



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

***Week of 23 August 2010 - 29 August 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 (8/27/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,064.59	-0.7%	-4.5%	-4.5%	17.9%
Dow Jones Industrial Avg.	10,150.65	-0.6%	-3.6%	-2.7%	15.7%
Dow Jones Tech. Index	366.29	-2.2%	-7.2%	-9.0%	45.7%
Dow Jones Telecom. Index	212.90	0.7%	0.9%	-3.0%	6.6%
NASDAQ Composite	2,153.63	-1.2%	-6.2%	-5.1%	36.6%
Japan Nikkei 225	8,991.06	-2.1%	-5.4%	-14.7%	1.5%
JASDAQ	48.26	-0.1%	-3.8%	-0.2%	0.1%
Japan Mothers	366.41	-2.4%	-7.6%	-12.0%	13.3%
Korea KOSPI Composite	1,729.56	-2.6%	-2.2%	2.8%	53.8%
Korea Kosdaq	461.52	-3.9%	-5.5%	-10.1%	39.0%
Taiwan Stock Exchange	7,722.91	-2.6%	-0.8%	-5.7%	68.2%
Singapore Strait Times	3,550.60	0.5%	1.3%	18.7%	101.6%
Hong Kong Hang Seng	20,597.35	-1.8%	-1.2%	-5.8%	43.2%
Hong Kong GEM	742.95	-4.5%	-5.5%	9.7%	92.7%
China Shanghai (A-Share)	2,735.20	-1.2%	0.8%	-20.4%	43.1%
China Shenzhen (A-Share)	1,182.44	1.0%	7.4%	-6.2%	103.3%
China Shanghai (B-Share)	254.34	3.8%	9.1%	0.8%	129.3%
China Shenzhen (B-Share)	672.24	2.3%	6.3%	7.4%	147.8%

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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*

- **A survey carried out by Economist Intelligence Unit on behalf of law firm Freshfields Bruckhaus Deringer revealed that mobile network operators and service providers prefer to rely on third-party applications developers for innovation over the next three years.** Moreover, respondents selected application downloads than any other category when identifying future revenue sources. The industry aims to create new pricing models as its biggest challenge over the next three years, and that mobile network-sharing is viewed as the best way to generate cost-efficiencies.
- **The increase in the popularity of mobile Internet usage will boost demand for smart phones in Asia Pacific, technology consultancy firm Frost & Sullivan said in its study.** About 54 percent of mobile phones that will be sold in the region by 2015 will be smart phones, significantly higher than the 5 percent growth posted at the end of 2009. This means that about 477 million units of smart phones will be sold in Asia-Pacific in 2015, and that incremental data usage from smart phones will generate over US\$38 billion for operators in the Asia-Pacific region, up from just over US\$1.3 billion in 2009. Smart phones are usually capable of third-generation or 3G connections, which allow for faster mobile Internet connection speeds. The study highlights the possible exponential growth in mobile Internet usage, which telecommunication firms need to take advantage of.

#### *Hardware*

- **Gartner reported that global shipments of computer servers surged 27 percent to more than 2.1 million units in the second quarter as economic conditions improved.** Revenues from server sales in the April-June quarter were slightly over US\$11 billion, a 14.3 percent increase from the same period in 2009. Almost 400,000 servers, valued at US\$1.93 billion, were shipped to the Asia Pacific region. For the U.S. market, computer makers sold 908,536 servers worth US\$4.33 billion. During the same period last year, they sold 653,946 servers valued at US\$3.51 billion. Hewlett-Packard was the top vendor during the second quarter with 644,172 units sold, giving the world's largest computer manufacturer a market share of 30 percent. It earned revenues of US\$3.54 billion from server sales.

#### *Semiconductor*

- **According to iSuppli, chip suppliers' inventory is rising, but not enough to cause concern for the industry as demand is expected to continue increasing as well.** Sharply improved results among chip companies are giving suppliers the confidence to boost inventories. Intel which makes the chips that run about 80 percent of the world's computers, in July posted its best quarter ever and many peers performed similarly as business demand returned. Midway through the second-quarter reporting period, chip inventory among 35 major semiconductor component manufacturers was up 9 percent from the first quarter at US\$9.6 billion, exceeding the seasonal growth average of 3.2 percent. Average days of inventory rose by about four days to 73.2 days from 69.3 days.

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## Japan

### *Software*

- **China enterprise software maker Pansoft Co. Ltd will invest 18 million yuan (US\$2.7 million) to set up a joint venture (JV) with two Japanese companies in order to enter Japan's mobile software outsourcing market.** Pansoft will hold an 80 percent stake in the JV named Pansoft (Japan) Co. Ltd. with the remaining stakes going to Management Information Center Co. Ltd. (MIC) and Seven Colors Corp. The JV will test 3G mobile software for Sharp Corp. at Pansoft's headquarters in Jinan City, Shandong Province. The JV is the first step of what is potentially a major move for Pansoft into mobile software outsourcing for the Japanese market, said Pansoft CEO Hugh Wang. Pansoft Japan currently accounts for 10 to 20 percent of Sharp's software testing business. Hugh anticipates that Pansoft will be able to secure more outsourcing contracts from Sharp and other Japanese IT companies in future due to their competitive prices.

### *Telecommunications*

- **Softbank Corp. will offer 130 billion yen (US\$1.5 billion) worth of bonds to individuals, to pay for upcoming bond redemptions.** The payment date for the 3-year bonds, priced to yield in the 1 percent to 1.5 percent range, is Sept. 17, 2010 and the maturity date is Sept. 17, 2013. The company's improving cash flow should cover its capital investment. Softbank, which sells Apple's iPhone in Japan, will spend 400 billion yen (US\$4.6 billion) this fiscal year on new base stations to accommodate a surge in data traffic brought about partly by the popularity of the iPhone, as well as other smartphones. SMBC Friend Research Center analyst Naoki Yokota said that given the low interest rate, the bond issuance makes sense and allows the company to hold onto its cash for the time being.
- **NTT Com has entered into a definitive agreement to acquire all the shares of Sweden's Secode, a managed securities and security consulting services firm.** Following the acquisition, Secode will operate as a wholly owned subsidiary led by Trygve Reinertsen, Secode's current CEO. NTT Com has purchased a series of IT-related companies, including German systems integrator, Integralis in July 2009 and Singapore outsource service provider, Emerio GlobeSoft in April this year. It purchased Dimension Data, a major global systems integrator. NTT Com also brought trans-Pacific cable operator Pacific Crossing during the period. Those acquisitions all fit into a stated ambition by NTT Com to become global IT service company supported by its traditional strengths in networking and IP.

### *Internet*

- **Rakuten Inc. plans to ramp up its overseas expansion and establish a presence in every major overseas market including the U.S., Germany and Spain by the end of 2011.** In the domestic market of Japan, Rakuten is worried about the shrinking population and weak consumer spending that might drag profit growth. The company's founder Mikitani, a former M&A advisor for the Industrial Bank of Japan, is determined to use his western business acumen in his rush to catch up with Amazon and eBay. Rakuten started business units in six countries. This year Mikitani bought U.S.-based Buy.com for US\$250 million and France's PriceMinister for US\$240 million. In Asia he has tied up with China's top search engine Baidu and Indonesia's media conglomerate PT Global Mediacom.

### *Media, Entertainment and Gaming*

- **According to Nikkei, Japanese game developers are releasing more products in the April-September period in a shift away from a lopsided earnings structure that left them reliant on the second half for the bulk of their profits.** The firms tend to launch a slew of new products

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during the year-end shopping season but are now moving to release such offerings as toys and gaming machines at other periods so that their earnings and cash flows do not fluctuate as much. As a result of such efforts, Namco Bandai generated 27 percent of its consolidated operating profit projection for the full fiscal year during the April-June quarter. It launched profitable card games and yo-yo products last quarter, which helped it post a quarterly operating profit of 2.9 billion yen (US\$34 million). Sega Sammy introduced eight new pachinko and slot machines during the April-June quarter, five more than the same quarter a year earlier. It will release 25 titles in the full fiscal year, the same as the previous year.

