales trend of two products, it is expected that Chocolate Phone will surpass 20 million units and Shine Phone 10 million units as early as this month. Chocolate Phone was released worldwide in May 2006, starting Europe. Its development took one and eight months and has recognized as the product that is focused on emotional design.

### *Semiconductors*

- **Hynix Semiconductor Inc has developed a new powerful DRAM tailored for high-powered graphic cards in computers and video game consoles.** The 1-gigabit GDDR chip, which has the world's fastest 7-gigabit-per-second processing speed, can run on a relatively small power of 1.35 volts and is suitable for use in heavy graphics on computers and video game systems. The previously fastest graphic DRAM model provided a processing speed of 5 gigabits per second. Mass production of the new product will begin in the first half of 2009. The GDDR5 chips are raising a notable presence in the graphics DRAM market recently and are expected to account for 19 percent of the entire graphics DRAM market next year and up to 36 percent by 2010.



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## China

### *Hardware*

- **Dell generated a good operating income in the Asia Pacific Region and particularly in China in the third quarter of 2008 as its sales volume surged by 44 percent year-on-year and its income increased by 18 percent.** However, market insiders pointed out that since April 2008 when Dell expanded its sales channels, its distributors' inventories of unsold products have expanded and estimated that these included more than RMB500M worth of unsold products. If the unsold computers are included into the calculations of the financial report, Dell's sales volume has not increased by such a large margin.

### *Internet*

- **eBay established its first South China office on November 25 in the Nanhai District of Foshan, Guangdong province, reports Sohu.** The office plans to promote small and medium-sized local e-commerce enterprises through government partnerships. More than half of eBay sellers come from the Pearl River Delta. The company launched the first "eBay Nanhai E-commerce Contest" on the same day to train college students in the e-commerce business.
- **Online travel company eLong Inc booked a third quarter net loss of 15.5 million yuan, widening from a loss of 7.4 million yuan a year earlier, due to development expenses and higher sales and marketing costs.** Gross revenue over the quarter rose 7 percent year-on-year to 90.0 million yuan. Yahoo! BuzzHotel commissions rose 1 percent to 65.2 million yuan, while airline ticket commissions rose 28 percent to 19.9 million yuan. The gross margin in the third quarter was 71 percent, compared to 74 percent a year earlier, with air tickets making up a greater proportion of revenue relative to hotel bookings. The company expects fourth quarter revenue to be between 83 million and 92 million yuan.
- **Zhaopin.com CEO Liu Hao said that growth on Zhaopin.com has fallen 33-50 percent year-on-year since November 1, and that he expects the entire online recruitment industry to leave its period of high-speed growth to enter its first adjustment period, of zero growth.** Zhaopin.com will continue growing next year but won't see rates as high as 2008. Zhaopin.com has booked annual growth of 80-100 percent over the past four years. Zhaopin.com may delay its plans to go public, previously expected for Hong Kong or Nasdaq markets in 2010. The company has 2,800 employees. Macquarie Capital and Seek Limited entered agreements to investment a total of US\$110 million in Zhaopin.com in July.

### *Mobile/Wireless*

- **Nokia Siemens Networks and Fujian Mobile, a branch of China Mobile in Fujian province, have teamed up to provide an ecommerce platform that promises an important link between rural consumers and urban businesses.** The solution allows affordable access to a wide range of consumer products to villagers in Fujian province, while opening up a vast market to urban retailers and product distributors. In addition, the service gives the operator the opportunity explore a potentially powerful new business model of Business to Business to Consumer (B2B2C) services that helps them to improve local presence in rural areas. The business model has been successfully piloted over five months at two counties in Fujian province of southeast China in partnership with Fujian Mobile and local retail suppliers. Nokia Siemens Networks has collaborated closely with Fujian Mobile and provided extensive consulting services in identifying this new opportunity.



