



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

***Week of 27 December 2010 - 2 January 2011***

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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 (12/31/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,257.64	0.1%	6.5%	12.8%	39.2%
Dow Jones Industrial Avg.	11,577.51	0.03%	5.2%	11.0%	31.9%
Dow Jones Tech. Index	450.31	0.4%	6.9%	11.9%	79.1%
Dow Jones Telecom. Index	234.52	0.4%	5.0%	6.8%	17.4%
NASDAQ Composite	2,652.87	-0.5%	6.2%	16.9%	68.2%
Japan Nikkei 225	10,228.92	-0.5%	4.4%	-3.0%	15.5%
JASDAQ	52.30	-0.2%	10.0%	8.1%	8.5%
Japan Mothers	433.63	-0.1%	18.7%	4.2%	34.1%
Korea KOSPI Composite	2,051.00	1.1%	8.0%	21.9%	82.4%
Korea Kosdaq	510.69	2.2%	1.5%	-0.6%	53.8%
Taiwan Stock Exchange	8,972.50	1.3%	7.9%	9.6%	95.4%
Singapore Strait Times	3,907.83	2.4%	3.1%	30.6%	121.8%
Hong Kong Hang Seng	23,035.45	0.9%	-2.8%	5.3%	60.1%
Hong Kong GEM	810.52	1.5%	-2.8%	19.7%	110.3%
China Shanghai (A-Share)	2,940.24	-1.0%	-3.0%	-14.5%	53.8%
China Shenzhen (A-Share)	1,351.14	-0.1%	0.7%	7.1%	132.3%
China Shanghai (B-Share)	304.35	0.7%	4.0%	20.6%	174.4%
China Shenzhen (B-Share)	824.82	-1.6%	0.2%	31.8%	204.1%

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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

### Japan

#### *Telecommunications*

- **NTT DoCoMo is looking to launch a tablet computer that will be produced by LG Electronics and run on software developed by Google.** The device, which is scheduled to be released in Japan by the end of March, is expected to have a smaller than 9-inch screen, but other details have yet to be determined, the newspaper said without identifying the source of its information.
- **Japan's number two telecom operator KDDI Corp. said that it would start electronic book distribution this week, offering an initial 20,000 titles for its e-reader.** The LISMO Book Store service will start on Saturday for the "biblio Leaf SP02" e-reader, focusing on novels, how-to guides and business books, the company said. The release follows a head-to-head launch by Sony and Sharp earlier this month of devices they hope will battle the likes of Apple, Amazon and Samsung in the highly competitive e-book and tablet computer market. Source

### Korea

#### *Telecommunications*

- **SK Telecom Co. said that the number of content downloads on its mobile application store has reached 100 million, driven by its push to expand offerings for the growing number of smartphone users.** The top wireless operator, which controls about half of South Korea's mobile market, lured 4.8 million registered users to its application store called the "T Store" since its launch in September last year. About 90 percent of SK Telecom's 3.9 million smartphone subscribers are also registered on the application store, which offers mobile content for several mobile operating systems, including Android, Windows Mobile and some other basic cell phones. SK Telecom's T Store offers some 76,000 mobile applications at the moment. The company will expand the service in China, Japan and other Asian countries.

#### *Media, Gaming and Entertainment*

- **Yonhap News Agency has been granted a license to launch an all-news cable television channel, announcing a list of winners of new general programming and news-only cable television licenses.** A consortium led by Yonhap defeated three other consortiums to become the sole winner of the nation's third news-only cable television license, Choi See-joong, chairman of the Korea Communications Commission cited. Four media consortiums led by South Korea's leading daily newspapers namely Chosun Ilbo, Dong-A Ilbo, JoongAng Ilbo and Maeil Business Newspaper, won licenses for general programming cable television channels, Choi said. Six consortiums vied for the nation's first general programming cable television licenses. South Korea's cable television news market is by YTN and MBN.

#### *Hardware*

- **LG Group is targeting a record 156 trillion won (US\$135.72 billion) in revenue next year by stepping up efforts in its electronics business and underperforming mobile phones.** The figure represents an 11-percent surge from estimated 141 trillion won (US\$126 billion) revenue this year, the group said in an emailed statement. The aggressive revenue target comes after an earlier

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announcement that it has earmarked a record 21 trillion won (US\$18.7 billion) for 2011 investment, mostly in electronics.

