



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

Week of 11 January 2010 - 17 January 2010

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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 (1/15/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,136.03	-0.8%	2.0%	1.9%	25.8%
Dow Jones Industrial Avg.	10,609.65	-0.1%	1.0%	1.7%	20.9%
Dow Jones Tech. Index	408.50	-0.2%	4.6%	1.5%	62.5%
Dow Jones Telecom. Index	215.57	-1.0%	-2.4%	-1.8%	7.9%
NASDAQ Composite	2,287.99	-1.3%	3.4%	0.8%	45.1%
Japan Nikkei 225	10,982.10	1.7%	8.7%	4.1%	24.0%
JASDAQ	49.38	1.6%	4.9%	2.1%	2.4%
Japan Mothers	421.89	3.9%	5.5%	1.4%	30.4%
Korea KOSPI Composite	1,701.80	0.4%	2.2%	1.1%	51.3%
Korea Kosdaq	549.97	2.0%	9.6%	7.1%	65.6%
Taiwan Stock Exchange	8,356.89	0.9%	6.9%	2.1%	82.0%
Singapore Straight Times	3,026.33	-0.4%	5.9%	1.2%	71.8%
Hong Kong Hang Seng	21,654.16	-2.9%	-2.0%	-1.0%	50.5%
Hong Kong GEM	755.30	6.9%	10.8%	11.6%	95.9%
China Shanghai (A-Share)	3,381.14	0.9%	-2.4%	-1.6%	76.9%
China Shenzhen (A-Share)	1,288.09	3.3%	0.7%	2.1%	121.5%
China Shanghai (B-Share)	260.02	2.5%	1.9%	3.0%	134.4%
China Shenzhen (B-Share)	633.47	2.5%	-0.5%	1.2%	133.5%

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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

- According to research firm Informa, the world will have boosting mobile data services but decreasing voice revenues. Global mobile service revenues will exceed US\$1 trillion for the first time in 2013 due to boosting mobile data revenues. Mobile data revenues will be up to US\$330 billion by 2013. Informa expects mobile data revenues and ARPU will surpass voice revenues and ARPU in 2014. Japanese mobile data revenue will be US\$39.7 billion in 2014, while monthly data ARPU will be the highest in the world will be US\$24.56. NTT DoCoMo will launch 3G Long Term Evolution services by December 2010, with a view to pulling the plug on its 2G network by March 2011.

Technology

- According to research firm Forrester, the technology sector is likely to see a recovery in 2010 as businesses and governments resume spending on information technology.** IT spending in the U.S. will grow 6.6 percent to US\$568 billion in 2010 after declining 8.2 percent last year, Forrester said. Globally, IT spending will jump 8.1 percent in 2010 to more than US\$1.6 trillion after dropping 8.9 percent in 2009. Several other groups have predicted a rebound in the tech sector after it suffered through last year amid economic turmoil. Hardware and software will see the biggest growth, with worldwide purchases of computer equipment jumping 8.2 percent, communications equipment rising 7.6 percent and software spending rising 9.7 percent.

Japan

Telecommunications

- Willcom Inc. is seeking financial support from the government-backed corporate turnaround body to rehabilitate its operations.** Willcom is keen to draw on credit from the Enterprise Turnaround Initiative Corp. of Japan, which can raise government-guaranteed funds. Softbank Corp. is considering funneling funds into its capital base, as Willcom mulls tapping ETIC resources. Willcom started out-of-court alternative dispute resolution proceedings and has been asking its creditors to delay repayment schedules for its debts worth 90 billion yen (US\$991 million). But Willcom has been having difficulties drawing up its reconstruction plan. The PHS service provider wants to engineer a speedy reconstruction by utilizing ETIC.

Mobile/ Wireless

- Japan's domestic shipments of cellular phones and personal handyphone system handsets declined 9.9 percent on the year to 3.13 million units in November.** The decline followed two straight months of year-on-year increases, which had snapped a 14-month string of decreases through last August. November shipments topped the 3 million mark for the first time in five months thanks to the release of autumn-winter models. But the overall downtrend in demand continued as the prolonged economic slump made consumers less willing to splurge on handsets and newly released models failed to spark strong interest.

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Alternative Energy

- **Canadian Solar Inc. merged and had a contract of 18 MW distribution with West Holding Ltd of Japan.** Canadian Solar will transfer 14 percent of the shares in Canadian Solar Japan, its Japanese subsidiary, to West Holding Ltd, but Canadian Solar retains the remaining 86 percent. West Holding will distribute and sell solar residential rooftop systems designed by Canadian Solar Japan. The sales target for 2010 is approximately 18 MW. Deliveries began in December 2009.

Media, Entertainment and Gaming

- **MTV Japan Inc. is launching an interactive game on its social networking site.** Featuring Usavic, will be of free of charge to members of the myMTV social networking site for mobile phones beginning Jan. 28. Elements of role-playing games have been incorporated, and Usavich's abilities can be increased by defeating enemies. Players will be able to exchange messages with other players. Some 300 character items will be available for purchase, with the price per item set below 1,000 yen for now. Points acquired during in-game events will also be exchangeable for items.