- **Jupiter Telecommunications (J:Com) ended July with a total of 3.35 million 3.34 million customers, up 3.8 percent year-on-year.** Combined revenue generating units (RGUs) for cable television, internet access and telephony services reached approximately 6.14 million, up 5.8 percent since end-July 2009, and the bundle ratio (average number of services received per subscribing household) increased to 1.83 from 1.80 a year earlier. J:Com's television subscriber base stood at 2.616 million in July, up from 2.580 million a year earlier. Of the total 2.543 million are digital television subscribers. The number of internet subscribers went up to 1.649 million from 1.544 million, and the number of telephony customers rose to 1.876 million from 1.682 million a year earlier.

## *Hardware*

- **Sharp Corp. President Mikio Katayama said that his company's multifunctional device that allows users to access e-book content will be sold in autumn, and a model that can project three-dimensional images and videos is likely to be sold next year or later.** Katayama's remark comes after the company announced in July its entry into the e-book market later this year by launching a device that allows users to access video and audio contents, in addition to text and still images. Rivals include U.S. technology giant Apple which released in late May its iPad tablet computer and Japanese electronics giant Sony which is set to launch its own e-book reader device soon. The company also aims to roll out the device in the U.S. sometime this year, and in emerging economies next fiscal year. Katayama said that Sharp's product can compete against popular rival products including the iPad tablet computer by offering features such as being able to play Flash content. Flash content is a format used in many videos online, but the iPad cannot run Flash.

## *Mobile/ Wireless*

- **Bell-Park sold 300,355 handsets in the first half ended June 2010.** The retailer aims to sell a total of 560,000 handsets this year, compared with 455,020 in FY 2009. Net sales for the first half totaled 28.64 billion yen (US\$335 million), up 41 percent, but falling short of guidance of 30 billion yen (US\$352 million). Revenues were boosted by increased number of Bell-Park shops and strong performances of iPhones and PhotoVision. Bell-Park posted a net income of 936 million yen (US\$10.9 million), up 26 percent. The company's net income beat guidance of 800 million yen (US\$ million). For the full year, Bell-Park expects sales to come in at 56 billion yen (US\$656 million), up 19 percent year-on-year, and a net income of 1.5 billion yen (US\$ million), down 27 percent from 2009 as commission terms are expected to fall below initial estimates.

## **Korea**

### *Telecommunications*

- **SK Telecom Co. will beef up its cellular networks and start commercial high-speed data service called long-term evolution (LTE) next year, as it braces for a surge in data traffic.** The

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company will raise the amount of data traffic capacity on its WCDMA networks by six-fold before December, as it expects its mobile networks will have to manage an increased amount of Web surfing with the recent buying spree of cell phones and smartphones. SK Telecom is also betting on the LTE service, which is being pursued by global mobile-phone operators, including Verizon Communications, and will offer the service nationwide in 2013. Its rival and dominant fixed-line operator KT Corp. is pushing for the combination of fixed-line and wireless networks, including building more WiFi zones countrywide to handle the surge in data traffic. KT, also the country's exclusive distributor of Apple's iPhone, will invest in LTE next year.

## *Investments/ Ventures*

- **The cashable assets held by South Korea's listed companies rose 8.91 percent in the first half from six months earlier as improved corporate earnings spurred cash inflows.** The cashable assets of 552 firms listed on the Seoul main bourse reached 71 trillion won (US\$60.2 billion) as of the end of June. Cashable assets cover cash, bank deposits, cash equivalents and other short-term financial instruments. South Korea's top automaker Hyundai Motor Co. (held the largest cashable assets with 7.27 trillion won (US\$6.27 billion), followed by leading steelmaker POSCO with 6.48 trillion won (US\$5.4 billion) and chip giant Hynix Semiconductor with 2.41 trillion won (US\$2.01 billion). In the height of the global financial crisis, companies had hoarded cash in a bid to secure safe assets to brace for rainy days. Growth in cashable assets is also interpreted as local firms' reluctance to increase capital spending.

## *Hardware*

- **Samsung Electronics Co. has recently decided to withdraw from the electronic paper (e-paper) business due to cost issues.** The company, however, will not completely leave the market for electronic book (e-book) readers, and will launch next year an electronic reading device using a liquid crystal display (LCD) panel as a screen. E-paper is a display technology that closely mimics ordinary paper. The screen remains clear under direct sunlight, boasts a wider viewing angle and puts little pressure on the eyes even after long hours of reading. But the production cost is higher than making LCD panels and the number of suppliers is limited. LCD panels, which require a backlight to illuminate the screen, are cheaper than e-paper and can adopt a variety of colors, unlike e-paper technology, which is currently available only in black and white.

## **China**

### *Internet*

- **Alibaba Group is getting aggressive in acquisitions abroad and at home.** In the U.S., the company has bought e-commerce site operator Vendio Services Inc. And in China, Alibaba will invest in an online search venture. The deal to purchase the California-based Vendio is aimed at strengthening AliExpress, a wholesale site Alibaba launched in April to provide a marketplace for Chinese suppliers and retailers worldwide. Vendio was founded 11 years ago and saw its transactions exceed US\$2 billion, or about 168 billion yen, in fiscal 2009. Its acquisition cost was not disclosed. Employees will stay on, and the brand will remain intact. The deal gives Alibaba instant access to more than 80,000 U.S. merchants that use Vendio's services, with Alibaba integrating AliExpress and Vendio to create a one-stop service connecting Chinese manufacturers and U.S. retailers.



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- **Alibaba.com Limited will acquire Auctiva, a third-party developer of tools for vendors on e-commerce site eBay.** Auctiva has more than 170,000 active users. Alibaba.com will integrate Auctiva's platform with its own AliExpress service, allowing Auctiva users to search for suppliers, acquire merchandise and list products on eBay through their Auctiva accounts, the report said. Auctiva will operate as a new business unit within Alibaba.com and will retain its own brand name and operations. The acquisition is part of the Alibaba.com's planned US\$100 million investment in AliExpress. Alibaba.com and eBay's online payment services company PayPal jointly announced in April that AliExpress will offer PayPal services.
- **Taobao.com will launch an e-commerce-focused recruitment platform at zhaopin.taobao.com on August 30, hosting job postings for store managers, client service staff, models and logistics workers.** Taobao.com's online traveling platform, launched in May, makes daily air ticket sales of around 10,000 and hosts stores for a number of domestic airline companies and travel agencies. The platform's ticket sales are expected to amount to 1.5 times that of Ctrip.com International by the end of this year. Taobao.com had more than 200 million users by August.
- **NetEase reported second quarter earnings with total operating revenue of 1.35 billion yuan (US\$198 million), a 12.7 percent increase over the previous quarter and 54.4 percent over the same period of a year earlier.** Revenue from online games reached 1.18 billion yuan (US\$173 million), a 8.8 percent increase over the previous quarter and 51.1 percent over the same period of a year earlier; revenue from advertising business reached 150 million yuan (US\$22.05 million), leaping 59.4 percent over the previous quarter and 100.5 percent over the same period of a year earlier; revenue from wireless value-added business also witnessed a gentle growth to about 200 million yuan (US\$29.4 million). Two core business, online game and advertising, of the company witnessed a sharp growth, showing that the company performed well in the second quarter of this year. The online game revenue hit 1.18 billion yuan (US\$173 million), a record high, and kept a year-on-year growth of more than 50 percent for three consecutive quarters.
- **BBC Worldwide has signed a content supply agreement with Chinese Internet portal Sohu.com Inc., its first digital deal in China.** The two-year deal, which will see some of BBC's programs such as Great Expectations, Tale of Two Cities, Planet Earth and Teletubbies shown in China, was announced at the BBC Worldwide's first television screening event, BBC Showcase China, in Beijing. It has set a target of generating 66 percent of its revenue from outside the U.K. by 2012. That compares with 55 percent in the year ended March 31, and 51 percent in fiscal 2009. The group also will grow its digital operations, develop a closer relationship with consumers and make more content. BBC Showcase China is the group's second regional spin-off after BBC Showcase Latin America launched in 2004.