## *Internet*

- **eBay Inc.'s planned merger of its two South Korean units will be delayed further.** The merger of eBay Gmarket Co. and eBay Auction Co. was scheduled to take place on Nov. 1. eBay acquired online auctioneer Gmarket for US\$1.2 billion last year to expand in South Korea, one of the most Internet-connected nations in the world. eBay will combine the two local units as it seeks to at least double sales in the country. Gmarket and eBay Auction controlled at least 70 percent of traffic to online market places last month in South Korea, according to Rankey.com, a research company that tracks the nation's e-commerce sites.

## **China**

### *Mobile/Wireless*

- **According to a reported released by Zero2IPO Research Center, China's mobile Internet investment market was active in 2010, with 22 investment cases as of the middle of December.** The aggregate of the 16 investment cases where the investment value was revealed topped US\$207 million, giving an average investment of US\$12.93 million. China's mobile Internet industry has seen 129 cases of investment from 2001 to mid-December 2010, including 104 where the amount of the investment was revealed, which had a total value of US\$797 million, or US\$7.66 million each, on average. 26 investment deals took place in 2009, and 22 of them revealed the investment value, which was 98 million dollars in total, or 4.45 million per case, on average. 24 of 25 investment cases that happened that year revealed the value of the investment, with the total investment topping US\$200 million, or US\$8.34 million in each case on average. The average investment reached a historic high and had US\$10.25 million. Zero2IPO predicts that creative and innovative applications will provide boundless space for development; and sub-sectors such as mobile phone games, wireless advertising, mobile-phone payment, location-based services (LBS), social networking services (SNS), and mobile phone video will continue to be pursued by VC and PE.

### *Telecommunications*

- **China's telecommunications industries will record revenue growth of roughly 5 percent year-on-year in 2011, former Minister of Industry and Information Technology Li Yizhong said.** Li was replaced by Miao Wei as head of the MIIT the same day. His position as party secretary attached to the ministry was also taken over by Miao in early December. The country's telephone user base surged to 1.15 billion in 2010, while the number of internet users reached 459 million from 111 million over the same period. Chinese e-commerce transaction volume this year surged to 4.5 trillion yuan (US\$683 billion).
- **China Unicom added 1.12 million new 3G service subscribers for November with an aggregate 3G subscriber base of 12.776 million.** China Unicom's net additions of 2G subscribers were 604,000 in November, with a total number of 152.749 million. Regarding the wireline business, China Unicom lost 734,000 local access subscribers in November, with a total of 98.548 million, and added 300,000 broadband subscribers in the same month, amounting to 46.932 million in aggregate.

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- **The number of third generation (3G) mobile phone users in China had exceeded 40 million.** China's phone users had reached 1.15 billion, with the number of fixed phone users totaling 300 million, the number of mobile phone users amounting to 850 million and the number of Internet users reaching 440 million, all ranking the first in the world. As for the operation of China's top three telecommunication operators, China Mobile, gained 1.854 million 3G service subscribers in November; and China Unicom added 1.12 million 3G users, including 169,800 subscribers to wireless interface cards. Although China Telecom did not reveal how many new users it has recruited in November, the figure is expected to be above 1 million as has become usual. Total numbers of mobile service and 3G service subscribers of China Mobile were respectively 579.639 million and 18.835 million. China Telecom's CDMA service subscribers topped 88.02 million, including 2.51 million added in November. China Unicom had total 3G users of 12.776 million and 2G service subscribers of 155.51 million. The aggregate number of mobile users of the three telecom operators stood at about 823 million by the end of November.