Networking

- **Cisco will restructure its Asia Pacific and Japan operations to support its investments and growth plans in the region.** The company will create three theaters, effective February 2010, to enable a more focused strategy and investment of resources to countries within the region. China PRC, Hong Kong and Taiwan, formerly part of the Asia Pacific Theater, will now form a separate Greater China Theater. The remaining countries in Asia Pacific will form the Asia Pacific Theater, while the Japanese operations will continue as the Japan Theater. Greater China Theater will be led by Owen Chan as president and CEO. Chan joined Cisco in 1999 and has been president of the Asia Pacific region for the past five years. Jim Sherriff and Thomas Lam have been named chairman and vice chairman, respectively, of the Greater China Theater.

Hardware

- **Supported by a government sales incentive, flat-screen television sales in December jumped 65.5 percent year on year in volume and 42.7 percent in value in Japan.** The government introduced the eco-point sales incentive under an economic stimulus package last year to encourage consumers to purchase energy-efficient air conditioners, refrigerators and TVs for high-quality terrestrial digital broadcasting. In tandem with flat-screen TV sales growth, blu-ray disc and other video recorder sales in December increased 37.6 percent in volume and 27.3 percent in value. But personal computer sales in the month grew only 1.8 percent in volume and declined 2.1 percent in value despite Microsoft Corp.'s introduction of the new Windows 7 operating system. Digital camera sales decreased in both volume and value on market saturation.

Korea

Telecommunications

- **SK Telecom is aiming to win two million new smartphone users this year.** It plans to introduce 15 smartphone models with the majority of them running on Google's Android system. Smartphones are one of the bright spots in the tech sector and the market could grow by up to 25 percent in the next three years. Smartphones are increasingly the mobile handset of choice and they're seen as a key growth driver for phonemakers and telco operators alike. Global smartphone shipments grew by four per cent on-year to over 41 million units in the third quarter of 2009. The Asia Pacific region shows

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the highest growth at 26 per cent and market-watchers expect more mobile users to migrate to smartphones.

- **Digital Signage, MVNE and SME are the most likely projects that LG Telecom will pursue this year.** The merged LG Telecom said that it will designate 20 new projects which will be different from its existing business focus by the end of this month and begin the preliminary research activities for each project. Among the most likely items, LG Telecom believes that it has strong potential in digital signage by using its IP and 2 million APs to show the advertising contents depending on time, space and target consumers. Also, in the mobile virtual network enabler, it will support its clients to help their own values rather than limiting its service to support the communications traffic. By doing so, it will lay the groundwork for the MVNO business to secure the leadership in the future. The first target base is banks and discount stores.
- **KT Corp. outdid its rivals last year in the number of subscribers to its Internet-based TV and phone services.** KT reported that it attracted a net 994,000 customers last year for its real-time Internet-protocol television (IPTV) services, with the company's total subscription base increasing to 1.01 million. The growth of IPTV has outpaced previous new media services. Cable television channels took more than four years to recruit 1 million subscribers, while satellite television service took some 21 months. SK Broadband Co. ranked second in overall IPTV subscribers, drawing in a net 403,000 users. LG Dacom Corp. attracted 316,000 customers. KT also led in Voice over Internet Protocol (VoIP) services last year, narrowing the gap with its leading rival LG Dacom. KT estimated its total VoIP customer base rose to 1.70 million in the end of 2009 from 328,000 a year earlier. The number of LG Dacom's Internet phone service users was 2.14 million, adding 938,000 from a year earlier.

Mobile/Wireless

- **The government will spend 225.3 billion won (US\$200.6 million) in the next five years to transform the industrial city of Daegu into a global mobile cluster that can strengthen South Korea's position in wireless phones.** The buildup plan for the city 302 kilometers southeast of Seoul aims to counter challenges posed by Apple's iPhone and foreign-made smart phones. South Korea currently controls 30 percent of the global market for mobile phones making it one of the top three manufacturers of the product along with Finland and the U.S. The government plans to use the money to enhance research and development infrastructure in mobile convergence needed to make next-generation mobile phones, and create a effective testing environment for prototypes and new products.

Hardware

- **LG Electronics Inc. aims to sell 140 million mobile phones globally in 2010, up 20 percent from last year to become the global no. 2 handset maker by 2012, aided by the rising popularity of smartphones.** LG and Samsung Electronics aim to achieve a double-digit share of the global smartphone market by 2012. It will launch a lineup of 20 smartphones this year, based on various operating systems, including Google's Android, Microsoft's Windows Mobile and Linux. The company had a 10 percent share of the global handset market last year.

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China

Internet

- **Alibaba's consumer-focused e-commerce site Taobao.com has partnered with content providers, including Joy.cn.** The channel, which has TV show, movie and digital magazine sub-channels, is free of charge for viewers at present and feature ads in some video content, as well as advertising links products on Taobao.com after videos. A Taobao.com will build the platform but will not be involved in providing content or obtaining copyright authorization, while it will partner with content providers using a revenue-sharing model. Taobao.com released an online video channel and redirects users to a taobao.joy.cn page, where they will view Taobao shopping ads before watching content.
- **Travel portal Qunar.com released a channel for train tickets that includes information about all Chinese trains as well as newly commenced high-speed lines.** Qunar.com and Sohu.com had a partnership on January 12 to offer a new, joint travel information site through Sohu's Sogou Map Service.
- **Google's potential pullout from China will throw much of the country's Internet economy into turmoil, but there could be some beneficiaries.** Baidu will immediately benefit if its main competitor vanishes. But analysts say a pullout by Google would also be good news for various Chinese Internet portals such as Netease.com, Sohu.com, and Tencent have their own search engines with negligible market share. Google had 31.3 percent of China's search engine revenue at the end of the third quarter, compared to 63.9 percent for its rival Baidu. The remaining 4.8 percent of the market is divided between several players, including the three portals and Yahoo! China, which is owned and operated by Alibaba Group.
- **China's Internet users hit 384 million by the end of 2009 due to the expansion of Internet access and a rapid increase of mobile phone Internet users.** The numbers registered a 28.9 percent jump since the end of 2008, while the mobile Internet users increased by 120 million to reach a total of 233 million. More people have chosen to access the Internet through mobile phones since the Chinese Government issued third-generation (3G) licenses to major telecom operators in January last year, which enables high-speed connectivity to the Internet. Internet usage in rural areas also registered a new high as it reached 106.8 million by the end of 2009, an increase of 26.3 percent from 2008. The most frequent online practices included listening to music, reading news, and doing searches.

