



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

Week of 23 November 2009 - 29 November 2009

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



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Equity Market Indicators					
Index	Closing Level (11/27/2009)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2008	% Change 12/31/2007
S&P 500	1,091.49	0.01%	2.3%	20.8%	-25.7%
Dow Jones Industrial Avg.	10,309.92	-0.1%	4.5%	17.5%	-22.3%
Dow Jones Tech. Index	376.21	-0.9%	-0.3%	49.7%	-18.1%
Dow Jones Telecom. Index	217.34	1.4%	2.2%	8.8%	-30.7%
NASDAQ Composite	2,138.44	-0.4%	-0.2%	35.6%	-19.4%
Japan Nikkei 225	9,081.52	-4.4%	-12.4%	2.5%	-42.0%
JASDAQ	45.06	-0.6%	-8.2%	-6.5%	-37.6%
Japan Mothers	376.09	-2.2%	-16.5%	16.3%	-52.0%
Korea KOSPI Composite	1,524.50	-5.9%	-8.0%	35.6%	-19.6%
Korea Kosdaq	451.67	-5.8%	-10.5%	36.0%	36.0%
Taiwan Stock Exchange	7,490.91	-2.5%	-2.3%	63.2%	-11.9%
Singapore Straight Times	2,762.90	-0.7%	2.3%	56.8%	-20.3%
Hong Kong Hang Seng	21,134.50	-5.9%	-6.4%	46.9%	-24.0%
Hong Kong GEM	688.29	-3.6%	-1.2%	78.6%	-49.0%
China Shanghai (A-Share)	3,247.76	-6.4%	-0.5%	69.9%	-41.2%
China Shenzhen (A-Share)	1,194.53	-5.9%	4.6%	105.4%	-21.5%
China Shanghai (B-Share)	238.17	-9.4%	13.0%	114.7%	-34.9%
China Shenzhen (B-Share)	588.70	-7.5%	7.1%	117.0%	-17.0%

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Technology, Media, Telecommunications and Life Sciences Market Activity

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

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing

IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/15/08	% Change From Offer
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Filings

Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Pricing

IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/15/08	% Change From Offer
N/A						

Asian Markets: TMT and Life Sciences Convertibles

Issuance Date	Issuer [Equity Ticker]	Description of Issuer	Maturity Date	Size (US\$MM)	Per US\$10,000 converts to	Convertible Until
N/A						

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Weekly Highlights

International

Mobile/ Wireless

- **The Asia-Pacific IPTV subscriber base is seen to grow by 51 percent to reach 9.4 million users and account for 37.6 percent of the global subscribers.** Adeel Najam, Frost & Sullivan industry analyst stated that the region has seen rapid uptake of IPTV services, clocking year-on-year subscriber growth rates of over 60 percent annually for the last three years. He sees Asia-Pac to be the second largest IPTV market in the world by the end of this year; a very close second after Western Europe, which is the oldest IPTV market, housing 38.3 percent of the world's subscription. The IPTV subscriber base in the Asia-Pacific region will grow at a CAGR of 24.6 percent annually between 2009 and 2014, soaring to an estimated 23.5 million subscribers by end-2014.

Japan

Mobile/ Wireless

- **Korea and Japan have a half of the world's patent for mobile communications.** In the Asia Pacific Mobile Industry Observatory released by the GSM Association, Korea accounts for 14 percent of the world's patent for mobile communications technology. With Japan which has 36 percent of the world's mobile communications patent, the both countries in the Asia Pacific region sweep the world's patent for mobile technology. The mobile communications industry also made both direct and indirect impacts on job creation. In Korea, the industry created 277,000 jobs, much higher than Australia's 106,000, New Zealand's 19,000, Hong Kong's 37,000 and Singapore's 40,000.

Semiconductor

- **Toshiba Corp. will grow its Chinese business by at least 10 percent on the year in 2010 according to Takaaki Tanaka, the firm's chief representative in China.** Growth of at least 20 percent is targeted for the social infrastructure segment, which includes a power generation equipment business. This is expected to offset a slump in semiconductors and other electronic devices stemming from falling prices. Toshiba aims to boost its market share in China by accelerating the releases of home electronics and personal computers developed in Japan. The Chinese business posted sales 76.8 billion yuan (US\$11.2 billion) for 2008.

Telecommunications

- **The Yomiuri newspaper reported that Softbank may purchase Japanese PHS services provider Willcom on condition that the company's lenders waive a portion of its 93.5 billion yen (US\$1.05 billion) debt.** Willcom has about 4 million subscribers. Softbank spokesman Katsumasa Tochiyama told Bloomberg News that the report was based on speculation. Willcom said in September that it would seek talks with creditors to reschedule debt repayments.

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Korea

Telecommunications

- **LG Telecom Ltd. won shareholder approval to merge with LG Dacom Corp. and LG Powercom Corp. as it seeks to step up competition against KT Corp. and SK Telecom Co.** The merger, scheduled for completion by December, will create a company with annual sales of about 8 trillion won (US\$6.8 billion) as LG Telecom seeks to lure customers by bundling high-speed Internet with wireless and fixed-line phone services. South Korea's telecommunications industry has undergone consolidation in the past two years as operators attempt to cut costs in a market where more than 90 percent of people own a mobile phone and nine out of 10 homes have broadband Internet connections. LG Telecom sees the venture to aid it pare costs, including marketing expenses, by 0.8 percent to 2 percent of revenue from next year until 2014. LG Telecom said it will offer 2.149 shares for each LG Dacom stock and 0.742 share for every LG Powercom stock.
- **SK Telink said that its annual revenue would reach 303 billion won (US\$257 million) with the growth driven by the B2B business.** The company is expanding its business from the international call, famous with the identification number of 00700, to the B2B market like the line-rental business, the VoIP service and the nationwide identification number for financial institutions.