## *Mobile/Wireless*

- **China's mobile Internet user base and market revenue surged to 214 million yuan (US\$31.4 million) and 23.7 billion yuan (US\$3.40 billion) respectively by the first half of this year.** According to Analysys International, these are expected to reach 300 million and 63.3 billion yuan (US\$9.3 billion) by the year-end. The company developed more business opportunities to the development of mobile Internet as demands for mobile phone data services boosted. Statistics shows that mobile phone subscribers using mobile Internet in the total mobile phone users was at 38 percent in China surged 27 percent in the United States. The number of China's mobile phone users reached 277 million by the end of June, boosted 43.34 million from the end of 2009. The users who make access to the Internet boosted to 11.7 percent of the total number of mobile Internet service

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subscribers. Mobile Internet users cause the surging of China's Internet user base in the first half of this year. The market size of China's mobile Internet boosted 7.7 percent year on year to 4.02 billion yuan (US\$ million) in the second quarter of this year.

- **KongZhong's second quarter net income came to US\$5.55 million, or US\$0.09 per diluted American depository share.** Total revenues for the period were US\$35.27 million, up 9 percent year-on-year but down from US\$40.64 million in the previous quarter. WVAS revenues decreased 33 percent quarter-on-quarter and 27 percent year-on-year to US\$17.37 million, while wireless internet services revenues were US\$893,000, up 43 percent year-on-year and down 13 percent quarter on quarter. The company's mobile games segment contributed revenues of US\$13.00 million, a 91 percent annual increase and a 37 percent sequential rise. Revenues from downloadable mobile games were US\$12.4 million, up 145 percent from the same period last year and 38 percent from the previous quarter. Revenues from Tian Jie accounted for about 49 percent of the company's online mobile game revenues while revenues from Feng Shen accounted for the remaining 51 percent in the quarter.
- **China is expected to see its mobile payment market hit 3.01 billion yuan (US\$442 million) this year and expand to 23.51 billion yuan (US\$3.5 billion) in 2013, forecasted by Analysis International.** Tangible goods transaction value via the mobile e-commerce platform in China had reached 130 million yuan (US\$19.11 million), with the number of users totaling 55.315 million. Such a huge size appears to be irresistible to most of the players in the mobile payment market, ranging from telecom operators to third-party payment service providers, although the market is still far away from fully-fledged. China Mobile, one of the Big Three integrated telecom operators in the country, kicked off trial commercial operation of mobile phone-based payment business in 10 provinces. The company expects to see the figure top 10 million this year.
- **According to Analysis International, the number of China's mobile phone e-mail accounts climbed 3.66 percent from January-March to 185 million by the second quarter of this year, including 48.11 million active accounts, with account activity at 25.96 percent, generally the same level as in the first quarter.** By comparing the number of accounts owned by different mobile phone e-mail service providers, telecom operators are still in the dominant position. Both the percentages of mobile phone e-mail accounts of China and China Telecom showed slight increases, while the market share of China Mobile declined to 74 percent in the second quarter from 77 percent in the first quarter of the year, triggered by robust growth of the number of third-party handset e-mail accounts. The number of accounts of new players in the mobile phone e-mail market, namely Gmail.com, Shangmail.com, and hmail.qq.com, all increased to some extent, and the growth of third-party handset e-mail brands are expected to be the leading force boosting the development of the mobile phone e-mail market.

## *Telecommunications*

- **Huawei Technologies Co. and ZTE Corp. are experiencing stagnant growth as the U.S. and Indian security are examining their products, said researcher iSuppli Corp.** Huawei and ZTE haven't cracked the U.S. market after more than a decade because the U.S. government's security measures to China-made networks. India did not allow the companies from selling network equipment to domestic phone carriers due to security concerns. The combined global market for wired and wireless telecommunications infrastructure gear is seen to surge US\$65 billion this year and reach US\$83 billion in 2014. Huawei will have sales boost by 20 percent this year.

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- **ZTE Corporation had its net profit surge by 12.02 percent to US\$128.97 million in January-June this year even as its overseas sales dipped, mainly due to restrictions imposed by India on equipment purchases.** The first-half-year revenue was 30.73 billion yuan (US\$4.5 billion), up 10.89 percent year-on-year. However, its sales in Asia outside China decreased 18.6 percent to 5.25 billion yuan (US\$771 million) in the January-June period because of India's ban on purchases of telecom equipment from Chinese manufacturers. Chinese Minister of Commerce Chen Deming urged India to provide a fair, open and transparent investment environment for Chinese companies. Chinese companies were back in business in India after India's Department of Telecom came out with a new policy which applied to all telecom companies irrespective of their origin. Russel Osi, a manager from Bharti Airtel, said the firm is possible to cooperate with ZTE as ZTE's wireless products are very competitive. ZTE said it will also strengthen cooperation with its partners and expand its market in Nigeria. As a country with the largest population in Africa, Nigeria would be the key for ZTE's business in Africa in the next three to five years. The Nigerian subsidiary company was established in 1999 and has strategic cooperation with all GSM and CDMA operators there.
- **According to Infonetics Research, China's telecom companies spent just 12 percent of their planned 3G capital expenditure budgets during the first half of 2010.** The consultancy also noted that stalling investments by Indian operators contributed to a slight slowdown in mobile infrastructure spending during the second quarter to US\$8.7 billion, down 0.9 percent from US\$8.8 billion in Q1. Infonetics also found that Swedish vendor Ericsson's leading share of global macro radio access network (RAN) revenue was pegged back slightly by Nokia Siemens Networks and Alcatel-Lucent. Its two rivals each gained revenue share of around two percentage points, narrowing the gap between Nokia Siemens and Ericsson, and pushing Alcatel-Lucent ahead of Chinese competitor Huawei for the first time since early 2009.
- **The Ministry of Industry and Information Technology (MIIT) released results of China's telecommunications industry.** The report stated that the industry had operating revenues of 539.14 billion yuan (US\$79.2 billion) between January and July this year, up 6.7 percent year-on-year, with July alone contributing 81.63 billion yuan (US\$12 billion). The country's mobile phone users increased by 66.88 million during the period to reach a total of 814.09 million by the end of July, while broadband users rose by 12.95 million during the period to hit 116.93 million. Fixed-line user numbers decreased 9.97 million to 303.76 million.
- **China Unicom had a 54 percent fall in second-quarter profit, but the figure beat expectations, as increasing 3G use helped to partly offset the effects of intensifying competition.** The company made a net profit of 1.4 billion yuan (US\$205 million) in the April-June quarter. The company called 2010 a critical year for it to enhance its market position and make changes in its operational model. Unicom's market-beating results come after rivals China Mobile and China Telecom had second-quarter earnings that beat expectations, helped by a growing number of 3G users.
- **China Telecom raised its FY 2010 capex guidance to 44 billion yuan (US\$6.5 billion), and commits to deliver an additional 3 million broadband net additions for FY 2010 and FY 2011 combined.** The cumulative cash flow impact should turn positive sometime between Year 4 and Year 5 post the initial capex investments, assuming those additional broadband subscribers come in with ARPU at 80 yuan (US\$11.8). China Telecom can afford to spend more on handset subsidy (in absolute dollars) in 2H and still stay within its full year budget.

