



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

***Week of 13 September 2010 - 18 September 2010***

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



Week of 13 September 2010 - 18 September 2010

## Table of Contents

<b>Equity Market Indicators</b>	<b>3</b>
<b>Technology, Media, Telecommunications and Life Sciences Market Activity</b>	<b>4</b>
<b>Weekly Highlights</b>	<b>5</b>
International	5
Japan	5
Korea	6
China	7
Taiwan	10
Singapore/Malaysia/Philippines/Indonesia/India	12
United States/Canada	13
Europe	14
South Africa/Middle East/Latin America	15
<b>Other Economic Data</b>	<b>16</b>
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 13 September 2010 - 18 September 2010

Equity Market Indicators					
Index	Closing Level (9/17/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,125.59	1.4%	0.0%	0.9%	24.6%
Dow Jones Industrial Avg.	10,607.85	1.4%	-0.6%	1.7%	20.9%
Dow Jones Tech. Index	394.81	3.9%	-0.3%	-1.9%	57.1%
Dow Jones Telecom. Index	222.90	1.7%	2.7%	1.5%	11.6%
NASDAQ Composite	2,315.61	3.3%	0.9%	2.0%	46.8%
Japan Nikkei 225	9,626.09	4.2%	4.7%	-8.7%	8.7%
JASDAQ	48.25	0.1%	-0.4%	-0.2%	0.1%
Japan Mothers	373.54	-1.2%	0.9%	-10.3%	15.5%
Korea KOSPI Composite	1,827.35	1.4%	4.8%	8.6%	62.5%
Korea Kosdaq	483.25	-0.3%	1.5%	-5.9%	45.5%
Taiwan Stock Exchange	8,158.33	3.4%	2.7%	-0.4%	77.7%
Singapore Straight Times	3,653.12	-0.9%	4.4%	22.1%	107.4%
Hong Kong Hang Seng	21,970.86	3.4%	4.1%	0.4%	52.7%
Hong Kong GEM	805.66	1.6%	2.6%	19.0%	109.0%
China Shanghai (A-Share)	2,722.57	-2.4%	-2.4%	-20.8%	42.4%
China Shenzhen (A-Share)	1,211.69	-2.6%	2.5%	-3.9%	108.4%
China Shanghai (B-Share)	253.13	-2.2%	2.2%	0.3%	128.2%
China Shenzhen (B-Share)	718.45	1.3%	7.4%	14.8%	164.8%

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



Week of 13 September 2010 - 18 September 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 13 September 2010 - 18 September 2010

## Weekly Highlights

### International

#### *Mobile/ Wireless*

- **According to iSuppli, the number of wireless-service subscriptions is seen to reach 5 billion in September 2010, but growth is set to slow the next several years.** Devices from flip-phones to smartphones represent the biggest stage that any technology market has ever played on and are leading the tech supply chain toward wireless-oriented platforms from the slower-growing computer market. Nevertheless, this year's 11 percent subscription growth from 2009 compares with forecasts of 8.2 percent next year and 6.6 percent in 2012. The 5 billion figure equates to nearly three-quarters of the world's population, many people have more than one subscription. For example, Europeans often have multiple service plans and phones as they seek to maintain communications while traveling among countries with different providers and air standards. Meanwhile, penetration of wireless subscriptions is 50 percent in Africa and the Middle East. iSuppli went on to say that the market for software included in cellphones when consumers acquire them will expand to US\$7.7 billion in 2014. The firm projects the market for semiconductors serving the sector will jump to US\$80.2 billion.

#### *Semiconductor*

- **Flash memory demand may slow after tablet release rush.** Flash memory chip makers are seen to benefit from a wave of electronic manufacturers around the world rushing to launch new tablet computers. iSuppli analysts said there's a risk of an oversupply of memory chips next year, when the temporary surge in demand for new tablets subsides. Electronics makers around the world are rushing to launch new tablet computers this fall and winter leading up to the Christmas shopping season. The sheer number of simultaneous tablet releases will drive demand for NAND flash memory chips. Tablets in particular are seen to make a big difference in the flash memory chip business because they require relatively large memory capacity. Close to 30 companies, big and small, are seen to release new tablets later this year. iSuppli projects this year's total global shipment of tablet computers to reach 15.4 million units, with iPads accounting for 12.8 million.

### Japan

#### *Internet*

- **Rekoo.com will roll out a social networking game platform in Japan in cooperation with a Japan-based telecom operator.** The platform, described as innovative, will enable personal computer (PC) and mobile phone users to get an access to the popular online games in a more secured way. The move is part of Rekoo.com's efforts to consolidate its footing in the profitable social networking game market, by socializing online games and gamelizing social networking, on the eve of a presence of Zynga in Japan. The company said it will reach 1 million users by the end of this year or the beginning of next year.

