



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

Week of 6 July 2009 - 12 July 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 (7/10/2009)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2008	% Change 12/31/2007
S&P 500	879.13	-1.9%	-6.7%	-2.7%	-40.1%
Dow Jones Industrial Avg.	8,146.52	-1.6%	-7.0%	-7.2%	-38.6%
Dow Jones Tech. Index	308.83	-1.5%	-3.0%	22.9%	-32.7%
Dow Jones Telecom. Index	184.70	-2.7%	-1.9%	-7.6%	-41.1%
NASDAQ Composite	1,756.03	-2.3%	-5.6%	11.4%	-33.8%
Japan Nikkei 225	9,287.28	-5.4%	-5.1%	4.8%	-40.7%
JASDAQ	47.78	-2.2%	6.9%	-0.9%	-33.8%
Japan Mothers	430.73	-3.6%	8.6%	33.2%	-45.0%
Korea KOSPI Composite	1,428.62	0.6%	4.1%	27.0%	-24.7%
Korea Kosdaq	495.27	-1.3%	-4.4%	49.2%	49.2%
Taiwan Stock Exchange	6,769.86	1.6%	5.5%	47.5%	-20.4%
Singapore Strait Times	2,366.18	0.4%	-1.6%	34.3%	-31.7%
Hong Kong Hang Seng	17,708.42	-2.7%	-1.9%	23.1%	-36.3%
Hong Kong GEM	573.20	-1.3%	1.0%	48.7%	-57.5%
China Shanghai (A-Share)	3,268.94	0.8%	11.7%	71.0%	-40.8%
China Shenzhen (A-Share)	1,095.91	4.3%	13.3%	88.5%	-27.9%
China Shanghai (B-Share)	198.85	0.8%	9.4%	79.3%	-45.7%
China Shenzhen (B-Share)	512.77	-0.5%	9.6%	89.0%	-27.7%

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

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

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

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

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

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Weekly Highlights

International

Information Technology

- **Worldwide information technology spending in 2009 is expected to post a 6 percent drop to US\$3.2 trillion from 2008, as IT budgets continue to be cut.** The firm lowered its 2009 forecast from its first-quarter projection, when it forecast 2009 IT spending to decline 3.8 percent. The hardware and software segments have shown signs of stability, with only minor revisions being made for their forecast, while the full impact of the recession on IT services and telecommunications is still emerging. The rising dollar in recent months is also seen as having a negative impact on IT spending, measured in dollar terms. In its latest projections, computing hardware is expected to see the biggest drop in spending this year, at 16 percent, while IT services and telecom spending is expected to fall 5.6 percent and 4.6 percent, respectively. Software growth is expected to slow by 1.6 percent.

Telecommunications

- **Global capital expenditure on telecom industry is expected to rebound in the second half of 2009.** Being considered are the good performance of major telecom operators' balance sheets, network construction competition among carriers, investment recovery induced by large economic stimulus plans applied by the U.S., China, and Russia, and rigid demand on telecom investment in China, Africa, and Middle East where mobile communication and network penetration rates are still low. China's fixed-asset investment in the telecom industry this year is expected to rise up to 9.6 percent year on year. After the concentrated investment in 2009, investment growth rates in fixed-asset of the telecom industry during 2010-2011 will decline, but the actual investment scale will be still larger than the historical average, and the industry's prosperity is expected to last three years. Besides 3G, reshuffled three Chinese telecom operators all started full-service operation, and more networks would be constructed, namely China Mobile's basic transmission network, broadband metropolitan area and access network, and China Unicom and China Telecom's 2G networks in rural regions.

Japan

Telecommunications

- **NTT DoCoMo Inc. bought a 35 percent stake in NextWave Wireless Inc's software unit PacketVideo for US\$45.5 million to strengthen its music and video services.** DoCoMo is shoring up its contents services to fight subscription flight in a cut-throat and saturated market. DoCoMo aims to secure its partnership with PacketVideo, which already supplies the carrier with software to replay music and videos, ahead of the planned launch of its next-generation "Long Term Evolution" (LTE) services in December next year.
- **NTT Communications Corporation (NTT Com), the wholly-owned subsidiary of Nippon Telegraph and Telephone Corp., and Integralis AG, an international provider of IT security services, announced the signing of a Business Combination Agreement and as part of this agreement, NTT Com agreed to launch a voluntary public takeover offer for all outstanding shares of Integralis.** NTT Com offers 6.75 euro (US\$9.4) in cash per share. The offer price represents a 70 percent premium over the three-month average closing share price on the Frankfurt Stock Exchange (Xetra) prior to the date of this announcement and a 35 percent premium over the

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closing price (Xetra) on 29 June 2009. Based on the number of Integralis shares outstanding, the offer would represent an equity value for Integralis of approximately 75 million euros (US\$104.5 million). NTT Com has already secured irrevocable undertakings from key shareholders including all members of the management and supervisory board of Integralis, representing approximately 30 percent of the company's voting rights.

- **NTT DoCoMo Inc., Japan's largest mobile-phone operator, aims to ship as many as 1 million smart phones in the country this year, helped by the release of a model running Google Inc.'s Android operating system.** The company targets capturing half of the country's market for smart phones, estimated to be between 1.5 million and 2 million units in the 12 months ending Dec. 31, President Ryuji Yamada, 59, said. Tokyo-based Kagawa estimates smart-phones will comprise less than 10 percent of total wireless-handset shipments in the country this year. DoCoMo will begin selling an Android handset made by Taiwan's HTC Corp. on July 10 to compete with Apple Inc.'s iPhone offered by rival Softbank Corp
- **Huawei Technologies has announced that the company has set up a long-term development lab in Tokyo, Japan.** The lab will not only be used as a research and development center for LTE technologies, but also will provide testing and training facilities for the implementation and commercialization of the next-generation wireless technologies. In addition, Huawei's research team will be able to complete product tests with Japanese operators before delivery of new systems. Yan Lida, a representative from Huawei Japan, said that Huawei is glad to show its latest LTE testing technologies to clients in Japan. With the new lab Huawei and its partners can start to deploy the commercial use of the LTE network at any time. With the top innovative and training conditions provided by the lab, Huawei hopes to aid its Japanese clients in the research and development of LTE solutions.

Internet

- **DeNA Co. will take a 50 percent-plus stake in British firm Waptx Ltd., turning the operator of a Chinese social networking site for cell phones into a subsidiary.** DeNA will buy some 8.73 million shares in the British company this month via a private placement of shares. Through two fully owned units in Shanghai, Waptx has partnered with a local social networking service firm and together they run China's largest mobile social networking Web site, which boasts some 9 million users. DeNA intends to use its portal site content and expertise to expand its social networking business. Although DeNA currently provides mobile social networking services in China, it is struggling with just a few hundred thousand subscribers. In order to focus resources, DeNA could merge its own offering with Waptx's service.

Semiconductor

- **Tokyo Electron is in no hurry to buy another semiconductor equipment maker as it seeks to develop new products and increase its market share.** Tokyo Electron's clients, which include chipmakers Samsung Electronics and Toshiba and foundry TSMC, are just starting to invest in new equipment after a prolonged downturn. Takenaka, who in April inherited a company headed for a record operating loss this year, denied that the firm was looking immediately to expand its partnerships with equipment makers such as Novellus or ASM International. Tokyo Electron is focusing on raising its market share in areas where it has yet to secure top share, such as in etchers, where it competes with Lam Research Corp and Applied Materials.

