



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

Week of 14 June 2010 - 20 June 2010

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



Week of 14 June 2010 - 20 June 2010

Table of Contents

Equity Market Indicators	3
Technology, Media, Telecommunications and Life Sciences Market Activity	4
Weekly Highlights	5
International	5
Japan	6
Korea	8
China	9
Taiwan	10
Hong Kong	12
Singapore/Malaysia/Philippines/Indonesia/India	12
United States/Canada	13
Europe	15
South Africa/Middle East/Latin America	15
Other Economic Data	16
Currency Exchange Rates	16
Fixed Income Prices and Yields	16

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



Week of 14 June 2010 - 20 June 2010

Equity Market Indicators					
Index	Closing Level (6/20/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,117.51	2.4%	-1.7%	0.2%	23.7%
Dow Jones Industrial Avg.	10,450.64	2.3%	-1.6%	0.2%	19.1%
Dow Jones Tech. Index	395.79	3.7%	-0.7%	-1.7%	57.5%
Dow Jones Telecom. Index	201.16	2.6%	2.9%	-8.4%	0.7%
NASDAQ Composite	2,309.80	3.0%	-1.9%	1.8%	46.5%
Japan Nikkei 225	9,995.02	3.0%	-2.4%	-5.2%	12.8%
JASDAQ	51.74	0.2%	-2.5%	7.0%	7.3%
Japan Mothers	408.72	-2.7%	-3.6%	-1.8%	26.4%
Korea KOSPI Composite	1,711.95	2.2%	3.7%	1.7%	52.2%
Korea Kosdaq	495.23	0.8%	-2.9%	-3.6%	49.1%
Taiwan Stock Exchange	7,493.11	2.7%	-1.4%	-8.5%	63.2%
Singapore Straight Times	3,434.85	0.4%	-0.2%	14.8%	95.0%
Hong Kong Hang Seng	20,286.71	2.1%	2.9%	-7.3%	41.0%
Hong Kong GEM	800.39	0.8%	-1.2%	18.2%	107.6%
China Shanghai (A-Share)	2,634.88	-2.2%	-1.8%	-23.3%	37.8%
China Shenzhen (A-Share)	1,061.48	-5.2%	3.5%	-15.8%	82.5%
China Shanghai (B-Share)	213.73	-2.9%	0.8%	-15.3%	92.7%
China Shenzhen (B-Share)	549.15	-0.9%	2.3%	-12.3%	102.4%

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



Week of 14 June 2010 - 20 June 2010

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

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

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

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

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

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



Week of 14 June 2010 - 20 June 2010

Weekly Highlights

International

Media, Gaming and Entertainment

- **Brazil and China are going to boost the acceleration of their entertainment and media sectors over the next five years according to consultancy firm Pricewaterhouse Coopers.** Around 48 countries were evaluated to complete the report. It says that the sector should boost in Brazil at a rate of 8.7 percent a year up to 2014, losing only to China, which should boost at a rate of 12 percent a year. Average global acceleration is expected to be about 5 percent a year.

Telecommunications

- **According to Point Topic GBS, worldwide broadband subscriptions took an upswing during the first quarter, supported in part by healthy DSL acceleration in every region, strong fiber rollouts in Asia and IPTV service offerings.** Global broadband lines have reached more than 484 million lines, representing a 3.12 percent acceleration in the quarter and 12.41 percent in the last twelve months to end of Q1. The first quarter acceleration rate boost shows a swelling of positive acceleration for worldwide broadband. China continues to be at the top of the table in terms of broadband with continued healthy acceleration at 5.67 percent in the quarter and 20.96 percent in the twelve month period, taking it to 112.59 million subscribers. China, the U.S.A, Germany, the U.K., South Korea and Brazil all grew more quickly in the first quarter against Q4 2009. China broadband subscribers grew to 112.59 million from 93.08 million in the year-ago quarter. US was at the second place and grew its subscriber base to 87.07 million from 80.11 million in the year-ago quarter, followed by Japan with 31.78 million subscribers, Germany with 25.95 million subscribers, France with 19.25 million subscribers, the U.K. with 18.7 million subscribers and South Korea subscribers with 16.55 million.
- **According to iDate, LTE subscribers should boost in the 2012-2015 period from 27 million to close to 300 million at end 2015.** These estimates are based on estimated commercial launches of LTE services in five distinct regions/countries of the U.S.A., the EU5 plus Scandinavia, Japan, South Korea and China. LTE services will not be launched before end 2011-2012 in EU5 and China, and not before end 2010-2011 in the U.S.A., Japan and South Korea. In India, iDate sees LTE adoption could be driven by TD-LTE if BWA spectrum can be used for this technology in India. The GSA is reporting 110 LTE network commitments in 48 countries at end May 2010. Up to 22 LTE networks should be in service by end 2010 and up to 37 LTE networks should be in service by end 2012. Mobile broadband practice director Frederic Pujol said that as at end 2015, the study sees 13 percent of the subscriber base to be accessing LTE networks with discrepancies depending on countries.