#### *Media, Entertainment and Gaming*

- **Shanda Games Limited and Square Enix Co., Ltd. had a strategic partnership.** The partnership starts with an exclusive license in mainland China to FINAL FANTASY® XIV, a massively multi-player online role-playing game and the latest installment of the FINAL FANTASY franchise, which has sold more than 97 million units worldwide. This will be the first release of a FINAL FANTASY

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



Week of 13 September 2010 - 18 September 2010

franchise title in mainland China. Square Enix Group has identified globalization as one of its key strategic initiatives and has been developing and offering entertainment content derived from its global network based in Japan, North America and Europe. The partnership with Shanda Games will strengthen Square Enix Group's global business development with a focus on the rapidly-booming Chinese market.

## *Hardware*

- **NEC Corp. will launch new personal computers capable of rendering three-dimensional imagery.** The introduction of the new models will expand the company's lineup of 3D-capable PC models to three from the current one, including the VW970/CS model that can display full high-definition images. The model will retail for an estimated 260,000 yen (US\$3,028). The higher-end VL750/CS model with an estimated price tag of 285,000 yen (US\$3,319) will be capable of playing back 3D video games created with the 3D technology of Nvidia Corp. of the U.S.

## *Semiconductor*

- **Sanyo Electric will close two of its domestic semiconductor plants by 2012 and move production to another plant along with about 1,000 workers.** The plants handle front-end semiconductor fabrication processes, which involve forming circuits on silicon wafers. The Oizumi plant produces transistors for television sets and mobile phones, while the Anpachi plant makes system chips for digital cameras and other products. Transistors and system chips will still be supplied through the transfer of production equipment to a Sanyo plant in Ojiya, Niigata Prefecture, which makes analog chips and offers high productivity. Most of the roughly 700 workers at the Oizumi plant and about 300 employees at the Anpachi plant are seen to end up at Ojiya. But some will be reappointed to solar cells, lithium ion batteries and other growth areas of Sanyo.

## **Korea**

### *Mobile/Wireless*

- **The number of mobile phone subscribers in South Korea reached 50.05 million as of Sept. 8, more than the country's estimated population of 48.88 million.** The mobile-phone penetration rate was at 102.4 percent which means there are 12 mobile handsets for every 10 people in Korea. The 50 million mark was broken 26 years after South Korea launched wireless phone service in 1984. The country passed 40 million subscribers in 2006. As of the end of August, smartphone subscribers in South Korea numbered 3.67 million, or 7.4 percent of all wireless subscribers.

### *Media, Gaming and Entertainment*

- **PopCap Games had a deal with NCsoft to introduce PopCap's first online multiplayer social game service to Korea.** PopCap World will introduce with 13 of PopCap's award-winning games such as Bejeweled, Plants vs. Zombies and Zuma as well as an all-new multiplayer game, Super Zuma, made exclusively for Korean players. All of the games are free to play, with optional, premium paid elements to be added later. PopCap and flagship franchise, Bejeweled is widely regarded as a founding father of the casual games industry. Over the past 10 years, the company has solidified its reputation as a games pioneer by innovating new games genres exemplified in games such as the BAFTA-nominated, Plants vs. Zombies.

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



Week of 13 September 2010 - 18 September 2010

- **The Ministry of Culture, Sports and Tourism and the Korea Creative Content Agency said that the South Korean game industry boosted to 6.5 trillion won (US\$5.6 billion) in 2009.** The agency projects that sales of games will exceed a record 10 trillion won (US\$8.6 trillion) by 2012. Online games have the biggest market share at 56-percent, followed by PC game rooms with 29-percent, video games at eight-percent and mobile games with four-percent. Exports for 2009 boosted approximately 13 percent from 2008 and posted US\$1.2 billion. The top three export destinations were China, Japan, and the U.S.
- **Nexon announced that it has purchased 38 million shares of GameHi, Inc., which it bought a controlling stake in during May of this year.** The shares purchased cost 56 billion won (US\$48.2 million) and were the last shares owned by GameHi CEO Gunil Kim. With this additional transaction, Nexon now owns 52.11 percent of GameHi shares, or 86 million shares total. Nexon also announced that Nexon Japan is in talks to co-service GameHi's Sudden Attack and Dekaron in Japan, two games currently serviced in that region by Game Yarou. Both companies signed an MOU on July 30 in relation to the deal. Additional acquisition of shares is expected to strengthen managerial rights and maximize synergy between Nexon and GameHi, according to Nexon CEO Seo Min. He further said that he hopes to utilize the various companies Nexon holds in order to improve the results of games developed by GameHi and that the MOU with the Nexon Japan and Game Yarou is the first step in this attempt.

