



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

Week of 1 June 2009 - 7 June 2009

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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 (6/5/2009) | % Change 1 Week Ago | % Change 1 Month Ago | % Change 12/31/2008 | % Change 12/31/2007 |
| S&P 500 | 940.09 | 2.3% | 3.6% | 4.1% | -36.0% |
| Dow Jones Industrial Avg. | 8,763.13 | 3.1% | 4.0% | -0.2% | -33.9% |
| Dow Jones Tech. Index | 317.74 | 3.0% | 4.6% | 26.4% | -30.8% |
| Dow Jones Telecom. Index | 188.12 | -1.0% | 1.5% | -5.9% | -40.0% |
| NASDAQ Composite | 1,849.42 | 4.2% | 4.9% | 17.3% | -30.3% |
| Japan Nikkei 225 | 9,768.01 | 2.6% | 8.8% | 10.3% | -37.6% |
| JASDAQ | 44.77 | 2.2% | 10.3% | -7.1% | -38.0% |
| Japan Mothers | 398.65 | 1.2% | 15.6% | 23.2% | -49.1% |
| Korea KOSPI Composite | 1,394.71 | -0.1% | -0.2% | 24.0% | -26.5% |
| Korea Kosdaq | 529.11 | 0.1% | 4.4% | 59.3% | 59.3% |
| Taiwan Stock Exchange | 6,856.74 | -0.5% | 8.3% | 49.3% | -19.4% |
| Singapore Straight Times | 2,434.00 | 1.7% | 13.1% | 38.2% | -29.8% |
| Hong Kong Hang Seng | 18,679.53 | 2.8% | 14.0% | 29.8% | -32.8% |
| Hong Kong GEM | 569.91 | 2.0% | 32.2% | 47.8% | -57.8% |
| China Shanghai (A-Share) | 2,890.62 | 4.6% | 7.6% | 51.2% | -47.6% |
| China Shenzhen (A-Share) | 963.42 | 3.9% | 6.4% | 65.7% | -36.7% |
| China Shanghai (B-Share) | 181.15 | 3.6% | 8.7% | 63.3% | -50.5% |
| China Shenzhen (B-Share) | 464.25 | 10.2% | 23.4% | 71.1% | -34.6% |

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

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

- **Sony Corp. will move its Internet connection service operations to its systems integration unit but expected to have little impact on its overall earnings.** The Japanese electronics maker's wholly-owned unit, Sony Broadband Solutions Corp. will take over its Internet connection service operations on Sept. 1. Sony Broadband Solutions offers system integration services to large corporations. The move is aimed at running those businesses together for efficient operations by offering integrated services to small and large customers. All 140 employees at the Internet operations will transfer to the unit. Sony has said it expects another year of losses this fiscal year through March 2010 and has been undergoing a sweeping restructuring program that included shutting down plants and layoffs.
- **Microsoft and Sony introduced their own versions of motion technology meant to erode the novelty that helped Nintendo expand the market and become the top-selling console with Wii.** Sony's prototype wand immerses PlayStation 3 players in a three-dimensional field and will be ready for sale by next year's U.S. spring. Microsoft didn't say when its technology, whose 3-D cameras do away with the need for an Xbox controller, will be available. Nintendo has outperformed its rivals, selling more than 50 million Wiis compared with more than 30 million Xbox 360s sold and 22.7 million PS3s sold.
- **Konica Minolta Holdings aims to cut fixed costs by 33 billion yen (US\$342.4 million) for the fiscal year through March 2010 by spending less in such areas as personnel and research and development.** Konica Minolta plans to reduce costs by about 8 billion yen in its optics business, and shed more than 5,000 temporary and contract workers, mainly overseas. Four domestic factories will be subject to restructuring. The company will also reduce fixed costs by about 8 billion yen in its business technologies operations by axing more than 1,000 administrative jobs at sales companies in the U.S. and Europe. The firm plans to spend 75 billion yen (US\$760 million) on R&D this fiscal year, a reduction of about 7 billion yen (US\$70.9 million), and it aims to save 7 billion yen (US\$70.9 million) by cutting bonuses, sales expenses and other costs.

Telecommunications

- **eAccess Ltd. is expected to redeem about 20 billion yen (US\$207.5 million) in convertible bonds this month, ahead of their maturity in June 2011, at the request of investors.** The redemption will account for about 87 percent of the 23 billion yen (US\$233 million) in convertible bonds that eAccess issued overseas in June 2004. The yen-denominated bonds have a provision giving their holders the right to seek redemption at face value two years earlier than their maturity date. To redeem the bonds, the company plans to use a portion of the 57.9 billion yen (US\$587 million) in cash reserves it held as of the end of March on a parent-only basis.

Korea

Telecommunications

- **KT Corp. expects operating profit to jump 44 percent from its 2009 level to 2.6 trillion won (US\$2.1 billion) in 2012 by strengthening the combined business of the company and its**

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newly-merged mobile phone unit. KT has become the nation's largest wired and wireless carriers after officially absorbing its mobile unit KT Freetel. The company also targets 22 trillion won (US\$17.5 billion) in revenue in the next three years. Following its merger, KT's shares jumped 6.03 percent to 36,050 won (US\$28.7), outperforming the broader market's 1.4 percent rise. The telecommunications giant also said it will further boost its presence in emerging telecommunication markets, such as Central Asia and Africa, by installing wireless broadband services, telecommunications infrastructure and fiber-optic cables.