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- **The size of China's wireless network equipment market is estimated to grow to 12.47 billion yuan with an 11.5 percent rise quarter on quarter.** Telecommunications network quality has become a deciding factor in Chinese telecoms carriers' existing efforts to improve their competitiveness after three full-service telecoms giants takes shape in China, investing much to upgrade their 2G networks. China Mobile, one of the three giants, firstly started 3G trial commercial service in the country. So far, it has had a GSM network coverage of up to 98 percent across the country, with a user base of more than 400 million. One of its current tasks is to offer better service on the basis of so huge 2G network in the country, on the other hand, it must build and improve its 3G network.
- **The number of mobile phone web users in China hit 73.05 million by the end of June 2008, accounting for around 30 percent of China's 253 million internet users.** Chinese mobile phone users access the Internet mainly via WAP (Wireless Application Protocol). Numbers of active WAP users and WAP sites with independent domain names amounted to 39 million and 65,000 respectively by the end of March 2007. It is expected that in 2008 there will be 230 million WAP users in China with a total market valued at 22 billion yuan. Taiwan indicated that its newly launched OMNIA i908 smartphone has drawn intense attention among consumers in the market and is expected to serve as growth drives in sales in the remaining months of the year.

## *Telecommunications*

- **Industry and Information Technology vice minister Xi Guohua said the time is now ripe for China to issue third-generation mobile licenses.** The central government is currently studying 3G policy and implementation, and will announce the policies soon. The introduction of 3G could be considered part of the government's efforts to give the economy a boost. The telecom industry will play a major role in domestic consumption. Upgrading telecom infrastructure construction can have a stimulating impact on the economy. The 3G licenses will be issued once the restructuring of the telecom industry is complete. China Mobile, China Unicom and China Telecom were reorganized into full-service groups with both fixed-line and wireless businesses. China could issue 3G licenses as early as next month.
- **China Mobile announced that its customer net growth reached 7,194,000 in October 2008, down from an increase of 7,246,000 in September.** By the end of October, China Mobile had total number of customer of about 443 million.
- **China Mobile also announced that it will allocate 60 percent of its investment in developing 4G mobile broadband technology.** Being the leading mobile service operator in the country, China Mobile has been preparing the Long Term Evolution Technology (LTElecommunications) for development of 4G services. The company was ready to launch 4G services with all its preparation done. The first stage trial run of the new technology may take place by the end of 2009, and another trial of larger scale is scheduled for 2010. Concerning the migration of its 3G TD-network to the new LTElecommunications technology, the company had already instructed its TD equipment suppliers to provide equipment that are compatible with both systems, so as to ensure effective use of resources.
- **China Unicom's expenses on the mobile communications field, particularly on the 3G segment, will total around 100 billion yuan (US\$1,436 billion) in 2009-2010, according to the company.** Taking opportunities brought by the 3G business, the mobile telecoms industry should quickly boost network upgrading, noted China Unicom, adding that it will make preparations for the 3G business when it improves the 2G network. The company's combined operating revenues and EBITDA reached 149.1 billion yuan (US\$22 billion) and 72 billion yuan (US\$10.5 billion). Assets

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amounted to 366.5 billion yuan (US\$54 billion) and the number of users totaled 259 million, including 128 million GSM users, 109 million fix-line phone users, and 23 million broadband users. In terms of assets and market value, China Unicom respectively ranked No. 4 and No. 12 among global major operators.

- **Huawei Technologies' global shipment of mobile broadband products has totaled over 20 million sets.** The mobile broadband market will leap at an annual growth pace of 46 percent in the coming three years and the output of mobile broadband products will amount to 100 million sets in 2011. The company plans to further join hands with the GSMA to explore potential markets for the mobile communications industry.
- **Huawei has taken its aggressive tender bidding strategy overseas, as seen by its recent low-ball bid in a 3G equipment tender held by Costa Rican telecom operator ICE.** Huawei submitted the lowest bid, worth US\$245 million, in the ICE tender, which was seeking 3G equipment capable of supporting 950,000 channels. By comparison, other competitors for the tender, Ericsson and ZTE Corp., announced prices of US\$341 million and US\$447 million, respectively. Huawei has significantly increased its market share in China through offering such ultra-low prices. In October this year, the company won a 25 percent share in a major China Telecom tender for CDMA network equipment through a low-price strategy. The company also demonstrated its aggressive strategy when competing for ICE's previous 3G equipment tender, held in August this year.
- **China Unicom will use its core network to provide both 2G and 3G service, enabling users to switch to 3G without changing their mobile numbers, reports qq.com.** Unicom was expecting to disseminate a licensed WCDMA network in 2-3 months.
- **AsiaInfo Holdings has inked a contract with China Unicom to develop a business intelligence system for China Unicom's Zhejiang subsidiary.** Under the terms of the agreement, AsiaInfo will develop a BI system for Zhejiang Unicom to improve decision-making capabilities, efficiency and accuracy. AsiaInfo will also integrate historical data from China Unicom's existing GSM business with its recently acquired fixed-line and broadband network into a single, unified BI system. The BI system is expected to be equipped with data mining, data analysis and data summarization capabilities.