Semiconductors

- **The market share of Korean DRAMs is up 7.9 percent with 57.2 percent worldwide.** A market survey shows that Samsung Electronics remains at the top with 35.5 percent market share by sales revenue amount in DRAM market in 3Q. Hynix follows with 21.7 percent to record a 20 percent market share for 4th consecutive quarter.
- **Samsung Electronics will accomplish Triple Crown this year in shipment, sales revenue and operating profit this year.** A market survey reports that Samsung Electronics is only company among global big 5 to expect plus growth in all 3 growth rates. Samsung is seen to record 219 million units in shipments, up 12 percent from a year ago, and 22 percent and 32 percent increases in sales revenue and operating profit. LGE has shown remarkable growth in sales revenue but is seen to show minus growth in operating profit. Top 3 firms like Nokia, Samsung and LG are seen to record surplus in cell phone business this year but Motorola and Sony Ericsson will have deficit. Nokia, Motorola and Sony Ericsson showed less growth in all 3 areas. But only Motorola, which has changed its fundamentals, will have higher growth in operating profit.
- **The South Korean government cooperated with the leading semiconductor manufacturers on a project to develop a next-generation memory chip, an effort to help the country maintain its lead in the industry.** The project calls for the government to work with Samsung Electronics Co. and Hynix Semiconductor Inc. in conducting research and development to make the world's first spin transfer torque-magnetic random access memory devices. Samsung and Hynix, which effectively control the world's memory chip market, are vying with Japanese companies to become the first to manufacture a STT-MRAM chip. The market for the advanced memory device with faster processing time is projected to top US\$53 billion worldwide in the target year. The joint R&D effort will also give the country an opportunity to gain insight into basic technologies that can further buoy the country's world-class competitiveness in the semiconductor industry.
- **Creditors of Hynix Semiconductor Inc. will re-invite fresh bids for a major stake in the company next month and accept letters of intent from potential investors by the end of January.** The move comes after Hyosung Group, a midsize South Korean conglomerate, decided

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earlier this month to drop its bid for a 28.07-percent stake in Hynix Semiconductor. Managers for the sale of the chipmaker will send out invitational notices on the Hynix sale. Nine creditors agreed 100 percent on the resale of Hynix Semiconductor. The invitations, as with the previous ones, will be made only to South Korean companies. The chipmaker was put under joint supervision by the creditors in October 2001, when it faced a credit crunch amid a faltering semiconductor business climate. Starting in 2001 and up to 2002, KEB and other creditors injected US\$4.6 billion to bail out Hynix by swapping the chipmaker's debts to stocks.

China

Internet

- **Online travel services provider eLong booked net income of 7.5 million yuan (US\$1.09 million) in the third quarter of 2009.** Hotel commissions have increased 5 percent year-on-year, driven by a 13 percent year-on-year increase in room nights booked in the quarter but offset by a 7 percent year-on-year decrease in commission per room night, due to a higher proportion of budget hotel bookings. Revenue from air ticketing commissions increased 27 percent on an annual basis. eLong would have net revenue for the fourth quarter of 2009 increase by 5-15 percent year-on-year.
- **Alibaba.com has recorded more than 10.5 million users from outside of China, an increase of 50 percent compared with this time last year.** Over 45 million small and medium-sized companies have registered on Alibaba's overseas platform. Alibaba's online payment tool Alipay had more than 200 million users.

Mobile/Wireless

- **Hurray! Holding Co., Ltd. and the shareholders of Ku6 Holding Limited agreed to the sale of Ku6 to Hurray!.** The agreement includes an all stock transaction under which all of the outstanding capital shares of Ku6 will be sold to Hurray! and all of the outstanding employee stock options of Ku6 will be cancelled, in exchange for an aggregate of 723,684,204 Hurray! ordinary shares, of which 44,438,100 will be represented by American Depositary Shares of Hurray!, each representing 100 ordinary shares of Hurray!. Ku6 will retain its brand name and become a wholly-owned subsidiary of Hurray!. The Board of Directors of Hurray! has unanimously recommended this transaction. The transaction is expected to close in the first quarter of 2010.
- **Orsus Xelent saw its revenues in the third quarter drop by 34.6 percent to US\$19.13 million from US\$29.24 million in the year-ago quarter.** The company's net income fell by 53.16 percent to US\$1.37 million or US\$0.05 per share, from US\$2.93 million or US\$0.10 per share in Q3 2008. Most sales in the third quarter were in the lower end of the Chinese telecommunications market where price wars and intense competition served to boost industry sales, but this left little room for introducing higher margin, high-end products. The company sees full year net income and revenues to be slightly slower than in 2008.
- **Lenovo Group is acquiring the entire interest of Lenovo Mobile Communication Technology Ltd. from a group of investors led by Hony Capital, the private equity arm of Legend Holdings.** Lenovo Mobile now ranks No.3 in China's mobile handset market and is the No.1 domestic brand. The transaction is conditional upon Lenovo independent shareholder approval. Convergence between the personal computing and mobile handset industry has been a key technology trend over the past several years worldwide. The two technologies produced different user experiences that are evolving and combining to create new generations of devices, applications and Internet

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services. China is entering a high growth phase. Driven by the government and telecom service carriers, the demand for mobile Internet devices has created a huge market.

Telecommunications

- **The user base of China's 3G services will reach 7 million, and the proportion of China-made 3G equipment exceeded 75 percent of the 3G market by the end of the first half of this year.** Li Li, deputy director of the Department of Science and Technology of MITT, said at the Next Generation Broadband Wireless Mobile Communications Development Forum that the number of China's mobile phone users was more than 700 million at present, and 3G mobile communications is a long-term focus of attention for the industry. China Mobile had total TD-SCDMA service subscribers of 2.31 million; China Unicom's WCDMA users topped 1.02 million, including 215,000 users of wireless network interface cards; and the user base of China Telecom's mobile services reached 49.92 million.

Hardware

- **TPV Technology Ltd. said that Chi Mei Optoelectronics Corp. has no plans to dispose its stake in TPV.** Chi Mei, which bought a 7.66 percent stake in TPV in 2007, will continue to supply panels to Hong Kong-listed TPV. TPV was considering shifting orders from Chi Mei to AU Optronics Corp. and Samsung Electronics Co, and that Chi Mei might sell its stake in TPV following its sale to Innolux Display Corp. Third-quarter net profit was US\$39.50 million. The figure reflects 26 percent growth compared with the US\$31.35 million recorded in the same period of last year, due to a decrease in financial costs.