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- **The CEO of Japan's Elpida Memory Inc. said that technology partner Taiwan Memory Co (TMC), which is backed by the Taiwan government, was seeking a stake of about 10 percent in Elpida.** The government will invest some US\$310 million in Elpida, part of US\$1.7 billion in financial aid that includes loans from private banks to shore up the loss-making chip maker. On a separate matter, Elpida stated that despite withdrawing from Powerchip's board of directors, the relationship between both companies remains strong and the working relationship has not changed.
- **NEC Electronics's semiconductor orders would increase several percent this quarter, helped by demand for chips used in cars and liquid-crystal displays.** Orders in the quarter to probably jumped one and a half times from the previous three-month period, as manufacturers emerged from a period of excessive inventory cuts. He inherits a company facing its fifth consecutive year of losses as falling sales of chips used in mobile telephones, cars and flat-screen televisions outpace cost reductions. NEC Electronics in May said it planned to cut labor and research costs by 90 billion yen (US\$972 million) this financial year to break even at operating level this fiscal year. The company was increasing production to meet a recovery in demand. The factory-utilization ratio, a measure of how close the plants are to operating at full capacity, would probably rise to 60 per cent this quarter, from about 50 per cent last quarter and 43 percent in the first quarter this year.

Alternative Energy

- **China's Trina Solar and Canada's Canadian Solar are preparing to open liaison offices in Japan to launch their respective solar-cell modules on the market.** The two companies are both integrated producers, manufacturing ingots, wafers, cells and modules. They supply a diversity of module types, including crystalline, polycrystalline and building-integrated photovoltaics. Having primarily developed their businesses in Europe, they now are targeting Japanese demand for further growth. Their liaison offices are to work out strategies to penetrate the Japanese market, where strong competitors are already building up their presences. Trina Solar posted sales of US\$300 million in 2007, swelling the figure to US\$800 million in 2008 by setting up offices in Barcelona in Spain, Munich in Germany, Seoul in South Korea, San Francisco in the U.S. and Shanghai in China. Its production center at Changzhou in China achieved an output capacity of 350 MW at the end of 2008 and is to be further expanded to about 550 MW by the end of this year.

Hardware

- **Samsung Electronics Co. is entering Japan's market for digital signs.** The company's local arm, Samsung Japan Corp., signed a sales agency contract with Nissho Electronics Corp. to market Samsung's digital signage products through the Nissho subsidiary NGC Corp. The first product will be the Samsung UD (Ultra High Definition Display), 46-inch LCDs that can be linked together to create huge screens. As many as 250 UD panels can be combined. Nine interconnected panels create a 138-inch display with 8 million pixels, or around quadruple the resolution of full high-definition. Samsung will also release high-intensity digital signs for outdoor applications. Japan's digital signage market is expanding, and Samsung has set a wide target that includes sales to airports and public facilities.
- **Sony Corp. Chief Executive Officer Howard Stringer spurned calls by Activision Blizzard Inc. to cut prices of the PlayStation 3 because the US\$400 console is unprofitable.** Activision CEO Bobby Kotick said last month the publisher of the "Guitar Hero" and "World of Warcraft" games may shift away from developing products for Sony's PlayStation 3 toward cheaper machines by competitors of the company. The PS3 trails the Wii and the Xbox 360 in sales. The Wii sells for US\$250 and the least expensive Xbox costs US\$200. Sony cut the price for the PlayStation 3 in the

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U.S. in July 2007 and in Japan in October that year, when it introduced a new model. The game unit has been Sony's biggest money-loser during the past three years, accumulating 415.3 billion yen (US\$4.4 billion) of operating losses.

- **Sony Corp. plans to launch a new Vaio laptop that will sell for around 60,000 yen (US\$629) in Japan in August, making an entry into the fast-growing netbook market.** Netbook PCs are smaller and cheaper than traditional notebook computers and optimised for simpler computing tasks such as Web browsing and email. Pioneered by Taiwan's Asustek in 2007, other global brands such as Acer Inc, Hewlett-Packard and Dell have pushed out their own lines since then. Sony, the last major PC maker to enter the netbook segment, hopes the new product's design and high-resolution display will help the consumer electronics giant establish a presence in the market. The new Sony machine, equipped with Microsoft Corp's Windows XP operating system and Intel Corp's Atom processor, will have an LCD display with a resolution of 1,366-by-768 pixels, compared with the 1,024-by-600-pixel displays that are widely used in other netbooks. Sony declined to unveil its sales target for the new netbook model, but the company aims to boost its overall Vaio PC sales to 6.2 million units in the year to March 2010 from 5.8 million units a year earlier.
- **Sony CEO Howard Stringer said the company has no plans to buy out its partner Ericsson's stake in their handset joint venture (JV) Sony Ericsson.** Howard Stringer told reporters that he wanted to make the partnership work, and had had no indication that Ericsson was planning on pulling out.
- **Canon Inc. said it would cut about 700 jobs at its chip equipment operations, underscoring a bleak outlook for the sector as the global economic crisis hits demand and forces chip makers to curb capital spending.** The company says most workers to be affected are in Japan and that the workers will be transferred to other sections within Canon. Steppers are multi-million dollar machines used to etch circuitry onto semiconductors and LCD panels. Canon spokesman Makoto Sugimoto declined to say how many staff it has in its chip stepper operations but the Nikkei business daily reported that the 700 jobs were roughly equivalent to 30 percent. Canon does not expect its optical products division, which offers microchip and LCD steppers, to turn profitable until 2012. The company expects the unit to post an operating loss of 27.4 billion yen (US\$285 million) in 2009.

Korea

Information Technology

- **South Korean exports of information technology (IT) products fell 11.6 per cent on-year in June as the global economic slump dampened overseas sales.** Exports of semiconductors, mobile phones and other IT products reached US\$10.17 billion last month, with imports dropping 17.1 per cent to US\$5.35 billion for a surplus of US\$4.82 billion. While June's outbound shipments fell off compared to the year before, total export volume has increased monthly over the past six months, indicating that the world economy may be making a gradual recovery. Exports in June surpassed the US\$10 billion mark for the first time this year. The ministry, in charge of the country's industrial policies and trade promotion, added that while exports have contracted vis-a-vis 2008, negative growth has slowed in recent months. IT exports declined 39.2 per cent on-year in December but contracted 26.8 per cent in March and 17.1 per cent in May. Exports of mobile phones and semiconductors were down 7.4 per cent and 23.0 per cent respectively in June while overseas sales of liquid panel displays gained 4.0 per cent compared to the year before. China was the biggest importer

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of Korean-made IT products, buying US\$4.14 billion worth, followed by the U.S. with US\$1.40 billion and the EU with US\$1.39 billion.