## *Media, Entertainment and Gaming*

- **Nineyou has scheduled the release of the new version, "Guang Hui Sui Yue," of its licensed Q-style 3D pet-themed MMORPG "Concerto Gate II" for December 1, 2008.** The version's new features include riding animals, scenes, skills, virtual items and a friend status reminder function. It will also increase the game's maximum level to 35. Concerto Gate II recorded 103,905 peak concurrent users on November 10, the first day of second-round closed beta testing.
- **China Game released the first expansion, "Feng Huo," of its in-house developed Three Kingdoms 3D MMORPG "Warage".** The expansion added new systems for equipment upgrades, battles and non-gamer character collection along with new raids, riding animals and equipment to the game. Warage entered open beta testing on September 10.
- **Ku6.com announced the release of its non-video real estate channel.** Content on the channel links to Guangzhou-based real estate websites Snifast.com and Mysupa.com and covers nationwide cities including Beijing, Shanghai and Guangzhou. Youku.com, another Beijing-based video site, partnered with Telstra-invested SouFun to release a real estate video channel.

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- **Giant Interactive plans to start a week-long promotion of its in-house developed MMORPG "ZT Online" for gamers above level 45 on December 1, 2008.** Promotion activities involve honor point, exchangeable for virtual items, distribution; virtual item raffles and virtual currency giveaways for gamers that login to the game and/or complete certain tasks. "Rainbow QQ" Plug-In Is Our Lawful Software Giant Interactive invested Shanghai-based social networking site 51.com confirmed its ownership of "Rainbow QQ," a plug-in for Tencent's instant messaging tool QQ, and has registered the plug-in with the National Copyright Administration. Tencent began blocking users with Rainbow QQ plug-ins from logging in to QQ. Fifteen former Tencent employees joined 51.com to work on research and development for IM software. 51.com released its IM software on January 1. Tencent sued the 15 employees for violating their contracts' non-compete clauses in early November.
- **Oak Pacific Interactive Corporation kicks off a web game development plan, the V Plan, using 500 million yuan to fund medium- and small-sized web game R&D teams and acquire agency products.** According to qq.com, Oak has a combined total of 86 million registered users for its campus social networking service Xiaonei.com and online community site Mop.com.
- **China Cable TV Network (CATV.net) plans to begin closed beta testing of its licensed 3D martial arts MMORPG "Wu Lin Qun Xia Zhuan Online II" on December 5.** CATV.net will not delete gamer accounts after testing and plans to give away virtual items valued at RMB 1,969 to each participating gamer. Activation accounts for the testing will be available starting. The game entered alpha testing on November 18.
- The Carlyle Group announced that it would invest US\$50 million in China's Hao Yue Education Group, as it sought to tap demand for private higher-education services in the world's most populous country. The investment was funded by the Carlyle Asia Growth Partners Group. The deal comes after Carlyle, which had \$91.5 billion of assets under management committed to 66 funds at the end of September, last year invested \$20 million in Topia Education, which runs tutoring institutes in South Korea. According to Reuters, private equity firms are increasingly investing in the fast-growing private learning sector, betting that the obsession of many Asian parents with their children's education will make it recession-proof.

## *Alternative Energy*

- **Yingli Green Energy Holding Co. Ltd. reported third quarter results with net revenues of US\$325.5 million, up 73.1 percent year-on-year and 11.2 percent quarter-on-quarter but net income was US\$22.2 million, down 15.8 percent annually and 27.2 percent sequentially.** The company's PV module shipments increased 17.3 percent quarter-on-quarter to 80MW. Yingli reached total annual production capacity of 400MW for polysilicon ingots and wafers, PV cells and PV modules, respectively, in September and targets 600MW capacity by the third quarter of 2009. The company maintains full-year

