



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

Week of 8 December - 14 December, 2008

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



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Table of Contents

Equity Market Indicators	3
Technology, Media, Telecommunications and Life Sciences Market Activity	4
Weekly Highlights	5
Japan	5
Korea	6
China	8
Taiwan	11
Hong Kong	12
Singapore/Malaysia/Philippines/Indonesia/India	12
United States/Canada	13
Europe	14
Other Economic Data	16
Currency Exchange Rates	16
Fixed Income Prices and Yields	16

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



Week of 8 December - 14 December, 2008

Equity Market Indicators					
Index	Closing Level (12/12/2008)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
S&P 500	879.73	0.4%	-1.8%	-40.1%	-38.0%
Dow Jones Industrial Avg.	8,629.68	-0.1%	-2.3%	-34.9%	-30.8%
Dow Jones Tech. Index	247.73	5.8%	2.0%	-46.1%	-40.0%
Dow Jones Telecom. Index	192.51	3.0%	1.3%	-38.6%	-26.0%
NASDAQ Composite	1,540.72	2.1%	0.3%	-41.9%	-36.2%
The Street.com Net	175.91	2.3%	0.9%	-37.6%	-28.9%
Japan Nikkei 225	8,235.87	4.0%	-3.2%	-46.2%	-52.2%
JASDAQ	46.05	2.9%	3.4%	-36.2%	-46.6%
Japan Mothers	308.31	2.8%	-1.7%	-60.6%	-72.2%
Korea KOSPI Composite	1,103.82	7.4%	2.6%	-41.8%	-23.0%
Korea Kosdaq	320.07	5.9%	4.1%	-54.6%	-47.2%
Taiwan Stock Exchange	4,481.27	6.1%	0.5%	-47.3%	-42.7%
Singapore Strait Times	1,740.34	4.9%	0.4%	-49.8%	-41.7%
Hong Kong Hang Seng	14,758.39	6.6%	6.3%	-46.9%	-26.1%
Hong Kong GEM	375.15	6.2%	6.6%	-72.2%	-69.4%
China Shanghai (A-Share)	2,052.25	-3.2%	4.4%	-62.8%	-27.1%
China Shenzhen (A-Share)	614.96	-2.7%	8.4%	-59.6%	8.0%
China Shanghai (B-Share)	113.46	-4.1%	6.9%	-69.0%	-12.8%
China Shenzhen (B-Share)	276.04	-2.4%	10.1%	-61.1%	-36.3%

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



Week of 8 December - 14 December, 2008

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						

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



Week of 8 December - 14 December, 2008

Weekly Highlights

Japan

Hardware

- **Sony Corp. plans to eliminate 8,000 jobs and curb investments, outsource production and move away from unprofitable businesses as part of plans to save more than 100 billion yen (US\$1.1 billion) by the year ending March 2010.** The job cuts represent about 5 percent of the electronics division's workforce. The reductions underscore the severity of the slump in consumer spending at a time when companies typically prepare for the peak Christmas shopping season. Sony, the world's second-largest maker of consumer electronics, and larger rival Panasonic Corp. slashed their profit forecasts for this year because of the global recession.
- **Sharp Corp. is cutting 380 temporary workers at its Japanese plants and shuttering some assembly lines making flat panels to cope with the global slowdown.** The news follows word earlier this week that rival Sony plans to slash 8,000 jobs around the world and an additional 8,000 temporary jobs all in electronics. Sharp's job cuts account for about a third of the company's temporary manufacturing employees in Japan, the company said. The announcement came amid looming fears about job losses in a nation that has long upheld the tradition of lifetime employment underlines the serious damage Japanese exporters are taking from a worldwide downturn.
- **Sharp Corp. will shut down production lines for liquid crystal display panels at two domestic plants due to faltering global demand for personal computers and mobile phone handsets which use liquid crystal display panels.** According to Nikkei, Sharp will slash some 300 contract workers in line with the production halt, and it would be the first time Sharp has closed liquid crystal display production lines in operation. Sharp will close one production line each at its plant in Mie and another factory in Nara. Both factories are located in western Japan. The two production lines began operations in the early 1990s, and currently make low-definition liquid crystal display panels.
- **Fujitsu is in talks with several parties for the sale of its hard disk drive unit and Western Digital Corp. (WDC) has emerged as the leading candidate to purchase the unit.** Fujitsu has been shifting its focus to concentrate on its higher margin information-technology solutions business. In Nov., Fujitsu agrees to buy Siemens AG's 50 percent stake in Fujitsu Siemens Computers. Reportedly, many companies, including Lenovo, plan to buy Fujitsu's PC business.