Mobile/Wireless

- **Chinese mobile entertainment producer Linktone has entered into a definitive agreement to acquire a controlling interest in Letang, a private Chinese company specializing in the development of mobile games and PC online games.** Letang offers a portfolio of games that can be played on the major global mobile phone operating systems and platforms including Flash, Symbian, KJava, MTK, Android, BlackBerry and iPhone. Linktone has agreed to pay up to US\$9.15 million in cash to acquire 50.01 percent of the equity of Letang. Letang will receive US\$2.56 million in cash at the closing of the acquisition, with the remainder of the consideration payable upon the achievement by Letang of certain financial milestones during years 2010 and 2011.

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- **The mobile value added services (MVAS) market has been growing at 29% per annum.** Growth in this sector is being boosted by increasing mobile penetration, growing popularity of mobile entertainment, rising income levels, declining ARPU and introduction of 3G.
- **China has a booming video gaming industry with mobile gaming revenue predicted to grow at a 51.5 percent CAGR between 2009 and 2014, reaching US\$2.5 billion in revenue despite current market barriers.** Waiting for a 3G boost examines the state of mobile gaming in China, paying particular attention to the role of mobile data networks, the lessons of the overall gaming industry in the country, and the need for more gaming-friendly handsets. Apart from the growing game download business, the biggest opportunities in China reside in online multiplayer and casual mobile gaming; however, mobile gaming market development has so far been hindered by handset capabilities and data access costs.
- **Artificial Life Inc has signed a partnership agreement with China Unicom which will see Artificial Life launch a wide selection of Java mobile games in collaboration with its subsidiary, China Unicom SK Telecom.** China Unicom has subsidiaries in 31 provinces across China and serves 133 million GSM subscribers. China Unicom SK Telecom, a sister company of China Unicom, has the responsibility to handle all value-added services (VAS) contents including mobile news, premium ringtones, emoticons for short message service (SMS), mobile games, WAP VAS, as well as applications on the Apple's iPhone. Artificial Life's initial launch will include titles such as Red Bull Air Race World Championship. Over the course of the next several months, Artificial Life will follow up this initial launch with many more mobile game titles for many devices including the iPhone.

Telecommunications

- **China will provide US\$211 million as loan to state-run mobile operator Teletalk to develop its upcoming 3G networks.** The loan agreement will be signed at state level. The Chinese government will provide the loan through China Exim Bank at 2 percent interest rate in the next two years. The loan repayment time might be 20 years in line with discussions. Teletalk will have to import all equipment for its 3G-expansion project from China-origin vendors, while CMEC will have the authority to select the vendors. China Exim Bank and the Ministry of Finance of Bangladesh signed a general loan agreement on a preferential buyer's credit worth US\$211 million. The deal expired in August 2008 without any payment.
- **China Mobile will complete its two year TD-SCDMA user target of 50 million by the end of this year.** Wang will complete TD-SCDMA network construction this year, a year ahead of schedule, and that China Mobile had 5.51 million TD-SCDMA subscribers as of late 2009. The company targeted 30 million users in 2010.
- **ZTE Corp. plans to raise HK\$2.62 billion (US\$342.37 million) through a private share placement.** ZTE will issue a maximum of 58.29 million shares to 10 investors for trade on the Hong Kong Stock Exchange. Net proceeds will be used to boost ZTE's existing cash flow. The funds will help decrease ZTE's asset-liability ratio, which reached 72.6 percent as of Sept. 30, 2009. The telecom equipment market will face challenges in 2010, as it is likely that China's three telecom operators will cut their investment budgets as national network deployment nears completion. Representatives from both China Telecom and China Mobile have stated publicly that infrastructural investments will decrease over the next few years. The operator may cut investments by 20 billion yuan (US\$2.93 billion) in 2010.

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- **China's three telecom operators, China Mobile, China Unicom, and China Telecom made a direct investment of 160.9 billion yuan (US\$23.6 billion) in 3G network building, setting up 325,000 base stations in 2009.** It created 260,000 jobs, and a further 670,000 job indirectly. The number of 3G users in China topped 13.07 million. This figure was expected to exceed 15 million by the end of 2009.
- **China Telecom will pump 8 billion yuan (US\$1.2 billion) to accelerate the construction of the Internet, 3G wireless network, broadband, information service, and informationization network in Jilin Province in the next three years.** China Telecom will focus on informationization infrastructure construction, informationization service platform, information-based government administration, and 3G application and construction in the province. The local government will support the company in terms of pipeline projects, cell tower site selection, power supply. The government will boost the company to promote its product BizNavigator and online payment service. The company will pay more efforts to upgrade the local industrial structure, cultivate emerging industries, and push the province's economic and social development.
- **Huawei will invest more than US\$50 million in Turkey over the next three years with a new research and development center in Istanbul.** Huawei plans to inaugurate the research & development center in Umraniye district in Istanbul. Huawei released a written statement and said this would be the company's 15th research & development center in the world, noting 350 Turkish engineers are planned to be assigned to the center in three years. The center was an indication of the importance attached to Turkey adding that the investment would make important contributions to the Turkish economy and society. Huawei is the solution partner of Turkey's mobile phone operators Turkcell, Vodafone and Avea to build their 3G networks.