## *Software*

- **Kingsoft Corp. recorded profit of 102.3 million yuan (US\$15 million), up 273.8 percent year-on-year and 104.6 percent quarter-on-quarter, for the third quarter of 2008.** Revenue was 217 million yuan (US\$32 million), up 48 percent year-on-year and 26 percent compared to the second quarter. Kingsoft's entertainment software business grew 47 percent year-on-year to account for 68.6 percent of total revenue at 148.9 million yuan (US\$22 million). The company recorded 1.2 million monthly average paying game users, an increase of 20 percent both annually and sequentially. Monthly average revenue per user came in at 40 yuan (US\$6), up 29 percent year-on-year and 18 percent quarter-on-

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quarter, while daily average peak concurrent users rose 87 percent annually and 17 percent sequentially to 1 million gamers. The company's applications software business generated revenue of 64.5 million yuan (US\$9.4 million). Revenue from the business grew 3 percent quarter-on-quarter due to rising sales of WPS and 41 percent year-on-year due to a 33 percent increase in online security service subscribers to 8.7 million daily average paying users.

- **Bao Feng Wang Ji Technology has completed the third-round investment of US\$15 million lead by Matrix Partners China and joined by International Data Group (IDG).** Bao Feng Wang Ji Technology began generating profits in October and is targeting monthly profit of 5-10 million yuan (US\$0.7-1.4 million) in 2009, rather than its previous annual revenue target of 100 million yuan (US\$14.6 million). The investment will be used for talent recruitment and video content partnerships. The company received first- and second-round investment of US\$3 million in March 2006 and US\$6 million in early 2007, respectively, both lead by IDG. The company planned to list in Hong Kong in 2010.

## Taiwan

### *Semiconductor*

- **Taiwan-based Asia Solar Ltd. and Hong Kong's Jianqiao Solar signed government contracts to invest US\$45 million and US\$90 million, respectively, in thin-film projects in Zhenjiang, Jiangsu province.** Asia Solar plans to develop, produce and sell thin-film solar cell equipment and parts and reach annual capacity of 48 production lines for production value of US\$6 billion within five years. The company's first line is scheduled to be installed in the first half of 2009. Jianqiao will use Asia Solar equipment to design and manufacture thin-film solar cells on two 50MW and two 100MW lines. The company hopes to reach annual production value of US\$900 million within three years.

## Hong Kong

### *Internet*

- **Globe7 HK, a company that offers streaming of live TV, content hosting, file sharing and games, announced that it partnered SingTel, an Asian communications group, to deliver content hosting services to SingTel's Wireless@SG users.** SingTel Wireless@SG users will be able to enjoy a wide variety of free content by clicking on the links found on their Wireless@SG homepages. The content, provided by Globe7, ranges from live television channels offering live news and business updates to movies, live radio stations as well as videos containing the latest news updates and games. SingTel's Wireless@SG service is part of Singapore's Intelligent Nation 2015 and offers users free wireless broadband access at more than 800 indoor and outdoor Wireless Surf Zones.

## Singapore/Malaysia/Philippines/Indonesia/India

### *Mobile/ Wireless*

- **Rapid growth in India's mobile market continued in October, with the addition of 10.42 million new subscribers, but at the same time the country's fixed-line base is in decline.** The number of wireless subscribers, including GSM, CDMA and WLL users, reached 325.73 million at the end of last month, the Telecom Regulatory Authority of India (TRAI) reported, with monthly additions outstripping the 10.07 million recorded in September and 9.16 million in August. Fixed lines declined by 0.13 million to 38.22 million. Most of the losses were sustained by state-owned operator

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BSNL, whose fixed-line base slid to 29.93 million, from 30.12 million a month earlier and sister company MTNL.