Semiconductor

- **Based on a report by Gartner, the global market for semiconductor equipment is forecasted to more than double in size this year from a year ago on the back of chipmakers' boosted capital spending to meet accelerating demand.** The semiconductor equipment market is projected to reach US\$35.4 billion this year. The sharp acceleration stems from a boost in capital spending by global semiconductor makers, who revised up their investment to expand production capacity and accelerate the transition to a more advanced technology bracing for an expected chip demand hike. The PC industry is forecast to see a revival amid the global economic recovery, while the launch of new mobile products will drive demand for NAND flash memory chips. Samsung Electronics Co.

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



Week of 14 June 2010 - 20 June 2010

raised its annual investment in semiconductors to 9 trillion won (US\$7.43 billion). The semiconductor equipment market will see slower acceleration in 2011, expanding 6.6 percent from a year earlier.

Japan

Hardware

- **Sony Corp. said Chairman Howard Stringer earned a 410 million yen (US\$4.5 million) salary last year as Japanese regulators begin to force companies to reveal the compensation of their top executives.** Stringer received a base salary of 310 million yen (US\$3.4 million), a 100 million yen (US\$1.1 million) bonus and stock options for 500,000 shares for the year ended March 31. Vice Chairman Ryoji Chubachi and outgoing Chief Financial Officer Nobuyuki Oneda earned more than 100 million yen (US\$1.1 million). Publicly traded companies in Japan will need to provide the names of executives earning at least 100 million yen (US\$1.1 million) and a breakdown of their compensation packages, including stock options, bonuses and retirement payouts. Stringer's salary is more than triple the amount Hoya Corp. paid its chief executive officer.

Mobile/ Wireless

- **Fujitsu Ltd. will own Toshiba Corp.'s struggling cellphone handset business, aiming to take a leadership position in the domestic market while coping with challenges from foreign rivals such as Apple's iPhone.** Fujitsu and Toshiba have reached a basic agreement to merge their mobile phone operations, a move that will create Japan's second largest handset maker. Fujitsu, the larger of the two, will take a majority stake in the new joint venture to be launched Oct. 1. Japanese handset makers are under pressure to streamline and consolidate, as they come under attack in the crowded home market from newcomers such as the iPhone, RIM's Blackberry and Taiwanese handset maker HTC. Fujitsu could have a better shot at a chunk of Japan's still-nascent market for smartphones, one of the few growth areas in the country's rather sluggish handset market.

Information Technology

- **NTT Data Corp. will acquire U. S. information system firm Intelligroup Inc. as part of its global expansion.** If NTT Data succeeds in obtaining all Intelligroup shares through a tender offer, the acquisition will cost about 18 billion yen (US\$196.6 million). The bid could start this week, with the offer price at US\$4.65 a share. The U.S. firm has agreed to the takeover. Intelligroup posted 11.3 billion yen (US\$125 million) in sales and about 1 billion yen (US\$11 million) in net profit for the year ended last December. The firm employs 2,100 and has software development operations in India. It builds core information systems for businesses, with major electronics manufacturers and drugmakers among its clients. The firm is seeking acquisition opportunities to further its acceleration

Media, Entertainment and Gaming

- **Zynga Game Network Inc. garnered a 13.5 billion yen (US\$147 million) investment from Softbank Corp.** Softbank and Zynga shall distribute and promote games through Softbank's mobile-phone service in Japan and other countries. The contract shall construct on the US\$180 million Zynga raised from venture capitalists in December and may help the company expand in Asia. Zynga shall have revenue of at least US\$450 million this year. Profits were mostly generated from sales of virtual goods on Facebook's service, as the firm planned to diversify beyond the social-networking site.
- **Jupiter Telecommunications (J:Com) ended May with a total of 3.33 million customers, up 3.7 percent year-on-year.** Combined revenue generating units (RGUs) for cable television, internet

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



Week of 14 June 2010 - 20 June 2010

access and telephony services reached approximately 6.08 million, up 5.7 percent since end-May 2009, and the bundle ratio (average number of services received per subscribing household) boosted to 1.83 from 1.79 a year earlier. J:Com's television subscriber base stood at 2.607 million in May, up from 2.569 million a year earlier. Of the total 2.477 million are digital television subscribers. The number of internet subscribers went up to 1.630 million from 1.528 million, and the number of telephony customers rose to 1.839 million from 1.650 million a year earlier.