Mobile/Wireless

- **The number of 3G subscribers in South Korea is nearing 20 million as SK Telecom has just over 10 million 3G customers and KT is nearing the 10 million WCDMA subscriber mark.** SK Telecom signed up 522,000 WCDMA subscribers in May, bringing its WCDMA total customer base to 10.36 million while rival KT ended May with 9.97 3G users, after adding 374,000 WCDMA users in May. SK Telecom added 213,000 non-3G customers to bring its total customer base to 23.68 million. KT ended May with a total customer base of 14.65 million after adding 270,000 subscribers in the month. Smallest operator LG Telecom added 68,846 new subscribers to end May with a total of 8.47 million.
- **Domestic cell phone makers are increasing their production in Korea.** Samsung Electronics said that it produced some 46 million cell phones at its factories worldwide in the first quarter of this year. Its plant in Gumi, North Gyeong-sang Province, churned out more than 18 million handsets, 40.9 percent of the entire quarterly production. Production at the Gumi factory was on a decline from 63.3 percent in 2006 to some 35 percent in 2008. LG Electronics produced nearly 22 million cell phones at home and abroad in the first quarter with its plant in Pyeongtaek, Gyeonggi Province, accounted for more than 55 percent of the overall production.
- **The Korean mobile content market was worth 1.9 trillion won (US\$1.5 billion) in 2008. The mobile operators have full control over what content is offered via their networks.** The KCC plans to take measures to open the mobile networks for content developers. As part of these measures, the regulator scrapped a rule that all mobile handsets need to support home-grown protocol WIPI, opening the market for foreign handsets.

Semiconductors

- **Qualcomm has appointed Dr. Young Koo Cha as senior vice president of Qualcomm and president of Qualcomm Korea.** He replaces Dr. Sung Woo Kim who is retiring. He is currently a visiting professor at the Graduate Institute for Peace at the Kyung Hee University and executive director of the Korea America Association. He was a senior executive advisor at Pantech and visiting professor at the Graduate School of International Studies at the Seoul National University from 2004 to 2006. He was former Deputy Minister for Policy of the Ministry of National Defense of the Republic of Korea.

Hardware

- **A flat-screen joint venture between Samsung Electronics Co. Ltd. and Sony Corp. began volume production at a new manufacturing facility that took US\$1.5 billion to build.** The five-year old venture, named S-LCD, said in a statement that the new production line would use larger "eighth-generation" (8G) motherglass and produce liquid crystal display (LCD) panels for TV brands including Samsung and Sony. Sales of flat-screen TVs have remained healthy in the midst of the global downturn thanks to sharp price falls over the past year. Panel makers have been stepping up output as

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prices stabilise, while China's policy of subsidizing electronics purchases in rural areas has boosted demand. S-LCD invested 1.8 trillion won (US\$1.46 billion) in the new line, its second 8G facility located south of Seoul. It said it would ramp up monthly production capacity to 70,000 glass sheets by year-end. Samsung is the world's biggest maker of LCD panels and LCD TV sets, while Sony is the No. 2 LCD TV brand.

- **LG Display Co. said its monthly production of large-sized panels surpassed 10 million in May, largely due to increased demand in China.** LG Display started mass production of liquid crystal display (LCD) panels in September 1995 at a factory in the southeastern town of Gumi, about 260 km southeast of Seoul. Its output reached 1 million LCDs in May 2002 and rose to 5 million in September 2006. LG Display, formerly LG. Philips LCD Co., is the world's second-largest LCD maker after Samsung Electronics Co.
- **The government will invest 546 billion won (US\$427.7 million) in the broadcast equipment sector over the next five years to make the country a global market leader.** The Ministry of Knowledge Economy and the Broadcasting and Communications Commission said the government would support the sector to produce US\$1.5 billion worth of equipment by 2015. It also hopes to increase exports to 1.4 billion dollars of products. Korean companies produced US\$630 million worth of broadcasting equipment, which accounted for 1.1 percent of the global market share. The industry has growth potential in the global market in the future as the world is moving towards digital broadcasting in the near future, officials said. However, despite the country's leading role in the IT sector, the broadcasting equipment industry has played a limited role. The overseas market for broadcasting-related equipment is bigger than both the semiconductor and display markets with US\$59.4 billion last year. The fund will be spent on supporting research efforts and quality development, the ministry said. It will help create about 10 companies to take top positions in the worldwide market by 2012.

China

Internet

- **Dangdang.com is targeting sales volume of more than 2 billion yuan (US\$292 million) in 2009.** The company's average gross margin is near 20 percent, while net profit is 3-5 percent. The site booked revenue of more than 1 billion yuan (US\$146 million) and passed the break-even mark for the first time. Dangdang.com originally planned to list on the Nasdaq in third quarter of 2009, but it has delayed its listing indefinitely for a higher company valuation. Co-President Li said they would not consider less than US\$1 billion. The company is growing quickly and he won't consider selling it within the next three years. The site plans to establish regional storage over the next four months for the daily life products it now sells on its site.
- **Alibaba Group plans to spend at least US\$200 million in acquisitions and other investments in the next few years.** The company, in which Yahoo Inc. has a 39 percent stake, has already invested US\$73 million to date in 10 companies, including a mobile-phone software company called UCWEB Technology Ltd. The company has committed an additional US\$200 million to US\$300 million to the unit over the next two to three years. The investment plan is another example of Alibaba's aggressive spending despite the slowing global economy. The company has also committed US\$30 million to marketing one of its Web sites, and plans to expand its workforce by over 40 percent to 17,000, even as other companies have had to cut staff to save on costs. Ms. Zhang will focus investments on

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companies specializing in mobile Internet, electronic payment and other technologies. In most cases, the group plans to retain a minority stake and companies it invests in would double as strategic partners for Alibaba, which owns several companies, including Hong-Kong listed international online trading platform Alibaba.com Ltd. and Chinese retail Web site Taobao.com. Alibaba.com earned 3 billion yuan (US\$439 million) in revenue, and transactions on Taobao.com totaled US\$15 billion.