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- **According to figures from telecom companies, China's communications firms added a combined 9.255 million mobile customers in July, ending the month with a total of 794.779 million mobile users.** China Mobile led in mobile subscriber adds in July as the company added 4.886 million new customers to bring its customer base to 558.928 million. Of the total, 11.834 million are 3G customers. China Telecom signed up 2.80 million new mobile subscribers in the month to bring its total to 77.32 million. The carrier continued shedding fixed-line customers and saw its customer base fall by 960,000 fixed-line users to end the month with a total of 180.11 million local access lines in service. China Telecom gained 900,000 broadband subscribers in June to hit a total of 59.23 million. China Unicom ended June with a total of 158.531 million mobile customers, which comprises 150.030 million 2G subscribers and 8.501 million 3G customers.
- **China Wi-Max Communications has signed a reserve equity financing agreement with AGS Capital Group in a commitment to purchase, over a period of two years, shares of China Wi-Max common stock for up to US\$10 million in cash.** This funding plan will support China Wi-Max's current operations by providing capital to enable the execution of the company's business plan, both organically and through merger and acquisition activities, in the broadband telecommunications market in China, and international data services market. China Wi-Max will provide, through one or more of its wholly-owned foreign entities and joint venture companies, telecommunications and internet services to customers situated in buildings that are networked via its fibre and wireless assets. The company anticipates acquiring emerging internet companies, including value-added telecommunications and a fibre transport and engineering companies with high growth and profit potential.

## *Media, Entertainment and Gaming*

- **GigaMedia Ltd. posted a surprise quarterly loss, hurt by a weak Asian online games business.** The company also warned of a decline in its third-quarter game business sales in Taiwan and China due to seasonality and the absence of new game launches. GigaMedia sees costs and expenses for its online games business remaining high as it continues to expand the platform and rebuild pipeline, it said in a statement. For the April-June quarter, the company posted net income attributable to shareholders of US\$52.5 million, or 87 cents a share, compared with US\$128,000 or breakeven per share, last year. The second-quarter results include a gain of US\$75.8 million related to the sale of its gambling software business.
- **Tony Park, head of The9 Limited, will take charge of the company's North American investment unit, which is responsible for the operation of just acquired Red 5 Studios.** The9 and Red 5 jointly announced an investment agreement, according to which the Chinese party will buy a majority stake in its US peer for about US\$20 million. Red 5 will launch a game product that has been under R&D for years and anticipated by The9 Board Chairman and CEO Zhu Jun.
- **Xinhua News Agency will link up with China Mobile to develop mobile search technology, which may challenge the mobile search market leaders, Baidu and Google.** Industrial insiders hold that with the promotion of China's 3G services, an increasing number of subscribers choose to use smartphones, and mobile search will be a major driving force of the market. Baidu currently holds one-third of China's search engine market, while Yiso.com and Google respectively took up 17 percent and 12 percent. Industrial analysts believe that the cooperation between Xinhua and China Mobile will not pose a big challenge to Baidu and Google, as it is still uncertain whether China Mobile will enter the traditional search market.



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- **The9 made a net loss of 65.82 million yuan (US\$9.6 million) or in the second quarter of 2010.** Net revenues for the quarter came to 25.37 million yuan (US\$3.7 million), up 15 percent. The company attributed the sequential increase to the release of Kingdom of Heroes Online 2, which was commercialized in May, and the year-on-year decrease to the expiration of its operations of World of Warcraft (WOW) towards the end of the comparable quarter last year.

## *Hardware*

- **Focus Media had net income of US\$25.35 million for the second quarter of 2010, or US\$0.17 per diluted share.** Total net revenues increased 27 percent sequentially and 22 percent annually to reach US\$158.17 million. The company's LCD display network generated revenues of US\$72.53 million, up 44 percent from the previous quarter and 24 percent million from the second quarter of last year. Revenues from the poster frame network increased 2 percent sequentially but decreased 5 percent annually to US\$25.24 million, while revenues from internet advertising increased 27 percent quarter-on-quarter and 43 percent year-on-year to reach US\$35.65 million. The company expects net revenues in the third quarter of 2010 to be between US\$120 million and US\$123 million, representing an 8 percent quarter-on-quarter growth and a 27 percent year-on-year growth.
- **Hanwang Technology Co., Ltd., a renowned e-book reader maker in China, unveiled its financial report for the first half of 2010, saying that net profit soared 321 percent year on year to 86.87 million yuan (US\$12.8 million).** Operating revenue amounted to 674 million yuan (US\$99.07 million). Gross profit margin of the e-book reader operation slid 10 percent year on year, as the company launched medium- and low-end products in the January-June period. Nevertheless, integrated gross profit margin still stood at 41 percent. Revenue from the handwriting product line touched 45.3539 million yuan (US\$ million), rising 45.34 percent year on year; from the OCR product line, 24.799 million yuan (US\$3.6 million).
- **IDC released the latest data for the Chinese PC market in the second quarter, which shows the statuses of industrial players, which have been stable for years, is gradually changing.** In the period, Lenovo Group still took the first place, with market share rising to 28.7 percent. Meanwhile, Hewlett-Packard saw market share slip from 11.1 percent a quarter ago to 8.2 percent. Its second place was replaced by Dell whose market share hiked from 8.6 percent to 9 percent. However, analysts are not bullish on the situation for Dell, because it not only faces the counterattack by Hewlett-Packard, but also meet the challenge of Acer, which just took over the branded PC business of Founder Technology Group Corporation. A fierce war is going to break out among the three PC giants in the second half of 2010. Lenovo is seemingly growing without a hitch. Last week, Lenovo issued its financial report for the first fiscal quarter ended June 30, according to which the company has witnessed the fastest growth among the top five global PC makers for three consecutive quarters, with its growth higher than the industrial average for five consecutive quarters.

## *Alternative Energy*

- **ReneSola will supply two Taiwanese solar companies, cell maker Neo Solar Power and solar panel and off-grid systems components producer Solartech Energy, with a total of 836MW of monocrystalline and multicrystalline wafers.** Renesola delivered 206.7MW of wafers in the second quarter of 2010, and expects to make total PV products shipments in the third quarter of 280-310MW.
- **Trina Solar had a net income of US\$38.71 million in the second quarter of 2010, compared to a net income of US\$44.54 million in the first quarter of the year and US\$18.6 million in the second quarter of 2009.** Net revenues came to US\$370.76 million, up 10.1 percent quarter-on-

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quarter and 147.2 percent year-on-year. Total shipments were 222.8 MW in the quarter, up 15.7 percent sequentially and 248.7 percent annually, and above the company's previously stated guidance of 200-205MW. The company attributes the sequential increase in shipments to brand recognition and demand ahead of mid-year feed-in-tariff (FIT) adjustments in Germany. The company incurred a net foreign currency exchange loss of US\$29.2 million in the quarter, compared to a net loss of US\$14.5 million in the first quarter and a net gain of US\$10.5 million in the same period a year ago.

- **Trony Solar Holdings Co. Ltd. is targeted to raise US\$200 million to US\$250 million from a Hong Kong initial public offering in September.** The company originally planned to list on the New York Stock Exchange in December last year, but eventually shelved the plan due to poor market conditions. JP Morgan is handling the deal. China is among the world's largest suppliers of solar panels but uses little of what it produces domestically. With large projects having more than 12 Gigawatt (GW) of capacity in the pipeline, China could rapidly become a major market.