Media, Entertainment and Gaming

- **Shanda Interactive Entertainment appointed of Mr. Xu Chaojun as its Chief Operating Officer.** Mr. Xu served as vice president of Oak Pacific Interactive from 2006 to 2009 and was a co-founder of Chinaren.com
- **Goldcool has licensed its in-house developed 2D MMORPG Zhu Hou Online to Korean-based online game company IMI.** The cooperation is Goldcool's first game export since Shanda division Shanda Games has acquired Goldcool and the rights to publish Goldcool games overseas. The company has high expectations for Goolcool's 3D game Magic World Online II and it is currently negotiating for operating rights to the game.
- **Shanda Games is likely to transform into an online game media platform firm and strengthen its game built-in advertisements in the future.** Shanda Games would come up with the game operation platform scheme, which aims to become a world game market over the long run. A merger of U.S. Mochi Media, a world leading game and in-built ad platform operator, clarifying further its under-way transformation plan. The US\$80 million dollars of Mochi Media merger expenses all came from its 18 Fund, which has hailed 1.2 billion yuan of investments in local online game teams or corporations. Pursuant to the agreement, Shanda Games will pay San Francisco-based Mochi US\$60 million in cash and US\$20 million in shares of the Chinese firm. Shanda Games plans to complete the deal in the first quarter of this year. Shanda Games will use Mochi's network to attract more players of causal games to Shanda's profitable massive multiplayer games. 18 Fund was launched by Shanda Games in July 2007.

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- **Phoenix New Media is aiming for an initial public share offering by as early as the end of this year.** The company would float its shares in either Hong Kong or on New York's Nasdaq bourse. The company had been profitable for four years, with annual profit growth at roughly 100 percent, said Liu, who has served in chief executive for four years after spending four years at parent Phoenix Satellite Television, a China-focused broadcaster based in Hong Kong. Phoenix New Media's website is among the top five news portals in China in terms of page views, data from research firm ACNielsen showed. Advertising income, which accounted for half of Phoenix New Media's revenue, was expected to jump by triple-digits this year on the back of China's recovering economy. Phoenix New Media, which was founded in 2005, received a US\$25 million investment last November from a group, including units of Intel and Bertelsmann.

Software

- **CDC Software Corporation would purchase an up to 51% stake in Vitova Ltd.** CDC Software has priority right to buy Vitova's Beijing unit, UNIS Vitova. Upon the accomplishment of the acquisition, Vitova will be part of CDC Software's franchise partner project, which was set up in 2006 and helps CDC Software select strategic partners in designated regions. The company has had seven franchise partners in India, China, South America, Spain, as well as Mexico. Vitova is an enterprise content management provider based in Hong Kong. After being purchased, its solutions will be sold under the "CDC DMS" brand. Moreover, Vitova will integrate its DMS software to the buyer's Ross, ERP, CDC supply chain, Pivotal CRM, and CDC senior human resource management solutions. CDC Software will also launch Vitova solutions by making use of the SaaS model.

Taiwan

Telecommunications

- **Chunghwa Telecom Co's unaudited 2009 net profit increased 5.1 percent.** Revenue for 12 months ended Dec. 31 fell 1.5 percent. Chunghwa Telecom's fourth-quarter net profit was up 67 percent.
- **The direct internet connection between Taiwan and 19 countries reached a total bandwidth of 331.283Gbps at the end of the fourth quarter of 2009.** The bandwidth rose by 13.17 percent from the third quarter and by 40.91 percent year-on-year, The Digitimes reports citing figures from Taiwan Network Information Center. Chunghwa Telecom's HiNet recorded international bandwidth of 186.339 Gbps, followed by TWGate with 35.113 Gbps, Sparq with 32.997 Gbps, TFN with 14.089 Gbps, NTT with 13.219 Gbps, and So-net with 10 Gbps. Several smaller ISPs recorded international bandwidth of less than 10 Gbps in Q4.

Hardware

- **Asustek expects to ship 19 percent more units this year than in 2009, helped by growing demand from China and Europe.** The firm expects to ship 25 million motherboard units this year, up from 21 million in 2009. Asustek also expects its share of the overall motherboard market to climb to between 37 and 38 percent from about a third currently. Asustek began life as a contract manufacturer of motherboards, the central processing unit found in every computer, but now increasingly focuses on its laptop PC business that offers higher profit margins. It competes with bigger rivals such as HP and Dell in the PC business, and with contract manufacturers such as Hon Hai and Mitac International in the motherboard sector.