## *Hardware*

- **LG Electronics Co. Chief Executive Nam Yong resigned amid the company's difficulties reshaping its cellphone business for smartphones.** He will be replaced by Koo Bon-joon, a member of the founding family of the broader LG conglomerate. The move comes as LG Electronics' key businesses, including cellphones and flat-screen televisions, have been under heavy pressure in recent months. The company's net profit sank 33 percent in the second quarter, largely hit by a weak smartphone lineup and a slowdown in key European export markets.

## *Alternative Energy*

- **KT would develop a solar power plant as it had seen an annual profit of 200 million won (US\$172,600) from renewable energy sales.** The new plant will provide 530,000 kilowatt hours of electricity annually and reduce 250 tons of greenhouse gases per year. This plant will boost utilization of its massive property assets and expand into environmental friendly businesses. KT set up a property management firm to turn its 6.4 trillion won (US\$5.5 billion) in real estate assets into a new source of revenue.

## **China**

### *Internet*

- **Alibaba Group Holding Ltd. plans to acquire back shares held by Yahoo! Inc., after the two sides failed to reach agreement earlier this year.** Yahoo's 39 percent stake in Alibaba is worth US\$11 billion. Yahoo founder Jerry Yang was first approached about nine months ago to sell the holding, before Alibaba filed a formal proposal in May. Alibaba Group Chief Financial Officer Joseph Tsai held at least two meetings with Tim Morse, his counterpart at Yahoo, about the holding in Alibaba, according to Spelich. Alibaba's formal proposal in May involved an offer to acquire part of the stake held by Yahoo. Yahoo lost its own search technology, removing the biggest reason for a

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



Week of 13 September 2010 - 18 September 2010

partnership between Yahoo and Alibaba. Alibaba Group sold the stake to Yahoo in 2005 for US\$1 billion and ownership of Yahoo's Chinese unit.

- **Baidu signed a contract with game site 2144.cn to add to its newly launched online applications open platform.** The games site is importing some of its games onto the platform for testing. Baidu introduced the platform and offers more than 500 applications, from providers such as, Douban.com and Kingsoft Anti-Virus.
- **Tudou.com Chief Executive Gary Wang said that he is in no hurry to seek a public listing of the company although he assumes that there should be a listing in the overseas markets at some point.** Youku and Tudou are the top players in China's online video market. According to research firm Analysys International, Youku had a 20 percent market share in the online video market by revenue in the second quarter, followed by Tudou with 16 percent. But the online video market is becoming more competitive with the entrance of new players like Baidu, China's dominant search engine. When users go to Baidu's search bar first to find video content online, even when those videos are provided by Tudou or Youku rather than Qiyi, they are displayed on Baidu's own site. This means some of their advertisements get fewer viewers. Around 30 percent their traffic originates from Baidu searches.

## *Mobile/Wireless*

- **KongZhong Corp. denied domestic media reports that it laid off a large number of employees, claiming that it has reduced the number of employee by 5 percent as part of normal business adjustments.** The company had second quarter net profits of US\$2.6 million, declined 26.8 percent year-on-year.
- **TCL Communication Tech Holdings Ltd.'s cell phone and accessories sales for August swelled 118 percent year on year or 4 percent month on month to 3.01 million units.** The firm's sales volume of mobile phones in overseas market was 2.88 million units, 162 percent than it sold in the same month of 2009. In the first eight months of this year, TCL sold 20.14 million mobile phones, reflecting a year-on-year jump of 153 percent. Mobile phone sales volume in overseas market boosted 193 percent. The company will launch its first Android system-based cell phone-OT-980 this month, and launch its first flat panel computer in October. TCL Communication is selling cell phones under two brands: TCL sell in domestic market and Alcatel sell in overseas market, the latter's market share ranks the fourth in North American market.

## *Telecommunications*

- **China Mobile Ltd will not adjust capital expenditure for its 2G and 3G mobile telecommunication network.** China Mobile will cut the capital expenditure for this year to 123 billion yuan (US\$18.2 billion) with the completion of its 3G network construction. The capital expenditure would be further slashed in the next two years. China Mobile will add over 10 million new 3G users for this year. Wang has secured approvals from the China Banking Regulatory Commission and the State-owned Assets Supervision and Administration Commission of the State Council to acquire a 20 percent stake in Shanghai Pudong Development Bank for 39.8 billion yuan (US\$5.9 billion).
- **China Mobile will launch an internet search engine next year, potentially challenging Baidu as the world's largest phone carrier by customers looks to data services to boost growth.** Market saturation is slowing China Mobile's growth, as more than 60 percent of the country's population now owns a mobile phone. China Mobile Communications, struck a deal with Xinhua



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



Week of 13 September 2010 - 18 September 2010

News Agency to partner in internet search. China Mobile also said it will continue cooperation with Vodafone on high-speed wireless services after the U.K. company ceased to be a shareholder. The companies will develop a new mobile device that supports long-term evolution technology. Vodafone raised US\$6.5 billion from the sale of its 3.2 percent stake in China Mobile.