Media, Entertainment and Gaming

- **China has 69.31 million online gamers, higher 24.8 percent from 2008.** Large-scale casual game and MMORPG users account for 67.9 percent and 61 percent of the total respectively, higher 19.8 percent and 11 percent from the previous year, while 38.9 percent of total users are female. Students comprise 37.2 percent of online gamers, with 46.1 percent of the online gamers between the ages of 10-19. 222 million of China's 338 million Internet users used online video sites, higher 23.8 percent year-on-year.
- **The9 had net loss of 73.6 million yuan (US\$10.8 million), a 7 percent reduction from a net loss of 79.2 million yuan (US\$11.6 million) in the prior quarter and compared with net income of 80.5 million yuan (US\$11.8 million) in the third quarter of 2008.** Total net revenues were 25.5 million yuan (US\$3.7 million) in the quarter, down 91 percent sequentially and 94 percent year-on-year, which the company attributed to the expiration of its license agreement to operate World of Warcraft (WoW) in China in June. Net revenues attributable to operations of non-WoW games increased 55 percent quarter-on-quarter.
- **Giant Interactive Group Inc. announced net income of US\$29 million and net revenue of US\$42.5 million for the third quarter of this year.** The company's active paying accounts for online games, including ZT Online and its various editions, Giant Online, and My Sweetie, decreased 7.9 percent quarter on quarter, but increased 18.3 percent year on year to 1.1 million in the third quarter. The average revenue per user fell 13.5 percent quarter on quarter and 8.1 percent year on year to 259.40 yuan (US\$37.97). Yuzhu Shi attributed the quarter-on-quarter fall in revenue and user number to the forced canceling of its game products' Treasure Box feature in July, in response to China's newly issued official rule on the use of virtual currency. Giant Interactive had a 14.75 quarter-on-quarter decline in net profit or an increase of 47.43 percent year-on-year. The company also had a

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year-on-year increase of 9.42 percent in total revenue. Giant Interactive is reorganizing its game R&D structure, and will implement revenue-sharing programs to third-party game R&D teams.

- **NetDragon saw revenue climb 10.4 percent year-on-year but sank 7.4 percent quarter-on-quarter to 150.9 million yuan (US\$22.1 million) in the third quarter of 2009.** Third quarter profit was higher 62.7 percent year-on-year and 7.9 percent quarter-on-quarter. The company recorded 519,000 peak concurrent users (PCU) in the third quarter, declined from 632,000 in the previous quarter and 544,000 one year ago. Average concurrent users came out to 273,000 in the quarter, declined from 310,000 in the second quarter of 2009 and 311,000 in the third quarter of 2008. NetDragon will launch 2.5D Chinese fantasy MMORPG Tian Yuan, 2.5D Q-style turn-based MMORPG Disney Fantasy Online, and the English version of Eudemons Online expansion "Demon Rising" before the end of the year. Games in the pipeline include CJ7 Online and Dungeon Keeper Online to be launched in 2010 and a new version of in-house 3D MMORPG Ultima Online in 2011.
- **Shanda will spend US\$100 million to increase its stake in music production, artist development and wireless value-added services provider Hurray! Holding to 75.5 percent through a new share issue.** Shanda will merge the company with online video site Ku6.com into a new company under the Hurray! brand with Ku6.com CEO Li Shanyou as president. Li has signed an agreement with Shanda to make the company profitable within two years or leave.
- **The number of massive online game players in China will amount to 69.31 million in 2009, up 24.8 percent from the year before.** The number of massively recreational game players is seen to reach 47.06 million this year, higher 19.8 percent from 2008, and the number of massively multiplayer online role-playing game players is estimated to grow 11 percent. Of those online game players, 38.9 percent are women, 46.1 percent are aged 10 to 19, and 37.2 percent are students, the report noted. More than 70 percent of the parents do not have a clear-cut standpoint of online games.

Software

- **Kingsoft had net profit of 69.1 million yuan (US\$10.1 million) in the three months ended September 30, 2009, representing a decrease of 28 percent quarter-on-quarter or 33 percent year-on-year.** Revenue increased by 3 percent sequentially and 13 percent year-on-year, of which the entertainment segment was higher 3 percent quarter-on-quarter and 9 percent year-on-year. The company had daily average peak concurrent users (PCU) over the quarter of 1.06 million, an increase of 11 percent against the prior quarter and 7 percent compared with the year-ago period, which the company attributed to the commercial launch of its in-house developed 3D martial arts MMORPG JX Online 3 and the launch of 2D MMORPG JX Online World in Vietnam.
- **Linkage Technologies International Holdings Ltd plans to raise as much as US\$175 million from an initial public offering of American depositary shares on the New York Stock Exchange.** The company sees to benefit from the recent restructuring of China's telecom industry, which increased competition and likely will require companies to spend more on information technology and new technology, it said in a filing with the U.S. Securities and Exchange Commission. Proceeds from the share offering will be used for research and development and new offices and possibly for acquisitions of businesses and technologies. In April 2002, Intel Capital Corp and Softbank China Venture Capital injected US\$14 million into the company. The company's profit in the first half of this year nearly tripled from a year earlier to US\$15.1 million while revenue doubled to US\$66.6 million.

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- **The core business of Kingsoft continued to expand. Revenue boosted by 13 percent year-over-year.** Two major operational indicators, daily average peak concurrent online games users and monthly average paying online games users, increased by 7 percent and 25 percent year-over-year respectively because of the commercial launch of JX III in China, the Company's first 3D MMORPG (multi-player online role playing game), and the commercial launch of JX World in Vietnam. Gross profit boosted by 12 percent year-over-year. Profit attributable to owners of the Company for the period had a year-over-year declined 33 percent because of higher cost of revenue as well as selling and distribution costs incurred by the launch of JX III, coupled with increased research and development costs. Revenue from entertainment software business and applications software business represented 66 percent and 33 percent respectively of total revenue. Revenue from entertainment software business increased by 9 percent year-over-year.