## *Telecommunications*

- **Axia NetMedia Corp. plans to participate in the Australian federal government's A\$4.7 billion (US\$3.1 billion) tender to build a national broadband network.** Art Price, chairman and chief executive of Axia NetMedia, also effectively called the bluff of Australia's biggest telecommunications firm, Telstra Corp. Ltd., which is threatening to boycott the tender unless the government accedes to certain demands, saying there is room for only one fixed-line fiber network. The Calgary-based firm is an active participant in the tender process. It was mulling either a national, or a state or territory-level bid in the government's tender to build a national high-speed Internet network reaching 98 percent of Australia's population. Price doesn't believe any nation can support more than one national fiber network - an observation that suggests Telstra may struggle to build its own competing network if it chooses not to bid for public funding.
- **TM International reported a 25.7 percent dip in third-quarter net profit, due to higher losses from its overseas subsidiaries as well as increased financial costs.** The company also warned that the profits were likely to be lower going forward due to the macroeconomic challenges faced by regional operations, in particular the volatility of exchange rates of local currencies against the dollar and ringgit. TM International, which was listed as a separate company earlier this year after state-controlled Telekom Malaysia spun off the mobile phone unit earned 243.9 million ringgit (US\$67.4 million) in the three months to Sept. 30. The firm had earned 328.4 million ringgit in the corresponding period last year on a pro forma basis.
- **Singapore Telecommunications is being sued by Taiwanese electronics firm Mitac International Corporation for alleged trademark infringement.** The lawsuit arises from SingTel using the name "mio" to brand its integrated digital services, but it is also the name of a Mitac subsidiary, Mio Technology. Mio Technology is an electronics firm specialising in global positioning system software.

## **United States/Canada**

### *Telecommunications*

- **John Garcia, a top Sprint Nextel Corp. executive in charge of one of the wireless carrier's main business units, is leaving the company.** Mr. Garcia is stepping down as head of the CDMA business, the unit that control's 70 percent of Sprint's customer base. Sprint has tapped Keith Cowan, president of strategy and corporate development, as an interim replacement for Mr. Garcia while it searches for a successor. Sprint has had considerable turnover in upper management in the past year as it looks to revive its ailing business and catch up to rivals AT&T Inc. and Verizon Wireless. Dan Hesse, who took over as Sprint's chief executive late last year, has overhauled most top staff, adding a new chief financial officer, Robert Brust, while ousting executives such as Tim Kelly, former marketing chief, and Mark Angelino, former head of sales and distribution.



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## *Internet*

- **Yahoo Inc. completed the sale of Kelkoo to a U.K.-based private-equity firm, ending more than a year of speculation about the future of the European comparison-shopping service.** Yahoo originally acquired Kelkoo for US\$576 million in 2004 as the deal was expected to beef up the Internet portal's focus abroad. The Kelkoo sale comes during tumultuous times for Yahoo, which rejected Microsoft Corp.'s US\$47.5 billion takeover bid earlier this year. Yahoo, which is in the process of cutting at least 1,500 jobs, announced earlier this week that Chief Executive Jerry Yang would step down as soon as a new CEO is hired.

## **Europe**

### *Media, Entertainment and Gaming*

- **British Sky Broadcasting Group Plc, the U.K.'s biggest pay-television provider, will probably delay the forced sale of a stake in ITV Plc at a loss for at least six months by going to the U.K. Court of Appeal.** BSkyB must cut its ITV holding to less than 7.5 percent from 17.9 percent, upholding a decision by the Competition Commission in December. The value of BSkyB's investment has fallen 76 percent since it bought the shares in 2006 for 135 pence each, or about 940 million pounds (US\$1.4 billion). BSkyB, based in Isleworth, may try to put off a sale for as long as possible because ITV's stock has slumped amid the economic slowdown. By buying the stake, BSkyB, controlled by Rupert Murdoch's News Corp., thwarted plans by cable-TV provider Virgin Media Inc. to buy the broadcaster.

### *Telecommunications*

- **OAo Vimpel Communications posted a less-than-expected 41 percent fall in third-quarter net profit and will cut capital expenditure significantly next year.** The company has hedged its 2009 debt repayments against major ruble depreciation. Net profit between July and September fell to US\$269 million from US\$458 million a year earlier. This year's figure was reduced by a US\$341 million foreign exchange loss due to the revaluation of VimpelCom's debt. Revenue grew 45 percent as the operator signed up four million new mobile users between July and September, while existing clients in its core domestic market spent 13 percent more on average a month than in 2007.
- **U.K. mobile operators plan to pass on the government's 2.5 percent VAT cut to their customers but are mired in logistical discussions on how to do that.** The company will ensure its customers benefit from the 2.5 percent reduction in VAT, but Orange is still working on what the savings will look like. Vodafone Group PLC and Telefonica SA's O2 have committed to passing on the savings to all their customers, including pre-pay and contract customers. Mobile operators could knock 2.5 percent off contract customers' bills and lower the price of pre-pay top-up cards, but there is also the option to offer extra voice minutes, texts or gigabytes of data up to the value of the VAT cut instead.
- **BT's networks division addresses increasing demands for capacity, mobile broadband growth with price cuts of up to 65 percent across a range of its access and backhaul network products.** Openreach is aiming to migrate more of its communication provider (CP) customers onto the high-end of its portfolio by bringing the prices into line with its older products. The U.K. incumbent has brought the cost of its 100-megabit backhaul extension services (BES) down to the current price of its 10-megabit offering, which is a reduction of up to 65 percent. It has also done the same for its wholesale extension services (WES), equating to a price cut of 43 percent. Openreach has