Hardware

- **Cross LCD panel purchase between Samsung and LG, which has been long-held wish in display industry will eventually begin in September.** For this, the Minister Lee, Yun-ho of the MKE and CEO of two companies will sign on MOU. Although the initial quantity isn't much, it holds special meaning in that the two firms will do cross purchase key products for the first time in the industry history after ups and downs. Recently relations between China and Taiwan have deepened, check against Korean display industry has also become stronger, so the cooperation will fresh stimulus in overall industry. Samsung Electronics (VD and LCD Division) and LGE and LGD will conduct cross purchase for panels for monitors from September. VD Division of Samsung Electronics agreed to get 17 inch wide LCD panel for monitors from LGD and DD Division of LGE will get 22 inch wide LCD panel for monitor from LCD Division of Samsung Electronics. Samsung and LG received prototype of LCD panel for monitor from each other and are doing final test. This is the first time for Samsung Electronics to apply IPS LCD panel of LGD to its monitors.
- **Samsung Electronics is estimated to buy US\$7.5 billion worth of components from Taiwan this year for its liquid-crystal display (LCD) TVs lighted up by light emitting diode (LED) backlights.** Samsung has projected to ship two million units of the TVs by the end of this year, a volume estimated to command 10 percent of its total TV shipments throughout this year. The company has delivered 400,000 systems in three months following the new launch in April this year, snatching up 90 percent of the world market. Items on the company's procurement list include LED chips, LED backlights, display panels, monitors and TVs. The estimated 2009 procurements represent a 7-10 percent increase in value from 2008. Although supplies of the display panels are reportedly running short, Samsung Taiwan's executives stress LED backlight supplies are much tighter than LCD supplies since the uses of the backlights, which have been the light source in cell phones, in TVs have sharply increased. The Samsung officials noted that LED-type LCD TVs are noted for their slim design, energy conservation, and eco-friendliness. The company has introduced 2.99-centimeter-thick TVs.
- **Samsung Electronics expected operating profit for 2Q to be 2.2-2.6 trillion won (US\$1.7-2.0 billion), which will be the highest since 2Q of 2004 of 3.7 trillion won (US\$2.9 billion).** Market experts said this is the good sign getting out of recession and have issued positive outlook after 2Q. Samsung Electronics surprised market on that day. The estimates paled the major prospects by securities firms. If estimates become reality, the firm is going to turn around to go back before recession. The figure is conservatively 2.2 trillion won (US\$1.7 billion). That is the highest since 2Q of 2004 and double average prospect by 26 securities firms of 962.8 billion won (US\$747.6 million). The market attributed recovery of competition to good performance. In short, DS, slowed than cell phone and TV in 1Q, showed unexpectedly high performance. Semiconductor LCD sector that was deficit 980 billion in 1Q, turned around and TV and cell phone continued growth.

Media, Entertainment and Gaming

- **The real-time IPTV service subscribers in Korea hit 468,773, a 10-time increase compared with the end of last December.** Also, the total subscribers increased to 1,687,833 by 34,000 in just 6 months. That is bigger than the cancellation of the VoD IPTV subscription. On July 2, Korea's three IPTV operators said that KT's Qook TV has 724,564 subscribers while LG Dacom's My LGTV and SK Broadband's Broadband & TV have 188,289 and 774,980, respectively. Particularly, the number of

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subscribers to the real-time IPTV service has increased from 1,000 at the end of last year to 3,860 per day at the end of June, showing the strong development of the IPTV market within this year. Such a growth is likely to continue even in the second half. Noticeably, the statistics of June show that although subscribers of the VoD service have reduced dramatically, the overall IPTV subscription is growing thanks to the rapid growth of the real-time service subscribers.

Investments/ Ventures

- **Japanese direct investment in South Korea surged 82.6 per cent in the first six months of the year to US\$1.17 billion, or roughly 114 billion yen (US\$1.2 billion), compared with the year-earlier period.** Investment by manufacturers accounted for some 90 percent of this figure, mainly producers of parts and materials. AvanStrate Inc. is currently constructing a plant for glass substrates used in LCD televisions in the city of Pyeongtaek. Formerly known as NH Techno Glass Corp., the firm hopes to expand shipments to Samsung Electronics when the factory starts operations possibly by year-end. Although the firm has not disclosed the cost, it sought permission to invest 300 million dollars during the January-June period. Asahi Glass Co. also submitted an application to invest 35 million dollars to boost output of LCD glass substrates. Japanese investment in South Korea grew sharply since last October as the yen strengthened against the won. The U.S. and Europe cut investment because they were hit hard by the financial crisis. But Japanese materials producers saw opportunities to increase supplies to Samsung and other local companies that are competitive internationally. South Korea has been actively trying to attract the Japanese parts and materials sectors in order to shrink its trade deficit with Japan.
- **The South Korean government plans to invest 155 billion won (US\$122 million) into 26 commercial projects to boost up new growth industries by mid 2010.** The government is designing the so-called short-term research and development funds to support companies in related areas. Under the recent plan, companies in eight main industrial areas, such as bio-pharmaceuticals, robotics, desalination plants, light emitting diodes, new semiconductors, displays, green cars and clean coal will be receiving the funds. The companies include large conglomerates such as Samsung Electronics Co., Hyundai Motor Co., SK Energy Co., LG Electronics and POSCO, as well as small-sized companies. Companies to get the funds are expected to invest 1.9 trillion won (US\$1.5 billion), into facility investments by 2011.

Semiconductors

- **Hynix Semiconductor Inc will reduce investment in a new production facility by 45 percent to 2.1 trillion won (US\$1.64 billion) and extend the investment period by two years to 2011.** The world's No.2 chipmaker said it would invest 24.6 percent of its capital between April 2007 and December 2011 to expand 12-inch wafer production capacity in Chungju, south of Seoul. Originally, it had planned to invest 3.8 trillion won or 44.5 percent of its capital between April 2007 and July 2009, in a board decision made in April 2007.

China

Internet

- **Netease.com, Inc. will pay an annual base payment of no more than US\$60 million to Blizzard Entertainment, a leading computer games developer.** The company would pay a minimum amount of fees regardless of the game's operations, as stated in the agreement signed by two sides.

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Aside from the share of revenue, Blizzard could also gain from providing technical support, though this amount would be out-scaled by the base payment.

- **Shanda Literature, an online literature platform of Chinese online game operator Shanda Interactive Entertainment Ltd., is seeking new profit-making modes.** The unit held a 3G mobile phone original novel exhibition in an attempt to collect excellent works. In future, it will launch mobile phone payment novel download services and share download charges and advertising revenues with authors. Shanda Literature will partner with China's top ten publishing houses. Mobile phone reading is likely to lead the reading market and draws attention of the investment industry. Shanda Literature started to optimize its wireless reading platform last year and reached strategic cooperation with China Mobile. Established in July 2008, Shanda Literature operates three online literary websites, including qidian.com, hongxiu.com, as well as jjwxc.net. By the first quarter of 2009, the daily peak visit volume of the three sites had reached nearly 400 million.

Software

- **Kingsoft and Qihoo 360 have agreed to launch customized security services on each other's platforms.** With the cooperation, Qihoo 360 will promote the Kingsoft Duba 360 customized edition to its 200 million users. Kingsoft Duba will then recommend the 360-Kingsoft customized security browser on its official website. The service fee of the customized Kingsoft Duba is 25 yuan (US\$3.6) for six months and the two parties will share the income, but the profit-sharing ratio has not been released. The corporation between the two companies has gained wide attention from the Chinese online security industry because the competition in China's anti-virus software market is quite serious.