Internet

- **Amazon.com Inc. and Yahoo Japan Corp. will open cloud computing services for Japanese businesses based on Japan's large-capacity high-speed network.** The firm will later establish Japanese-language service. Amazon's goal is to offer Japanese-language support services together with Toshiba and other Japanese information technology firms to aid local businesses in the launching of cloud computing services. Yahoo Japan, on the other hand, will have a full-scale entry into the cloud computing business by next March. The Japanese unit of Yahoo Inc. will lease various website functions like billing, membership management and distribution of ads and various content. Through this, users could make personalize websites and offer various services.
- **Rakuten, Inc. has reached a definitive agreement to acquire 100 percent interest in PriceMinister SA, for US\$246.16 million.** Arma Partners, LLP and Sangyo Sosei Advisory, Inc. are acting as advisors to PriceMinister on the transaction, while Gide Loyrette Nouel is acting as its legal counsel. The transaction is expected to close in July 2010. This acquisition will allow Rakuten to create a global platform as PriceMinister has established its marketplace business in Spain and the UK, in addition to France. Rakuten will also further develop its global network of e-commerce businesses by leveraging its presence in Asia, the US and Europe. The transaction will enable it to leverage Rakuten's expertise in empowering merchants and deploying sales campaigns, to strengthen its competitive advantage in the French market.

Telecommunications

- **Five telecommunications industry groups in Japan have agreed guidelines that spell out procedures that mobile carriers should take when limiting internet access for users who receive or send huge volumes of data.** ISPs first addressed the issue in 2008, and the latest rules also apply to internet connections via mobile devices, the Nikkei business daily reports. The new guidelines state that carriers should notify users in advance when limiting internet access, as well as provide information on data transmissions caps and how long connection speeds will be reduced. Mobile operators already limit access under their own rules. Emobile will expand the scope of users subject to access restrictions to those that send or receive 3 million packets (each packet is 128 bytes) over a 24-hour period. KDDI, NTT DoCoMo and Softbank Mobile plan to revise their rules for limiting access so that they are in line with the new rules.
- **Japan's three major mobile operators are expected to triple their combined base stations footprint this year, the Nikkei reports.** The firm plans to lift their combined arsenal of 100,000 base stations to roughly 300,000 this fiscal year. It will upgrade roughly 1,000 base stations in major metropolitan areas to make them compatible with LTE service, which will be launched by the end of this year. KDDI's new base station has a footprint that is less than one-third of conventional models. The number of small indoor stations is to boost about 40 percent to 34,300.
- **Reliance Globalcom will extend its existing points-of-presence in Japan to include global data centre operator Equinix's Toyko-2 International Business Exchange data centre.** The

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



Week of 14 June 2010 - 20 June 2010

expansion will enable Reliance Globalcom to improve the capacity of IPv6-enabled global connectivity services to the 230 countries covered by it. It will also enable all of Equinix's Tokyo customers to directly access Reliance Globalcom's VPLS network. Equinix customers out of Japan will now be able to connect directly to Reliance Globalcom's network with no requirement for third party connections.

Korea

Telecommunications

- **KT Corp. is seeking to buy a major stake in a local credit card firm to capitalize on an accelerating mobile phone-credit card convergence trend.** KT, also the top fixed-line provider, is expected to sign a preliminary contract with Woori Bank take over the bank's stake in BC Card Co., which issues credit cards in business association with 11 local banks. The bank owns a 27.65 percent stake in BC Card and the sources predict KT will purchase half of the total holdings.

Mobile/Wireless

- **Samsung Electronics is eyeing a 20 percent share of the accelerating smartphone market as it expands its product portfolio in India.** The firm will launch 7-8 new smartphones this year to compete with the likes of Nokia, RIM and Apple. While Galaxy S is based on Google's mobile operating system (OS) 'Android', Wave marks the launch of Samsung's operating system BADA. A huge number of smartphones from multinational companies like Nokia, Apple, Research-In-Motion (RIM), LG and Sony Ericsson are flooding the Indian market. Smartphone sales in the Asia-Pacific (APAC) region are expected to surpass the 100 million units mark by 2011. Smart phones accounted for 11 percent of mobile phone shipments in APAC, this percentage is expected to boost steadily and, in 2012, 20 percent of mobile phone shipments in the region are expected to be smart phones.

Semiconductors

- **Hynix Semiconductor Inc. has accomplished its second memory chip plant in China in partnership with a Chinese firm.** The plant, named "Hitech Semiconductor Package and Test", has a capacity of manufacturing 100 million units of 1-gigabyte dynamic random access memory (DRAM) chips per month. Hynix holds a 45 percent stake in the plant built in Wuxi, Jiangsu Province, with China's Wuxi Taiji Industry Co. owning the remainder. The completion of the chip plant cost US\$350 million. The firm will have to save on production and shipping costs with the new plant, which will conduct packaging and testing of chips that are produced from Hynix's other plant in the same Chinese city. Hynix also awaits the Chinese government's approval to acquire a 90 percent stake in Hynix-Numonyx Semiconductor Ltd., a joint chip venture with Dutch chipmaker Numonyx Holdings BV.
- **Hynix Semiconductor has agreed with creditors to repay its 4 trillion won (US\$3.26 billion) worth of debts in the event of a hostile takeover attempt.** The contract that gives creditors a right to demand debt redemption was signed in April. The agreement is aimed at deterring a hostile takeover attempt as a debt repayment would make a takeover costly for the bidder. Creditors of Hynix, which include its largest shareholder Mirae Asset Investment, cut a 5 percent stake in block sales in March to hold a 21 percent stake in the chipmaker. They plan to unload an additional 5 percent stake before December.