Semiconductor

- **Elpida Memory Inc will redeem all or part of a US\$540 million convertible bond that has weighed heavily on its share price, a move that may pressure it to seek alternative financing to stay competitive.** Elpida raised 50 billion yen (US\$540 million) through the bond last month, planning to use it for investment to help shrink its chips and pack in more power at lower cost. It needed the money for new equipment to better compete with bigger rivals Samsung Electronics and Hynix Semiconductor, as DRAM chip makers grapple with plunging prices. But Elpida had an agreement with Nomura Holdings, which bought the bond, to pay the money back if its share price stayed below 509 yen (US\$5.59) for 20 straight days.

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



Week of 8 December - 14 December, 2008

Media, Entertainment and Gaming

- **Nintendo Co. President Satoru Iwata expects demand for Wii and DS game players to hold up this year after sales during the Black shopping week increased more than the company had anticipated.** Iwata's comments indicate Nintendo is coping better than Sony Corp. and Panasonic Corp. with the global recession that forced the world's two largest consumer-electronics makers to slash their annual revenue forecasts. Monthly retail sales in the U.S. tumbled the most in almost four decades in November. U.S. sales of the Wii in the week ended Nov. 29 doubled to about 800,000 consoles, Iwata said. The number of portable DS players sold rose 20 percent to around 800,000. Nintendo's flagship machine led U.S. console sales in October with 803,000 units, followed by 371,000 for the Xbox 360 and 190,000 for the PS3.
- **Square Enix Holdings Co. Ltd. will develop the next version of its blockbuster "Dragon Quest" game series for Nintendo's Wii game console, aiming to expand the fantasy game's fan base.** The launch date and selling price for Dragon Quest X (Ten) has yet to be set, said the game software maker, also known for its "Final Fantasy" game series. The game, which until now has been designed for Nintendo's DS handheld gear, sold more than 47 million units as of the end of September.
- Jupiter Telecommunications Co plans to buy smaller rival Mediatti Communications Inc. for 28 billion yen (US\$303 million). Jupiter will take a 100 percent stake in the smaller company. Jupiter Telecom, known as J-Com, is beefing up its efforts to take over regional cable TV operators and offer new services to attract more subscribers. As of the end of October, J-Com had a total 2.91 million subscribers for its services, up 10.9 percent from a year ago. Jupiter Telecom's shares were trading up 1.6 percent at 80,400 yen (US\$882.60).

Korea

Telecommunications

- **LGT will start nationwide commercialization of 4G from 2013.** LGT decided to develop 4G services like mobile TV, u City and map service based on convergence and LBS technologies. It is creating network centering on multimode equipment that can accommodate 2G-4G technologies. LGT is cooperating with Samsung and LG Nortel for equipment.
- **SK Broadband plans to launch commercial IP TV services in Seoul, the capital, and the surrounding areas in January 2009.** SK Broadband, now controlled by mobile industry leader SK Telecom, has completed related negotiations with terrestrial broadcasters KBS2 and SBS and is about to conclude negotiations with MBC. The South Korean regulator in September gave the go-ahead to the country's three major fixed-line operators to offer full IP TV services, including real-time broadcast and interactive communication services. KT Corp. launched its version of the service in November. LG Dacom has said that it is currently in negotiations with terrestrial broadcasters.

Mobile/Wireless

- **Samsung Electronics Co. aims to raise its share of the global mobile phone market to the 20 percent range in 2009 by releasing more smartphones as well as low-end models.** Samsung Electronics, the world's second-largest handset maker, had a 17.1 percent share of the world market as of September, far behind Nokia Corp. of Finland with 38.9 percent.

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



Week of 8 December - 14 December, 2008

- **South Korea will remove a regulatory hurdle to the sale of advanced cellphones by outside manufacturers, such as Apple Inc.'s iPhone.** The decision provides a rare, new market opportunity for many players in the cellphone industry, where the toll from the global economic downturn is so severe that executives and analysts are forecasting the first-ever decline in handset sales next year. South Korea's market has about 35 million cellphone users, and 5.5 million units were sold in the third quarter. Manufacturers will get easier access to South Korea, where 80 percent of cellphone sales go to two local companies. Samsung Electronics Co. and LG Electronics Co. and prices are among the world's highest. The move eliminates a technical requirement that made entering the market too expensive for foreign companies.