## *Software*

- **Kingdee International Software Group Co generated 88.73 million yuan (US\$13 million) of net profit for the first half of this year, reflecting a year-on-year increase of 18.58 percent.** Earnings per share were HK\$0.044 (US\$0.0056) and no dividend was declared. The firm's operating revenue surged 21.28 percent year on year to 534 million yuan (US\$78.5 million), and its software sales revenue totaled 336 million yuan (US\$4.9 million), up 19.17 percent year on year. During the period from January to June, the firm completed three acquisitions with purchasing prices totaling 38.05 million yuan (US\$5.6 million). According to CEO Xu Shaochun, the company had teamed up with IBM to jointly expand the IT market. Kingdee International's revenue derived from high-end product sales and services is expected to increase from current 25 percent to 30 percent of the total revenue.
- **Kingsoft had net income of 156.66 million yuan (US\$23 million) in the first half of this year, down 21 percent year-on-year.** Revenue for the period increased 3 percent annually to 492.01 million yuan (US\$72.4 million), with the company's entertainment software business contribution flat from last year at 320.66 million yuan (US\$47.13 million). The company's application software business revenues in the six months grew 11 percent year-on-year to 168.14 million yuan (US\$24.7 million), due to fast growth of sales of Kingsoft's WPS Office package in China and Japan. The company's second quarter revenues were 246.31 million yuan (US\$36.2 million). The company had daily average peak concurrent users (PCU) during the second quarter of 820,000, down 14 percent on an annual basis and compared with first quarter PCU of 915,212.

## **Taiwan**

### *Telecommunications*

- **Chunghwa Telecom announced its total consolidated revenues for the second quarter of 2010 increased by 3.3 percent year-on-year to NT\$49.7 billion (US\$1.6 billion).** Of this total, 34.9 percent came from its domestic fixed business, 44.5 percent was from its mobile business, 12.2 percent was from its internet business, 7.5 percent was from its international fixed business, and the rest came from other business segments. Total operating costs and expenses for the second quarter of 2010 stood at NT\$34.8 billion, an increase of 4.9 percent year-on-year, mainly due to the increased cost of handset sales and the performance-based bonus accrual. Operating income remained flat y/y at NT\$14.9 billion (US\$466 million). EBITDA decreased by 2.3 percent year-on-year to NT\$23.5 billion (US\$735 million), primarily as a result of the mandated National Communications Commission (NCC) tariff reduction and changing cost structure.

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## *Hardware*

- **Hon Hai Precision Industry Co. is likely to see its consolidated sales revenue resume an annual growth of over 30 percent to break the NT\$3 trillion (US\$93.8 billion) mark in 2011, a new-high revenue figure among private enterprises in Taiwan.** It is expected Hon Hai will secure orders for 80 million up to 100 million sets of the iPhone smart phone and 40 million sets of the iPad tablet computer from Apple in 2011. Apple will launch its fifth-generation iPhone embedded with eight-mega-pixel digital camera in January 2011. As Apple's largest contract manufacturer of iPhone, Hon Hai will see Apple's orders for iPhone to add over NT\$500 billion (US\$15.64 billion) to its total sales in 2011. At present, the Apple business unit has become Hon Hai's second-largest business subgroup, only behind the Hewlett-Packard business unit which contributes NT\$1 trillion (US\$31 billion) to the company's annual sales.
- **Hon Hai Precision Industry Co. plans to expand its retail business in China by opening at least 10 large electronics stores in the Shanghai area.** Hon Hai will start opening the new stores later this year under a partnership initiated last year with German retailer Metro AG. Hon Hai will open 45-50 branches of Cybermart, a small retail chain it bought a decade ago, the report said, adding that Cybermart operated 34 stores in 20 Chinese cities. The retail push by Hon Hai, which makes personal computers and mobile phones for global brands such as Hewlett-Packard and Apple, came as the Taiwan company faced challenges in its core manufacturing business after years of rapid growth.
- **Acer Inc. will be tapping China's notebook PC market, especially markets in fourth- through sixth-tier cities, in the hope of becoming China's second largest NB brand in the shortest time, trailing only Lenovo.** Sister publication of Taiwan Economic News (TEN), Wang pointed out that Acer will combine its prowess in notebook PC and Founder's position as the second largest brand in China's desk-top PC market to tap China's fast expanding notebook PC market. Founder has been hampered by the lack of economy of scale in its effort to penetrate the notebook PC market. China is poised to overtake the U.S. and become the world's largest consumption market in two years, as Chinese consumers have become increasingly rich, thanks to years of rapid economic development and continuous wage hikes. Lenovo owes its extraordinary performance to the success in penetrating the markets of the fourth- through sixth-tier cities, which deny easy access to foreign brands.
- **Compal Electronics, Inc. will set up a joint venture in China with South Korea's flat panel maker LG Display Co., focusing on the production of components used in notebooks.** Compal's wholly owned unit Compal International Holding Co. will invest US\$7.35 million in the joint venture, which will be located in Kunshan, in China's Jiangsu Province. The two partners have tentatively set the capital size of the new company at US\$15 million. Based on this figure, Compal is expected to take a 49 percent stake and LGD will hold the remaining 51 percent. Apart from the production of components, the joint venture will also be engaged in research and development in notebook production, assembly and marketing.

## *Semiconductor*

- **Powerchip Technology Corp. has decided to raise its 2010 capital expenditure by about 40 percent for a production technology upgrade.** The board of directors has approved the proposal to hike the company's capital expenditure to NT\$17 billion (US\$533 million) from the previously planned NT\$12 billion (US\$375 million). As Powerchip has turned profitable in the first half of this year, there are no problems for the company meeting the fund demand. Powerchip posted NT\$10.3 billion (US\$322.65 million) in net profits on a recovery of global demand for dynamic random access memory (DRAM) chips after a net loss of NT\$20.7 billion for the whole of 2009. The Financial

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Supervisory Commission in July turned down an application by Powerchip to issue up to US\$179 million-worth of global depository receipts.

## *Internet*

- **At the end of March, Taiwan had 4.93 fixed-line internet subscribers, comprising 2.44 xDSL subscribers and 770,000 cable subscribers.** The number of optical fibre subscribers rose to 1.71 million, accounting for 35 percent of total fixed-line internet subscribers. The total number of internet accounts hit 24.08 million, with mobile internet making up the bulk of subscribers.

## **Hong Kong**

### *Telecommunications*

- **PCCW Ltd. announced that it will sell HK\$1.3 billion (US\$167 million) of new stock at a discount to cut debt.** The company will sell 500 million shares in a placement to outside investors at HK\$2.60 (US\$0.334) apiece, a 9.4 percent discount. PCCW is selling shares to raise capital for the first time since 2005 as the stock surged 39 percent this year. The company's debt further boosted as it spent HK\$8.8 billion (US\$1.13 billion) to pay a special dividend last year, as en billionaire Chairman Richard Li abandoned a HK\$15.9 billion (US\$2.09 billion) buyout bid for the carrier. Net debt boosted HK\$28.7 billion at the end of June. Finance costs surged to HK\$806 million (US\$103.6 million) in the first half.
- **PCCW expects more significant gains in the second half after all four of its core businesses or grew in the first six months.** Group managing director Alex Arena said it is driven by the company's unique quadplay of fixed-line network, broadband, pay-television and mobile network services. First-half net profit climbed 17 percent to HK\$765 million (US\$98.3 million) due to the back of its Netvigator broadband, PCCW Mobile services and increased advertising on Now TV. Core revenue increased 3 percent to HK\$10.732 billion (US\$1.4 billion). The company will pay an interim dividend of 5.1 HK cents. It did not pay an interim dividend last year. Core EBITDA was up 3 percent to HK\$3.369 billion (US\$433 million). A lower first-half contribution from its majority-owned property arm, Pacific Century Premium Developments (PCPD), caused the group's consolidated revenue to dip 8 percent to HK\$11.802 billion (US\$1.5 billion).
- **Comba Telecom Systems saw its turnover grow 13.3 percent year-on-year to HK\$2 billion (US\$256.4 million) in first half this year.** Gross profit rose 10.4 percent year-on-year to HK\$805 million (US\$103.2 million). With the increase of revenue and economy of scale, profit attributable to shareholders jumped 20.1 percent to HK\$279 million (US\$35.9 million). During the period, revenue generated from the PRC mobile operators increased 18.5 percent to HK\$1.57 billion (US\$202 million), accounting for 78.5 percent of the group's revenue. Benefiting from 2G mobile network continued optimization, revenue from China Mobile and China Telecom had a substantial increase of 41.8 percent and 63.3 percent to HK\$946 million (US\$121.6 million) and HK\$178 million (US\$22.88 million). On the other hand, revenue from China Unicom slumped 18.7 percent due to the delay of some build-out and enhancement projects of the 3G network. The group expects the capital expenditure in this year will be back-end loaded.