- **The number of 3G service subscribers in China is expected to reach 44.8 million by the end of this year, up by 339 percent from the 10.2 million recorded at the end of 2009, according to Digitimes.** China Mobile led the 3G market in China with a 42 percent share, followed by China Unicom with a 30 percent share, and China Telecom with a 28 percent share. China Mobile is forecast to see the number of its 3G subscribers reach 18.8 million by the end of the year. The number of 3G subscribers in China is further forecast to rise to 100 million in 2012, but the proportion of 3G users of the total number of mobile users is boosting slowly due to a lack of mobile applications.
- **China United Network Communications Co. Ltd. will invest roughly 70 billion yuan (US\$10.4 billion) in 2011 to improve its 3G coverage nationwide.** The investment will be used to build more 3G base stations after complaints from its users about weak or disrupted 3G signals. China Unicom has 150,000 3G base stations nationwide. Since 2009, the company has paid a total of 180 billion yuan (US\$26.77 billion) on constructing its 3G network. China Unicom had revenue of 82.11 billion yuan (US\$12.04 billion) in the first half of 2010, of which 3G revenue accounted for 3.97 billion yuan (US\$580 million). China Unicom had 7.56 million 3G subscribers as of end of June.

## *Media, Entertainment and Gaming*

- **Shanda Entertainment announces that it has acquired the operation right of Sudden Attack in China, and will work with its developer GameHi to make the game more suitable for Chinese gamers.** Sudden Attack is well received in Korea, and made a record PCU (Peak Concurrent User) of 200,000 in March 2010.
- **Shanda Games is forming a JV with CCTV's online broadcaster, China Network Television (CNTV), primarily to establish an online game video channel.** The site paves the way for future media partnerships with CCTV, and also allows Shanda to sidestep SARFT approval for an online game video site, since CNTV already has this license.
- **Shanda Games will acquire Eyedentity Games, the developer of its licensed 3D action MMORPG Dragon Nest, for US\$95 million before the end of September.** Eyedentity employs more than 100 developers in Seoul, Korea. The acquisition will give Shanda the ability to direct Eyedentity's upcoming projects, the first of which is likely to be developing a patch to combat cheating programs in Dragon Nest, one reason the game's PCU has fallen to around 400,000, according to Shanda's internal preliminary tracking, from 450,000 in early August. While the acquisition is likely to speed the patch's release, there is concern whether Shanda can release it in time for China's National Day holiday (October 1-7).
- **The9 Ltd. has obtained authorization to operate Planetside Online Next on the Chinese mainland.** The game, developed as an extension of Planetside Online from Japanese Sony Computer Entertainment, is a classic 3D shooting game critically acclaimed by players. The news came out of an internal letter written by vice company president Tony Park. The9 is one of China's top online game developers and operators, which has been striking to revive revenue after losing authorization for World of Warcraft (WoW) in July 2009.
- **Gameabc.com is seeking to venture with Cga.com as it aims to boost overall growth to have accelerated international presence and development in-house development capabilities.** The

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



Week of 13 September 2010 - 18 September 2010

integration will cooperate with Gameabc.com's online game platform with Cga.com's game development capabilities, to improve Shanda Games' leading global online game platform. Gameabc.com has grown into one of the five pillars of Shanda Interactive Entertainment Ltd. along with Ku6.com, Shanda Online, Shanda Literature, and Shanda Games. Shanda Interactive Entertainment had its second-quarter net profit declined 60 percent from a year earlier due to higher expenses and a slight deceleration in revenue at its online games unit. Shanda Games had a 16 percent deceleration in second-quarter net profit due to declining sales and margins, though the results were in line with analysts' expectations. The unit will acquire Korean game developer Eyedentity Games and to form an online-game joint venture with China Network Television.

## *Hardware*

- **Dell Inc. will spend more than US\$100 billion over 10 years to broaden operations in China and boost its sales in the world's second-largest economy.** Dell will open a second China operations center next year in Chengdu, adding production, sales and support in the southwestern part of the country. The world's third-biggest maker of personal computers will also add an office and as many as 500 workers at its existing Xiamen site. Dell overtook Hewlett-Packard to rank second in computer shipments in China last quarter, according to research company IDC. The Round Rock is boosting capacity in China as Microsoft Chief Executive Officer Steve Ballmer projects the country may replace the U.S. as the largest PC market next year. The US\$100 billion spending projection is a conservative estimate that includes purchases of components and products procured in China. The company paid about US\$23 billion in China in 2009.
- **According to Ren Yanlong, market manager of e-book unit of Newman, the domestic tablet PC market will divide into two patterns, high-end and low-end segments with price as the watershed.** Apple ipad will enter the Chinese market, which is predicted to cause an impact on the Chinese market and concerned by the industry. The market manager replied that because the domestic tablet PC manufacturers have made better preparation, making their products leave deeper impression to users on the domestic market depending on the Google platform and price advantage.