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



Week of 14 June 2010 - 20 June 2010

Hardware

- **LG Display Co. will have a US\$5 million e-book merging with Iriver Ltd.** LG Display will control 51 percent of the joint business, L&I Electric Technology (Dongguan) Ltd., as Iriver will take control of the lingering 49 percent. L&I Electric Technology will begin producing Iriver's existing Dongguan e-book plant in September and will boost production to 1 million e-books a year by 2011. The Dongguan plant creates at least 30,000 units a month of e-books. LG Display will reinforce its customer base by securing Iriver as a stable customer for its electronic paper displays, or EPDs. LG Display will provide e-book displays like electronic paper displays, or EPD, while Iriver will be assigned to be in charge of product design and platform development. The global e-book market will be twice in size annually to reach US\$1.2 billion.
- **Samsung Electronics Co. will introduce the tablet computer in the third quarter.** This might aid to sustain earnings acceleration later this year despite lower earnings from mobile phones due to the weak euro. The new tablet will run on Google's Android operating system. The electronics giant had record earnings in the first quarter, with operating income of 1.10 trillion won (US\$898.3 million). Earnings from the handset business is expected to be badly affected due to the European debt crisis.

China

Internet

- **China's personal e-mail user size and active account size each stood at 218 million and 531 million in 2009, with the coverage of up to 80.6 percent.** The market is mainly shared by 126.com of NetEase.com, qq.com of Tencent, Gmail of Google, and 139.com of China Mobile. 126.com ranked number one among them in terms of monthly visits per capita in 2009, with the number of monthly active accounts hitting 124 million on average, representing a sharp edge from others. With the maturation of the nation's 3G market, service package adjustment of mobile telecom operators and expansion of the domestic mobile phone market, mobile phone e-mail will boost fast. NetEase.com mobile phone e-mail, QQ and 139.com are regarded as the top three in the sector.
- **Tencent Holdings signed a memorandum of understanding with the Cisco Systems Inc for a long-term strategic relationship.** Pursuant to the MOU, the two partners will be principally engaged in technology upgrading of telecommunication and data analysis, as well as market expansion. Tencent's development goals fit very well with their long-term objective in China. Tencent plans to promote green economy development through the cooperation with Cisco.

Mobile/Wireless

- **Funtalk China Holdings Limited reached net revenues of US\$287.8 million for Q4 2010.** The firm generated revenues from two business segments, retail and distribution of mobile phones and related services and accessories. Gross profit for the quarter boosted 198.9 percent. Income from operations in the quarter boosted by 689.7 percent to US\$22.8 million. Operating income margin boosted to 7.9 percent in Q4 2010. Net income was US\$1.2 million for Q4 2010. The firm sees its revenue for Q1 of fiscal 2011 to be in the range of US\$220-240 million and its net income attributable to the firm to be in the range of US\$7-9 million. Gross margin and operating income margin are projected to be in the range of 12.5-13.5 percent and 5.5-6.5 percent, respectively. The firm sees its revenue to be in the range of US\$1-1.2 billion and its net income attributable to the firm to be in the range of US\$40-45 million. Gross margin and operating income margin for the full fiscal year are projected to be in the range of 15.0 percent-16.0 percent and 8.0 percent-9.0 percent, respectively.

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



Week of 14 June 2010 - 20 June 2010

Telecommunications

- **ZTE Corp. has been awarded a 1 billion yuan (US\$146 million) passive optical network equipment contract by China Telecom Corp.** The equipment will support China Telecom's city optical network project, which was launched in 2009. The Chinese telecom equipment and network provider will partner with Telekom Malaysia Bhd. as one of the major suppliers for Malaysia's nation-wide high-speed broadband network. Malaysia announced the HSBB project in September 2008, which is aimed at developing next generation high-speed broadband infrastructure and services for the country.

Media, Entertainment and Gaming

- **Perfect World Co., Ltd. is slashing 80 percent of its employees in the distribution division as part of a business revamp amid the online game market slowdown.** The firm informed its decision to lay off over 80 percent or 2,000 of its employees in the distribution and marketing division throughout the country. Chi Yufeng was calling for expenditure cut. Marketing staff in Beijing, where Perfect World is based, is going through a regrouping, ascribing the layoff in part to a poor performance of the 2D turn-based online game Fantasy Zhu Xian and a flawed management in distribution.
- **The9 Ltd. will seek extensive and in-depth partnership with overseas game-related companies on the China Game Outsourcing Conference (CGOC).** The Chinese online game operator and developer hails partners concerning such sectors as painting, Flash production, localization, translation, and computer graphics (CG), etc. to make up mutual advantages and disadvantages. The9 Ltd. is engaged in R&D in personal computer game, web game, social game, mobile game, and internet protocol Television, or IPTV.