Semiconductors

- **Shareholders of Hynix Semiconductor Inc. are close to agreeing a cash injection for the loss-making South Korean chip maker.** Top shareholders of Hynix, led by Korea Exchange Bank, are discussing support plans after the world's second-biggest maker of computer memory chips asked for up to 1 trillion won (US\$685 million) in fresh funding amid a prolonged slump in the memory chip industry. Korea President Lee Myung-bak repeated his earlier position that the government had no plans to intervene directly. Direct government support could result in punitive duties on Hynix products in some markets, as happened after a 2001 bailout for the chipmaker. Top shareholders of Hynix are former creditors that rescued the firm during the industry's last major downturn in 2000-2001. Hynix had sought fresh loans of 500 billion won from shareholders, which include state-owned Korea Development Bank and state-controlled Woori Bank. The chipmaker is also seeking additional funding of up to 500 billion won (US\$365.7 million) in the form of rights issues, extension of debt maturity or free access to other loans, said the source, who asked to be anonymous until shareholders reach an agreement.
- **The union and management at the Hynix Semiconductor have agreed to cut wages and reduce the number of its management posts to cope with a prolonged market slump weighing down on profitability.** The agreement calls for a 30 percent wage cut for the company's chief executive and 10 to 20 percent reductions for other executives and workers. Hynix logged a 1.7 trillion won (US\$1.1 billion) net loss in the third quarter, marking its fourth-straight quarterly loss as weak chip prices from a global glut sank its bottom line. Falling prices have dogged other chipmakers as well. Management and union of Hynix also decided to accept voluntary retirement for employees who stayed with the company for more than 10 years.

Hardware

- **Samsung Electronics Co. said the global recession is wiping out profits at those businesses this quarter.** The glut in the memory-chip market has worsened, making it difficult for Samsung to earn a profit from the product. The company is struggling very hard to make money from LCDs and falling prices have evaporated profitability from TVs. A failure to generate profit from semiconductors, screens and TVs would leave Samsung relying on mobile phones as its only means of avoiding the company's first quarterly loss on record. Samsung's struggles may signal bigger shortfalls at Toshiba and LG Display Co. because Samsung produces memory chips and LCDs more cheaply than any rival.

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



Week of 8 December - 14 December, 2008

China

Internet

- **Baidu plans to officially release its right-column advertising system "Phoenix Nest," in the second quarter of 2009, reports qq.com citing sources.** September reports said the new system, similar to Google AdWords, would be released soon, but Baidu has yet to announce a release date. The report said Baidu planned to spend three years developing the new product, but has speeded the release in response to recent press. Baidu included unlicensed companies in its paid search on November.
- **Alibaba.com Ltd. announced it signed a reseller agreement with Melbourne IT Ltd, to jointly enter the small and medium business (SMB) market in Australia and New Zealand.** Under the terms of the agreement, Melbourne IT will sell Alibaba's TrustPass Service to clients, which offers third-party verification and authentication of the seller's business to give buyers confidence. Alibaba.com states that more than 85 percent buyers in the Alibaba.com marketplace only trade with TrustPass-verified sellers.
- **China E-Learning Group is in the process of renegotiating, with the vendors, the terms of the acquisition agreements in relating to the acquisition of 61.27 percent of the issued share capital of IIN Medical (BVI) at 24.5 million yuan (US\$3.6 billion).** IIN Medical Group aims at achieving its objective of becoming the leading provider of Chinese medicine distant education in PRC within 3 years. It plans to increase the coverage of education centers in more provinces and launch more professional subjects in addition to the existing 6 subjects.
- **Online travel services provider Ctrip.com International, Ltd. expects to issue refunds of about 1 million yuan (US\$0.1 million) for air ticket prices that dropped with fuel surcharges.** Ctrip is refunding customers who purchased tickets before the surcharge decrease but were not issued their ticket until after prices were lowered. Ctrip said the total refund per customer was about 170 yuan (US\$24.84). The company has begun the refund for airlines including Cathay Pacific and Dragon Air.

Telecommunications

- **China Mobile will begin its merger with China Tietong, a fixed-line operator owned by the Ministry of Railways, in February 2009 with completion slated for the second quarter of 2009.** In February 2009, some 90 percent of China Tietong's management staff and 70 percent of China Tietong's employees will be transferred to the Ministry of Railways to work on the railway telecommunication network. The remaining staff will be taken on by China Mobile. In March 2009, China Tietong's local networks and long-distance transmission network will be integrated with China Mobile's network. The merger is part of the country's telecoms industry overhaul, which will create three integrated telecoms giants.
- **China Mobile said it signed 5.4 billion yuan (US\$789.1 million) worth of TD-SCDMA third-generation network equipment orders.** China Mobile said it signed contracts with ZTE Corp, Datang Telecom Group, Nokia-Siemens and Ericsson, among others. It gave no other details. New TD-SCDMA networks covering 28 cities will be completed in June, it said. Wang Jianzhou, president of China Mobile, added that subscribers to its TD-SCDMA service totaled 337,000 at the end of November.
- **ZTE signed recently a contract with China Mobile Communications Corporation's Pakistani company CMPak Co., Ltd for the second phase of the GSM network expansion with contractual value of US\$ 100 million.** The GSM network expansion will cover Pakistan's advanced

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



Week of 8 December - 14 December, 2008

areas and half of its population. Zhang Liang, CEO of ZTE Pakistan, said that the expansion will mainly cover the middle part of the country, including its second largest city Lahore, as well as another eight cities and areas such as Multan and Faisalabad. ZTE will supply the 8000 series of base stations that can smoothly switch over to the mobile broadband network adopting the IP technology and help operators keep their cost low.