Mobile/Wireless

- **China GrenTech Corporation Limited announced that its board of directors has approved a share repurchase program.** Under the terms of this share repurchase program, China GrenTech may repurchase up to US\$7.0 million worth of its issued and outstanding American Depositary Shares from time to time in open-market transactions on the Nasdaq Global Market. The timing and dollar amount of repurchase transactions is subject to the board's discretion depending on market conditions and will be subject to Securities and Exchange Commission ("SEC") Rule 10b-18 requirements. The share repurchase program does not have an expiration date and may be modified or discontinued at anytime by the Company's board of directors. In addition, the previous share repurchase program approved by the board of directors on September 21, 2007 shall be superseded in its entirety by the new share repurchase program, all sales plans will be terminated and any unutilized purchase amount under the previous repurchase program will not be included in the aggregated value of the new share repurchase plan.

Telecommunications

- **China Telecom and Chunghwa will jointly build a cross-strait undersea cable that would stretch 50-60km, from Taiwan's Kinmen County on the western edge of the strait to the Chinese port of Xiamen.** China Telecom chief engineer Leng Rongquan confirmed that the companies are in the final stages of negotiation. Both Chunghwa and China Telecom have collaborated previously on club cable projects, but this is the first cable venture involving just carriers from Taiwan and mainland China. Company executives said the cable would cost less than 100 million yuan (US\$14.6 million), and both parties would share the costs, according to the Taipei Times. The project requires approval from authorities on both sides of the strait, but Chunghwa has already applied for a permit from Taiwan's transportation ministry.
- **China Mobile is all set to launch multi-function handsets and the sale of mobile applications to raise the stakes for attracting and retaining users in the highly competitive 3G market.** China Mobile is expected to sell the first smart phone based on its self-developed Open Mobile System next month. It is being manufactured by Taiwan smart phone maker HTC Corp. China Unicom (Hong Kong), which operates the more internationally recognised WCDMA 3G mobile network, is still negotiating with Apple for an exclusive deal involving the iPhone. China Mobile's new phone, Dopod G2, will have the same look as the HTC Magic selling in Hong Kong. It will be 2.75G-compatible and sell for 5,000 yuan (US\$731.60). HTC expects the 3G-compatible model to be launched by the end of the year. The Open Mobile System phone is based on Google's Android operating system and will enable China Mobile to provide exclusive, tailor-made applications for it. The new phone would have China Mobile's dedicated home screen with all the exclusive services, such as the Feition mobile instant message service, a mobile music station, mobile e-mail, mobile internet portal and mobile search engine.
- **Huawei Technologies Co. Ltd. expects to a sales boom from Wimax equipment sales overseas and from the launch of 3G networks in China.** Sales of Wimax, a wireless broadband technology rolled out by Huawei last year, are expected to be around US\$5 million this year and to

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increase 100 percent to US\$1 billion in 2010. Sales will continue to grow rapidly in emerging markets such as Asia, Africa and the Middle East where fixed line networks are less developed. The number of Wimax subscribers worldwide is expected to increase to 100 million by 2012 even though China's mobile subscribers, who number over 600 million, are expected to mostly continue using a different technology. In the meantime, Huawei also expects its share of CDMA equipment sales in China to grow from the current 38.9 percent.

- **ZTE Corp. is expected to win the largest share in the third-stage homegrown TD-SCDMA tender by China Mobile Communications Corp.** ZTE, Huawei Technologies, Datang Mobile, New Postcom, together with foreign vendors Ericsson and Nokia Siemens Networks, are bidding for the contract valued at 8.6 billion yuan (US\$1.2 billion). ZTE would solidify its leading position in the TD-SCDMA market by winning about 30 percent of the contract that covers 200 cities across the mainland. ZTE would end up with 35 percent of the tender, while Huawei and Nokia Siemens Networks could each win 30 percent. ZTE and Huawei, the mainland's two biggest telecommunications equipment suppliers, had slashed selling prices by as much as half in this latest round of mobile network orders. ZTE would have a composite gross margin of 32.5 percent for the company's wireless products. The bank upgraded ZTE to overweight from neutral and raised its target price by 10 percent to HK\$33.00, which valued the company 17 times its estimated profit.