### *Internet*

- **Tencent is rumored to have purchased Maizuo.com, movie ticket-booking site founded by a former Tencent employee.** According to its own figures, Maizuo.com currently offers coverage in 37 first-tier and second-tier cities around the country, and has been used by more than 1 million users. In



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addition to Tencent, Maizuo has service partnerships with several dozen other firms, including file-sharing client maker Xunlei and China Mobile's 139.com e-mail service.

- **Tencent Holdings Ltd announced that it has acquired Comsenz, a Beijing-based social-networking provider, which was invested by Google, Sequoia Capital and Morningside Ventures for reportedly US\$60 million.** According to Comsenz, it has more than 1.4 million online clients through its open source platform Discuz!. After the acquisition, Tencent will integrate instant message platform and service, QQ, into Comsenz's website platform, which is expected to expand its dominance in China which has more than 400 million Internet users.
- **Tencent said that it will purchase 2,496 shares, or a 49.92 percent stake, in Thai portal Sanook for US\$10.5 million.** Established in January 2000, Sanook.com mainly provides services in entertainment, information, business, and community sectors, and it was launched and maintained by Sanook, a Thai subsidiary of the South African company MIH. According to public files, Sanook is a wholly-owned subsidiary of Naspers Limited and it currently owns 99.84% of the issued shares of Sanook.com. Naspers Limited is also the controlling shareholder of MIH China, which is a major shareholder of Tencent.

## *Mobile/ Wireless*

- **Mobile enhancement products provider Comba Telecom Systems said its turnover grow 13.3 percent year-on-year to HK\$2 billion (US\$257 million) in first half of this year.** Gross profit rose 10.4 percent year-on-year to HK\$805.12 million (US\$103.5 million). With the increase of revenue and economy of scale, profit attributable to shareholders jumped 20.1 percent to HK\$279 million (US\$35.9 million). During the period, revenue generated from the PRC mobile operators increased 18.5 percent to HK\$1.571 billion (US\$151 billion). Benefiting from 2G mobile network continued optimization, revenue from China Mobile and China Telecom had a substantial increase of 41.8 percent and 63.3 percent.

## **Singapore/Malaysia/Philippines/Indonesia/India**

### *Mobile/ Wireless*

- **Redtone International will no longer use all of the proceeds raised from a renounceable rights issue of up to MYR 41.52 billion (US\$13.2 billion) for the acquisition of wireless communication infrastructure.** Redtone had earmarked MYR 30.09 million (US\$9.6 million) from the issue for the wireless technology infrastructure but now believes it will be more beneficial to invest in the sales, marketing and other working capital expenses for its current corporate broadband offers. The company has decided it will use MYR 15 million (US\$4.77 million) of the proceeds for working capital for its corporate broadband offer and IPTV offer.

### *Telecommunications*

- **Singapore Telecommunications Ltd. appointed Hui Weng Cheong as CEO International as Lim Chuan Poh retired from the Group.** Hui will assume charge on Dec. 1. He is currently the chief operating officer with the Group's Thai associate, Advanced Info Service. He is in control of sales and marketing, network operations, IT solutions as well as customer and services management. As CEO International, Hui will lead the company's overseas business and drive overseas investments.
- **A month ahead of the expected launch of the first components of Singapore's Next Gen NBN, Singapore Telecom has bulked up its IP network with a new solution from Huawei.** It

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has won a deal to supply its NE5000E 1+2 router cluster system into SingTel's IP backbone network. The new gear will enable the operator to simultaneously carry a variety of services, including VoIP, high speed Internet and IPTV. One of the biggest selling points cited by Huawei for the NE5000E router cluster solution is its massive capacity, which is set at 2.56Tbps at deployment, but is scalable to as high as 200Tbps. The solution is also more energy efficient, featuring a distributed power supply, and a cyclic heat dissipation function. In summary, the Huawei gear will offer SingTel plenty of room to grow its capacity on the IP backbone. The company is creating the active service network for the NBN, is expected to launch part of its network as early as October this year.

- **Telekom Malaysia Bhd. Reported that its second-quarter net profit declined 53 percent to MYR124.4 million (US\$39.6 million) from a year earlier because of high operating costs and declining gains on disposal of investments.** Net profit was already boosted by gains from the disposal of quoted investments and the sale of rights in then-mobile unit Axiata Group, as well as higher unrealized foreign exchange gains. Higher operating costs affected net profit in the just-ended quarter. Revenue rose slightly to MYR2.15 billion (US\$684 million) because of boosting revenue from data, Internet and multimedia, which mitigated the impact of lower voice revenue due to lower usage. Telekom had its new high-speed broadband service will drive future growth but intense competition and lead time needed to build up the new service will mean that business environment for the financial year ending Dec. 31 remains challenging. So far, Telekom Malaysia Bhd. has booked a pre-tax profit of MYR519.5 million (US\$165.9 million) for the first half of 2010, an increase of 15.4 percent.
- **Celcom Axiata has issued MYR4.2 billion (US\$1.3 billion) nominal value unrated Sukuk under a private offering to Employees Provident Fund Board, CIMB Islamic Bank and Malayan Banking.** The Sukuk issuance, with tenures ranging from five to ten years, will be issued by Celcom's wholly-owned subsidiary, Celcom Transmission. This is part of an internal exercise to streamline Celcom's business functions and to establish a network-centric entity, whereby Celcom's telecommunication network business will be transferred to CTX. Under this Sukuk issuance, EPF will subscribe MYR3.4 billion (US\$1.08 billion) while the balance of MYR 800 million (US\$254 million) will be taken up equally by both banks. This internal exercise is a component of Axiata's group-wide initiative to transform its regional back-end operations.
- **True Corp Pcl will sell up to 25 percent of a cell-phone unit to a foreign partner after next month's auction of third-generation service licenses.** Thailand's long-delayed auction of 3G services will open up lucrative new revenue streams for mobile data, change the way companies pay fees to the government and clear the way for foreign players to enter the US\$4.7 billion industry. The telecoms regulator will issue licenses on Sept. 20-28 for 3.9G mobile services. Supachai said True has sufficient funds to join the auction for licenses that will start at a price at 12.8 billion baht (US\$406 million) each.
- **Nokia Siemens Networks had the permission to supply LTE-ready WCDMA base stations, as well as network implementation and managed services for Tata Teleservices' 3G network.** The company won the deal from Ericsson, Alcatel-Lucent, Huawei and ZTE. Tata Teleservices secured 3G bandwidth in nine of India's 22 telecom circles during the country's spectrum auction conducted earlier this year. Regulator the Department of Telecommunications will allocate airwaves to winning bidders in September, after which mobile operators will begin deploying their networks. Services will be provided by the end of 2010 and beginning of 2011. Tata Teleservices is offering 2G GSM services in 17 telecom circles under the Tata DoCoMo brand, and CDMA services under the Tata Indicom brand.