Semiconductor

- **Huawei Technology will partner with the government of German state North Rhine Westphalia to invest 20 million euros (US\$29.9 million) to establish an innovation center in the state capital Dusseldorf.** Construction of the center is scheduled to start next year. The company recorded US\$4 billion in terminal sales in 2008 and targets sales of US\$5 billion in 2009. The company's terminal division hires at least 6,000 staff.
- **ST-Ericsson has shipped 5 million TD chipsets in China, confirming its leadership in the TD-SCDMA standard.** The operator has also reached a milestone by offering its service to more than 100 models of TD devices, including handsets, data cards and embedded devices. The company works with both global and local players to offer basic communication to high-speed mobile internet and advanced multimedia, across all technology standards.

Alternative Energy

- **LDK Solar and multi-crystalline photovoltaic (PV) module manufacturer Trina Solar both had improved financial results for the third quarter of 2009, reflecting the PV industry's fast recovery.** In the third quarter, LDK Solar achieved prime operating profits of US\$56.8 million, in contrast with its US\$205.5 million net loss in the second quarter. Its gross profit margin reached 20.1 percent, compared with 22.7 percent in the previous year's quarter and negative 90 percent in the second quarter of this year. Trina Solar shipped approximately 123 MW of solar modules in the third quarter, an increase of 91.9 percent from the previous quarter and 84.7 percent year on year. Total revenues reached US\$249.7 million, up 66.5 percent from the second quarter but down 14.4 percent year on year. Gross margin was 28.5 percent. Net income amounted to US\$40.1.

Outsourcing

- **The Chinese outsourcing market is dominated by foreign competition.** The Chinese government has set up 20 cities for outsourcing business and the made large investments in infrastructure, education, training and tax incentives in an attempt to grow business. However, Ovum senior analyst Patrick O'Brien, has produced a report showing that the Chinese outsourcing market is being dominated by foreign in the sphere who are setting up their own Chinese subsidiaries.

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Taiwan

Telecommunications

- **Taiwan Mobile Corp. was the most profitable telecom service provider last month in Taiwan.** Chunghwa had revenue of NT\$15.5 billion (US\$487 million), a gain of 1.2 percent year on year and attaining 33.8 percent of its goal for this quarter. Meanwhile, the company's pretax earnings were NT\$4.6 billion (US\$144 million), constituting 38.3 percent of its goal for this quarter. Its after-tax earnings were NT\$3.5 billion (US\$110 million). Throughout the first 10 months this year, the company had cumulative revenue of NT\$152 billion (US\$4.7 billion), contracting 2.1 percent from the same period of last year. In the meantime, the company's operating income was NT\$46.7 billion (US\$1.4 billion) and after-tax net income was NT\$36.7 billion (US\$1.1 billion).

Hardware

- **Acer Inc. aims a double-digit PC market share in China in two years, in a move that could weigh on margins.** Acer, Russia and India, has struggled in China, whose PC market is dominated by Lenovo and where Acer has been flitting between fifth and sixth place in market share. The market leader in low-cost netbooks is steeling itself to grab double-digit market share, up from its current 6 percent to 7 percent, by designing China-specific notebooks, shoring up its netbook lineup and strengthening its local sales force. The chase for market share against rivals Founder Electronics and

Semiconductor

- **Taiwan Semiconductor Manufacturing Co. (TSMC) has spent as much as NT\$91.9 billion (US\$2.8 billion) on new production equipment, surpassing its revised expenditure goal of US\$2.7 billion for this entire year.** Industry executives even estimated No.1 silicon foundry supplier to increase such expenditure to NT\$100 billion (US\$3.1 billion) by the end of this year. The company foresees earnings growth over the next one to two quarters, as is true with the company's annual capital outlays. The foundry set the spending at only US\$1.5 billion early this year. Since the second quarter, it has raised the budget three times to US\$2.7 billion in conjunction with recovering market, which is fueling demands for 65nm and 40nm process foundry services.
- **The Legislative Yuan's economics committee reached a resolution that Taiwan's National Development Fund (NDF) should not use its additional investment allocation of NT\$33 billion (US\$1 billion) for next year for restructuring of the DRAM industry.** Under the existing constitutional system, he respects the resolution, but added that the CEPD's role is to act in line with the Ministry of Economic Affairs' policies. An investment to NDF money in Taiwan Innovation Memory Co. (TIMC) will hinge on the prerequisites that TIMC and Elpida Memory first sign a technology licensing contract and that they form a cross-shareholding alliance.

Information Technology

- **Taiwan's computing services market might be at NT\$5.56 billion (US\$172 million) for 2009, higher 12.8 percent from last year.** Infrastructure-as-a-Service (IaaS), which provides co-location and security operation center services, will occupy the bulk of the cloud computing market for 2009. Nearly 35 percent of small and medium-sized enterprises (SMEs) in Taiwan are using cloud computing services. Most SMEs use cloud computing because of its flexibility in terms of deployment and low investment risks.

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Media, Gaming and Entertainment

- **Foreign investors have taken a keen interest in Taiwan's online game companies, as the sector was the one about which most inquiries were received on an overseas tour aimed at seeking foreign investment for local industries.** The Taiwanese firms, including International Games System and Soft World International Entertainment, had the most inquiries by foreign enterprises over the past two days of a three-day seminar being held in Hong Kong and Singapore by Taiwan's OTC market authorities and JP Morgan Bank, followed by biotechnology and computer-related firms. OTC market authorities have since 2006 been promoting such investment seminars overseas, and the effects, particularly on the local entertainment business, have gradually emerged and have increasingly paid off.

Hong Kong

Telecommunications

- **Macau ended October with 171,343 fixed-line users, down from 171,752 fixed-line users in September.** Of the total, some 118,929 were residential fixed-line users and 52,414 are commercial fixed-line subscribers. The number of mobile users rose to 1.02 million, up from 1 million a month earlier, with 3G subscribers comprising 544,014. Furthermore, the number of internet users stood at 127,632, higher from 127,504 in September, with 125,570 broadband users and 1,902 dial-up subscribers.