Media, Entertainment and Gaming

- **Chinese companies are trying to expand into game development, breaking free from their dependence on foreign titles and boosting incomes.** After long relying on foreign hit games such as U.S.-based Activision Blizzard's "World of Warcraft" (WOW) and "KartRider" from South Korea's Nexon, China now wants to develop its own blockbusters and eventually lead the fast-growing market. It may be a while before China overtakes South Korea, which dominates Asia's online gaming market, but there are growing signs that Chinese firms such as Netease.com and Tencent are now in a strong position to compete globally and are catching up with rivals quickly. Successful online games can generate earnings for years from monthly service fees, character customization and other micro-transactions and carry higher margins than classic console games. Developing games in-house also reduces uncertainties over license contracts and renewals. The Chinese online game market may have had a late start, but it is growing faster than anywhere else. As the success of an online game depends on content that appeal to players' cultural backgrounds, Chinese developers enjoy a natural advantage at home and in neighboring Asian countries that China has historically influenced.
- **Giant Interactive Group Inc. will launch its first 3D massively multiplayer online role-playing game (MMORPG) in the second half of 2009.** Along with King of Kings 3, Giant Interactive also plans to launch its second 3D MMORPG within the period, although the company declined to reveal the name of the game, which was developed by a Chengdu-based team acquired by Giant Interactive one year ago. Giant Interactive has seven online games in the pipeline, which include the two 3D MMORPGs and one Web game. Giant Interactive announced the launch of an online game research and development center in Chengdu City in southwestern China's Sichuan Province and the acquisition of a Chengdu-based game R & D team specializing in 3D MMORPGs. Prior to the launch of the center, Giant Interactive had online game R & D teams working on 2D and 2.5D games.
- **Shanda Interactive Entertainment expects solid growth this year after robust demand lifted its first-quarter revenue to a record high and its net income 25 percent year on year to beat analysts' estimates.** The Shanghai-based company reported revenue in the quarter to March climbed 42 percent to 1.1 billion yuan (US\$160 million). Net income increased to 361 million yuan from 288.8

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million yuan (US\$42.2 million). Shanda's first-quarter revenue would hit 1.07 billion yuan. Shanda's net income also topped the 342 million yuan (US\$50 million) median of nine analysts' estimates in a Bloomberg survey. Despite lingering global economic weakness, chief financial officer Grace Wu expected Shanda's revenue in the second quarter would rise sequentially between 8 percent and 10 percent. That forecast would be buttressed by Shanda's release in April last year of its highly anticipated new multi-player online game.

Hardware

- **Dell sees the mainland's computer market becoming the first in Asia to recover, because of Beijing's 4 trillion yuan (US\$585 billion) economic stimulus initiative.** Dell was the No.4 personal computer brand on the mainland, with shipments of about 3.5 million units last year. The top three suppliers in the country are Lenovo Group, Hewlett-Packard and Founder Technology. Dell had seen traction on the mainland with the stimulus efforts in the areas of health care and education. The scheme was designed to provide 20 billion yuan (US\$2.9 billion) in subsidies for purchases of home electronics and appliances, helping generate rural consumption worth about 150 billion yuan (US\$21.9 billion). Dell, Asia's No3 personal computer supplier behind Lenovo and HP, reported its regional revenue for the three months to May was down 20 percent year on year to about US\$2 billion due to an 11 percent decline in computer shipments.

Alternative Energy

- **Solargiga Energy Holding Ltd. announced that it would acquire a controlling 78.93 percent stake in solar-cell maker Kinmac Solar Corp. of Taiwan, making it the first partnership of its kind.** Solargiga plans to buy the Taiwanese company for NT\$973 million (US\$29 million) through a holding company named STIC. Industry watchers says the acquisition would help Solargiga achieve integrated production, from wafer-ingot manufacturing to cell-module manufacturing, and offer Taiwan's solar-energy industry one more chance to tap China's vast solar-energy market. Kinmac was co-founded by LED maker Taiwan Oasis Technology Co., Ltd. and IC designer Kinsus Interconnect Technology Corp. The solar-cell maker made NT\$10.84 million (US\$328,000). Solargiga has set up close business ties with Taiwanese solar-energy manufacturers. Silicon-ingot maker Wafer Works Corp. held a 21.2 percent ownership in Solargiga and has worked with Taiwanese solar-energy manufacturers to supply Jinzhou City Government in Liaoning Province with 10 megawatts of solar-cell modules for its "solar-roof" plan.

Taiwan

Telecommunications

- **Taiwan mobile phone operator Far EasTone Telecommunications Co. will merge with its fixed-line affiliate New Century InfoComm Tech Co., the Economic Daily News reported, citing Far EasTone Chairman Douglas Hsu.** Far EasTone owns 27 percent of New Century InfoComm, the Taipei-based, Chinese-language newspaper said, without giving a timeframe for the merger.

Hardware

- **HTC Corp. received orders for three of its phones from U.S. telecommunications operator AT&T Inc.** One of the phones will be based on the Android operating system, and will be sold exclusively by AT&T for six months starting from August.

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Hong Kong

Telecommunications

- **City Telecom (CTI) said net profit grew 57.5 percent in the six months to February as it signed up more subscribers who spent more on services.** Turnover rose 15.6 percent, driven by a 25 percent increase in broadband subscribers to 350,000, with each on average spending up 10.7 percent. It also had 352,000 fixed-line telephone and 170,000 digital television customers at the end of February. CTI has an 18 percent market share in broadband service in Hong Kong, ranking second after PCCW's more than 50 percent. The company had set a target to overtake PCCW in market share by 2016. CTI withdrew from a plan to form a consortium to bid for a nationwide broadband network in Singapore last year. It would spend about HK\$600 million (US\$77.3 million) to build a fiber optic network in the next two years with an aim of raising the coverage to two million households from 1.5 million.