## *Technology*

- **Focus Media Chairman and CEO Jason Jiang is selling 8.1 million American depository shares (ADS) in the out-of-home advertiser through his wholly controlled company JJ Media.** The firm had 145.57 million ADSs outstanding as of September 7. Focus Media will expand its share repurchase program to US\$300 million from US\$200 million and will extend the termination date of the repurchase plan to June 2011 from February 2011. Focus Media had paid a total of US\$36.7 million in share repurchases.

## **Taiwan**

### *Hardware*

- **According to IDC, recovering consumer demand is seen to push up PCs sales in Taiwan in the third quarter of the year by 17 percent from the second quarter to around 785,000 units.** IDC provides notebook PC sales in Taiwan to boost by 17 percent quarterly to 381,000 units in the third quarter but shrink 11.5 percent to only 337,000 units in the fourth quarter of the year. In the meantime, sales of desktop PCs are estimated at 404,000 units in the third quarter, surged 16 percent from a quarter earlier. Annual notebook PC sales in Taiwan will reach 1.336 million units this year and boost 7 percent to 1.43 million units next year. Sales of netbook PCs boosted to 28 percent of the

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



Week of 13 September 2010 - 18 September 2010

overall laptop sales in the second quarter in Taiwan, a ratio higher than the global average, mainly because some smaller local brands joined forces with telecom services providers to promote such models.

- **Hon Hai Precision Industry Co. reported US\$6.71 billion in non-consolidated sales in August, up 9.35 percent from the preceding month for the highest historical monthly sales.** With August sales had equaling yearly sales achieved by Taiwan's largest telecom carrier Chunghwa Telecom Co., Hon Hai has become Taiwan's first private firm to see monthly sales exceed NT\$200 billion (US\$6.3 billion). Hon Hai said that it still have growth in September sales, enabling the maker to achieve the goal of NT\$2 trillion (US\$63 billion) in yearly sales. Institutional investors predicted Hon Hai will have better performance in the third quarter when the electronics industry enters a sales boom. Hon Hai will encounter decelerating profitability as it has promised to raise wages in China beginning October 1, which will be the second wage boost since the beginning of this year.

## *Alternative Energy*

- **Topcell Solar International Co. Ltd. will expand its production capacity to tap the booming green energy business.** Topcell is seen to boost its annual production capacity to 450 MW (megawatts) at the beginning of 2011 from the current 150 MW and to further raise the volume to 800 MW in the third quarter of that year. Topcell controls a 60 percent stake, officially became operational that same day after a trial production period that started in late August. Due to the production capacity expansion plan, Topcell is raising funds to lift its paid-in capital to NT\$1.2 billion (US\$37.8 million) at the end of September from the current NT\$800 million (US\$25.2 million). Although the solar energy business will enter a slow season in December, it is just part of the industry's cycle. Business will start to improve in the second quarter of next year. Another UMC solar energy unit Everrich Energy Corp., which specializes in solar energy system integration has completed the installation of a solar power plant for a client in China's Shandong Province, with annual production capacity of 18 MW.
- **TSMC will complete the first phase of a planned solar energy plant by the end of the first half of 2011.** Rick Tsai said that the total investment in phase 1 is over US\$200 million. Taiwan's technology firms are pushing into the US\$35 billion global solar energy market as they leverage their expertise in chip and LCD manufacturing and eye new growth prospects beyond maturing chip and panel businesses. TSMC, UMC and LCD firm AU Optronics are among firms acquiring up smaller players or building solar cell plants in a strategy that also dovetails with a Taiwan government initiative to develop green businesses.

## *Semiconductor*

- **Taiwan Semiconductor Manufacturing Company chairman and CEO Morris Chang expect the company to continue its growth and to achieve an annual sales growth rate of 10 percent in the coming decade.** While the global semiconductor industry is seen to boost 30 percent this year, TSMC's sales and profits are both seen to surpass this level, increasing by 40 percent. Chang's forecast for 2011 was slightly less optimistic. He sees TSMC's sales and profits to boost by 10 percent next year, which would still be maintaining higher growth than the seen growth rate of five percent for the industry as a whole.