Hardware

- **Hon Hai Precision Industry Co. will expand in China despite boosting scrutiny of labor conditions in China.** Hon Hai will have twice the regular minimum wage for some of its workers in Shenzhen as it will also have smaller pay boosts. The firm has to claim a defense due to the suicide conditions of its employees. It was also asked to invite reporters to view its massive Shenzhen operation in China's southern Guangdong province.

Investments/ Ventures

- **China Sci-Tech Holdings Limited will raise US\$370 million from certain cornerstone investors.** China Sci-Tech Holdings will issue approximately 14,430 million shares, representing a 34.17 percent stake in the firm, at a price of US\$0.03 per share. Investors include CCB International Asset Management Limited, Chow Tai Fook Nominee Limited and Bondic International Holdings Limited. BOC International Holdings Limited, Morgan Stanley and Deutsche Bank AG are acting as placement agents for the transaction.

Taiwan

Hardware

- **Taiwan's contract notebook makers Wistron Corp. and Compal Electronics Corp. expect shipments for the third quarter of this year to boost because of lessening impact on global demand caused by the debt problems in Europe.** Wistron Chairman Simon Lin sees notebook shipments for the third quarter of this year to rise more than 10 percent from the second quarter.

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



Week of 14 June 2010 - 20 June 2010

While the impact from the European crisis on demand for notebooks was visible in April, the impact moderated in May. The firm's shipments since the beginning of June had returned to normal levels. He was remaining cautious about developments, as many market observers are holding a wait-and-see attitude toward the financial crisis in Europe. Demand from the Asia-Pacific region and Latin America has been on the rise, offsetting the damage caused by the falling euro. Shipments for the second half of this year are likely to see a rise of 20 percent from the first half. Compal President Chen Jui-tsung sees his firm's notebook shipments for the third quarter to boost 5 percent-10 percent from the second quarter.

- **Hon Hai Precision Industry has asked suppliers for price cuts as it looks to offset the cost of a wage hike for Chinese workers.** Suppliers have yet to accept a request for a 10 percent cut. Other firms had been asked for cuts, but did not disclose any figures yet. Hon Hai offered workers at its Foxconn manufacturing hub in China a 66 percent performance-based pay rise. That came on top of a 30 percent across the board rise two weeks before as the firm wrestled with the fallout from a spate of suicides at the Foxconn site.

Semiconductor

- **UMC said that chip demand would exceed supply in the third quarter.** Q2 revenues would likely beat its forecast due to gains from foreign exchange as the Taiwan dollar had fallen. United Microelectronics Corp. saw no impact so far from financial troubles in the euro zone and was optimistic about demand in the second half.
- **Morris Chang, board chairman and CEO of Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC), predicts that the global semiconductor market will maintain an acceleration of 6 percent to 7 percent per year in the future five years, bolstered up by China's demand for electronic products.** Gartner forecasts that the sales value of the world's semiconductor industry is likely to reach US\$ 290 billion this year. The market will swell nearly US\$30 billion in the coming five years, calculating by a yearly acceleration of 7 percent. Chang points out that China is playing a more important role after the financial crisis. The Chinese government provides plenty of subsidies for the rural promotion of household appliances.

Alternative Energy

- **Taiwan's photovoltaic manufacturers are expected to be the primary beneficiaries of the first-ever overseas outsourcing each planned by Sharp and Sanyo Electric, which have projected to buy a total of 200-megawatt solar cells from pure manufacturers.** Industry executives think Gintech Energy Corp., Motech Industries Inc., Neo Solar Power Corp., and Solartech Energy Corp. would be contracted as contract suppliers for Sharp and Sanyo as they have set up close business ties with the two Japanese solar-cell makers. Sharp is Japan's No.1 solar-cell maker while Sanyo is the No.2. Sanyo has been in talks with Taiwan's solar-cell makers over cooperation deals. The firm estimated it would place contracts for 10-30 megawatts of solar cells in fiscal 2010 and 50-100 megawatts in fiscal 2011. Industry watchers estimated Sharp to sell 1.2 gigawatts of cells throughout this year, with contracted products to account for around 15 percent.