Software

- **Kingsoft Corp. Ltd. has gained go-ahead from its board of directors to loan HK\$15.8 million (US\$2.0 million) to its two shareholders for the latter to acquire 4,000 shares or an 11.1 percent stake in Kingsoft Japan Inc.** Kingsoft Japan, 51 percent held by Kingsoft Corporation, is a non-wholly owned subsidiary of the latter currently, said the Hong Kong-listed software developer on June 3. The acquisition will help fuel Kingsoft Corporation's global expansion in the long run, although the company is not dedicated to financing. Kingsoft Japan, on the other hand, is expected to see a speedup in growth and an edge-up in share value after the deal, added Kingsoft Corporation. Headquartered in Beijing, Kingsoft Corporation is well known across China for its sparkling applications software array that includes Kingsoft Internet Security, Kingsoft PowerWord, and Kingsoft WPS Office. It earlier posted a 77 percent net profit growth for the first quarter of 2009.

Singapore/Malaysia/Philippines/Indonesia/India

Telecommunications

- **PT Telekomunikasi Indonesia Tbk, through its subsidiary, PT Multimedia Nusantara has bought a 49 percent stake in PT Infomedia Nusantara from PT Elnusa Tbk.** Metra President Director Alex J. Sinaga and Elnusa President Director Eteng Ahmad Salam signed recently a sales purchase agreement to that effect. The transaction was expected to be completed by the end of August 2009. The acquisition gave Telkom a positive value to strengthen its position in the information telecommunication service industry. Infomedia had more than 20 years of experience in the information telecommunication service industry and was the only company engaged in the telecommunication and data service industry in the country. Infomedia is expected to become the country's leading information telecommunication service and data center.
- **Hutchison Telecommunications International Ltd (HTIL) said that subscribers increased 32.76 percent in the first quarter due to strong performance in Indonesia.** Subscriber figures rose to 9.97 million from 7.51 million last year and was up 6.6 percent from the fourth quarter. The figures included HTIL's operations in Indonesia, Vietnam, Israel, Sri Lanka and Thailand. Figures for its Hong Kong and Macau operations were not provided after the spin-off of Hutchison Telecommunications Hong Kong earlier this month. Hutchison's Indonesia operations added a net

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804,000 subscribers in the quarter, bringing the customer base to 5.3 million, up from 4.5 million in the previous quarter and 2.33 million last year. The growth was mainly the result of a continued network roll-out with more than 6,800 base stations covering all the major cities in Java, Sumatra, Sulawesi and Kalimantan, representing 70 percent of population coverage. Average revenue per user (arpu) per month in Indonesia remained stable and non-voice revenue was up 10 percent quarter on quarter with increased revenue from text messaging and data services. However, because the company reduced promotional on-net minutes to customers, the minute of usage was down 41.5 percent in the period.

- **Indian mobile telephone firms added 11.9 million users in April, slower than in the previous month but still topping the world in the pace of additions.** India had a total of 403.66 million wireless users at the end of April. Cheap calls rates and handsets are driving demand in India. Operators are now expanding infrastructure to cover smaller towns and villages to hook new users. Bharti Airtel, which last month revived merger talks with South Africa's MTN, added 2.81 million users in April to take its subscriber count to 96.74 million. No. 2 Reliance Communications signed 2.17 million users and had 74.84 million subscribers by the end of April. The pace was well below the previous month's 3.03 million as the firm axed some users as it gradually eliminates a promotional offer that gave free talk-time. Vodafone Plc-controlled Vodafone Essar added 2.77 million customers, taking its user base to 71.54 million.
- **Satyam Computer Services Ltd., the software company at the center of India's biggest corporate fraud probe, may cut as many as 8,000 jobs because of a lack of available work, two company officials said.** The company will make an announcement after informing all the employees involved, one of the officials said on condition of anonymity. The cuts represent 17 percent of the workforce, based on the number of employees Hyderabad-based Satyam said it had two months ago. Satyam had more than 10,000 excess employees, Vineet Nayyar, chief executive officer of Tech Mahindra, told Reuters on May 22. Tech Mahindra Chairman Anand Mahindra, who outbid billionaire Wilbur Ross and Larsen & Toubro Ltd. with a US\$579 million offer, has said he is taking a "calculated risk" in buying Satyam before the company restates accounts and without clarity on liabilities from lawsuits in the U.S. The 53-year-old Harvard graduate is also trying to keep Satyam's clients from joining State Farm Automobile Insurance Co. in canceling orders. Satyam has lost contracts from about 46 customers to rivals such as International Business Machines Corp. and Tata Consultancy Services Ltd., the Economic Times reported in March, citing an unidentified person familiar with the developments. Applied Materials Inc., Nissan Motor Co., Sony Corp. and Telstra Corp. are among companies that have moved or are in the process of seeking out other vendors, the newspaper said at the time.
- **Bharti Enterprises Ltd. Managing Director Rajan Mittal said there will be no issue related to foreign direct investment in the Bharti Airtel Ltd. and MTN Group Ltd. deal.** The company is likely to raise debt to fund the deal, but didn't specify the amount. Bharti Airtel, a group company of Bharti Enterprises, will need to raise between US\$3 billion and US\$4 billion to fund the deal. Bharti Airtel and MTN Group have revived talks over a complex shareswap and cash transaction-based deal worth over US\$23 billion that would create one of the industry's 10 largest companies. The companies have given themselves until July 31 to agree to a deal whereby MTN and its shareholders would buy a 36 percent stake in Bharti and the Indian firm would buy a 49 percent stake in the Johannesburg-based company. The resumption of talks between the two companies comes about a year after they failed to reach a deal over how the Indian and South African mobile telecommunications companies would structure control of a combined company. MTN has twice failed to secure a tie-up that would

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have launched it into the Indian market. Talks with Reliance Communications Ltd. held immediately after those with Bharti also failed.