Mobile/ Wireless

- **In Hong Kong, mobile services will make gains against fixed services in the coming years, reaching 55 percent of total revenue by 2014.** This rise in the market share of mobile services is due to the accelerating adoption of mobile broadband services. The report sees mobile subscription numbers in Hong Kong to increase from 9.2 million at year-end 2008 to 10.8 million at year-end 2014. Operators will focus on migrating existing 2G users to 3G+ while promoting data usage to counterbalance the decline in voice ARPS. Operators' continued push for 3G adoption will drive 3G subscriptions as a proportion of total subscriptions from 32 percent at year-end 2008 to 86 percent at year-end 2014.
- **Total wireless subscribers in Hong Kong will rise to 13.7 million in 2013 with Hutchison taking 25.4 percent of the market share.** IEMR's Mobile Operator Forecast on Hong Kong provides over 50 operational and financial metrics for Hong Kong's wireless market and is one of the best forecasts in the industry. The publisher provides five-year forecasts at the operator level going out to 2013. The publisher also provides quarterly historical and forecast data starting in Q103 and ending in Q211. Operators covered for Hong Kong include: CSL Limited/New World Mobility Limited, Hutchison Telecommunications HK, SmartOne Telecommunications Holdings Ltd, and PCCW Limited.

Internet

- **Tencent Holdings has granted 250,000 share options, with an exercise price of HK\$146.60 (US\$18.90) per share.** The options are exercisable within a 7-year period after the date of grant of options. None of the grantees is a director, chief executive or substantial shareholder of the company, nor an associate of any of them.

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Singapore/Malaysia/Philippines/Indonesia/India

Mobile/ Wireless

- **Sistema Shyam TeleServices Ltd. will invest US\$3.5 billion over the next 4-5 years to expand its network in India.** Sistema JSFC owns 73.71 percent of Sistema Shyam while India's Shyam Group holds 23.79 percent. The remaining stake is held by some minority shareholders. The company will start mobile-phone services in Mumbai and Haryana service areas by Dec. 31. It currently provides mobile services on the CDMA technology in eight of India's 22 telecom service areas and had 2.1 million users at the end of September. On a sale of fresh shares to the Russian government, Rozanov said the company is awaiting the Indian government's approval.

Telecommunications

- **Telstra Corp. would not pursue with a planned debt issue in the domestic market after investors expressed caution during discussions while the company faces regulatory uncertainty.** The potential issue had sent a crackle of excitement through a fixed income market starved of non-financial bonds but a confluence of regulatory upheaval as the government overhauls the country's telecommunications network and investor caution means Telstra won't seek to borrow locally. The development will be a disappointment for advocates of greater diversity in Australia's debt market, which continues to be dominated by bank issuance as non-financial corporates opt to sell debt at cheaper levels offshore. The potential issue was among the most sensitive discussed in the market in some time and comes in the wake of calls from corporate leaders for Australia to deepen its public debt markets to give companies a local currency funding option.
- **Bharat Sanchar Nigam Ltd. and Mahanagar Telephone Nigam Ltd. had a combined 414.7 billion rupees (US\$8.9 billion) as cash and bank balances as on Sept. 30.** The proposal for BSNL and MTNL to join a consortium bidding for Kuwait's Mobile Telecommunications Co. is in preliminary stage only and has not reached the stage for initiating the process of due diligence. India's Vavasi Group has been looking for partners to buy a stake in Zain and is trying to add the two state-run operators to a consortium that already includes Malaysia's Al-Bukhary group.

Investments/ Ventures

- **Draper Fisher Jurvetson sees to raise as much as US\$400 million by March to invest in startups in India, China and the U.S.** The company may invest about 15 percent of the funds in India. DFJ has completed raising half of the proposed amount. Venture capital firms and private equity companies are seeking to restart fundraising after a two-year slump triggered by the global credit crisis. India and China, whose economic growth is forecast to outpace the rest of the world, are attracting the fresh investments, helping the MSCI Asia Pacific Index rally more than 30 percent this year.

United States/Canada

Networking

- **Cisco Systems Inc. and Clearwire Corp. led US\$96.9 billion of bond sales this month, the busiest November since 2006, as companies took advantage of near-zero interest rates.** Cisco sold US\$5 billion of notes in its third debt offering since going public in 1990. Clearwire, seeking to finance construction of a high-speed wireless network, borrowed US\$2.52 billion in two offerings. November sales compare with US\$45.8 billion last year and US\$125 billion in 2006. Borrowers have

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sold US\$1.178 trillion of bonds this year, surpassing the annual record set in 2007, as they seize on lower borrowing costs to extend debt maturities and avoid the refinancing risk faced during last year's credit freeze. U.S. government efforts to encourage lending and bolster an economic recovery have spurred the record debt sales.

Media, Entertainment and Gaming

- **Warner Music Group Corp. had a fourth-quarter loss of US\$18 million on costs related to declining CD sales.** Sales boosted less than 1 percent to US\$861 million on releases from rock bands Paramore and Muse and rapper Jay-Z. Warner Music had a US\$14 million severance charge as Chief Executive Officer Edgar Bronfman fired workers at Rhino Records, the maker of compilations and boxed sets. Bronfman is expanding digital offerings and striking deals with artists to gain a piece of tour and merchandise sales. U.S. album sales are down 13 percent this year. Warner Music, the label of artists including Green Day, R.E.M. and Metallica 7.2 percent.
- **General Electric Co. may be closer to selling control of NBC Universal to Comcast Corp. after Chief Executive Officer Jeffrey Immelt met with NBC's minority owner Vivendi SA.** The meetings with Vivendi CEO Jean-Bernard Levy may produce an agreement in principle. Immelt is negotiating a value for NBC Universal to persuade Vivendi to sell its 20 percent stake and let GE push ahead with plans to sell a controlling interest to Comcast. They are less than US\$500 million apart and are discussing how much cash Vivendi may receive before the Comcast deal is completed. Vivendi's deliberations are the key to GE's plans to create a joint venture combining NBC Universal's film, cable-television and theme-park properties with networks owned by Comcast. Comcast would acquire 51 percent and may acquire full ownership over time. Vivendi may still decide not to sell.