- Huawei has joined the Open Handset Alliance as it prepares to enter the smartphone market during the first half of 2009. The Chinese vendor is the latest in a raft of new players to join the group, including Sony Ericsson, Vodafone, Softbank Mobile and ASUSTek. The Open Handset Alliance was established to develop integrated software and applications for use by Google's recently-launched open standards mobile operating system, known as Android. The equipment maker expects the global handset market to grow at an annual rate of 37.7 percent, accounting for more than 30 percent of the global mobile phone market by 2012. Unit shipments are expected to exceed 400 million in 2011, compared to 110 million in 2007.
- **China Telecom is set to spend as much as 120 million yuan to market the 189-prefixed mobile phone numbers, 10 million yuan (US\$1.5 million) of which will be put in Guangdong province.** Buyers of numbers like 8888 and 6666 will have to pre-pay 30,000 yuan (US\$4,384) and 6,000 yuan (US\$877) and consume at least 2,500 yuan (US\$365) and 500 yuan (US\$73) each month, respectively, because these numbers are known as propitious in China. China Telecom will officially sell 189-prefixed telephone numbers on December 20 nationwide to attract more CDMA handset subscribers. As the newly-added CDMA numbers, it will be backed by more powerful value-added data services. China Telecom hopes to bring the number of CDMA subscribers from 43 million currently to 100 million in the coming three years to occupy 15 percent of China's mobile telecom market.
- **China Telecom has made full preparations to explore the domestic mobile communications market and will launch related promotion activities soon.** Tianyi Telecom Terminal Co., Ltd., China Telecom's new subsidiary, held an opening ceremony a week ago, which marks commencement of CDMA terminal operations of the company. China Telecom will carry out its operation of CDMA terminals. China Telecom took over the CDMA network from China Unicom in October this year and has procured 5 million CDMA handsets from manufacturers including ZTE, Huawei, Hisense, Yulong, and Samsung.

Media/Entertainment

- **Chinese digital advertising company Focus Media Holding Ltd said it plans to restructure its in-store advertising unit and expects a related fourth-quarter non-cash charge of about US\$200 million.** The company also terminated its remaining wireless advertising business segment, citing market conditions, and said it expects a related charge of about US\$20 million, also in the fourth quarter. Focus Media also said it was not making additional performance-based payment of US\$182 million for CGEN, which it acquired early this year, that was contingent upon CGEN meeting certain earnings targets during the 24-month period following the closing of the transaction.

Information Technology

- **China's IT industry is expected to maintain its 2008 growth rate of roughly 17-18 percent to reach a scale of 7.4 trillion yuan (US\$1.1 trillion) in 2009, reports China Securities News quoting Ministry of Industry and Information Technology (MIIT) inspector Gao Sumei.** The software industry is expected to grow 20 percent in 2009 to reach 900 billion yuan (US\$131.5 billion), while manufacturing of TVs, computers, telecom equipment, mobile terminals and electronics

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



Week of 8 December - 14 December, 2008

components will see growth of 18 percent, 17 percent, 10 percent, 9 percent and 19 percent, respectively, in 2009. Total revenue from the domestic software industry rose 31 percent year-on-year to 643 billion (US\$94 billion) in the first ten months of 2008.

Semiconductor

- **ReneSola has sold its 49 percent stake in polysilicon joint venture Linzhou Zhongsheng Semiconductor Silicon Material.** Its share were sold to its partner Linzhou Zhongsheng Steel for 200 million yuan (US\$29.2 million), 44 million yuan (US\$6.4 million) in cash and 156 million yuan (US\$22.8 million) in cash or credit via a 500 yuan (US\$73.06) per kilogram discount on the future polysilicon spot price. ReneSola invested about 103 million yuan (US\$15.1 million) to establish the JV with Zhongsheng Steel in Linzhou, Henan province in August 2007. In the third quarter, ReneSola's equity interest from the JV was US\$5.2 million. The company is contracted to buy a minimum of 55 percent of Zhongsheng Semiconductor output at market price for a term of three years.