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- **Acer Inc. registered revenue was up 8% month-on-month.** Institutional investors estimated that Acer shipped more than 10 million notebook PCs in the fourth quarter, a record quarterly high, and about 33 million to 34 million such devices in all of 2009. Acer aims to ship 40 million notebook PCs in 2010. The fourth-quarter operation results basically met company expectations and his company's fourth-quarter notebook PC shipments are expected to grow 10% quarter-on-quarter. Acer had consolidate revenue of NT\$167.6 billion (US\$5.15 billion) in the third quarter of 2009, a record high, and the company's fourth-quarter results will likely be a new record again. Acer actively pushed CULV (Consumer Ultra Low Voltage) notebook PC models in 2009, but won higher acceptance only in China and Japan. The company would promote surefire winners this year and these new products are expected to trigger a new trend worldwide.

Semiconductor

- **Chipmos Technologies Inc. has entered into a revised term sheet that it anticipates will lead to a definitive agreement to sell to Citigroup Financial Products Inc.** the general unsecured claim reflected in the proof of claim against Spansion Inc., Spansion Technology LLC, Spansion LLC, Spansion International Inc. and Cerium Laboratories LLC. The subject of the revised term sheet includes accounts receivable for testing and assembly services provided to Spansion in the amount of approximately US\$66 million to US\$70 million. The purchase price for the Undisputed Claim is expected to be approximately US\$33 million to US\$35 million, payable upon ChipMOS Taiwan's and Citigroup's execution and delivery of a definitive agreement containing the claim sale terms and conditions. The revised term sheet also contemplates the sale of breach of contract and liquidated damages rights against Spansion in the amount of approximately US\$234 million.
- **Mediatek Inc signed a cooperation agreement with China's AST Wireless to help it gain a bigger share in China's 3G mobile market.** Mediatek unveiled a plan to recruit over 10 percent more employees this year to meet growing demand for smartphones that require more powerful, power-saving chips. The fabless chip designer is betting on growth in China, its biggest sales earner, where 3G spending has been led by the three major wireless carriers, China Mobile, China Unicom and China Telecom.
- **Taiwan Semiconductor Manufacturing Co. said its venture capital fund VentureTech Alliance has increased its stakes in LED chipmaker BridgeLux of the U.S. by subscribing to some of BridgeLux's new shares issued to raise US\$50 million.** VentureTech acquired a 3% stake in the LED chipmaker in 2008 by buying 3.3 million shares for US\$5 million, seizing a seat in BridgeLux's board of directors. Industry executives interpreted the acquisition as TSMC's first step to enter the LED industry, which is considered as a potential business underscored by bright prospect of LED lighting. BridgeLux raised the capital to develop new technologies for LED lighting. The company's executives said it is now the only solid-state lighting manufacturer to have set up integrated manufacturing strength incorporating chip manufacturing and lighting design capabilities.

Singapore/Malaysia/Philippines/Indonesia/India

Hardware

- **Samsung expects continued high revenue growth of 50 percent to 10 billion baht (US\$304.3 million) this year in Thailand with an increased market share of 40 percent, helped by the diversity of its mobile phones and the restructuring of its direct distribution channel.** Manatase Annawat, senior manager of Thai Samsung Electronics Co, shows off the SamsungOne, one of the

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flagship products that it hopes will keep the company in first place in the local market. The South Korean mobile phone maker has claimed what it called a historic success in dethroning longstanding market leader Nokia in the Thai mobile handset market, with a 33 percent market share by value and a 31 percent share by volume at the end of last year.

Telecommunications

- **Bharti Airtel Ltd. named its current chief executive of Indian operations to head a newly created international business division as the telecommunication-services provider intensified efforts to grow beyond the domestic market.** Manoj Kohli, joint managing director and chief executive of Indian and South Asian operations, will become the chief executive of the international business group. Deputy Chief Executive Sanjay Kapoor will replace Kohli as chief executive of Indian and South Asian business, and oversee its mobile-phone operations, wired-line and broadband unit as well as enterprise and direct-to-home television-broadcasting businesses in the region.
- **True Corp. PCL sees revenue this year to increase in the single-digit percentage range with improving economy and an absence of political violence.** Contributions from its broadband business should continue to grow, but income from mobile phone operations will unlikely beat 2009's if the long-awaited introduction of third-generation telecommunications services is stalled again. National Telecommunications Commission hopes the auction of long-awaited 3G licenses will take place in the current quarter, although some industry players believe it may be delayed until the second quarter. The sale of 3G licenses has been postponed several times due to the absence of another independent body to regulate broadcasting frequencies, as well as changes in state administrations.
- **Bharat Sanchar Nigam Ltd (BSNL) has entered a pact with National Fertilizers Ltd. (NFL) to provide its mobile telephony and broadband services to rural consumers through NFL's distributors.** The two companies will launch a pilot to sell BSNL's mobile telephony services in the Indian states of Madhya Pradesh and Chhattisgarh through NFL's dealers. BSNL will also train NFL dealers and retailers at the six locations including the towns of Raipur and Bilaspur in Chhattisgarh and Bhopal, Jabalpur, Indore and Gwalior in Madhya Pradesh.
- **The Indian unit of Huawei Technologies Co. will manufacture telecommunications equipment in the country and invest about US\$500 million in its research and development center in five years.** Huawei Technologies India has yet to decide on partnering with Indian state-run telecom equipment maker ITI Ltd. Huawei's team from China visited ITI's plants to decide on whether to participate in a bid for majority stakes in the three joint ventures the Indian telecom-equipment maker plans to form. Manufacturing in India will also protect the company from steep antidumping duties levied by India on imports of some telecom equipment from China. India would levy antidumping duties of as high as more than three times the value on synchronous digital hierarchy (SDH), telecommunication transmission equipment imported from China.
- **India won't sell stakes in two of the state-run companies in the next fiscal year that begins April, on concerns that they are currently undervalued.** The federal divestment department currently values telecommunications firm Bharat Sanchar Nigam Ltd. (BSNL) at about 580 billion rupees (US\$12.7 billion) and coal producer Coal India Ltd. at more than 750 billion rupees (US\$16.4 billion). BSNL's valuation is about half of what it was in 2008 and Coal India's valuation is also much lower than what the government thinks it should be. India will list the two companies in the capital markets only after restructuring them and unlocking their potential value.