- **Singapore Telecommunications Ltd. may end up owning around 10 percent-12 percent of South African mobile operator MTN Group Ltd. if MTN's proposed merger with India's Bharti Airtel Ltd. succeeds.** These people said SingTel may extend a credit line of up to US\$3.6 billion to Bharti to help the Indian telecom operator finance its merger with MTN. But they said the credit line may not be used by Bharti. Bharti, India's largest telecommunications company by user base, said last week it has revived merger discussions with MTN and will be in exclusive talks with the firm until July 31. Standard Chartered Bank PLC is considering underwriting up to US\$7 billion of the US\$23 billion merger. As part of the planned merger, the Indian company will get a 49 percent stake in MTN. The South African telecommunications company, along with its shareholders, will get around a 36 percent stake in Bharti Airtel.
- **India's federal government will definitely complete the auction of 3G radio bandwidth by the end of 2009.** The government originally planned to auction radio bandwidth, or spectrum, for 20 of India's 22 telecom service areas last October. But the move has been deferred twice after the finance ministry suggested that the starting price of INR20.20 billion be doubled. A group of ministers is now examining the proposal. The government is also keen to allow more telecom operators to provide second generation, or 2G, mobile services to increase competition in the sector. Cell phone tariffs in India are already among the lowest in the world - at about a cent a minute. The government will seek to build consensus among the employees of Bharat Sanchar Nigam Ltd. on an initial share sale in the state-owned telecom services provider before moving forward with the proposal. BSNL Chairman and Managing Director Kuldeep Goyal told local television channel CNBC-TV18 that he expects the employee unions to resist any plans to list the company.
- **Bharat Sanchar Nigam Ltd. has yet to start formal talks with the Indian government for an initial public offering of its shares.** Employee unions at the company could resist any plans to list the company. The Indian government had planned to sell 10 percent of Bharat Sanchar Nigam and list its shares last year. But it had to scrap the proposal after opposition from a major workers' union and the stock market crash. Analysts expect the new federal government to revive the plans and list the company later this year or early 2010. A public listing was important for expanding into overseas markets, but wouldn't comment on how much the company would be valued. The state-owned telecom operator lags rivals such as Bharti Airtel Ltd., which late last month revived merger talks with South Africa's MTN Group Ltd. that would create one of the 10 largest telecom companies in the industry.

United States/Canada

Media, Entertainment and Gaming

- **News Corp. is in talks with Chase Carey, DirecTV Group Inc.'s chief executive officer, to return to the company as Rupert Murdoch's second-in-command.** No agreement has been signed, and Carey still needs to be released from his contract at DirecTV. Carey would replace Peter Chernin, who steps down as chief operating officer and president this month. A title for Carey hasn't been determined. Carey, 55, shared the role of chief operating officer with Chernin until 2002. He would be tasked with helping Murdoch revive growth at News Corp., hit by falling DVD sales and slumping TV and newspaper advertising. Carey has been CEO of DirecTV since December 2003, adding high-definition channels and digital video recorders to lure new clients.

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- **Electronic Arts Inc. sold more than 600,000 copies of the “EA Sports Active” fitness game for Nintendo Co.’s Wii console in less than two weeks.** The game, released on May 19, is off to the best start of any title Electronic Arts has made for the Wii, Peter Moore, president of the Redwood City, California-based company’s sports division. Electronic Arts will release an expansion for “Active” this holiday season. The fitness game has been marketed to women and has users perform exercise movements with Wii’s motion controllers. After nine straight quarterly losses, Electronic Arts is counting on titles for the Wii to help return the company to profitability. Evan Wilson, a video-game analyst with Pacific Crest Securities stands by his estimate that “Active” will sell 1 million copies by the end of June 2009.

Telecommunications

- **AT&T announced the appointment of Esther Lee to the newly created position of senior vice president-Brand Marketing and Advertising, AT&T Operations Inc.** In her new role Lee will oversee all brand marketing and advertising creative and media strategy for the company. Most recently Lee served as CEO of North America and president of Global Brands for Euro RSCG Worldwide. Prior to that she was Global Chief Creative Officer for The Coca-Cola Company.