Mobile/Wireless

- **China's mobile e-commerce revenues are expected to rise up to 130 percent from 2008.** With the arrival of 3G era, China's three telecom operators, China Mobile, China Unicom and China Telecom and newcomers, such as Beijing UFIDA Mobile Business Technology Co., Ltd., have tasted the water in the field of mobile e-commerce one after another. However, since China's mobile e-commerce is still in the initial stage of development, credit lacking, incomplete payment system, unclear mode of business and other negative factors will somehow restrain the cultivation of the market.

Telecommunications

- **China's telecom industry generated business volume of 214.12 billion yuan (US\$31.3 billion) and operating revenues of 71.47 billion yuan (US\$10.4 billion) in May.** Statistics show that the industry's business volume in the first five months exceeded one trillion yuan (US\$146.3 billion), up 11.3 percent on year and operating revenues climbed 2.1 percent on year. The nation's fixed-line business volume kept on dropping with the moderate growth in mobile communications business volume. Traffic volume of local fixed-lines in January-May decreased 11.8 percent from a year earlier to 232.59 billion times. The duration of traditional fixed long-distance calls and IP calls declined 4.6 percent and 16.8 percent, respectively, to 35.21 billion minutes and 50 billion minutes, and that of mobile phone calls rose 17.6 percent. The volume of text messages sent in the first five months hit 319.54 billion pieces, up 11.2 percent on year.
- **China Mobile Ltd. reached a mobile Internet user base of 139 million in the first quarter of 2009, surging 38.12 percent quarter on quarter and 226.37 percent year on year.** The company's mobile Internet active user base reached 94.59 million, making up 68.2 percent of the total in the Chinese market. China Unicom (Hong Kong) Ltd. had a GSM active user base of 36.64 million,

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accounting for 26.4 percent of the total; and China Telecom Corporation Ltd. hit a CDMA active user base of 7.56 million, taking 5.4 percent of the total. With the 3G network beginning commercialization in China, the nation's three biggest telecoms operators scramble for mobile Internet users, which will be the biggest beneficiary to enjoy low-price and increasingly various mobile Internet services.

- **China now has a TD-SCDMA user base of more than 1.03 million, Su Jinsheng, director general of the Bureau of Telecommunication Administration under the Ministry of Industry and Information Technology of China said.** China Mobile Ltd. is the only TD-SCDMA carrier in the nation's fledging 3G market. It is the biggest telecommunications carrier in both China and the world in terms of number of subscribers. Under the program made by the listed company's parent China Mobile Communications Corporation, the number of China Mobile's cell towers has been beyond 20,000; and it is scheduled to invest 58.8 billion yuan (US\$8.6 billion) in its cell tower construction in 2009 and lets the number exceed 80,000, serving 238 cities across the country.
- **China Unicom and the Shanghai Municipal Government signed a framework agreement on cooperation in the informatization field.** The Unicom Group granted a three-year investment of 20 billion yuan and confirmed cooperation with local government in several areas. The telecom operator will increase the fixed-asset investment in Shanghai, enhance the city's informatized service ability, boost the economic growth, and turn the city into a key information and communication hub in the Asia-Pacific region. The carrier earmarked 800 million yuan (US\$117.1 million) for guaranteeing the communication during Shanghai World Expo in 2010, and would boost the employment in the municipality through promoting the development of each tache of the telecom industry chain, which may add about 10,000 jobs indirectly. Meanwhile, the Unicom Group would implement the broadband speed acceleration strategy in full swing, and boost the access network construction based on FTTB.
- **China Mobile may buy a stake in Industrial and Commercial Bank of China, the world's largest bank by market value, as requested by China's state asset watchdog, the State-owned Asset Supervision and Administration Commission (SASAC).** SASAC is encouraging state-owned enterprises to combine their industrial capital with financial capital. Its request is in line with its goal of propping up the shares of big state-owned banks, said the paper. However, talks are still in the preliminary stages, and the size of the stake SASAC is encouraging China Mobile to buy is not known. Officials from China Mobile said they were not aware of the request to buy into ICBC.
- **China Telecom plans to purchase more than 3 million units of cellphones early July in cooperation with China's four agent dealer to launch a 3G handset procurement.** Of the terminals the telecom operator plans to buy, the handsets at a price of over 1,000 yuan (US\$146.3) per unit should support 3G, but there will be a small proportion of dual SIM card dual standby GSM mobile phones with prices above 2,000 yuan (US\$292.6) per unit. For the CDMA handset market, market share of medium- and high-end cellphones with prices over 700 yuan per unit has showed an increasing trend to reach 22 percent in May with the sales volume amounting to 440,000 units.
- **Datang Telecom Technology Co., Ltd. is in talks to sell a 20 percent stake, worth as much as 3 billion yuan (US\$439 million), to China's national pension fund National Social Security Fund (NSSF).** Datang Telecom, the major developer of China's TD-SCDMA standard for 3G telecoms services, and the fund have not yet finalized a price tag for the proposed private placement. The proceeds will be used to shore up Datang Telecom's production capacity and improve working capital. Last year, State Development and Investment Corp. (SDIC) bought a 35 percent stake in Datang Telecom Holdings for 5 billion yuan (US\$731.7 million). The national pension fund and

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Datang have decided that the price range will be set between 2.5 billion yuan (US\$365.8 million) and 3 billion yuan (US\$439 million). The NSSF will take a 20 percent stake in Datang Telecom Holdings after buying new shares issued by the telecoms equipment firm.

Media, Entertainment and Gaming

- **China's mobile game market size is expected to rise to 38.5 percent year on year.** With the acceleration of China's 3G commercialized operation, mobile entertainment service will become a crucial driving force boosting the increase of mobile Internet businesses, and the mobile game, as one of the key parts of mobile entertainment services, is developing rapidly. Currently, improved environment of mobile Internet market and advanced handset terminal functions have placed a solid foundation for mobile game's development, and the service is expected to be a business aspect with high growth in the mobile Internet industry. China's mobile game market has entered into a growing period. 3G improves the operating environment of mobile game, the user base expands in great pace, and the number of newcomers soars. Industrial participators become increasingly conscious about the development trend of the mobile game market, and uncertain factors that may impact the industry chain lessen gradually. Contents of mobile game verify, game quality increases, and the mobile Internet game shows a booming trend.
- **Noah Education Holdings Ltd. has acquired 100% of Little New Star Education Group for 113 million yuan (US\$16.5 million) in cash and stock.** Little New Star specializes in children's English language training and is expected to generate between 13 million yuan (US\$1.9 million) and 15 million yuan (US\$2.2 million) net profit in fiscal 2010. The parties already signed a definitive agreement for the acquisition.