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- **PT Telkomsel had 82 million subscribers by the end of 2009, up 26 percent from 65 million a year earlier.** The company will spend 13 trillion rupiahs (US\$1.4 billion) in capital expenditure in 2010. The company will issue up to 4 trillion rupiahs (US\$435 billion) of bonds to help finance the capital expenditure, while the it will finance the remaining from its internal cash and bank loans.
- **In a further sign that rapid growth in India's mobile industry is continuing, market newcomer Uninor celebrated its first month of operation with the announcement that it has signed up 1.2 million customers since launch.** Uninor, which is majority owned by Norway's Telenor, launched GSM services in seven Indian circles on 3 December, adding an eighth on 22 December. Uninor's 1.21 million subscribers at the end of 2009 gave it a 0.32 percent share of the GSM market. The country as a whole added 12.51 million new GSM subscribers in December to take the total base to 379.85 million. Market leader Bharti Airtel added 2.85 million, raising its customer base to 118.86 million and its market share to 31.29 percent. It was closely followed by Vodafone Essar, which added 2.79 million new customers, lifting its customer base to 91.4 million and giving it a market share of 24.06 percent.
- **Bharti Airtel Ltd. has signed an agreement to buy a 70 percent stake in Bangladesh's Warid Telecom International Ltd. for US\$300 million.** Bharti will buy existing Warid Telecom shares from the United Arab Emirates-based Abu Dhabi Group, which owns the company, and also subscribe to fresh shares. Bharti will take control of Warid's management and board. The Abu Dhabi Group will retain 30 percent and have its nominees on the board. The funds infused into Warid will be used to expand its network coverage and capacity, and to introduce new products and services. Bharti will expand its services to the deepest pockets of Bangladesh and double the teledensity in few years. The company intends to fund the deal through internal cash. Bharti is planning to launch its brand in Bangladesh in the next few months. Bangladesh is one of the largest untapped markets in South Asia with only 32 percent of its 160 million population having access to telecom services, compared with about 46 percent of India's 1.1 billion people.
- **Singapore Telecommunications will continue working with its associate in Bangladesh, Pacific Bangladesh Telecom, and that it sees Indian associate Bharti Airtel Ltd.'s decision to take control of Warid Telecom International as complementary to its own investments in the country.** Bharti agreed to buy a 70 percent stake in Warid for US\$300 million. SingTel is open to working with other operators if it enhances shareholder value.

United States/Canada

Media, Entertainment and Gaming

- **Walt Disney Co. is in talks with Liberty Media Corp.'s Starz that may limit the movie channel's ability to provide films online to Netflix Inc.** Starz seeks access to Disney films for as many as five more years on its cable channel, as well as continued digital rights. Disney wants to limit the resale of movies to companies such as Netflix, which lets subscribers watch online. The digital rights are part of contract talks that may also determine how much Starz pays Disney and whether films from director Steven Spielberg's DreamWorks Studios will be included, one of the people said. Netflix depends on Starz for access to movies including "Wall-E" from Disney's Pixar, and without it the video-rental service would have to reach an agreement directly with the studio, the world's biggest media company.

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Internet

- **AOL Inc. started a planned round of job cuts that could affect more than 1,000 employees.** 1,100 employees have resigned voluntarily as effort to significantly reduce its head count. The firm started meetings about further cuts with employees in Europe, as it will shut down many of our offices. AOL disclosed that it will cut a third of its workforce, or up to 2,500 workers. After struggling as a unit of the media conglomerate, and seeing its advertising revenues steadily decline in recent periods, AOL is hoping to mount a dramatic turnaround.

Software

- **Microsoft Corp. asked a federal appeals court to take a second look at its ruling last month that affirmed a US\$290 million patent infringement judgment against the software giant and barred the company from selling current versions of its flagship Word software.** An injunction barring sales of Word would go into effect Jan. 11. Microsoft has been preparing modified versions of the affected programs that should be ready when the injunction goes into effect, allowing sales to continue without interruption. Microsoft filed a legal brief asking the appeals court to reconsider its ruling. The court's decision conflicted with established precedents governing trial procedure and the determination of damages. The company was continuing to move ahead with plans to comply with the injunction by Jan. 11. The US\$290 million verdict was the largest ever sustained on appeal in a patent infringement case.
- **Oracle Corp. may fire as much as half of Sun Microsystems Inc.'s employees, approximately 13,800 people, when the US\$7.4 billion acquisition closes.** Oracle probably will have to cut jobs to squeeze a profit from Sun, Brent Thill. Sun employed almost 27,600 in September. Oracle had US\$1.5 billion in operating profit from Sun in the first fiscal year after the acquisition. The purchase was delayed in August because of a European regulatory probe. The investigation was creating uncertainty, causing Sun to lose US\$100 million a month as companies held off purchases.