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



Week of 14 June 2010 - 20 June 2010

Hong Kong

Investments/ Ventures

- **Richard Li's private equity fund may lose control of Vivacom, a debt-laden Bulgarian telecommunications operator as junior lenders are battling to take it over.** Vivacom was set to breach agreements on its 1.64 billion euros (US\$2 billion) in loans by the end of the month. Controlling shareholder PineBridge Investments, the buyout firm owned by PCCW Ltd Chairman Li, wanted to restructure the firm's debt in a deal that would cause the so-called mezzanine lenders to lose all of the 325 million euros (US\$404.4 million) they are owed. The debtholders, including U.S. hedge fund Tennenbaum Capital Partners and French insurer AXA's private equity arm, wanted to take a majority stake in the firm by swapping their loans for shares. High-interest mezzanine debt carries limited legal rights in debt restructurings, but these lenders insisted they had a stronger position than PineBridge.

Singapore/Malaysia/Philippines/Indonesia/India

Telecommunications

- **Reliance Communications Ltd. will sell stakes in its mobile-phone tower unit and uses the proceeds to pay debt.** Reliance Communications is generating funds to lessen net debt of 199 billion rupees (US\$4.3 billion). It is negotiating with local and overseas companies for a cash and stock transaction for part of Reliance Infratel Ltd. The firm will sell a 26 percent stake to an equity buyer to cut debt and improve networks. Reliance Communications' net debt decelerated to 226 billion rupees (US\$4.9 billion). Reliance Communications' telecom infrastructure might boost in demand.
- **Reliance Infratel is close to approving a merger deal that could see its tower assets combined with GTL Infrastructure Ltd. in return for a cash sum of 150 billion rupees (US\$3.2 billion) and a significant stake in a new entity for parent firm shareholders.** The deal values the Reliance Communications Ltd. unit's tower assets at around 300 billion rupees (US\$6.5 billion) and GTL Infrastructure at nearly 150 billion rupees (US\$3.3 billion). Reliance Communications would get 150 billion rupees (US\$3.3 billion) in cash and its shareholders would take a 50 percent stake in the new entity, should the deal, which has yet to be signed, proceed. Reliance Communications wouldn't hold any shares in the new entity. Anil Ambani would have a 26 percent stake in the combined entity, while GTL Infrastructure promoter Manoj Tirolkar is expected to have 30 percent.
- **Bharti Airtel Ltd. isn't looking at acquisitions in the country as it has a reasonable revenue market share in India's lucrative market.** Bharti Airtel has a nearly 22 percent share of the more than 601 million wireless subscribers the Indian telecom market had at the end of April. The Indian market is likely to consolidate, with only about five or six of the existing 14 players surviving. The Indian mobile communications firm accomplished the acquisition of Kuwait-based Mobile Telecommunications Co.'s Zain Africa assets in 15 African countries for US\$9 billion cash. The firm's move to expand overseas comes as the local industry reels under intense competition, which has driven down tariffs and hurt revenue and profits.
- **Reliance Communications Ltd., controlled by billionaire Anil Ambani, is in talks with three to four companies to sell a stake of up to 26 percent in one of its units for about US\$500 million.** India's second-largest mobile services firm by subscribers with a debt of US\$6.2 billion is holding talks to sell a portion of its wholly owned Reliance Globalcom, which runs the firm's global telecommunication businesses. Reliance Globalcom houses the Indian firm's undersea cable business

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



Week of 14 June 2010 - 20 June 2010

and most of its revenue is from overseas corporates. Reliance Communications is part of the Reliance ADA Group that wants to sell significant stakes in its telecommunications assets to fund its future growth, including the gradual roll out the high-speed, superior-data-delivering third-generation mobile services in India. the Anil Ambani-led group is exploring is a sale of as much as 26 percent in Reliance Communications for around US\$4 billion.