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



Week of 13 September 2010 - 18 September 2010

## Singapore/Malaysia/Philippines/Indonesia/India

### *Telecommunications*

- **Bharti Airtel will sell the mobile phone towers of its African operations to arm Bharti Infratel, raising cash and taking a big step towards replicating the outsourced business model that has underpinned its growth in India.** Bharti Infratel is owned 90% by India's largest cellphone service provider. Bharti Enterprises, the parent company of the Bharti group, said in a statement that strategically it is in favor of separating passive infrastructure such as towers and sharing it with other operators in Africa on the same lines as in India. Bharti Airtel has started separating the tower businesses in the 15 African countries and will consolidate them under one overseas company. Bharti Infratel will acquire this company for US\$2.5-3 billion, one of the persons aware of the plan said. Bharti Airtel will use the money to prepay part of the US\$8.3 billion it borrowed to buy Zain's African telecom business. Bharti Infratel will raise some \$2 billion by divesting around a 20% stake to private equity and sovereign funds. Among those it is in discussions with are GIC of Singapore, Temasek and Kohlberg Kravis Roberts & Co (KKR). The rest will be funded through debt for which it is in talks with some foreign banks, including Standard Chartered. Bharti has paid US\$8.3 billion to Zain already and will make a payment of another \$700 million in a year. It has also taken over debt of around US\$1.7 billion from Zain.
- **Idea Cellular Ltd. is in negotiations with two potential investors, including Emirates Telecommunications Corp., to sell up to a 26 percent stake in itself.** The potential deal comes amid stiff competition between mobile services operators in India, who have seen their profits squeezed as call prices have been slashed to less than one U.S. cent a minute. India added as many as 13.5 million GSM network users in August, up from 11.5 million in July and taking the country's subscriber base to 481.6 million. The company is considering different options in the Indian market. The executive didn't rule out an investment in Idea. The company will not raise its stake in Idea as it hasn't got first right of refusal on the Birla family.
- **Bharti Airtel Ltd. will sell the mobile phone towers of its African operations to its Bharti Infratel tower infrastructure unit.** A deal at around 120 billion rupees- 150 billion rupees (US\$2.6 billion-US\$3.2 billion) is seen by December. Bharti Infratel will then sell stakes to sovereign and private equity funds. Bharti Airtel will use the proceeds to prepay some of the debt taken on for the acquisition of Zain's African telecom business. Bharti Enterprises said that while strategically it favors separating passive infrastructure, no decision had been taken on transferring the towers to Bharti Infratel and the company wouldn't like to comment on market speculation.
- **MTNL has given an order worth 80.79 million rupees (US\$1.8 million) to ITI Ltd. for equipment used in broadband connections.** ITI will supply the equipment within three months. MTNL and Bharat Sanchar Nigam Ltd. have to give 30 percent of all contracts to ailing equipment maker ITI, which is also a state-run company. MTNL offers telecom and broadband services in the northern Indian city of Delhi and the western city of Mumbai. It had 3.47 million fixed telephone users at the end of July. The company has also given a contract worth 7.51 million rupees (US\$133, 866) to the Indian unit of Alcatel-Lucent to upgrade its computer server used for offering broadband services.
- **Bharti Airtel Ltd. is in negotiations with local rivals, including Vodafone Essar Ltd. and Idea Cellular Ltd., on a strategic partnership to offer third generation services across the country.** Airtel has won spectrum to offer 3G services in 13 circles in a concluded auction, while Vodafone Essar has won in nine and Idea in 11 circles.

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



Week of 13 September 2010 - 18 September 2010

- **Thailand's three major telecom companies have qualified to join an auction for third-generation mobile licenses set for Sept. 20 with the starting price set at THB12.8 billion (US\$416.3 million).** Advanced Wireless Network, DTAC Internet Service and Real Move, were given the approval to participate. The regulator will only grant up to two licenses, with a second auction to be held later this year for a third license. Each new license will be valid for 15 years. 3G services allow users to transfer data and download content at substantially faster speeds than second-generation technology. The long-delayed 3G service license auction has made Thailand among the last countries in Southeast Asia to fully deploy advanced wireless technology. The process has repeatedly been delayed due mainly to the absence of an independent body to regulate broadcasting frequencies, as well as changes in state administrations.
- **CAT Telecom will sue the National Telecommunications Commission for not having the necessary authority to conduct the planned auction for third-generation mobile licenses, saying it will cost the company THB15 billion (US\$487.8 million) annually.** The company will seek a court injunction to block the 3G auction scheduled for Sept. 20 until a single national regulator is formed. TOT is also asking the Central Administration Court to block the auction.
- **TMB Bank PCL said a delay in the auction of third-generation mobile licenses may shave THB50 billion (US\$1.6 billion) off investment in Thailand this year and in 2011.** The delay will also hurt Thai banks' lending as the majority of the 3G investment will come from loans. He will also slightly affect TMB's lending, Thailand's sixth largest lender, as it will extend loans to those who win the 3G license to install the necessary systems. The Central Administration Court issued an injunction to stall the 3G license auction set to kick off after state-owned CAT Telecom PCL lodged a complaint with the court, claiming the National Telecommunications Commission has no authority to grant the 2.1 gigahertz frequency spectrum.
- **Telstra Corp. sees gross proceeds of around US\$433 million from the initial public offering of Chinese advertising website SouFun Holdings Ltd., which is planning to list on the New York Stock Exchange.** Telstra had previously flagged that it intended to sell down its entire 50.6 percent stake in SouFun, which it bought in 2006 for US\$254 million. Any profit from the stake sale will be impacted by foreign exchange currency movements since its acquisition.