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reduced the price of its Ethernet-based 1-gigabit BES product by 62 percent. The price cuts will enable CPs to cope with the astronomical growth in backhaul traffic.

- **TTK is increasing its focus on the country's retail telephony market, aiming to gain market share from SMEs and consumers.** With a number of carriers rapidly deploying optical fibre backbone networks in Russia, TTK, which rebranded from TransTeleCom in May, has seen its share of the country's fibre, which exceeds 200,000 km in total, fall to 24 percent. TTK currently serves the wholesale and large corporations segments of the market, which together make up just 39 percent of the country's US\$17 billion fixed-line market. The telco plans to increase its target market by addressing the SME and private user spaces. In order to capture this market, TTK is building out 30,000 km of local access networks in 120 smaller Russian cities. Construction should be completed by 2010.
- **Alcatel-Lucent SA named Paul Tufano as chief financial officer, replacing Hubert de Pesquidoux. Pesquidoux, who also was president of the enterprise business, decided to pursue other opportunities.** Tufano previously served as CFO of Soletron Corp. On Nov. 13, Alcatel-Lucent revamped its organizational structure and named new managers, and next month it will announce the plan to restore profit.



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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 11/28/08)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
Japanese yen	¥/US\$	95.5000	-0.4%	-3.0%	-15.1%	-19.8%
Hong Kong dollar	HK\$/ US\$	7.7500	0.0%	0.0%	-0.7%	-0.4%
Chinese renmenbi	RMB/ US\$	6.8254	-0.1%	-0.2%	-6.5%	-12.6%
Singapore dollar	S\$/ US\$	1.5127	-0.9%	2.1%	4.7%	-1.6%
South Korean won	KRW/ US\$	1,468.0000	-1.7%	15.2%	56.9%	57.8%
New Taiwan dollar	NT\$/ US\$	33.2850	-0.3%	1.0%	2.4%	2.1%
Australian dollar	US\$/A\$	0.6553	3.7%	-1.8%	-25.1%	-16.9%
New Zealand dollar	US\$/NZ\$	0.5502	2.2%	-5.5%	-28.9%	-21.8%
Philippine peso	PHP/ US\$	48.8500	-1.9%	0.2%	18.6%	-0.3%
Euro	US\$/€	1.2692	0.9%	-0.3%	-13.7%	-3.8%
British pound	US\$/£	1.5372	2.9%	-4.3%	-22.9%	-21.5%

## Fixed Income Prices and Yields

Note	Currency	Current (on 11/28/08)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	117.83	3.52%	114.50	3.69%	102.77	4.33%
Japan 30-year	¥	103.93	2.18%	103.25	2.22%	103.17	2.22%
Hong Kong 10-year	HK\$	115.32	1.82%	119.43	1.39%	109.88	2.42%
China (06/16)	US\$	111.95	2.92%	111.95	2.92%	108.60	3.40%
Singapore 10-year	S\$	114.84	2.29%	114.61	2.32%	108.90	2.95%
South Korea 20-year	KRW	9,470.89	5.98%	9,470.89	5.98%	9,470.89	5.98%
Australia 15-year	A\$	109.72	4.71%	108.99	4.78%	103.90	5.32%
New Zealand (12/17)	NZ\$	105.67	5.21%	103.92	5.45%	98.98	6.15%
Philippines 20-year	PHP	68.89	13.10%	69.24	13.03%	68.69	13.14%
India 30-year	INR	105.73	7.82%	105.46	7.84%	102.95	8.06%
UK 30-year	£	110.82	4.12%	109.20	4.21%	103.98	4.51%
Germany 30-year	€	109.65	3.72%	103.92	4.02%	98.44	4.34%

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