Telecommunications

- **Ciena Corp. will acquire Nortel Networks Corp.'s division that develops networking gear used to transmit data and voice traffic within and between cities, for a total of US\$769 million.** Nokia Siemens Networks is a joint venture between Nokia Corp. and Siemens AG. The winning offer consists of US\$530 million plus US\$239 million in senior convertible notes. The auction is part of Nortel's ongoing efforts to dismantle itself under bankruptcy protection. The company filed for bankruptcy protection in January, weighed down by its debt load and the economic slowdown. Ciena gains a large customer base and Nortel's experience developing next-generation optical transmission gear.
- **Rogers Communications Inc. cut several hundred jobs at its Brampton office which is about 5 percent of its 5,000 employees.** The affected employees are mostly in information technology, network and call-center positions. Rogers has about 30,000 employees across Canada. Rogers would further integrate its cable and wireless businesses.
- **Windstream Corp. will buy Iowa Telecommunications Services Inc. for about US\$530 million in cash and stock to expand into Iowa and Minnesota.** The deal is valued at US\$16.04 a share, 26 percent more than Iowa Telecom's closing price. Windstream will also repay about US\$598 million of Iowa Telecom's debt, Little Rock. The purchase is Windstream's fourth this year. There are more to come. Local phone companies have combined as the market for fixed-line customers shrinks. More subscribers are moving to mobile devices and digital phone service offered by cable companies. The acquisition will add to free cash flow in the first year after it closes. The company sees about US\$35 million in cost savings annually. Windstream is making acquisitions to add scale and build businesses. The focus is on expanding in less-populated areas where telephone line losses are slower and there's less competition.

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Internet

- **Google Inc. will acquire display advertising startup Teracent Corp., which has developed machine learning algorithms designed to deliver optimized Web ads in real time.** The acquisition is Google's latest move to bolster its presence in the online display ad market, a business dominated by rival Yahoo Inc. It wasn't immediately clear how the deal will affect Teracent's partnership with Yahoo to deliver mobile ads. The algorithms developed by Teracent allow advertisers, agencies and ad networks to pick and choose the format of display ads in real time, such as changing an ad's images, products, messages or colors. The formats vary based on the user's geographic location, language, the content of the Web site, or the past performance of different ad formats. The technology can be applied across image, rich media and video ads.

Semiconductors

- **Intel Capital Corp and JPMorgan Special Situations Limited, which own a combined 11.9 percent of Trony Solar, are each selling half of their holdings in the firm's coming initial public offering on the New York Stock Exchange.** Trony Solar raised US\$20 million from Intel Capital, the investment arm of Santa Clara, Calif.-based chipmaker. Trony Solar made a filing to the US Securities and Exchange Commission, planning to raise up to US\$200 million in an initial public offering on the New York Stock Exchange. Trony filed for IPO in merely 12 months after securing the private equity investment. This is believed to be one of shortest lead time for an Intel Capital invested company to file for an IPO. The Trony case is widely regarded as Intel Capital's changing China strategy, moving from venture capital to growth or even pre-IPO investments.

Hardware

- **Hewlett-Packard Co. had personal-computer sales that topped some analysts' estimates after the company took market share from Dell Inc. and benefited from surging demand in China.** PC sales in the fourth quarter ended Oct. 31 were US\$9.86 billion, a 12 percent drop from a year earlier and a 17 percent increase from the previous three months. The company had revenue and profit that topped analysts' estimates. Hewlett-Packard took the PC lead from Dell in 2006 by cutting prices and introducing thinner, more stylish designs. Dell fell to No. 3 in the global market last quarter and had earnings this month that missed analysts' projections. Hewlett-Packard also has expanded through acquisitions, including the US\$2.7 billion buyout of 3Com Corp. announced this month. Fourth-quarter net income boosted 14 percent to US\$2.41 billion. Hewlett-Packard had 20.2 percent of the worldwide PC market in the third quarter, up from 18.9 percent a year earlier.

Europe

Mobile/ Wireless

- **Carphone Warehouse PLC has temporarily withdrawn Sony Ericsson's recently released Satio handset from sale due to software problems.** Sony Ericsson is having a tough time during the years as it lost market share as Nokia Corp. and Apple Inc. have launched new smart phones while the middle tier of the phone market that Sony Ericsson serves has been hit by the economic downturn. Its market share was 4.3 percent in the third quarter. The merging of L.M. Ericsson Telephone Co. and Sony Corp. in October introduced its new Satio, Aino and Yari phones, offering features like advanced gaming, better cameras and improved download features. The company will launch a number of new advanced phones in the beginning of next year, including the Xperia X10 smartphone. The Satio has a 12-megapixel camera and allows users to download a wide range of applications.

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- **Carphone Warehouse Group Plc increased its full-year profit forecast after first-half earnings and sales rose, helped by the purchase of Tiscali SpA's U.K. unit.** The company now predicts earnings per share between 14 pence (US\$0.23) and 15 pence (US\$0.25) in the year through March. Carphone Warehouse said in June that earnings per share would probably increase by around 10 percent. The company is benefiting from the 236 million-pound (US\$236 million) purchase of Tiscali's U.K. unit in May, which added 1.45 million broadband users and expanded Carphone Warehouse's TalkTalk business. The purchase will help to cut costs by between 40 million pounds (US\$65.9 million) and 50 million pounds (US\$82.3 million) in the fiscal year through March 2011. In the fiscal first half, sales rose 13 percent while earnings per share climbed to 6 pence (US\$0.10). Carphone Warehouse reiterated it will split its two units into separately listed companies by the end of March 2010.
- **L.M. Ericsson Telephone Co. will buy Nortel Networks Corp.'s GSM business in the U.S. and Canada for US\$70 million on a cash and debt free basis, having bought the bulk of its second-generation mobile networks as well as newer network technology earlier this year.** The transaction, which has helped make North America Ericsson's biggest market, is expected to have a positive effect on the company's earnings within a year after closing, although the impact will be relatively small. Ericsson had completed the acquisition of Nortel's CDMA assets, as well as its LTE, or Long Term Evolution, assets in North America. It said in June it would buy the assets for US\$1.13 billion. LTE is the latest mobile network technology, allowing faster wireless download and data transfer speeds.
- **Nokia Corp will cut around 220 research and development jobs in Japan, underscoring a strategy shift that places more focus on mobile services and fewer hardware launches.** Nokia would also cut up to 330 R&D positions in Finland and Denmark, said it is reducing the number of research and development positions because it aims in the future to launch fewer devices each year. The job cuts represent slightly over 1 percent of the company's global R&D personnel. Job cuts might occur as the company will launch a smaller number of more iconic products.