## United States/Canada

### *Mobile/Wireless*

- **Research In Motion Ltd. announced that forecasted revenues and profits exceeded analysts' estimates buoyed by expectations for its new Torch phone.** The Torch is an excellent step forward. Revenue this quarter is expected to be as much as US\$5.55 billion and earnings per share will be as much as US\$1.70. Analysts had projected revenue of US\$4.82 billion and profit of US\$1.39 a share. RIM is battling Apple's iPhone and a slew of handsets based on Google Inc.'s Android software from Motorola Inc. and HTC Corp. RIM shipped 12.1 million devices, 45 percent more than a year earlier, and sees ship 13.8 million to 14.4 million phones this quarter. Sales last quarter rose 31 percent to US\$4.62 billion. Analysts had predicted US\$4.49 billion, the average of estimates compiled by Bloomberg. Earnings per share were US\$1.46.

### *Media, Entertainment and Gaming*

- **BCE Inc. will own CTV, the country's largest television broadcaster, a major reversal of strategy as it plays catch-up to its domestic rivals.** BCE will acquire the 85 percent of CTV that it



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



Week of 13 September 2010 - 18 September 2010

doesn't already own for C\$1.3 billion (US\$ 1.25 billion) from Woodbridge Co., the Ontario Teachers' Pension Plan, and Torstar Corp. The transaction will be completed in mid-2011. The deal consolidates Canada's already tightly woven media industry and follows Comcast's pending US\$30-billion acquisition of NBC Universal. All of BCE's domestic rivals, with the notable exception of Telus Corp., own media assets. BCE's archrival Rogers Communications Inc., the country's largest cable TV and wireless provider founded by the late Ted Rogers, already owns radio, television, print, and sports-franchise assets in Rogers Media. Earlier this year, Shaw Communications Inc., the No. 2 cable TV company behind Rogers, will acquire the TV assets of CanWest Global Communications Corp. for US\$1.97 billion. Both companies are family controlled. The Peladeau family's Quebecor Inc. has been steadily taking market share from Bell Canada.

## *Internet*

- **Yahoo Inc. is losing a senior advertising executive, the latest departure in the Internet giant's continuing brain drain.** Ku's exit is the latest in a string of high-profile executive departures from the company, which is in the midst of reinventing itself under Chief Executive Carol Bartz.

## *Hardware*

- **Hewlett-Packard Co. will acquire security-software maker ArcSight Inc. for about US\$1.5 billion, continuing the company's spending spree that began after Chief Executive Mark Hurd resigned.** The deal also represents the latest purchase of a smaller security firm by a huge technology company, a trend some see continuing as big tech considers the importance of adding security to their product portfolio. ArcSight makes software that monitors corporate networks for unusual activity, such as a hacker's attempt to break into a system. H-P executives declined to comment about the bidding process for ArcSight.

## **Europe**

### *Mobile/ Wireless*

- **Alcatel-Lucent is sticking to its full-year targets this year and expects positive free cash flow next year.** The company seeks operating profit at between 1 percent and 5 percent of sales, in a market it estimates to be flat or will boost up to 5 percent this year. A shortage of generic electric components used in Alcatel equipment has weighed on the group's activity, but production is increasing and a balance will likely be reached in 2011. The French government's tax credit for research helps lower costs for the company.
- **The transformation at the top of Nokia continued with the surprise resignation of Anssi Vanjoki, the head of its key Mobile Solutions unit, right ahead of the company's annual product showcase.** The 15th Nokia World event takes place and in London, where the company is seen to showcase its new flagship smartphone, the N8, and an upgraded version of its Symbian mobile platform. Nokia will use MeeGo, which it co-developed with Intel Corp., in its most advanced devices starting around the end of this year. It launched the N97 premium smartphone, but the device has so far failed to match the sales success of rivals like Apple's iPhone and devices based on Google's Android.

### *Telecommunications*

- **Cable & Wireless Worldwide has said a deal to supply telecom services to more than 200 embassies, high commissions and consulates will save the UK taxpayer 90 million pound**

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



Week of 13 September 2010 - 18 September 2010

(US\$140 million). The contract, worth 82 million pound (US\$107 million), will see the group provide phone, internet and video conferencing services to the Foreign & Commonwealth Office (FCO) in 160 countries for five-and-a-half years.