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- **India has allowed two telecommunications firms to buy equipment from China's Huawei and ZTE after the Chinese firms agreed to India's tighter rules to address security concerns.** Tata Teleservices, which had applied for government approval to buy gear from Huawei and ZTE, has received the approval after the Chinese firms accepted all the conditions set by India. Huawei and ZTE said that the companies agreed with all the new terms and conditions, after which the government cleared applications. An application by Reliance Communications to order equipment from ZTE has also been approved. A government minister said on 19 August that BSNL is now free to deal with Chinese vendors on the basis of the tightened gear import rules.
- **Reliance Communications had an unexpected fall in net profit during the June 2010 quarter.** The disappointing performance was on account of declining minutes of usage on its wireless network and higher interest expenses. Operations of the second-largest publicly-listed wireless operator are expected to reel under competitive pressure. Its long-term prospects largely depend upon how well the company carries out its ongoing business structuring. The company's operating parameters were rather erratic during the June quarter, compared with the performance of its peers Bharti Airtel and Idea Cellular. These operators had continued growth of 3-4 percent in the minutes of usage per user per month (MoU) on a sequential basis. RCOM on the other hand had a sharp 7 percent drop in MoU. MoU reflects the extent of network capacity utilization and a drop in this parameter means lower network efficiency.
- **BigAir will enter competition in a post-National Broadband Network (NBN) marketplace dominated by fiber-to-the-home fiber optic cable.** Investment in building out high speed fixed wireless broadband infrastructure servicing the major metropolitan markets meant corporate customers viewed the company as a viable alternative to building their own fixed networks. its customers are already able to access 100 Mega bits per second (Mbps) or 1000Mbps service speeds as envisioned by the NBN Co. BigAir acquired Wizz communications and in the past year the company has invested US\$2.4 million of its own cash in new network infrastructure. The company had its acquisition of the assets and customer base of Unistar Enterprises. It also planned the rollout of additional network coverage in financial year 2011.
- **Higher costs weighed on the first-half net profit of PT Indosat, Indonesia's second-largest telecommunications company by subscribers and assets.** Net profit for January to June fell 72 percent to IDR287.13 billion (US\$31.8 billion). Total operating revenue rose 5.7 percent to IDR9.66 trillion (US\$1.07 billion), but this was offset by an 11 percent increase in operating costs to IDR8.05 trillion (US\$893 million), as well as higher miscellaneous costs, which more than doubled to IDR1.12 trillion (US\$133 million). Miscellaneous costs included, among others, the cost of funds which rose to IDR1.08 trillion (US\$119 million) in a year earlier and a drop in foreign exchange gains to IDR370 billion (US\$410 million) a year earlier. Assets at end-June were at IDR53.39 trillion (US\$5.9 billion). Subscriber numbers increased to 37.8 million from 28.1 million. It added that revenue from its cellular business grew 6.7 percent on year, while revenue from non-cellular businesses rose 2.42 percent.

## *Internet*

- **CS LoxInfo has posted a second quarter profit of THB 96 million (US\$ million) and THB 182 million (US\$ million) for the first half ended 30 June.** The first half profit was up 33 percent year-on-year as internet access services, voice information services, and mobile content services generated higher revenues in the period, coupled with efficient cost management. The internet access business had a net profit of THB15 million (US\$ million) in the first half, up 31 percent from last year, due to increased revenues from corporate clients, internet data centre services, and IT services.

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## United States/Canada

### *Mobile/Wireless*

- **Carl Icahn has increased his stake in Motorola Inc. to about 10.4 percent by spending another US\$86.2 million on shares.** The telecommunications company, which is preparing to split itself in two, last month posted higher quarterly profit and stabilized its long revenue decline, as its wager on smartphones running Google's software began to pay off. Icahn bought 11.5 million shares for US\$7.50 each. Last month, he bought 10.2 million shares. Icahn, who now holds 247.1 million shares, has sharply increased his stake in recent months, as some have speculated that he sees Motorola's value rising when it completes its split, which is set for early next year. At the end of 2009, he owned 119.8 million shares.
- **Research in Motion Ltd. has purchased mobile software company Cellmania Inc., a move that could help the smartphone maker build a stronger app store to fend off competition from Apple's iPhone and Google's Android.** The company makes software that allows owners of content to track its use, bill for subscriptions and integrate billing with customer accounts. That can be useful in building app stores, which sell downloadable content and have helped push the adoption of smartphones. The deal comes as RIM struggles to regain its footing in the increasingly competitive smartphone market and amid recent difficulties. The company's newest product, the BlackBerry Torch, has started with tepid sales. Several countries have asked RIM to allow them to monitor email on the BlackBerry network, a development that has kindled privacy concerns.

### *Media, Entertainment and Gaming*

- **Time Warner Cable Inc.'s negotiations to renew rights to ESPN may be held up on a demand by the sports channel's owner, Walt Disney Co..** Disney is seeking a fee of about 10 cents a month per Web customer for ESPN3.com, said one of the people, who declined to be identified because the talks haven't concluded. Time Warner Cable is resisting the fee. ESPN, the most-profitable unit of Disney has honed a strategy of buying sports broadcast rights and charging cable systems industry-leading fees for games. An agreement with Time Warner Cable would add more than 9 million paying customers to the website.

### *Telecommunications*

- **BusinessDay.co.nz, The Nelson Mail, Dominion Post, Stuff.co.nz, The Press, Manawatu Standard, Marlborough Express, Timaru Herald Southern Cross Cable have placed a new submarine cable link to the U.S. or Asia on the backburner as it faces the accelerated possibility of challenge from Kiwi start-up Pacific Fiber and Singapore-based Pacnet.** The company paid US\$1.3 billion laying its "figure of eight" fiber-optic submarine cable loop, completed in 2001, that connects Australia and New Zealand to the U.S. via Hawaii. The Telecom half-owned company expected to decide within the next 18 months when and where it would lay a new cable to New Zealand. Southern Cross has a near monopoly over New Zealand's international communications capacity, selling bandwidth to internet providers under long-term contracts, but is not yet offering capacity beyond 2020. Southern Cross was confident the cable would work until 2025 and probably a lot longer. Southern Cross director of sales and marketing Ross Pfeffer denied Pacific Fiber's venture had had a bearing, though he said it was obviously gathering traction.

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## *Internet*

- **Google announced that it has purchased Like.com which specializes in visual search technology that lets people hunt online for bargains using pictures of clothing, handbags, shoes or other items they might desire.** TechCrunch blog said that the startup would be worth US\$100 million.

## *Semiconductors*

- **Intel announced to purchase Infineon's Wireless Solutions Business, called WLS, in a cash transaction valued at approximately US \$1.4 billion. The deal is expected to close in the first quarter of 2011.** The acquisition expands Intel's current Wi-Fi and 4G WiMAX offerings to include Infineon's 3G capabilities and supports Intel's plans to accelerate LTE. The acquired technology will be used in Intel® Core processor-based laptops, and myriad of Intel® Atom™ processor-based devices, including smartphones, netbooks, tablets and embedded computers.