Hardware

- **Tablet computers will be a disruptive new product category when these PC-like products begin entering the market this year, taking market share from netbooks and other devices and helping Nvidia Corp. grow its mobile chip business.** The chip, called Tegra, could represent roughly half of the company's total revenue in the next five years. With a market that includes tablets, smartphones, handheld video players and many other mobile devices, Tegra, can double the size of the company. Chief Executive Steve Ballmer showed off a Hewlett-Packard Co. prototype device during his opening keynote address. The devices will likely be sold more like cell phones than notebooks, with wireless carriers packaging them with data plans.
- **Hewlett-Packard Co. and Microsoft Corp. unveiled details of a three-year pact to spend US\$250 million in an effort to help simplify information-technology systems.** The tech giants had systems will be designed to use existing data centers, managed through a common framework, to allow customers to integrate private or public cloud computing models. H-P and Microsoft will collaborate on the Windows Azure platform, with the companies offering services and Microsoft continuing to invest in H-P hardware for the Azure infrastructure. Products are available immediately, and new ones will be introduced throughout the next three years.

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Europe

Mobile/ Wireless

- **Vodafone Group PLC might be open to selling its 44 percent stake in France's SFR telecommunications company, in which Vivendi SA has a 56 percent stake.** Vodafone's board is pressuring executives to sell assets if the company wants to make other acquisitions, particularly in emerging economies. Vodafone's 44 percent stake in SFR is worth an estimated 6.8 billion euros (US\$9.8 billion), but Vivendi, which has a right of first refusal and is keenly interested in acquiring the stake, might want to pay in the range of 4.8 billion euros (US\$6.9 billion) to 6 billion euros (US\$8.6 billion).

Software

- **SAP AG had full-year revenue and operating margins beat company forecasts, joining Oracle Corp. in signaling a recovery in demand.** Software and related sales fell 3.2 percent to 8.19 billion euros (US\$11.9 billion). At constant currency and excluding a writedown for acquiring Business Objects SA, sales slid 5 percent, or less than the 6 percent to 8 percent drop forecast in October. SAP had struggled with declining sales as companies put off renewing contracts or upgrading software during the recession to conserve cash. The industry also faced a shift in spending to smaller license agreements and increased use of on-demand offerings, in which companies buy software as a service instead of making large upfront investments.

Telecommunications

- **Deutsche Telekom AG and France Telecom have filed their proposal for a joint venture in the U.K. to the European Commission.** The 50-50 joint venture is between Deutsche Telekom's T-Mobile UK and France Telecom's Orange UK. It will create the U.K.'s largest mobile operator with a 37 percent market share, well ahead of current leaders Spanish group Telefonica SA's O2 with its 27 percent share and Vodafone PLC's 25 percent. The European Commission will now review the proposal. The European Commission, which will investigate whether there will be any adverse effect on the market, has until Feb. 15 to rule on the joint venture. T-Mobile hopes to close the deal and implement the joint venture by the middle of 2010.
- **L.M. Ericsson Telephone Co. has agreed to acquire Italian consultancy firm Pride SpA for an undisclosed sum in order to boost its position within the services sector.** As a result of the deal, the Stockholm-based company will take on around 1,000 new employees, bringing its total workforce within consulting and systems integration to around 10,000. The acquisition will strengthen the company's existing business and complement its competencies in some areas such as billing and customer relationship management. There is a growing demand for complex project execution as telecom operators strive to simplify and consolidate their technical platforms.
- **The Russian government has delayed its planned US\$677 million capital injection for Sistema Shyam TeleServices Ltd.** Sistema Shyam had planned to sell the government a 20 percent stake before the end of 2009, to pay for new base stations as it expands its subscriber base of 3 million. The Russian government's cash injection would really be a "financing arrangement" as it includes a pledge by Sistema to buy the shares in five years' time. Russia's investment had been written into the country's 2009 budget, but it still required the approval of three ministries before the end of the year. The country's Economy Ministry hasn't yet approved it, and a Sistema spokesman said that if the government still wants to go ahead with the investment, it will either have to amend the 2010 budget or involve a state-controlled bank.

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- **Financial investor Permira sold its 10.1 percent stake in German company Freenet AG, Germany's largest network-independent telecommunications provider.** Permira held its 10 percent stake, or 12.9 million shares, via Telco (Netherlands) Holding BV, and said the final offer price for the shares was set at 8.90 euros (US\$12.79) each. Goldman Sachs International and UBS Ltd. will place the Freenet shares, worth about 119 million euros (US\$171.1 million), through an accelerated book building scheme. Stefan Borscheid, analyst at Landesbank Baden-Wuerttemberg, said the share placement is positive as it significantly lowers the share overhang. Permira sold mobile phone company debitel to Freenet and received a 25 percent stake in the TecDAX-listed company in return. It cut its stake in Freenet to 10 percent from 25 percent by placing 19.1 million shares.
- **Telco SpA has agreed a bond and loan deal to refinance 2.6 billion euros (US\$3.7 billion) of its maturing debt.** The refinancing deal will include a 1.3 billion euros (US\$1.8 billion) loan maturing on May 31, 2012, provided by banks Intesa Sanpaolo SpA, Mediobanca SpA, UniCredit SpA and Societe Generale. Telco is pledging part of its Telecom Italia equity stake as collateral for the loan. The deal also includes a 1.3 billion euros (US\$1.8 billion) bond issue to be subscribed to by all shareholders pro rata to their interests in Telco by 25 March 2010. Telco controls Telecom Italia with a 22.5 percent stake. Its own owners include Spain's Telefonica SA, Italian banks Intesa Sanpaolo SpA and Mediobanca SpA and insurer Assicurazioni Generali SpA.
- **TeliaSonera AB has selected equipment vendors LM Ericsson Telephone Co. and Nokia Siemens Networks to deliver 4G networks in Sweden and Norway, marking an important win in their home region after recent losses to China's Huawei Technologies Co.** TeliaSonera at the end of last year launched 4G networks in Stockholm and Oslo. The roll-out will now continue to Sweden's 25 largest municipalities and recreation areas and to Norway's four largest municipalities. Under the agreements, which cover roll out during 2010 and 2011, Ericsson will deliver the common 4G core network while Ericsson and NSN will deliver the radio networks.