Internet

- **Yahoo! Inc. will shut down its Yahoo 360 social-networking site next month amid competition from larger rivals and a slowdown in advertising spending.** After July 12, users will be unable to access their information. Yahoo, which first said it would close 360 almost two years ago, directed users to tap the company’s profile service, which allows them to manage identities and connections and post blogs. Yahoo, which also shut its Mash social-networking site last year, failed to challenge the dominance of Facebook Inc., News Corp.’s MySpace and Twitter Inc. Yahoo has closed other underperforming sites in recent months, such as travel service FareChase and storage service Briefcase. Its profile site currently doesn’t enable sharing of multiple photos, as 360 does. Marketing revenue from sites owned and operated by Yahoo dropped 9.7 percent in the first quarter from a year earlier.
- **Google appears to be laying down the gauntlet in the e-book market.** Google signaled its intent to introduce a program by the year’s end through which publishers could sell digital versions of their newest books direct to consumers through Google. The move would pit Google against e-commerce company Amazon.com, which is seeking to control the e-book market with the versions it sells for its Kindle electronic reading device. It is likely to be welcomed by publishers that have expressed concerns about Amazon’s aggressive pricing strategy for e-books. Amazon offers Kindle editions of most new best-sellers for US\$9.99, a price far lower than the typical US\$26 at which publishers sell new hardcover books. Google would allow publishers to set consumer prices. Google’s e-book retail scheme would be separate from the firm’s settlement with authors and publishers over its book-scanning project, under which it has scanned more than 7 million volumes from several university libraries. The majority of those books are out of print. The settlement, which is the focus of a United States Department of Justice inquiry about the antitrust implications and is also subject to court review, also provides for a way for Google to sell digital access to the scanned volumes.

Technology

- **EMC Corp. made an unsolicited offer to acquire Data Domain Inc. for US\$1.8 billion in cash, topping a bid by NetApp Inc., which agreed to buy the company for US\$1.5 billion two weeks ago.** EMC, the biggest maker of storage computers wants Data Domain to expand in the market for

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systems that reduce the amount of disk space needed to store data. While EMC can finance the deal with cash, NetApp would have to use more stock to match the offer. The acquisition will add to EMC's earnings next year and won't change profit in the current year, excluding some costs. EMC was interested in buying Data Domain prior to the NetApp agreement.

Semiconductor

- **Intel Corp. agreed to buy software company Wind River Systems Inc. for about US\$884 million, a bid to get its chips into more consumer electronics and wireless devices.** The price is US\$11.50 a share in cash, offering a 44 percent premium over Wind River's closing price. Wind River makes operating systems for everything from cars to mobile phones, serving customers such as Sony Corp. and Boeing Co. Intel, whose processors run about 80 percent of the world's personal computers, is expanding into new markets, including chips for televisions and mobile devices. Wind River's software and customer list will pave the way for Intel to win more chip contracts.

Investments/ Ventures

- **A company backed by a half-dozen venture capital firms and about 200 institutional investors is trying to make it easier for startups to stage initial public offerings, a bid to spur a recovery after the market collapsed.** InsideVenture Inc. will introduce a new kind of transaction called a "hybrid public-private offering," Chief Executive Officer Mona DeFrawi said in an interview. Startups selling stock under the program would make the same filings as in a regular IPO. The HPPO, pronounced "Hippo," is a new part of the venture-capital industry's response to the worst drought of IPOs in at least 38 years. The program is designed to spur interest in technology startups and create a new way for venture capitalists to earn a return on their investments. Connecting venture-backed technology companies directly to investors will let firms that are too small to interest large investment banks try to raise money. The HPPO process will be similar to an ordinary IPO, where investment banks underwrite the offering and sell shares to the public. Companies will file quarterly reports with the U.S. Securities and Exchange Commission after they go public.

Europe

Media, Gaming and Entertainment

- **Virgin Media Inc. plans to triple the number of its retail stores in the U.K. in the next year.** Virgin Media has recently opened stores in Birmingham, Plymouth, Bromley, Leeds and Leicester, taking the total number of Virgin stores to 27. The company said it plans to triple its retail presence in a year and will open two new stores in London in the coming months.

Telecommunications

- **KCom Group PLC, a provider of communications solutions to businesses and public sector organizations, cut its final dividend as it swung to a heavy fiscal 2009 pretax loss after restructuring costs, but is in a stronger position going forward.** For fiscal 2009, ended March 31, the company incurred a pretax loss after restructuring costs and impairment charges of 111.3 million pounds (US\$177.8 million). Before charges, KCom posted pretax profit of 17.9 million pounds (US\$28.6 million). Sales fell more than 8 percent, which the company said was in line with expectations. It has identified ways to significantly reduce its ongoing fixed costs and capital base. Executive Deputy Chairman Bill Halbert will become Group Executive Chairman, following Michael Abrahams' retirement. The most telling element of the results was in the outlook, which highlighted

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that prospects for the company are largely dependent on the ongoing success of management efforts to improve the quality of group's activities.