Hardware

- **Ericsson Telephone Co. has won deals totaling US\$1.7 billion to deliver second- and third-generation mobile communication equipment to Chinese operators China Mobile Communications Corp. and China Unicom, indicating rapid growth on the country's telecom market.** Mats Olsson, Ericsson's president for Greater China, said that the value of the deals is roughly equivalent to Ericsson's entire sales in the country during 2008. The framework contract with China Mobile, valued at US\$1 billion, includes products and solutions to expand the company's networks in 18 Chinese provinces. Under the framework agreement with China Unicom, valued at US\$700 million, Ericsson will upgrade the operator's GSM networks in 10 provinces and provide GSM/WCDMA networks and wireless access system in 15 provinces. Chinese operators were awarded 3G mobile phone business licenses from the authorities as recently as January. Western gear companies like Ericsson and Alcatel-Lucent have since then been fighting for market share in the country, aiming for a slice of its investment in improving the networks as growth on other markets slows.
- **China's TV export value rose 32.8 percent and 6.9 percent month on month in March and April 2009, in spite of 17.1 percent and 22.6 percent year-on-year decreases.** Chinese regulators lifted the tax rebate rate on CRT TV export to 17 percent, and the same drawback rate was imposed on TV transmission equipment export days ago. Partly thanks to these preferential policies, TCL Multimedia Technology Holdings Ltd. CEO Leong Yue Wing estimated TCL TV export value in 2009 to keep flat from last year. Tsinghua Tongfang Co., Ltd. is expected to sell 1.5 million TVs beyond China this year, rocketing 300 percent year on year. Xiamen Overseas Chinese Electronic Co., Ltd. saw export of 580,000 TVs, surging 65 percent from the comparable period of 2008. And the TV export of Skyworth Digital Holdings Ltd. hiked 69 percent year on year from April 2008 to February 2009.

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Semiconductor

- **MediaTek Inc. and Shenzhen Hesi Technology Co., Ltd. are expected to stir the Chinese Mainland's smartphone market with their new mobile phone chips.** As a subsidiary of Huawei Technologies Co., Ltd., Hesi Tech lately launched its chips applicable to smartphones priced at 998 yuan (US\$146) to 1,020 yuan (US\$149.2). The prices of most smartphones in the mainland are higher than 10,000 yuan (US\$1463), presently. In the fourth quarter of 2009, MediaTek Inc. will reportedly put up its first smartphone platform solution. And the move is expected to bring many knockoff manufacturers into the smartphone market, as 87 percent of the mainland's knockoff cellphones adopt MediaTek chips. Analysts estimated the world's smartphone semiconductor output value to jump 16 percent year on year in 2009, in spite of a deep decline in the whole semiconductor industry. As for the smartphone semiconductor output value in 2010, analysts predicted a 30 percent growth at least.

Alternative Energy

- **Chinese government has set a new target of adding 20 GW of installed photovoltaics (PV) power generating capacity in the 10 years from 2010 to 2020, which means an increase of two GW for each year.** China is likely to publish its new energy industry stimulus plan next month at the soonest. The plan raises the target for the installed capacity of the photovoltaics industry. China now has several solar PV enterprises listed in foreign stock markets. They include SunTech Power Holdings Co., Ltd., LDK Solar Co., Ltd., Trina Solar Limited, Solarfun Power Holdings Co., Ltd. and China Technology Development Group Corporation, Yingli Green Energy, and JA Solar.
- **Yingli Green Energy Holding has secured two credit facilities, the first worth US\$100 million from Bank of Communications' Offshore Center, and the second worth 300 million yuan (US\$43.9 million) from the Hebei Branch of Bank of Communications.** The company also announced that its Baoding-based wholly owned subsidiary, Yingli Energy (China), made an early repayment of a US\$50 million loan drawn in April this year from a fund managed by Asia Debt Management.
- **Suntech Power Holdings said the company Chief Operating Officer Johnson Chiang has resigned from his post for personal reasons.** Vice President of Manufacturing Technology and Quality Guangchun Zhang will oversee crystalline silicon PV manufacturing operations in China while Suntech searches for a replacement. Suntech Chairman and CEO Dr. Zhengrong Shi will take charge of the Shanghai thin film plant, KSL Kuttler and BIPV manufacturing operations at Suntech Japan. Guangchun Zhang joined Suntech as a VP in November 2005.

Taiwan

Mobile/ Wireless

- **HTC Corp.'s second-quarter net profit fell 1.9 percent from a year earlier, but the decline was smaller than market expectations and its earnings improved from the previous three months.** Unaudited net profit for the three months ended June 30 was NT\$6.49 billion (US\$196.9 million). The second-quarter net profit was up 33 percent with revenue rose 10.3 percent to and by 21 percent. The company expected second-quarter revenue of NT\$37.5 billion (US\$1.1 billion) to NT\$38.5 billion (US\$1.2 billion). HTC is the world's largest maker of phones using Microsoft's operating system by shipments, and is also the maker of the Google phone, which uses the Android operating system, an open-standard platform for mobile phones. HTC's earnings fell from a year earlier because the margins on the Android-based phone it makes for T-Mobile USA, the T-Mobile G1, are way below

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the company average. The company launched the world's first Android-based phone in September. HTC makes phones mostly under its own brand and also handsets made under contract for telecommunications firms that put their own brand on the phones.

Hardware

- **Quanta Computer exceeded its second-quarter shipments forecast by 4 percent on new orders from PC brands ahead of the peak holiday season.** The company shipped 3.3 million laptops in June and a total of 7.9 million units in the April-June quarter, representing sequential growth of about 14.5 percent. A key supplier to brands such as Hewlett-Packard, Dell and Apple, the company had previously said shipments in the second quarter would be about 10 percent higher than the 6.9 million units it shipped in the first quarter. Quanta declined to provide a new forecast for the current quarter, but said it stuck by its previous outlook for growth equal with or faster than the overall industry.
- **Compal Electronics shipped a better-than-expected 7.9 million units in the second quarter, in the latest sign of a pick-up in demand.** A key supplier to top PC brands such as HP, Dell and Acer, Compal spokesman Chang Chih-ming said the company shipped 2.7 million laptop PCs in June. The company expected second-quarter shipments to grow 15-20 percent sequentially, and that the second-quarter figure would be better than the higher end of its own forecast, representing growth of more than 25 percent. Compal shipped 6.3 million laptop PCs in the January-March quarter. Chang declined to provide a new forecast for the current quarter, and stuck to the company's previous guidance of shipping between 32 million and 35 million laptop PCs this year.

Telecommunications

- **Macquarie Group Ltd. plans to sell a 20 percent-40 percent stake in wholly owned Taiwan Broadband Communications for as much as NT\$13 billion (US\$393.3 million).** Taiwan Broadband has 660,000 cable television and broadband subscribers. Macquarie Group acquired Taiwan Broadband in 2005.

Semiconductors

- **Taiwan Semiconductor Manufacturing Co. Ltd. (TSMC) booked its biggest monthly sales in eight months that topped the level by cross-town rival United Microelectronics Corp. (UMC), because of the growing demand for computers and other consumer gizmos.** April-June sales jumped 88 percent from the first quarter and beat TSMC's own forecast made in April, boding well for the third quarter as analysts expect TSMC to boost shipments of chips made by more advanced technology to its clients. TSMC, which grabs about a 50 percent share of the US\$20 billion market for custom-built chips, had unconsolidated sales of NT\$25.78 billion (US\$781 million) last month. The result fell 9.6 percent from a year ago but was up about 5 percent from May, marking its fourth straight monthly rise. UMC had sales of NT\$8.24 billion (US\$249 million) in June, its largest monthly sales in nearly one year.
- **Nanya Technology and Inotera are seeking state funds of up to NT\$30 billion (US\$909 million) to help them develop new technologies.** Nanya, Inotera and Micron will work more closely in the future, including developing new chips that have fatter margins and migrating to more advanced process technology to further cut costs and boost efficiency. An Inotera spokesperson said the firm was constantly talking to the government, but had not submitted any application for state funds. Officials at Nanya Tech were not available to comment on the report.