Alternative Energy

- **Chinese solar company JA Solar Holdings Co Ltd sharply reduced its fourth quarter revenue outlook, citing a dramatic slowdown in orders.** JA Solar's warning came a day after Q-Cells, the world's largest maker of solar cells, stunned markets by abruptly cutting its outlook for this year due to "a flood" of requests from customers to postpone deliveries. JA Solar forecast revenue of US\$124 million for the current quarter, down from its prior view of US\$191.5 million to US\$220.9 million. Analysts, on average, had been expecting revenue of US\$201.8 million, according to Reuters Estimates. Total production for 2008 will be in the range of 250 megawatts (MW) to 260 MW, down from the company's previous expectation of 310 MW. JA Solar also stood by its gross margin forecast of 5 percent 7 percent for the quarter. JA Solar shares have lost 89 percent of their value since hitting a year high of US\$27 in April.
- The Asian arm of U.S. private-equity firm Carlyle Group L.P. is seeking US\$206 million in damages from the founding managing partner of Sequoia Capital China Advisors Ltd., Neil Shen. The Carlyle fund alleges Mr. Shen thwarted its investment in Green Villa Holdings Ltd. by backdating an investment agreement with the company's founder. According to the fund, Green Villa's founder is a former classmate of Mr. Shen. In a writ submitted to Hong Kong's High Court on Dec. 2, Carlyle Asia Investment Advisors Ltd. accused Mr. Shen of backdating an US\$11 million investment contract between Sequoia Capital China Growth Fund I L.P. for a 25% stake in Green Villa to four days before Carlyle signed an agreement for a US\$10 million investment in the Chinese company. The agreement allowed it to increase its stake up to 38% for a total of US\$28 million if the company met certain financial targets, the writ alleged. A day after the sales agreement was executed, Green Villa's controlling shareholder, Ren Jun, notified Carlyle the deal couldn't proceed as agreed because of a previous agreement with Sequoia, the document alleged. Carlyle claims that Mr. Ren sent a contract with Sequoia dated Oct. 4 to Carlyle in an email on or around Oct. 10, along with a message that read in Chinese "pray forgive." Carlyle also accused Mr. Shen of acquiring confidential information contained in Carlyle's business, legal and financial due diligence on Green Villa from Mr. Ren and using the information in devising Sequoia's contract. The US\$206 million in damages Carlyle is seeking is the estimated profit that the private-equity fund would have reaped if it exited the investment in 2011, Carlyle alleged.

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



Week of 8 December - 14 December, 2008

Taiwan

Hardware

- **Compal Electronics would not be able to meet its 2008 shipment target due to weakening consumer demand.** The company had previously forecast in October that they would ship 27 million notebooks and netbooks this year. Compal competes with crosstown rival Quanta Computer to make computers for some of the world's biggest PC brands including Dell and Hewlett-Packard.
- **Chi Mei Optoelectronics Corp. cut its fourth-quarter shipment forecast.** Chi Mei now expects fourth-quarter TV and PC panel shipments to decline 35-40 percent from the third quarter. Previously, Chi Mei expected PC panel shipments to drop 10-15 percent, while TV panel shipments would fall 15 percent over the same period.
- **Asustek is aiming for 10 percent sales growth for its ASUS-branded business next year, banking on strong gains for the netbook category of low-cost laptops it pioneered.** The company's forecast, confirmed by an investor relations executive, was roughly in line with a broader outlook for market growth from IDC and Gartner, two research companies. But analysts said the targets could be difficult to meet in the worsening global economy. The company was targeting 44 percent growth in unit sales for its Eee PC line of netbooks, with a 2009 shipment target of 7.2 million units.

Semiconductor

- **Promos Technologies Inc. said it is considering selling some machinery in its 12-inch facilities and disposing shares, freeing up cash to help it through a sharp industry downturn.** Personal computer sales have stalled, causing memory chip prices to plunge and pushing Promos and other larger rivals in Asia into the red for several quarters. Promos announced the plan after its board meeting. The company said earlier in the day that its fourth-quarter output would fall more than its October estimate of a 10-15 percent drop due to tumbling computer chip prices. Output will decline by more than the company's previous estimate because PC DRAM prices keep falling.
- **Powerchip Semiconductor Corp. said it was studying a plan to ask the government to buy a stake in Rexchip, its chip joint venture with Japan's Elpida Memory.** It is just an internal plan and the company doesn't have any details. Smaller local rival Promos Technologies has asked for government assistance this week as the computer memory chip sector suffers its worst-ever downturn.
- **United Microelectronics Corp. reduced its sales and profit outlook for the current quarter as the global economic slump crimps demand and clients adjust their delivery schedules.** The company now expects parent sales to come in at NT\$18.2 billion (US\$546.4 million) to NT\$18.7 billion (US\$561.4 million) in the December quarter, compared with the approximately NT\$19.7 billion (US\$591.4 million) it projected in October, a UMC official said. The fourth-quarter gross margin is now estimated at 7 percent to 9 percent, down from an earlier projection of some 10 percent, he said. Still, the chipmaker is sticking to the view that it will generate an operating profit this year. UMC's bigger rival Taiwan Semiconductor Manufacturing also announced a big cut in its revenue and profit guidance for the final three months of 2008 due to declining wafer shipments amid a deteriorating world economy.