## *Hardware*

- **Mark Hurd filed to sell a US\$30 million stake in Hewlett-Packard Co. almost three weeks after stepping down as chief executive officer of the company.** Hurd notified the U.S. Securities and Exchange Commission he intended to sell as many as 775,000 common shares. The filing shows Hurd planned to sell on Aug. 23 through Merrill Lynch & Co., a unit of Bank of America Corp. With HP closing at US\$39.04 that day, the sale would have raised US\$30.3 million. Hurd, 53, resigned on Aug. 6 after an internal investigation found he filed inaccurate expense reports to conceal a personal relationship with Jodie Fisher, a marketing contractor. HP, based in Palo Alto, California, said a probe had cleared Hurd of Fisher's sexual-harassment claim.
- **The battle for the top spot in the U.S. LCD-TV market heated up in the second quarter as the gap in market share between No. 1 Samsung Electronics Co. Ltd. and No. 2 Vizio dwindled to less than 1 percentage point.** Samsung in the second quarter held a 0.7 percentage point lead over Vizio in terms of U.S. LCD-TV shipments, compared to 1.3 points in the first quarter. Both companies in the second quarter dramatically outperformed the overall market by offering sets with advanced features desired by U.S. consumers. U.S. LCD-TV shipments rose by 12.8 percent in the second quarter to 7.36 million units, up from 6.53 million in the first quarter, iSuppli's data showed. Samsung's shipments grew at more than twice the pace of the overall market, rising by 26 percent to 1.45 million units, up from 1.15 million in the first quarter. Vizio grew even faster, with its shipments rising by an industry-leading 30.8 percent to 1.39 million units, up from 1.07 million in the first quarter.
- **Dell announced that 3PAR has accepted its increased offer to acquire the storage leader for US\$27 per share in cash, or approximately US\$1.8 billion, net of 3PAR's cash.** The new Dell-3PAR accord was reached under a provision in the existing agreement between the companies that allows Dell to match competing bids.

## **Europe**

### *Mobile/ Wireless*

- **Alcatel-Lucent expects the next wave of investment in submarine cable networks to be fuelled by markets in Asia.** While there are a number of subsea cable systems present in Asia-Pacific, there are still plenty of underserved markets in the region that would benefit from more landing points.



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Once connectivity has been established other needs arise, such as the need for resilience in seismically unstable areas of the seabed. Alcatel-Lucent is currently involved in a number of cable projects around the coast of Africa, including but not limited to the 10,000 kilometre-long EASSy system linking eight countries on Africa's east coast; ACE, which connects Cape Town in South Africa to Penmarch in France; and WACS, a 14,000 kilometre-long cable route connecting southern Africa to Europe. The vendor will extend WACS from Portugal to the U.K.

- **Nokia and Intel established a joint research and development laboratory that will focus on developing 3D graphical interfaces for mobile phones.** The two companies are already jointly-developing MeeGo and with their new R&D lab Nokia and Intel are aiming to capitalize on future advancements in mobile processing and graphics power. The facility will be based at Finland's University of Oulu and will initially employ around two dozen researchers to work on projects for three years. In addition to investment from Nokia and Intel, the lab has also received financing from Tekes. The lab's first area of focus will be on new Internet user experiences, as well as interfaces for MeeGo and other platforms that could potentially make use of 3D graphics.

## *Telecommunications*

- **Telekom Austria AG is planning to acquire a large stake in Telekom Srbija.** Srbija is majority owned by Serbian state-owned infrastructure company PTT Traffic Srbija, while Greek Hellenic Telecommunications Organization, or OTE, holds a 20 percent stake. The Serbian state has hired U.S. investment bank Citigroup Inc. to plan and handle the privatization of a large stake in the company later this year. The Serbian state will divest a 40 percent stake, but Citigroup has recommended that PTT Traffic sells a stake of at least 50 percent of the company. Der Standard cites Serbian newspaper Politika as saying Telekom Austria is among the companies to have shown interest in the tender. Orascom Telecom Holding, France Telecom and Sweden's TeliaSonera AB.
- **Hungary will this year hold tenders for mobile broadband and Internet service licenses on the 450 megahertz and available 900 MHz frequencies, which may see a new provider enter the market.** Frequency fees that providers pay on their existing licenses are expected to be revised. The revision won't result in fees being raised, however. The new license fees would come into force next year. The government expects to generate 20 billion forints (\$88.5 million) in concession revenue from the tenders, which it has included in its 2010 budget. The fees the government will collect from the new frequencies should be technology-neutral and easy to calculate. The offer of the available 900 MHz frequencies provides the opportunity for the entry of a new market participant.
- **Vodafone might sell assets in Poland, China and eventually France as it starts a retreat from sprawling international expansion designed to appease investors who believe it needs more discipline.** Vodafone had said that it would reconsider its strategy following shareholder concerns, and a move to sell minority assets is seen more as a bid to improve sentiment than drive earnings. Senior bankers said Vodafone was not under pressure to sell assets to shore up its balance sheet or improve cashflow. Because many of the assets tipped for a sale contributed to earnings per share and free cash flow, their disposal would have little impact on those metrics on average. Vodafone is likely to sell its near 25 percent holding in Poland's top mobile telecoms firm Polkomtel as opposed to buying out the other owners. An initial public offering (IPO) is another option.

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## South Africa/Middle East/Latin America

### *Information Technology*

- **Total spending in information technology in Latin America is expected to grow 10.9 percent to US\$260.6 billion, nearly three times faster than forecast expenditures at the global level, this year.** As Latin America booms, with countries such as Brazil expected to grow over 7 percent, Peru forecast to expand 6.6 percent and Chile anticipated to increase at least 5 percent for the year, investments in IT are following suit. Worldwide IT spending is anticipated to increase at a more modest pace of 3.9 percent to US\$3.350 trillion this year. Increased expenditures in IT usually go hand-in-hand with economic development, as the investments help boost productivity and allow for value added knowledge-based workers. As the number of companies expanding regionally in Latin America grows, so does the number tapping into a relatively new technology called virtualization, which improves computer efficiency by allowing multiple systems to operate on one computer.

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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 8/27/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	85.1900	-0.5%	-1.9%	-8.3%	-7.6%
Hong Kong dollar	HK\$/ US\$	7.7779	0.1%	0.2%	0.3%	0.4%
Chinese renmenbi	RMB/ US\$	6.7977	0.1%	0.3%	-0.4%	-0.4%
Singapore dollar	S\$/ US\$	1.3525	-0.2%	-0.5%	-3.8%	-7.5%
South Korean won	KRW/ US\$	1,195.1000	1.0%	0.3%	2.7%	-9.2%
New Taiwan dollar	NT\$/ US\$	31.9850	0.2%	-0.2%	0.1%	-2.4%
Australian dollar	US\$/A\$	0.8988	0.5%	-0.4%	0.2%	26.6%
New Zealand dollar	US\$/NZ\$	0.7104	0.7%	-3.2%	-1.9%	21.5%
Philippine peso	PHP/ US\$	44.8600	-0.4%	-2.3%	-3.4%	-5.0%
Euro	US\$/€	1.2762	0.4%	-1.8%	-10.9%	-8.0%
British pound	US\$/£	1.5520	-0.1%	0.2%	-3.9%	6.9%

## Fixed Income Prices and Yields

Note	Currency	Current (on 8/27/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	103.20	3.70%	103.84	3.70%	106.13	4.02%
Japan 30-year	¥	113.47	1.63%	114.28	1.69%	109.24	1.82%
Hong Kong 10-year	HK\$	103.66	2.01%	103.49	2.15%	101.70	2.35%
China (06/16)	US\$	110.49	2.71%	110.63	2.71%	109.38	3.05%
Singapore 10-year	S\$	110.55	2.09%	112.35	1.90%	108.85	2.26%
South Korea 20-year	KRW	11,235.35	4.62%	11,171.29	4.72%	10,595.92	5.07%
Australia 15-year	A\$	107.31	4.93%	106.59	5.01%	103.79	5.32%
New Zealand (12/17)	NZ\$	106.88	5.12%	106.76	5.24%	104.35	5.44%
Philippines 20-year	PHP	138.75	8.44%	138.27	8.67%	101.59	8.58%
India 30-year	INR	98.94	8.40%	98.85	8.58%	83.10	8.40%
UK 30-year	£	106.50	3.87%	104.00	4.06%	98.71	4.33%
Germany 30-year	€	142.31	2.66%	136.60	2.92%	124.61	3.41%

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