Media, Gaming and Entertainment

- **Television Francaise 1 SA has will sell its 9.9 percent stake in Canal Plus France to Vivendi SA.** The company has made an offer on the same terms to M6-Metropole Television SA to buy its 5.1 percent stake in Canal Plus France, a unit of Vivendi's Canal Plus Group. Vivendi granted M6 and TF1 put options on their shares in Canal Plus France when the latter merged with pay-TV company TPS in early 2007. A put option is an option to sell a security at a specified price, usually within a limited period. Canal Plus Group, which is wholly owned by Vivendi, will increase its stake in Canal Plus France to 75 percent from 65 percent following the transaction. Vivendi could decide to buy out the 20 percent stake in Canal Plus France.
- **Yell Group PLC had an 83.87 percent take-up of shares in its open offer to raise 330 million pounds (US\$544 million) to help clear its hefty debt pile.** Yell, which publishes the Yellow Pages, said the remaining 16.13 percent of the open offer shares were allocated to conditional places. The firm will raise 500 million pounds (US\$824.6 million) but after getting the required backing from shareholders and lenders it raised the figure to 660 million pounds (US\$1088 million). As well as the 330 million pounds (US\$544 million) raised via the open offer, a firm placing of 785.9 million new ordinary shares raised an additional 330 million pounds (US\$544 million).
- **Daily Mail and General Trust Plc had full-year profit decline 23 percent as newspaper advertising sales declined.** Sales at the Northcliffe regional news unit fell 22 percent, while revenue

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at the Associated newspaper unit dropped 11 percent. The company has made nearly 80 million pounds (US\$131.8 million) of cost cuts at Associated, and 50 million pounds (US\$82.4 million) of cost reductions at Northcliffe, which are continuing. The company cut 1,600 jobs at the news units during the year and closed its free London Lite newspaper last month.

Telecommunications

- **Wind Hellas' junior bondholders had a 450 million euros (US\$670 million) offer for the assets of the company.** This will challenge against the previous offer from Weather Investments. The subordinated bondholders' new offer is materially superior to Weather Investments' offer. The subordinated bondholders will pay Wind Hellas' senior creditors larger consent fees and margin increases.
- **France Telecom SA is setting aside 700 million euros (US\$1 billion) to put in place measures allowing senior employees to work part time.** The provision won't hurt cash flow or financial goals, the Paris-based telecommunications provider said in a Business Wire statement. The company said 600 million euros (US\$898 million) of the provision will be accounted for in 2009, with the rest in 2010 and 2011. The efforts are part of a larger social program at France Telecom, which was shaken by a spate of suicides by employees, 25 of whom have taken their own lives since early 2008. Unions have blamed the suicides on the company's reorganization efforts. The company has suspended its reorganization plan.
- **Telecom Plus PLC had a 43 percent lower net profit for the fiscal half year as rising sales costs offset higher revenue, but said full year revenue and profits will benefit from its increasing customer base and the seasonal nature of the business.** Revenue was higher 40 percent. Telecom Plus increased its dividend by 60 percent to 8 pence to reflect its confidence in the business. In an effort to reduce customer churn, or the rate at which customers leave for rivals, the group aims to grow its customer base organically and targeting home owners, who are likely to subscribe to more of the company's products compared with those who rent.
- **TDC and France Telecom will merge their Swiss operations in a move to challenge rival, and Swiss market leader, Swisscom AG.** Under the agreement, which unites France Telecom's Orange Communications and TDC's Sunrise Communications units, TDC receives 1.5 billion euros (US\$2.2 billion) from France Telecom which will in turn be the major shareholder of the new entity with a share of 75 percent. The move comes on the heels of France Telecom merging its U.K. operations with those of German incumbent telecommunications services provider Deutsche Telekom AG in September. Once it has received all the documents from the two companies it will start reviewing the deal, which is a usually process. The newly merged entity will have a 38 percent market share in the mobile business, 13 percent in broadband, and a relatively small share of fixed line business.
- **Mobistar SA will pay 65 million euros (US\$97.2 million) for certain assets of KPN Belgium, a subsidiary of Dutch telecommunications firm Royal KPN NV.** The sale will include KPN Belgium's business-to-business activities, its fiber-optic network and the wholesale activities of the former Versatel. Although it is a small acquisition for Mobistar, it should allow the company to reinforce its position as a provider of fixed telephony and data to the B2B segment, where it currently only have a limited presence.
- **Telefonica SA will acquire a 21 percent stake in Spanish media group Promotora de Informaciones SA's pay TV unit Digital+, as Spain's biggest telecom company moves to expand its control of pay TV.** The deal cancelled 230 million euros (US\$343.9 million) in debt Prisa owed Telefonica. Telefonica will pay 240 million euros (US\$358 million) in cash and both companies

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have signed an agreement to develop joint projects in the audiovisual and services sphere. The deal values the entire satellite-TV platform at 2.35 billion euros (US\$3.5 billion). Prisa has been selling minority stakes in its units to raise cash to pay down a debt of nearly 5 billion euros (US\$7.5 billion) that dwarfs its market capitalization of roughly 735 million euros (US\$1099 million). Prisa sold other minority stakes in its Portuguese unit Grupo Media Capital SGPS SA (MCP.LB) and its book publishing company Santillana. Prisa's asset sales are positive but alone are not enough to meet its upcoming loan requirements.