- **The Russian government has approved the provisional plan for the reorganization of state telecoms holding OAO Svyazinvest.** Svyazinvest owns controlling stakes in Russia's regional fixed-line telecoms operators, some of whose shares are traded on the Moscow stock exchange. Deputy Prime Minister Sergei Ivanov said that the main goal of the reorganization is to the "fundamentally improve the competitiveness and effectiveness of the company". The reorganization plan sets out two scenarios in terms of which the holding's long-distance business OAO Rostelecom would absorb the regional units.
- **France Telecom has taken a step closer to taking control of Egyptian operator Mobinil, having secured commitments from minority shareholders to sell their stakes.** The French incumbent has reached agreement with a number of minorities to acquire their holdings in the Egyptian Company for Mobile Services (ECMS), which operates as Mobinil. The company has now agreed to purchase more than 3 percent of the issued share capital of ECMS, which equates to more than 6 percent of the company's shares in free float. The French operator is currently in discussions with other potential sellers. France Telecom and Egypt's Orascom Telecom, its partner in ECMS, have been engaged in legal wrangling over control of the Egyptian mobile operator since 2007. The battle came to an end in April when Egypt's Arbitration Court ordered Orascom to transfer its stake in ECMS' holding company to France Telecom for 530 million pounds (US\$740.3 million), a move that would give the French operator majority control (51.03 percent) of Mobinil.
- **Qatar Telecom expects a substantial upsurge in its financial results because the markets it has entered or invested in enjoy a growth potential of at least 50 percent.** Qtel's chairman Sheikh Abdullah bin Saud Al Thani confirmed that his company is seeking to buy stakes in Morocco's telecom operator Meditel from Portugal Telecom and Spain's Telefonica. Qtel doesn't intend to enter the European market because this isn't part of its expansion strategy.
- **Telenor ASA will cut 400 jobs in Sweden out of a total of 2,400 employees because of disappointing sales.** Net profits plunge two-thirds in the first quarter because of the impact of the economic crisis, particularly in Russia and Ukraine, and the company had announced it would be cutting costs. The group has a total of 39,250 employees, including 2,400 in Sweden.
- **OAO Rostelecom is replacing Chief Executive Konstantin Solodukhin with the head of its affiliate OAO Dalsvyaz.** Solodukhin was appointed as CEO at the end of 2007 and his contract was due to expire in December. In its release, Rostelecom didn't say why Solodukhin had been replaced. His replacement, Anton Kolpakov, has agreed a two year contract with Rostelecom, which was approved by the company's board. Since 2007, Kolpakov has been CEO of Dalsvyaz, which operates the fixed-line telecoms network in the far east of Russia. Rostelecom and Dalsvyaz are both units of OAO Svyazinvest, the state-controlled holding that owns most of Russia's telecoms infrastructure. The Russian government is pressing ahead with long-delayed plans to restructure Svyazinvest, and one of the options being considered is for Rostelecom to absorb the other units.

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Other Economic Data

| Currency Exchange Rates | | | | | | |
|-------------------------|------------|-----------------------------|------------------------|-------------------------|----------------------|----------------------|
| Currency | Units | Current Rate (on 6/5/09) | % Change 1 Week Ago | % Change 1 Month Ago | % Change 1/1/2009 | % Change 1/1/2008 |
| Japanese yen | ¥/US\$ | 98.6400 | 3.5% | -0.3% | 7.0% | -12.4% |
| Hong Kong dollar | HK\$/ US\$ | 7.7518 | 0.004% | 0.03% | 0.02% | -0.7% |
| Chinese renmenbi | RMB/ US\$ | 6.8329 | 0.1% | 0.2% | 0.2% | -6.4% |
| Singapore dollar | S\$/ US\$ | 1.4559 | 0.8% | -1.0% | -0.4% | 0.7% |
| South Korean won | KRW/ US\$ | 1,247.5000 | -0.8% | -1.6% | -5.2% | 33.3% |
| New Taiwan dollar | NT\$/ US\$ | 32.6400 | 0.2% | -1.1% | -0.4% | 0.4% |
| Australian dollar | US\$/A\$ | 0.7930 | -1.0% | 7.2% | 11.7% | -9.3% |
| New Zealand dollar | US\$/NZ\$ | 0.6253 | -2.3% | 8.7% | 6.9% | -19.2% |
| Philippine peso | PHP/ US\$ | 47.0000 | -0.3% | -2.1% | -0.4% | 14.1% |
| Euro | US\$/€ | 1.3972 | -1.3% | 4.3% | 0.7% | -5.0% |
| British pound | US\$/£ | 1.5977 | -1.3% | 6.3% | 10.0% | -19.8% |

Fixed Income Prices and Yields

| Note | Currency | Current (on 6/5/09) | | 1 Week Ago | | 4 Weeks Ago | |
|---------------------|----------|---------------------|-------|------------|-------|-------------|-------|
| | | Price | Yield | Price | Yield | Price | Yield |
| US 30-year | US\$ | 93.69 | 4.70% | 98.63 | 4.38% | 90.42 | 4.06% |
| Japan 30-year | ¥ | 100.62 | 2.28% | 100.71 | 2.28% | 103.01 | 2.12% |
| Hong Kong 10-year | HK\$ | 88.47 | 3.04% | 88.87 | 2.98% | 93.95 | 2.24% |
| China (06/16) | US\$ | 111.57 | 2.90% | 111.57 | 2.90% | 109.12 | 3.24% |
| Singapore 10-year | S\$ | 99.50 | 2.57% | 99.03 | 2.63% | 115.98 | 2.10% |
| South Korea 20-year | KRW | 10,226.14 | 5.50% | 10,203.99 | 5.51% | 10,552.04 | 5.11% |
| Australia 15-year | A\$ | 99.96 | 5.75% | 102.62 | 5.45% | 103.73 | 5.46% |
| New Zealand (12/17) | NZ\$ | 100.23 | 6.06% | 101.53 | 5.85% | 105.38 | 5.14% |
| Philippines 20-year | PHP | 102.31 | 9.46% | 102.44 | 9.44% | 98.47 | 9.67% |
| India 30-year | INR | 90.00 | 7.84% | 90.20 | 7.82% | 93.76 | 7.35% |
| UK 30-year | £ | 102.35 | 4.66% | 103.26 | 4.60% | 106.00 | 4.38% |
| Germany 30-year | € | 97.44 | 4.41% | 98.03 | 4.36% | 104.15 | 3.97% |

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