Media, Gaming and Entertainment

- **Vivendi SA will hold a public tender offer on the Sao Paulo Stock Exchange, BMFBovespa, to buy the outstanding shares of Brazilian telecom operator GVT Holding SA.** Vivendi is offering 56 Brazilian reals (US\$32.36) for each GVT's share. GVT now has a total of 18.1 million common shares outstanding, representing 13.22 percent of its capital. Vivendi, which already owns the rest of GVT's shares, didn't unveil the date of the public tender offer.
- **British Sky Broadcasting Group PLC named Andrea Zappia as the new managing director of Customer Group, replacing Brian Sullivan who was recently appointed deputy chief executive of Sky Deutschland AG.** Zappia will join U.K. pay television group BSkyB on Feb. 1 from Sky Italia, where he is vice president, sports channels, overseeing the development of the Sky Sports portfolio of channels. He will report to BSkyB CEO Jeremy Darroch.

Internet

- **Russia's online advertising firm ZAO Begun has agreed to handle sales on behalf of Google more than a year after the U.S. search giant tried to buy the company.** Begun accounts for over a tenth of Russia's text-based advertising sales, making it the third-biggest player in that business after Yandex. Direct owned by the country's largest search engine Yandex LLC and a Google-owned service, Adwords, begun generates most of its revenue by selling advertisements on websites owned by its partners and taking a percentage commission for every payment it collects on their behalf.

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Neither Google nor Begun would discuss the terms of their agreement. Google hopes to take advantage of the company's long-standing relationships with advertisers in Russia.

South Africa/Middle East/Latin America

Telecommunications

- **The four international groups that have expressed an interest in buying as much as 75 percent of phone company Zambia Telecommunications Co. have been short listed.** Preliminary bids were received from India's Bharat Sanchar Nigam, Libya's LAP Greencom together with LAP Green Networks, Angola's Unitel, and Russia's Vimpel Communications together with Altimio Holdings. The next round of bidding with the short listed bidders was given an opportunity to conduct further due diligence on Zamtel before submitting new offers. Details of the bids will remain confidential while the process is ongoing. The ZDA in mid-September said it was selling Zamtel, which also owns mobile-phone operator Cell-Z and Internet service provider Zamtel Online.

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Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 1/15/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	90.7400	-2.1%	2.4%	-2.3%	-1.6%
Hong Kong dollar	HK\$/ US\$	7.7599	0.1%	0.1%	0.1%	0.1%
Chinese renmenbi	RMB/ US\$	6.8269	-0.01%	-0.02%	0.01%	0.1%
Singapore dollar	S\$/ US\$	1.3905	-0.2%	-0.01%	-1.1%	-4.9%
South Korean won	KRW/ US\$	1,123.0000	-0.4%	-3.1%	-3.5%	-14.7%
New Taiwan dollar	NT\$/ US\$	31.7850	-0.1%	-1.5%	-0.5%	-3.0%
Australian dollar	US\$/A\$	0.9227	-0.2%	0.7%	2.8%	29.9%
New Zealand dollar	US\$/NZ\$	0.7374	0.2%	1.3%	1.8%	26.1%
Philippine peso	PHP/ US\$	45.8000	0.4%	-0.3%	-1.4%	-3.0%
Euro	US\$/€	1.4387	-0.1%	-1.8%	0.5%	3.7%
British pound	US\$/£	1.6265	1.5%	-0.3%	0.7%	12.0%

Fixed Income Prices and Yields

Note	Currency	<u>Current (on 1/15/10)</u>		<u>1 Week Ago</u>		<u>4 Weeks Ago</u>	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	96.66	4.63%	94.56	4.77%	98.24	4.48%
Japan 30-year	¥	98.62	2.28%	97.86	2.32%	99.13	2.25%
Hong Kong 10-year	HK\$	93.27	2.97%	93.14	3.09%	98.00	2.40%
China (06/16)	US\$	107.58	3.39%	107.84	3.35%	108.15	3.31%
Singapore 10-year	S\$	99.71	2.55%	98.42	2.70%	99.50	2.56%
South Korea 20-year	KRW	10,021.75	5.61%	10,078.96	5.55%	10,166.88	5.48%
Australia 15-year	A\$	100.57	5.68%	99.51	5.81%	102.21	5.49%
New Zealand (12/17)	NZ\$	99.91	6.10%	99.34	6.17%	99.26	6.09%
Philippines 20-year	PHP	102.96	9.38%	103.23	9.34%	103.51	9.11%
India 30-year	INR	83.15	8.56%	83.20	8.56%	81.00	8.62%
UK 30-year	£	97.29	4.46%	104.03	4.54%	106.70	4.35%
Germany 30-year	€	103.90	4.02%	102.40	4.10%	104.69	3.97%

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