- **The Thai government is planning to acquire a share in Thaicom PCL from Holdings Pte. Ltd. for national security reasons.** Investors immediately purchased stocks, expecting that the Thai government will acquire a majority stake in Thaicom which has 11 years remaining on its concession to operate satellites that are used to transmit television, telephone and broadband signals. The rules state that if the government or one of its agencies acquires Temasek's stake in Thaicom, the price of the remaining shares will be the same as to what it paid Temasek. Finance Minister Korn Chatikavanij is under negotiation with Temasek regarding the acquisition of its Thaicom stake.
- **Maxis Bhd will maintain its EBITDA margin above 50 percent in 2010 by boosting its non-voice revenue and cutting operating costs.** Malaysian mobile operators have faced stagnant to declining profit margins due to the improvement of the country's mobile market. Maxis's planned capital expenditure of 1.4 billion ringgits (US\$430 million) in 2010 will be funded through internal sources as the firm is generating sufficient cash.
- **Telekom Malaysia Bhd has enough cash to fund its broadband expansion and can raise more funds if needed.** The firm has 3.8 billion ringgits (US\$1.2 billion) cash now and has allocated 2 billion ringgits (US\$614 million) for capital expenditure this year, of which 1 billion ringgit (US\$307 million) has been spent. Half of the capital expenditure would be allocated to further develop the country's high-speed broadband service, known as "UniFi". Telekom said that its investment in a 10-year high-speed broadband project would peak this year as it seeks to wire up some 750,000 premises nationwide by the year-end to meet its 1.3 million target by the end of 2012.
- **PT Telekomunikasi Indonesia is planning to merge with PT Bakrie Telecom for its CDMA-based cellular division.** The firm is still studying three options which encompasses partnership, mergers and acquisitions, to develop its CDMA division Flexi, as part of its business restructuring. The government accepted Telkom's plans to develop Flexi. The firm is 51.2 percent controlled by the Indonesian government. Bakrie Telecom is 16.85 percent controlled by diversified holding PT Bakrie & Brothers. The merged entity will have up to 26 million subscribers, ranking it among the top 10 CDMA players in the world.
- **Philippine Long Distance Co.'s units PLDT Clark Telecom, Inc. and PLDT Subic Telecom, Inc. have accomplished their 70 million pesos (US\$1.5 million) network upgrade.** The upgrade involves using next-generation network technologies, or NGN, and fiber optics to offer advanced voice, data and multimedia services. The shift to NGN is line with its efforts to offer customers high-capacity broadband data services via fixed lines. This service best supports multimedia and video services that are increasing being demanded by both residential and business customers.

United States/Canada

Telecommunications

- **Comcast Corp. got the US\$16 million settlement of consumers' claims as it tried to delay file transfers despite of their high-speed Internet service.** The Internet service provider plans to help lessen data-bias allegations. Customers filed a case against Comcast as it proclaimed that the firm

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



Week of 14 June 2010 - 20 June 2010

delayed downloads and transfers of movie and audio files with applications like Ares, BitTorrent, eDonkey, FastTrack or Gnutella. The settlement fund will be circulated to customers who used those certain applications on Comcast between 2006 and 2008 and those who submitted a claim. The firm claimed that it had acted reasonably in seeking to regulate the transfer of large files.

- **Verizon Wireless may start paying a dividend in 2012, providing parents Verizon Communications Inc. and Vodafone Group PLC with a rich source of cash.** Verizon Chief Financial Officer John Killian first suggested the possibility of a dividend in an interview with Bloomberg. The door was open for a payout once Verizon Wireless finishes paying down its debt in 2011. Verizon Wireless has seen stellar acceleration and profits over the past few years in its ascent as the nation's largest wireless provider. But the massive amounts of cash generated have gone primarily toward paying down debt accumulated through acquisitions and other investments, with Vodafone in particular getting little monetary benefit. Majority owner Verizon's willingness for a payout underscores the accelerating need for both companies to draw upon Verizon Wireless's cash flow for their own needs, and provides a firmer target for when it might materialize.

Internet

- **AOL Inc. has unloaded its social-networking site Bebo to turnaround specialist Criterion Capital Partners LLC, exiting a disastrous investment for the firm.** Terms of the deal weren't disclosed, but a person familiar with the situation previously told The Wall Street Journal the price is a small fraction of the US\$850 million AOL paid for the site two years ago. Following the transaction it will treat Bebo common stock as worthless for U.S. income-tax purposes. The firm's current tax basis in Bebo is about US\$750 million. AOL said it sees to record a deferred tax asset and corresponding tax benefit of US\$275 million to US\$325 million to its tax provision during the second quarter. AOL acquired Bebo under a previous executive team, when AOL was owned by Time Warner Inc. The deal was part of a broader plan to transform AOL's business from a subscription-based service for connecting to the Internet to an ad-supported media business.
- **Web.com Group Inc. has agreed to buy privately held website designer and domain-name registration provider Register.com for US\$135 million, saying the deal will create cross-selling and cost-cutting opportunities.** The online marketer for small- and medium-sized companies said the acquisition is expected to form one of the largest online marketing and web-services companies focused on serving small businesses. Signing up for domain name services have been one of Web.com's most effective lead generation sources, making Register.com's core competency in this area a perfect match for driving boosted adoption of Web.com's suite of online marketing and web services solutions. The purchase is expected to have a meaningful, positive impact on earnings, excluding charges, through an expected combined US\$180 million of annual subscription revenue. Customer base is expected to exceed the 1 million thresholds, syndicating with the existing 800,000 customers of Register.com. Some US\$10 million of cost savings are anticipated.
- **Yahoo Inc. is inviting more Asian users of its content and services to bid to earn higher revenue in coming years.** Consumer spending on digital advertisements in general is still nascent. Yahoo is concentrating in inviting more audience through the opening of local content and keeping that audience engaged so when monetization kicks in the firm has the audience to monetize. Yahoo monetizes, or generates revenue, through internet and mobile phone advertisements. Irv Henderson will monetization in the Asia region to be delayed and the market smaller than it is in the U.S. TCT Mobile introduced a new Alcatel mobile phone that will have pre-loaded Yahoo products including Yahoo Mail, Messenger and News.