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Hong Kong

Telecommunications

- **Hutchison Telecommunications International Ltd. are in discussions to sell shares in an Israeli telecommunications company.** Hutchison Telecom and its parent, Hutchison Whampoa Ltd., are discussing the sale of a stake in Israel-based Partner Communications Co. to unnamed third parties. Hutchison Telecom owns a 51 percent stake in Partner Communications, which provides fixed-line telephone services and operates third-generation mobile operations in Israel. If the deal is done in cash it would benefit shareholders, as the company would likely use the cash to make a special dividend payment. Despite the recent run-up in Hutchison Telecom's share price, the stock is still trading at a discount to the company's assets. Hutchison Telecom has risen 18 percent since the start of June.
- **Chairman Richard Li has raised his ownership of PCCW to 28.67 percent from 28.60 percent. He bought the shares for around HK\$8.51 million (US\$1.1 million) in total.** This was the first time Li increased his stake in PCCW after his attempt to take the company private was rejected by a Hong Kong court in April. The Court of Appeal ruled against the takeover April 22, and in its written ruling Justice Anthony Rogers said a shareholder vote on Feb. 4 had been manipulated when a PCCW investor handed out shares to hundreds of local insurance agents who then backed the buyout. Li's investment vehicle, Pacific Century Regional Developments Ltd., later said it wanted to challenge the decision at the city's highest court, the Court of Final Appeal. A Hong Kong appellate court will meet Aug. 18 to decide whether to allow Pacific Century Regional Developments, the controlling shareholder of PCCW, to appeal a decision that stopped a US\$2.1 billion bid to take the telecom operator private.

Singapore/Malaysia/Philippines/Indonesia/India

Mobile/ Wireless

- **Research In Motion Ltd. (RIM) is arranging for a repair facility in Indonesia to expand its after-sales service and will continue investing in the country.** The company is in the process of arranging for a RIM-authorized repair facility to be opened in Indonesia in the near term. This repair facility will expand RIM's existing after-sales service capabilities and support the growing sales of Blackberry smartphones by RIM's partners in Indonesia. The ministry in June placed a ban on the import of new Blackberry models pending RIM setting up an after-sales facility, and has set a July 16 deadline after which all Blackberry imports will be halted. RIM hasn't yet announced the date by which it plans to complete the facility. Blackberry users in Indonesia currently total around 300,000 and are forecast to increase to around one million by the end of this year as the handheld devices explode in popularity.

Telecommunications

- **PT Telekomunikasi Indonesia plans to buy a cellular tower management company this year to centralize management of its tower infrastructure, and may acquire a second information services firm.** There are around 10 local tower management firms in Indonesia, including PT Indonesia Tower, PT American Tower, PT Protelindo, and PT Retower Asia, but stopped short of identifying which are potential acquisition targets for Telkom. Telkom's cellular towers are currently managed by its various units. Telkom may acquire a second information services company this year after it bought a stake in unlisted PT Infomedia Nusantara.

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- **Axiata Group Bhd. may bid for Millicom International Cellular SA's Cambodian and Sri Lankan units if they are offered for much lower than US\$700 million.** The company hasn't ruled out the possibility of bidding for Millicom's units, but stressed that the price has to be right. The Malaysia-based mobile operator, which has operations in 10 countries across the region, continues to be interested in finding suitable merger partners in those markets. Axiata was considering a US\$500 million offer for Millicom's Cambodian unit, and US\$200 million for its Sri Lankan unit. Millicom owns 100 percent of Celltel Lanka Ltd., Sri Lanka's second largest mobile phone operator, and 58 percent of Cambodia's largest mobile phone operator, MobiTel. It also has a 74 percent stake in Millicom Lao Co. in Laos, which Axiata is not interested in. Axiata currently has an 85 percent-stake in Sri Lanka's largest mobile phone operator Dialog Telekom and owns 100 percent of TMI Cambodia, Cambodia's third largest mobile player.
- **Bharat Sanchar Nigam Ltd. is considering a stake sale to a foreign telecommunication company to raise funds to better compete with larger rivals.** In India, the fastest-growing market for mobile services, the company is behind Bharti Airtel Ltd., Reliance Communications Ltd. and Vodafone Essar Ltd. in total customers and subscriber additions due to lack of network equipment to offer more connections. Its plan to raise funds through a US\$10 billion initial public share offering has been delayed due to opposition from a major employee union and the stock-market meltdown. A final decision on the public share offering is still pending from the government. Bharat Sanchar expects INR420 billion (US\$8.6 billion) of revenue in the current fiscal year that began April 1, helped by the recently launched third-generation, or 3G, mobile services.
- **San Miguel Corp. acquired a 32.7 percent stake in debt-ridden Liberty Telecommunications Holdings Inc.** San Miguel, through wholly owned Vega Telecom bought 579,111,669 shares in Liberty at 3.25 pesos (US\$.067) each.
- **Telstra's New Zealand unit, TelstraClear, is set to offer mobile services via Vodafone New Zealand, ending the prospect of a move to Telecom Corp. of New Zealand Ltd.'s new third generation network.** The Australian-owned telecom has signed a three-year deal with Vodafone's New Zealand unit, saying it would begin offering 3G mobile services over its rival's network in the last quarter of this year. The agreement heals an acrimonious rift between the telecoms over a mobile reseller deal that turned sour in 2007 and saw TelstraClear switch to Telecom's CDMA network. TelstraClear's head of business, Brenda Stonestreet, told the Herald the new agreement with Vodafone gave it a next generation network capability and the ability to offer more mobile services to customers. Telecom won't offer third parties access to its XT network until 2011 and wholesale unit spokesperson Steve Pettigrew told the paper it was disappointed TelstraClear didn't opt to accept the timetable.

Hardware

- **Canon Marketing (Malaysia) Sdn Bhd expects a 10 percent rise in revenue. The company is on a steady path to meet its 2009 revenue target based on its first-half financial results.** The company was also looking to increase its revenue to 1 billion yuan (US\$146 million) by 2012. Canon planned to launch another 15 new products during the second half of this year and has allocated around 5 million yuan (US\$731,668) for the advertising and promotion activities. Canon unveiled two new compact and portable dye-sublimation printers, the Selphy CP780 and Selphy CP790, with retail prices of 549 yuan (US\$80.3) and 668 yuan (US\$97.7) respectively. The company hoped to sell around 1,000 units of each model every month. Canon's image communication products division, which oversees the camera, video camera, binocular and compact photo printer range, is aiming to maintain

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its top position and meet the revenue target of 237 million yuan (US\$34.8 million) in 2009. Canon's cameras, which currently enjoy a market share of 26 percent, are expected to capture a 30 percent share by year-end while its single-lens reflex cameras are targeted to increase market share to 50 percent from 44 percent currently.