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



Week of 8 December - 14 December, 2008

Hong Kong

Telecommunications

- **China Mobile Peoples Telephone Co Ltd, a wholly-owned subsidiary of China Mobile, announced that it has changed its registered name to China Mobile Hong Kong from Dec. 5, 2008.** China Mobile Hong Kong said that its service brand Peoples will remain. China Mobile, the largest cell phone carrier in the country, acquired China Mobile Hong Kong in March 2006. China Mobile Hong Kong, previously owned by China Resources Group, launched its main brand Peoples in January 1997, becoming the first PCS mobile network operator in Hong Kong.
- **PCCW warns of dividend cut if buyout fails and will result in a considerable debt burden.** PCCW Chairman Richard Li and major stakeholder China Network Communications Group Corp. have offered HK\$4.20 (US\$0.54) a share to take the company operator private in an arrangement that could cost as much as HK\$15.49 billion (US\$2 billion). PCCW may not pay regular dividends at previous levels because it failed to sell a stake in HKT Group Holdings Ltd. and it has assumed a considerable debt burden. Principal amount of borrowings is expected to increase by 22 percent to HK\$39.4 billion (US\$5.1 billion) from HK\$32.2 billion (US\$4.2 billion) at the end of September. As of June 30, 2008, PCCW had cash and cash equivalents of HK\$4.1 million (US\$0.5 million).
- **Telecom executives take ATV's top jobs.** Two big names from Hong Kong's telecoms industry, Ricky Wong Wai-kay and Linus Cheung, have taken the helm of Asia TV (ATV) in an effort to turn its fortunes around. City Telecom Chairman Wong fills ex-CEO Louis Page's position, and Cheung, former deputy chairman of PCCW, becomes executive chairman of ATV. Wong oversees daily operations at the station while Cheung is focusing on company strategy. GroupM CEO KK Tsang said ATV had always positioned itself wrongly - as a competitor to TVB, the only other free-to-air station in Hong Kong and needs to head in a new direction. With the appointment of Wong and Cheung, ATV should be better positioned to converge media and technology.

Singapore/Malaysia/Philippines/Indonesia/India

Telecommunications

- **Reliance Communications has received proposals from a number of foreign telecoms in relation to the sale of a 26 percent stake in the company.** The company is the only major Indian operator left without a major foreign partner, after Japan's NTT DoCoMo last month acquired a 26 percent stake in Tata Teleservices for US\$2.7 billion, a deal that valued the rival CDMA operator at US\$9 billion. Reliance has twice as many subscribers as Tata and uses the same mobile technology, and therefore a deal for 26 percent of the company could value the company at between US\$18 billion and US\$20 billion. Reliance did not name any potential buyers, but it pledged to disclose further details when appropriate.
- **According to India's Prime Minister, India is expected to see its telecom subscriber base nearly double by 2012 to 700 million users as operators focus on penetrating into the rural areas.** India, which is the fastest growing telecom market in the world, had 363.95 million telecom subscribers at the end of October, including 325.73 million wireless users. Indian telecom operators signed up a record number of more than 10 million users. The number of phone users for every 100 individuals, in rural areas is low at 13 percent, compared to the national average of 32 percent and 74 percent in urban areas. And therefore, the focus for telecom operators has to be increasing penetration in rural markets. The Prime Minister urged telecom companies to work with security

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



Week of 8 December - 14 December, 2008

agencies to thwart terror attempts in the South Asian country, where recent terrorist strikes left several dead in the financial capital of Mumbai.

United States/Canada

Mobile/Wireless

- **Motorola will only adopt two operating systems, namely the Windows Mobile and Google's Android, in the Chinese market next year, the Shanghai Daily reported, citing Rueybin Kao, president with Motorola China, as saying.** Motorola will continue to enhance its presence in the smart phone market in China. The two operating systems they selected are designed mainly for its smart phones. The company is using at least six operating systems for its smart phones, sources reported. Kao noted the company plans to add more features in its handsets, including music, PDA (personal digital assistant) and mobile Internet functions. In order to focus on the Windows Mobile and Android systems, the mobile phone producer also reorganized its research team in Nanjing.