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



Week of 14 June 2010 - 20 June 2010

Europe

Mobile/ Wireless

- **Nokia Corp. said sales and profits would be lower than expected this quarter, the latest setback to hit the firm as it struggles to compete in the premium smartphone segment against Apple's iPhone and RIM's Blackberry devices.** Nokia attributed its lowered guidance to intensifying competition in the high-end market segment, a shift in its product mix towards devices with lower margins, and also the recent depreciation of the euro. But it is the firm's failure to deliver high-margin products that match up to the iPhone's slick design and easy-to-use operating system that have cost it most dearly. That failure forced it to reorganize its business twice in recent months in attempt to regain the initiative, replacing a top handset executive and creating a business unit to focus solely on smartphones. The latest reshuffle, in mid-May, came just a month after Nokia undershot earnings targets and said full-year profits would miss expectations.

Media, Gaming and Entertainment

- **888 Holdings PLC bought Mytopia from Real Dice. Inc for US\$48 million as it will widen its market share in the fast accelerating social networks and smart mobile devices market.** The acquisition encompasses games development studio, a technology platform and numerous games like Bingo Island 2 and a social poker application using the Pacific Poker brand.

South Africa/Middle East/Latin America

Internet

- **Skype Ltd. is having more and more opportunities in the Middle East amidst being banned in parts of the area.** It is also confident that their potential in Asia will accelerate. Silverman is currently at Singapore to attend the CommunicAsia Conference. Skype cannot be downloaded in Oman, the UAE and Kuwait, although the software can be used if it is previously installed on a computer. Skype will be able to launch greater range of services if they merge with existing licensed telecom operators. Skype sees improving acceleration potential in the Asia Pacific as the region become globally connected because of the accelerating number of expatriates and accelerating international trade.

Telecommunications

- **Emirates Telecommunications Corp. would splurge 8 billion Egyptian pounds (US\$1.4 billion) in the next three years on its Egyptian unit.** The operator had invested EGP8 billion (US\$1.4 billion) to construct its Egyptian network as it is also preparing to spend the same amount in the next three years on widening it. Etisalat Misr is having competitions with Mobinil, and Vodafone. The number of mobile telephone subscribers in Egypt boosted at 58.7 million by the end of April.

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



Week of 14 June 2010 - 20 June 2010

Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 6/20/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	90.6700	-1.1%	-2.1%	-2.4%	-1.7%
Hong Kong dollar	HK\$/ US\$	7.7818	-0.1%	-0.2%	0.4%	0.4%
Chinese renmenbi	RMB/ US\$	6.8267	-0.1%	-0.01%	0.01%	0.1%
Singapore dollar	S\$/ US\$	1.3844	-1.2%	-0.3%	-1.5%	-5.3%
South Korean won	KRW/ US\$	1,202.5500	-3.5%	4.3%	3.3%	-8.7%
New Taiwan dollar	NT\$/ US\$	32.1250	-0.8%	1.0%	0.5%	-2.0%
Australian dollar	US\$/A\$	0.8720	2.6%	-0.6%	-2.8%	22.8%
New Zealand dollar	US\$/NZ\$	0.7065	2.4%	1.3%	-2.5%	20.8%
Philippine peso	PHP/ US\$	45.7600	-1.4%	1.3%	-1.5%	-3.1%
Euro	US\$/€	1.2384	2.2%	-0.1%	-13.5%	-10.8%
British pound	US\$/£	1.4826	1.9%	2.4%	-8.2%	2.1%

Fixed Income Prices and Yields

Note	Currency	Current (on 6/20/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	103.88	4.19%	103.81	4.19%	100.20	4.36%
Japan 30-year	¥	104.52	2.11%	104.52	2.11%	102.19	2.18%
Hong Kong 10-year	HK\$	98.75	2.69%	96.18	2.64%	95.02	2.68%
China (06/16)	US\$	109.38	3.05%	109.38	3.05%	109.38	3.03%
Singapore 10-year	S\$	106.45	2.54%	105.75	2.62%	100.90	2.39%
South Korea 20-year	KRW	10,380.71	5.27%	10,345.77	5.29%	10,518.13	5.27%
Australia 15-year	A\$	102.78	5.41%	102.50	5.44%	102.69	5.42%
New Zealand (12/17)	NZ\$	103.72	5.62%	103.72	5.61%	102.26	5.69%
Philippines 20-year	PHP	98.87	9.07%	97.69	9.20%	103.33	9.12%
India 30-year	INR	83.10	8.57%	82.40	8.65%	82.32	8.48%
UK 30-year	£	99.33	4.33%	100.06	4.28%	97.26	4.42%
Germany 30-year	€	124.20	3.44%	127.41	3.29%	119.99	3.65%

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