United States/Canada

Internet

- **eBay Inc. is seeing its core online auction business show signs of improvement after making numerous changes over the past two years, in hopes of beefing up its performance.** Online auctions still constitute a majority of eBay's total revenue, though the maturing business has been in decline for the last few quarters. eBay is banking heavily on stronger growth in its PayPal business, but the company has also been investing in changes to the auctions side, as the business has come under greater competitive pressure from rivals such as Amazon.com. The auctions business saw its worst period in the first quarter with revenue fell 18 percent, to US\$1.22 billion. Gross merchandise volume - or the total value of goods listed over the marketplace - slid by 16 percent during the quarter. The analyst stopped short of calling a turnaround for the business, but noted that with continued growth in the payments business, 2010 estimates could prove too conservative. Several analysts believe eBay to be under-valued. Though the stock is up 17 percent for the year, eBay shares trade at only 11 times estimated earnings for the next four quarters. Amazon, by contrast, trades around 50 times estimated earnings.
- **Google Inc. plans to release a computer operating system to challenge the dominance of Microsoft Corp.'s Windows.** The software will be based on the Chrome Web browser, Google said. It will be designed at first for low-cost laptops called netbooks. The company is in talks with partners on the project and computers running the software will be available in the second half of 2010. Google's new operating system aims to take on Microsoft's flagship Windows product, which runs about 90 percent of the world's personal computers. The plan escalates the two companies' rivalry, which extends to Web browsers, Internet search and business applications such as word-processing and spreadsheet programs. Google said it's working with computer makers to introduce a number of netbooks next year, without identifying any of the companies.
- **Search Pad, a search feature Yahoo has been developing to help users store and organize their search results, is set to be released to the public.** Yahoo has been testing the feature - which allows users to save and take notes on search results they want to revisit - since February. Yahoos describe it as a great way to keep track of Web pages related to planning a vacation or renovating a home. The service works like this: Search Pad detects when users appear to be conducting research-related searches based on patterns in their search queries, such as sequential searches for ski vacations, cheap lift tickets or weather Colorado, for instance. Then it asks them if they want to start saving the results, and if so, saves the links a user clicks on a separate screen where they can also jot down some notes like useful snow report site. Users who are logged in can access their links and notes another time and share them with friends. The company has made a few minor refinements during the test, say the people familiar with the launch, details of which couldn't be learned.

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Telecommunications

- **AT&T has signed a deal to provide telecoms services and expertise for a new 32 square kilometre development in Oman.** Al Madina A'Zarqa which means Blue City will be situated on the coast in Al Sawadi, an hour's drive from the Omani capital Muscat. Under the terms of the agreement AT&T will provide expertise on infrastructure design and network management to Blue City Company 1 (BCC1), a newly-created company that is working on phase one of the 12-phase building project. The U.S. telco giant will also advise BCC1 on product development as well as business modelling and technical support for a number of IP-based services including IPTV and Video-on-Demand (VoD). Al Madina A'Zarqa is expected to be completed by 2020 at a total cost of between US\$15 billion and US\$20 billion. The city will include up to 20 hotels, as well as residential housing for an estimated population of 200,000 people.
- **U.S. government guidelines to spend US\$4 billion to expand broadband access to underserved areas across the U.S. may go beyond current laws, said a broadband industry group.** USTelecom said it was still analyzing requirements to provide loans and grants to applicants that can include state and local governments as well as non- and for-profit organizations. The rules, which were released by the U.S. Departments of Agriculture and Commerce, may lead to uncertainty and even delay President Obama's plans to revive the U.S. economy with job creation, partly, through the telecommunications industry. The funds are part of a US\$7.2 billion program to build an affordable high-speed Internet structure in rural areas. The broadband program was tucked into a US\$787 billion fiscal stimulus package Obama signed into law in February.
- **Tellabs Inc. plans to lay off about 150 employees to align costs with customer spending and market conditions.** This is the centerpiece of a restructuring from which it expects to record pretax charges of US\$5 million to US\$6 million between this year's second quarter and the first quarter of 2010. It estimates cash payments resulting from the restructuring will total US\$5 million to US\$6 million from the third quarter of 2009 through the fourth quarter of 2010. Tellabs was cutting 280 jobs, or about 8 percent of its work force, due to weak sales.
- **EMC Corp. raised its offer for Data Domain Inc. to US\$33.50 a share in cash, outbidding for a second time rival NetApp Inc. for the data storage company.** The new bid values Data Domain at about US\$2.1 billion and removes provisions that would prevent Data Domain shareholders from seeking a better offer. The company, which previously offered US\$30 a share doesn't need to borrow to finance the deal. Buying Data Domain would give EMC technology that helps customers use less disk space when storing information. EMC won approval from regulators to go forward with the deal. That eased concerns that a combination could run afoul of antitrust rules.

Investments/ Ventures

- **Marc Andreessen, who helped kick off the Internet boom 15 years ago by co-founding Netscape Communications Corp., is starting a US\$300 million venture capital fund to foster Silicon Valley startups.** Andreessen, 37, and partner Ben Horowitz, 43, will seek investment opportunities and spend between US\$50,000 and US\$50 million on each. The fund will concentrate on things he knows, such as the Internet and information technology, rather clean tech, biotech, electric cars and rocket ships. The fund will try to squeeze the most out of its investments by focusing on software developers, which don't require big early cash infusions for overhead and factories. The investments will be managed by a new firm called Andreessen Horowitz. The two partners worked together at Netscape and then later at Opsware Inc., a company they sold for US\$1.6 billion.

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Europe

Media, Gaming and Entertainment

- **Ubisoft Entertainment SA is set to open a Toronto studio that will create 800 jobs over 10 years.** The Canadian province will invest C\$263 million (US\$227 million) over 10 years in the company. It added that Ubisoft will invest over half a billion in the video game studio, expected to open later this year. Ontario, Canada's manufacturing heartland, has been losing jobs in the midst of the nagging global economic downturn. The announcement comes just one month after data showed Canada's unemployment rate hit an 11-year high in May as the recession resulted in big layoffs.

Telecommunications

- **Orascom Telecom and France Telecom are disputing their joint shareholding in Mobinil, Egypt's largest mobile operator by subscribers.** The two companies had taken their dispute to arbitration. Arbitration court ruled that France Telecom should buy Orascom Telecom's share in the company for 273.26 Egyptian pounds (US\$49) per share. Orascom Telecom and France Telecom are joint shareholders in a holding company which owns 51 percent of Mobinil. The court ruling applied to the holding company. Orascom Telecom also holds 20 percent of the free floating shares of Mobinil. Orascom Telecom said the ruling requires France Telecom to tender for the freely floated shares of the company at the same price, which the French operator disputes.
- **Vivendi SA is talking to banks about raising 4.5 billion euros (US\$6.3 billion) in loans to back the potential purchase of a majority stake in the African activities of Zain Group.** The loan financing is likely to be evenly divided between three parts comprising a 12-month loan, an 18-month loan and a two-year loan facility. Societe Generale is likely to be one of the coordinators of the financing, with Calyon advising. Vivendi is also reviewing its option for financing the deal through the bond and equity markets. Vivendi is in talks to buy a majority stake in the African activities of Kuwait's Mobile Telecommunications Co., better known as Zain, as the French company seeks to broaden its emerging market footprint. A successful deal would expand Vivendi's telecom operations into territory where other European operators, such as France Telecom SA and Vodafone Group PLC have gone in search of faster-growing markets. Vivendi is already present on the African continent via its 53 percent stake in Morocco's Maroc Telecom.
- **The German unit of Vodafone Group PLC has reached an agreement with German incumbent Deutsche Telekom AG for the usage of the latter's very high bitrate digital subscriber line.** The price for access to Deutsche Telekom's VDSL network is below 30 euros (US\$41.8) a month per connection, Vodafone should begin offering its customers VDSL service in autumn. A Deutsche Telekom spokesman also confirmed the signing of the contract but didn't want to comment on the access price.
- **Maroc Telecom has won a tender offer for the acquisition of a 51 percent stake in Mali's Sotelma for 275 million euros (US\$383.2 million).** The definitive transaction agreement was signed with the government of Mali in connection with the privatization of Sotelma. Maroc Telecom is 53 percent-owned by French entertainment-to-telecom conglomerate Vivendi and 30 percent by the Kingdom of Morocco.
- **Telit Communications PLC said its 2009 results will be below market expectations, due to a drop in the sales prices of some of its products.** Sales have continued to fall in the first half of the year and it expects to post sales of 28 million euros (US\$39 million) for the six months ended June 30. In the same period a year earlier, it posted sales of 30.1 million euros (US\$41.9 million). Despite the