Telecommunications

- **While Sprint Nextel Corp. is considering further layoffs, no decisions will be made until the company completes its operating plan for next year.** Sprint isn't alone in considering job cuts. AT&T Inc. said last week that it would cut 12,000 jobs. Sprint cut 4,000 jobs early in the year, and last month announced a round of voluntary buyouts. Once the company works through the buyouts, it is said to consider further steps but wouldn't be until early next year. AT&T has more exposure to older landline networks, making it more urgent for the telecom giant to cut jobs. Sprint's operations are tied to the more stable wireless business. Sprint through the year has struggled to keep customers, and is expected to lose 1 million customers in the fourth quarter. Price cuts, however, don't seem to be a serious option yet.
- **The C\$34.8 billion (US\$28.2 billion) buy-out of Canada's biggest telecom company BCE has collapsed after the buyers insisted conditions had not been met.** The deal had been billed as one of the biggest buy-outs ever. Against strong opposition from employees and other stakeholders, BCE agreed to the buy out by the Ontario Teachers' Pension Plan, along with US-based private equity firms Providence Equity Partners, Madison Dearborn Partners and Merrill Lynch Global Private Equity nearly 18 months ago. One of the deal's key conditions was receipt of a solvency opinion from a nationally recognized valuation firm, which in the event KPMG did not issue. Because of this shortcoming, the investor consortium has stated it does not owe the pre-arranged US\$1.2 billion break-up fee. But BCE has announced it intends to pursue this fee, arguing the deal was terminated prematurely.

Internet

- **Yahoo! Inc. is still weeks away from naming a successor to Chief Executive Officer Jerry Yang, and the Internet company has yet to narrow down a list of candidates.** A replacement for Yang probably won't be announced until January, or even later. Former Vodafone Group Plc CEO Arun Sarin is among the people being considered. Yahoo is looking for a CEO who can decide on the Internet company's next move after it rejected Microsoft Corp.'s bid of as much as US\$47.5 billion this year. Yahoo has talked to Time Warner Inc. about buying that company's AOL business, and Yang has said he's open to a new takeover offer from Microsoft.

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



Week of 8 December - 14 December, 2008

Software

- **Microsoft Corp. remains eager to acquire Yahoo Inc.'s search business despite a lull in discussions.** The newly appointed president of Microsoft's online services business, Mr. Ballmer argued for the two companies to come to an agreement soon than later. While the companies currently aren't in discussions over a transaction, Mr. Ballmer said such a deal would have the benefit of creating a credible competitor to Google, which leads the online search and advertising market. Yahoo's board hasn't decided whether to pursue a search deal with Microsoft. One Yahoo board member, Carl Icahn, has publicly endorsed pursuing such a deal. The companies discussed a possible alternative deal in which Yahoo would sell Microsoft its search business.

Europe

Mobile/ Wireless

- **Vodafone Group PLC plans to announce a partnership with Western Union Co. to allow international money transfers via mobile phones, as the wireless carrier seeks to tap into the increasing flow of cross-border remittances.** The companies are initially launching a pilot program that will allow residents of Reading in the United Kingdom to send money to family members and friends in Kenya, where Vodafone is the 40 percent owner of local wireless operator Safaricom Ltd. If that program is successful, the companies will expand it to other countries. There is growing interest in using cellphones as a conduit for money transfers, with financial institutions such as Citigroup Inc. and Visa Inc. taking steps into the business, along with Silicon Valley start-up Obopay Inc. Wireless carriers in the U.S. and in emerging markets such as India and the Philippines are having some success with programs that let users transfer money domestically via cellphones.
- **Alcatel-Lucent's new chief executive will reveal his strategy for steering the telecommunications equipment maker to profitability while at the same time motivating workers anxious about potential job cuts.** Ben Verwaayen faces the difficult challenge of winning over investors to a company whose stock has fallen 62 percent in value so far this year, without demoralizing a workforce from which Alcatel-Lucent is already slashing 16,500 employees. The former BT Group PLC chief executive will need to unveil solid plans to convince investors that Alcatel-Lucent can fulfill the promise of its 2006 merger and become a profitable rival to the likes of Sweden's Telefon L.M. AB Ericsson, U.S. networking titan Cisco Systems Inc, and Chinese gear maker Huawei Technologies Co.

Media, Entertainment and Gaming

- **Vivendi SA may make some acquisitions in the coming quarters if attractive opportunities arise.** The company is looking for takeover targets with cheap market valuations and is especially interested in finding candidates in markets that are growing faster than France. Vivendi was in talks with Spain's Telefonica SA about a possible partnership to acquire Promotora de Informaciones SA's satellite TV platform Digital plus. Levy, Chairman of Vivendi, said the talks are ongoing. While Vivendi is open to the possibility of acquisitions, Levy also said the company is under no obligation to make them. Growth in its pay TV business is likely to slow a little due to the current financial and economic crisis.