- **Telekom Austria AG through its unit, Mobitel, acquired two Bulgarian fixed line services operators, Megalan Network AD and Spectrum Net AD, a move that will make their mobile telephony unit in the country a fully integrated operator.** The combined debt free value of both entities will amount to 83 million euros (US\$108 million), and Telekom Austria will pay 72 million (US\$93.9 million) out of its existing cash flow. The deal includes a performance-oriented element which totals 14.5 million euros (US\$18.9 million). This portion of the purchase price is to be paid by the end of 2011, and is subject to the achievement of performance criteria. The acquisitions were made to enable Mobitel to follow the international trend of full convergence of fixed and mobile communications.
- **British Telecom announced the roll-out of the first phase of its recently publicized investment programme into the Asia Pacific region, covering additional resourcing, new infrastructure and expanded portfolio of services.** The move includes hiring about 300 professionals in the region. BT is also establishing a bid response centre in Singapore to enhance its capabilities to pursue large regional managed services deals, an area where we lead the market today in many parts of the world.

## *Hardware*

- **Opera Software ASA expects operators such as Vodafone Group Plc bringing in more revenue as carriers seek to wrest a piece of the US\$226 billion market for mobile services away from Apple Inc., Google Inc. and Nokia Oyj.** The Norwegian maker of desktop and mobile-phone Web browsers is building service platforms with 12 of the world's 30 biggest carriers, including AT&T Inc. and Vodafone. Apple, Google and Nokia have built software and media download shops to capture customers' cash and loyalty, frustrating operators who want to expand services beyond ringtones and screen wallpapers. Some operators are using Opera's software to fight back as new mobile broadband networks in countries such as Russia and India make it easier for customers to load their phones with extras. Vodafone turned to Opera to get customers in Egypt, South Africa and Turkey to use e-mail and look at job advertisements. Compression technology lets the browsers run fast on older devices and 2G networks.

## **South Africa/Middle East/Latin America**

### *Hardware*

- **IT end-user spending in Brazil will reach US\$101.3 billion this year, representing 9.6 percent of the country's real GDP.** The IT-spending-to-real-GDP-ratio is above the average of 6.1 percent for BRIC countries, including Brazil, Russia, India and China. IT spending in Brazil is more than double that in Russia and exceeds IT spending in India by 33 percent. Brazil is currently the tenth largest global economy and second-largest IT market among emerging economies after China. Investment in technology is seen to enable Brazil to attain its economic goal of long-term sustainable growth. Brazil will require an improved legal and regulatory environment that supports the pervasive use of IT, substantial investment in the development of IT skills, and the accelerated adoption of IT in the public sector, study authors believe.

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



Week of 13 September 2010 - 18 September 2010

## Other Economic Data

### Currency Exchange Rates

Currency	Units	Current Rate (on 9/17/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	85.8400	2.0%	0.6%	-7.6%	-6.9%
Hong Kong dollar	HK\$/ US\$	7.7653	-0.03%	-0.1%	0.2%	0.2%
Chinese renmenbi	RMB/ US\$	6.7230	-0.7%	-1.2%	-1.5%	-1.5%
Singapore dollar	S\$/ US\$	1.3356	-0.3%	-1.8%	-5.0%	-8.6%
South Korean won	KRW/ US\$	1,160.0000	-0.4%	-2.3%	-0.3%	-11.9%
New Taiwan dollar	NT\$/ US\$	31.6500	-0.4%	-0.8%	-0.9%	-3.4%
Australian dollar	US\$/A\$	0.9360	1.0%	4.2%	4.3%	31.8%
New Zealand dollar	US\$/NZ\$	0.7257	-0.3%	2.6%	0.2%	24.1%
Philippine peso	PHP/ US\$	44.0900	0.5%	-3.0%	-5.1%	-6.6%
Euro	US\$/€	1.3045	2.9%	1.7%	-8.9%	-6.0%
British pound	US\$/£	1.5626	1.8%	-0.2%	-3.3%	7.6%

### Fixed Income Prices and Yields

Note	Currency	Current (on 9/17/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	99.48	3.94%	100.11	3.91%	102.88	3.71%
Japan 30-year	¥	100.24	2.00%	98.76	2.07%	113.03	1.65%
Hong Kong 10-year	HK\$	101.90	2.33%	102.93	2.21%	103.09	2.08%
China (06/16)	US\$	110.26	2.85%	110.25	2.76%	110.63	2.71%
Singapore 10-year	S\$	109.32	2.21%	110.50	2.09%	112.19	1.91%
South Korea 20-year	KRW	11,470.95	4.52%	11,447.34	4.53%	10,844.43	4.90%
Australia 15-year	A\$	104.77	5.20%	106.05	5.06%	106.59	5.01%
New Zealand (12/17)	NZ\$	105.59	5.38%	104.52	5.51%	106.47	5.17%
Philippines 20-year	PHP	138.14	8.67%	138.16	8.67%	138.34	8.48%
India 30-year	INR	98.75	8.59%	99.07	8.56%	99.22	8.37%
UK 30-year	£	101.91	4.19%	102.52	4.16%	103.60	4.04%
Germany 30-year	€	132.86	3.06%	134.47	2.98%	133.07	3.06%

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