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sales decline, the number of units sold rose 25 percent from the first half of 2008. The continued downward trend in revenue is mainly due to a greater than expected fall in the average sales price of products in the cellular M2M (machine-to-machine) module market in the first four months of the year. Revenue in May and June showed an improvement and its board expects to see continued improvement in revenue in the second half of the year.

- **Telecom Italia SpA is planning to invest 3 billion euros (US\$4.2 billion) in its operation in Brazil through 2011.** The investments will be focus on the expansion of the broadband services. The 3 billion euros (US\$4.2 billion) figure is in line with Telecom Italia three-year plan guidelines. Telecom Italia invested a total of 10 billion euros (US\$13.9 billion) in its operations in Brazil. Telecom Italia controls Brazil's third largest mobile-phone company, TIM Participacoes SA.
- **Telekom Austria AG remains committed to its full year targets despite the economic crisis in Eastern Europe and analyst concerns that the company may have to reign in forecasts.** The company is sticking to its forecasts for now and will update the market again in August. In May Telekom Austria lowered its full year sales targets to slightly below 5.1 billion euros (US\$7.1 billion), having previously expected them to be at that level, but said it would implement a cost cutting program which would allow it to maintain its targets for EBITDA unchanged at 1.9 billion euros (US\$2.6 billion). It has not quantified these cost cuts or said which parts of the business they will come from. Ametsreiter declined to clarify these but he did say the company is looking at all ways of maintaining earnings, including cutting capital expenditure. Telekom Austria's Eastern European markets, which have historically been its main growth engine, are struggling economically.
- **Jazztel PLC expects to post second-quarter revenue of between 106 million euros (US\$147.7 million) and 108 million euros (US\$150.5 million), helped by rising broadband subscriptions.** The figure compares to 82.6 million euros (US\$115.1 million) in revenue in the second quarter of 2008. Jazztel is in the process of raising up to 90 million euros (US\$125.4 million) through a capital increase, and the subscription period for first phase of that process ends July 9. Jazztel's EBITDA would come in between 7 euros (US\$9.7) and 8 million euros (US\$11.1 million). The company's number of broadband internet clients totaled 476,841 at the end of the quarter, up from 315,349 a year earlier.
- **Telecom Italia SpA is considering selling its stake in Telecom Argentina SA.** Telecom Italia is mulling the sale of its 50 percent stake in Sofora Telecomunicaciones SA, which holds controlling interest in Telecom Argentina, due to an ongoing antitrust investigation. The investigation has blocked the company's ability to exercise a call option to take control of Sofora. Telecom Italia's stake in Telecom Argentina is valued by analysts at around 400 million euros (US\$557.4 million). The Italian company has hired Credit Suisse to analyze options, but no decision has been made nor agreement reached to sell the stake. The letter follows recent comments by Telecom Italia's Chief Executive, Franco Bernabe, indicating that a sale may be in the cards. If the sale goes through, it would mark a major victory for the holder of the other half of Sofora, the Wertheim Group. The Wertheims have been locked in a bitter battle with Telecom Italia for more than a year for control of Telecom Argentina. Italy's special envoy to Latin America, Vincenzo Scotti, met with Argentina's Foreign Minister in Buenos Aires to express his government's concern over what it sees as the unfair treatment of Telecom Italia.
- **Empresa de Telecomunicaciones de Bogota SA will select a partner to inject fresh capital in return for a controlling stake in the company.** The company will sell new shares, equivalent to a 36.6 percent stake, to the new partner, who will be selected during a public auction to be held around

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Oct. 16. The winner will be the one that offers the highest price per share, said Juan Carlos Alvarez, an investment banker with the local unit of Santander SA, which is handling the process. The minimum price will remain secret until the auction. The city council, which currently controls the company, will change its current shares into non-voting shares so that the new partner will control the company. ETB will sell additional shares to current minority holders at the same price to avoid dilution of their stakes. The new partner will have to buy the shares the minority holders don't. The partner will also commit to holding a tender offer to buy minority shareholders' stakes at the same price as offered in October.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 7/10/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US\$	92.4800	-3.7%	-5.1%	0.3%	-17.8%
Hong Kong dollar	HK\$/ US\$	7.7495	0.0%	-0.01%	-0.01%	-0.7%
Chinese renmenbi	RMB/ US\$	6.8325	0.01%	-0.04%	0.1%	-6.5%
Singapore dollar	S\$/ US\$	1.4621	0.7%	0.6%	0.0%	1.2%
South Korean won	KRW/ US\$	1,277.7000	0.9%	1.5%	-2.9%	36.6%
New Taiwan dollar	NT\$/ US\$	33.0400	0.5%	1.0%	0.8%	1.7%
Australian dollar	US\$/A\$	0.7785	-2.3%	-2.8%	9.6%	-11.0%
New Zealand dollar	US\$/NZ\$	0.6272	-0.4%	0.2%	7.2%	-19.0%
Philippine peso	PHP/ US\$	48.1800	0.4%	1.9%	2.1%	16.9%
Euro	US\$/€	1.3930	-0.2%	-1.0%	0.4%	-5.3%
British pound	US\$/£	1.6198	-0.9%	-0.7%	11.5%	-18.7%

Fixed Income Prices and Yields

Note	Currency	Current (on 7/10/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	100.94	4.24%	98.70	4.37%	93.48	4.66%
Japan 30-year	¥	103.09	2.17%	102.35	2.20%	100.44	2.28%
Hong Kong 10-year	HK\$	100.50	2.60%	98.93	2.78%	94.82	3.23%
China (06/16)	US\$	111.57	2.90%	111.57	2.90%	111.57	2.90%
Singapore 10-year	S\$	100.60	2.45%	98.85	2.65%	99.19	2.59%
South Korea 20-year	KRW	10,468.37	5.33%	10,458.00	5.33%	10,135.63	5.50%
Australia 15-year	A\$	103.06	5.40%	101.75	5.55%	100.20	5.99%
New Zealand (12/17)	NZ\$	102.28	5.73%	101.18	5.90%	100.64	5.67%
Philippines 20-year	PHP	101.60	9.54%	102.09	9.48%	102.27	9.25%
India 30-year	INR	88.90	7.95%	90.60	7.78%	90.12	7.68%
UK 30-year	£	106.25	4.42%	105.21	4.48%	104.30	4.49%
Germany 30-year	€	103.31	4.07%	102.06	4.13%	99.51	4.31%

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