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



Week of 8 December - 14 December, 2008

Telecommunications

- **Italy's telecommunications regulator AGCOM gave its approval to a package of measures proposed by Telecom Italia SpA to open up its fixed-line network to rivals, in a move aimed at boosting competition in the country's telecoms sector.** AGCOM gave the green light to Telecom Italia's network plan after more than one year of negotiations with the former monopoly and public consultations with its rivals. The deal came after Telecom Italia agreed to review its network proposal, including additional pledges over its future next-generation network, or NGN.
- **Tellabs has signed a five-year deal with BT to provide backhaul solutions for its Ethernet-based wholesale mobile backhaul service.** Under the terms of the deal, Tellabs will provide BT with its mobile backhaul solution, including its 8600 managed edge system, plus consulting and support services. The move will enable the U.K. incumbent to address its mobile operator customers' need to manage the growth of data traffic on their networks. BT Wholesale offers a managed Ethernet access solution to mobile operators.
- **Swisscom AG laid out a multibillion Swiss franc plan to connect residential customers to its fiber-optic network in a move that is set to increase competition on bandwidth in Switzerland.** The company, the nation's incumbent telephony operator which is still majority-owned by the state, said that it intends to connect 100,000 homes to the fiber network in 2009. Swisscom plans to invest 8 billion Swiss francs (US\$6.6 billion) in infrastructure and IT in the next six years, and 35 percent of this is earmarked for the fiber-to-the-home plans. Work in Zurich, Basel and Geneva has already started, after which it will start connecting customers in other cities. Swisscom presented its reseller offerings to all Internet service providers at the beginning of November.
- **Telefonica SA's German unit is calling for a significantly lower charge for the so-called "last mile" in the country's telecommunications networks.** Currently in Germany, even a provider with its own network, like Telefonica, has to pay 10.5 euros (US\$14.06) a month to incumbent Deutsche Telekom AG for the last mile, which connects the provider's network with single households. Telefonica Deutschland is calling for a gradual decline of the charge to as low as 7.5 euros (US\$10.04) from April 2013 onwards. The current charge for the last mile is subject to negotiations with the German network regulator early next year and is disproportional to the overall costs for broadband access.

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



Week of 8 December - 14 December, 2008

Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 12/12/08)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
Japanese yen	¥/US\$	91.0700	-1.9%	-4.6%	-19.1%	-23.5%
Hong Kong dollar	HK\$/ US\$	7.7495	-0.01%	-0.01%	-0.7%	-0.4%
Chinese renmenbi	RMB/ US\$	6.8420	-0.5%	0.2%	-6.3%	-12.3%
Singapore dollar	S\$/ US\$	1.4894	-2.1%	-1.5%	3.0%	-3.2%
South Korean won	KRW/ US\$	1,369.0000	-7.2%	-6.7%	46.3%	47.2%
New Taiwan dollar	NT\$/ US\$	33.2450	-0.8%	-0.1%	2.3%	2.0%
Australian dollar	US\$/A\$	0.6623	2.4%	1.1%	-24.3%	-16.0%
New Zealand dollar	US\$/NZ\$	0.5464	2.5%	-0.7%	-29.4%	-22.4%
Philippine peso	PHP/ US\$	47.9750	-2.1%	-1.8%	16.4%	-2.1%
Euro	US\$/€	1.3362	5.1%	5.3%	-9.2%	1.2%
British pound	US\$/£	1.4931	1.7%	-2.9%	-25.1%	-23.8%

Fixed Income Prices and Yields

Note	Currency	Current (on 12/12/08)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	128.12	3.05%	126.48	3.12%	104.47	4.23%
Japan 30-year	¥	102.95	2.24%	104.25	2.17%	103.52	2.20%
Hong Kong 10-year	HK\$	99.80	1.64%	114.74	1.88%	116.58	1.69%
China (06/16)	US\$	111.95	2.92%	111.95	2.92%	111.95	2.92%
Singapore 10-year	S\$	117.55	2.00%	116.57	2.11%	112.68	2.53%
South Korea 20-year	KRW	9,470.89	5.98%	9,470.89	5.98%	9,470.89	5.98%
Australia 15-year	A\$	113.02	4.38%	113.20	4.36%	104.78	5.22%
New Zealand (12/17)	NZ\$	107.87	4.91%	108.42	4.84%	99.38	6.09%
Philippines 20-year	PHP	81.83	11.90%	79.49	12.27%	68.44	13.19%
India 30-year	INR	115.99	7.01%	110.72	7.41%	101.98	8.15%
UK 30-year	£	111.28	4.09%	115.98	3.85%	105.05	4.44%
Germany 30-year	€	109.19	3.74%	115.90	3.40%	98.53	4.34%

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