- **OAD Vimpel Communications missed forecasts for third-quarter net profit, as analysts hugely overestimated a foreign exchange gain associated with the recent strengthening of the ruble.** Net profit for the latest quarter ended Sept. 30 boosted 108 percent. The 2008 figure was reduced by a US\$341 million non-cash charge to reflect the effect of the ruble's depreciation of VimpleCom's large dollar-denominated debt during that period. The 2009 figure was lifted because of the opposite process since the ruble strengthened between July and September this year. Even so, the bottom line figure was significantly below analysts' average forecast of US\$494.7 million. They see VimpelCom's profit between July and September to receive a US\$120 million lift from the foreign exchange effect. VimpelCom's foreign exchange gain was only worth around US\$22 million.
- **KCOM Group PLC moved back into a profit at the fiscal half year after a series of strategic and operational changes aided cash flow and simplified the business after exceptional charges hit the year-earlier result.** The company also said it would now focus on higher margin recurring revenue from its more profitable operations. KCOM, formerly Kingston Communications, had a net profit of 9.7 million pounds (US\$16 million) for the six-month period to Sept. 30. Revenue was down 14 percent but in line with expectations as it now intends to focus on long term profitable customer relationships, effectively exiting its low-margin commodity based operations. KCOM would maintain its interim dividend of 0.5 pence (US\$0.01).
- **Six local companies are competing to acquire Telecom Italia SpA's stake in Telecom Argentina.** The suitors include partners Eduardo Eurnekian and Ernesto Gutierrez, Alfredo Roman, the Pegasus Group, Grupo Clarin, the Genevieve fund and Carlos Joost Newbery's Condor fund. Telecom Italia's board of directors is expected to discuss the offers received. The stake is worth more than 900 million euros (US\$19.4 million). Asati is strongly against the sale as it fears the company will not get full value due to the forced sale. Argentina's National Antitrust Commission, the CNDC, ordered Telecom Italia to sell its stake in Telecom Argentina because of a conflict of interest stemming from Telefonica SA's involvement in a consortium that bought a 24.7 percent stake in Telecom Italia about two years ago. That stake gave Telefonica two seats on the Italian company's board and a 1.8 percent stake in the Argentine unit.
- **Nokia Siemens Networks did not win in auctioning for Nortel Networks Corp's optical networking and carrier Ethernet assets to Ciena Corp.** The bankruptcy court-sanctioned auction started and extended through the weekend. NSN had bid for the Nortel assets to expand its presence within optical networking. It is still searching for other partnerships to expand its business. NSN has been pressured by falling capital expenditure among telecom operators and rising competition from Chinese rivals. Nokia Siemens' share of the global infrastructure market in revenue terms fell to 19.4 percent in the third quarter 2009 from 20 percent in the previous quarter as China-based Huawei Technologies Co. replaced it as the world's second largest equipment vendor after market leader L.M. Ericsson Telephone Co. Paris-based Alcatel-Lucent is the fourth ranked global network company after NSN.

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- **The Finnish government had auctioned off four permits to build fourth generation, or 4G, mobile telephony and broadband networks.** TeliaSonera AB and Elisa Oyj and DNA Oy's permits were approved to construct Long Term Evolution networks. Pirkanmaan Verkko's permit was also granted to construct a 4G network using the alternative 4G standard called Wimax. The auction was the first radio spectrum auction in Finland. The Finnish government would give high-speed broadband connections with a speed of at least 100 megabytes a second to nearly all Finns by the end of 2015. But first, they have to secure broadband of at least one megabyte a second by July 2010.

South Africa/Middle East/Latin America

Mobile/ Wireless

- The number of mobile phones in circulation in Brazil boosted 1.15 percent in October from the month before to reach 168 million. Net additions totaled 1.9 million in October. Vivo Participacoes SA remained good market leadership with a 29.51 percent share of subscriptions in October. Vivo is controlled by Telefonica SA and SGPS SA. Claro was second with a 25.45 percent share. TIM Participacoes was in third place with 23.73 percent. TIM is the local unit of Telecom Italia SpA.

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Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 11/27/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US\$	86.4200	-2.7%	-6.3%	-6.3%	-23.2%
Hong Kong dollar	HK\$/ US\$	7.7500	-0.001%	0.01%	-0.003%	-0.7%
Chinese renmenbi	RMB/ US\$	6.8255	-0.03%	-0.03%	0.04%	-6.5%
Singapore dollar	S\$/ US\$	1.3871	-0.1%	-0.7%	-5.1%	-4.0%
South Korean won	KRW/ US\$	1,173.0000	1.3%	-0.6%	-10.9%	25.4%
New Taiwan dollar	NT\$/ US\$	32.3050	-0.2%	-0.5%	-1.4%	-0.6%
Australian dollar	US\$/A\$	0.9071	-0.8%	-1.0%	27.7%	3.7%
New Zealand dollar	US\$/NZ\$	0.7107	-1.8%	-4.9%	21.5%	-8.2%
Philippine peso	PHP/ US\$	47.0200	0.5%	0.1%	-0.4%	14.1%
Euro	US\$/€	1.4988	0.8%	0.8%	8.0%	1.9%
British pound	US\$/£	1.6511	0.0%	1.1%	13.7%	-17.2%

Fixed Income Prices and Yields

Note	Currency	Current (on 11/2/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	102.77	4.26%	101.31	4.34%	102.22	4.37%
Japan 30-year	¥	100.73	2.18%	100.09	2.21%	98.05	2.30%
Hong Kong 10-year	HK\$	103.30	2.27%	103.00	2.30%	103.05	2.31%
China (06/16)	US\$	107.66	3.40%	107.08	3.50%	108.93	3.22%
Singapore 10-year	S\$	100.40	2.47%	100.30	2.48%	98.80	2.64%
South Korea 20-year	KRW	10,178.64	5.53%	10,042.26	5.64%	9,733.59	5.80%
Australia 15-year	A\$	104.06	5.27%	102.35	5.47%	100.86	5.65%
New Zealand (12/17)	NZ\$	100.66	6.02%	99.96	6.10%	100.82	5.85%
Philippines 20-year	PHP	104.24	9.23%	104.71	9.18%	104.56	8.99%
India 30-year	INR	84.50	8.41%	83.65	8.45%	83.29	8.37%
UK 30-year	£	110.67	4.16%	110.50	4.16%	109.45	4.19%
Germany 30-year	€	105.48	3.93%	105.43	3.94%	102.43	4.12%

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