## *Media, Entertainment and Gaming*

- **China's Ministry of Finance (MoF) is to exempt cable digital TV basic subscription fees of business tax in some provinces and cities for three years, starting from January 1, 2010.** The tax exemption aims at supporting the experimental substitution of analog TV with cable digital TV, and boost the development of cable digital TV. The provinces and cities that will enjoy the preferential policy are Shanxi, Liaoning, Heilongjiang, Jiangsu, Anhui, Hunan, Sichuan, and Yunnan provinces, Inner Mongolia Autonomous Region, and Shenzhen city and Chongqing Municipality. The MoF has also exempted business taxes of some broadcast and TV operating service providers for three years. Again, the policy takes effect from January 1, 2010.
- **The market size of China's movie industry is forecasted to reach 16.4 billion yuan (US\$2.48 billion) this year.** The total box office sales of China's movie industry would exceed 10.2 billion yuan (US\$1.5 billion) in 2010, a surge of 65.2 percent year on year and the growth rate would still maintain high level in the next three years. About 70 percent to 80 percent of domestic films in 2010 were loss-makers, especially the low-budget ones. It is estimated that there would be greater number of imported blockbusters in 2011 than that in 2010, so this would cast more pressure on the box office sales of China's domestic films.
- **China Mobile may end its "WAPQQ" partnership with Tencent, under which non-smart phone users can access Tencent's instant messaging (IM) service QQ through China Mobile's Wireless Application Protocol (WAP) internet connection.** China Mobile President Li Yue expressed dissatisfaction with the volume of low-margin traffic the service generates. Tencent can either pay additional fees on top of the current monthly WAPQQ package, or charge users for exceeding certain limits to the service, splitting revenues with the carrier. China Mobile might have to suspend WAP services for Tencent QQ. China Mobile Chairman Wang Jianzhou said that QQ use made up most of the carrier's 2G traffic flow, for which China Mobile earned just 5 yuan (US\$0.76) per 20 megabytes.
- **China's online video ad industry has witnessed explosive growth this year, with its market size to reach about 3.588 billion yuan (US\$541.52 million) in 2011, a surge of 65 percent year on year.** The users of China's online video ad service will top 392 million next year, a surge of 16.3 percent year on year. In line with the development trend of the industry. China's online video ad industry has grown mature in 2010 with several companies had got listed on stock markets, including Cool 6, leTV, and Youku.



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- **Focus Media will acquire 15.33 million newly issued shares in mass transit VisionChina Media worth US\$61 million.** The consideration represents a price per American depository share (ADS) of US\$3.98. Focus Media CEO Jason Jiang's JJ Media Investment and VisionChina CEO Limin Li's Front Lead Investments will also buy 1.02 million new shares in VisionChina for US\$4 million, respectively. Front Lead will still be VisionChina's largest shareholder with a 17.2 percent stake, as Focus Media will hold around 15 percent and JJ Media will hold 1 percent. VisionChina had net loss of US\$1.9 million in Q3, following Q2 losses of US\$93.2 million, as revenue for Q3 boosted 23.2 percent year-on-year and 19.3 percent quarter-on-quarter.
- **Vodone.com announced that it is to acquire a 70 percent stake in 3GUU, a mobile-phone game platform developing and operating company, for 196 million yuan (US\$29.7 million).** Vodone revealed that in conjunction with its wholly-owned subsidiary Action King, it signed official contracts for the purchase of 43 percent, 18 percent and 9 percent shares in 3GUU respectively from Trilogic Investments, CMHJ Technology, and Natixis Ventech. Vodone is to pay 58.8 million yuan (US\$8.9 million) in cash for the shares, and the remaining 137 million yuan (US\$20.8 million) will be payable by issuing consideration shares for Trilogic Investments. The acquisition is considered as an important move by Vodone for making up its shortfall in the mobile-phone game industrial chain, according to BOCOM International Holdings. 3GUU will be capable of enjoying Vodone's superiority in marketing channels and user numbers, and develop more paying customers to surge revenues and net profits. Vodone is a state-owned holding company providing online video programs.
- **According to a report released by Zero2IPO Research Center, the number of users of mobile-phone games in China in 2010 is expected to surge 132.32 percent year on year to 45.732 million, and the market revenue is projected to top 4.51 billion yuan (US\$683.39 million), up 83.71 percent.** 2011 is expected to be a year that sees booming development of the mobile Internet, and it will be worthwhile for the capital market to focus on mobile-phone game development groups with accelerating R&D capacity, as well as mobile-phone game platform operators. The mobile-phone game user numbers and market revenue will respectively top 128 million and 10.123 billion yuan (US\$1.5 billion) by 2012.

## *Alternative Energy*

- **Trina Solar will invest approximately US\$800 million from 2011 to 2013 in its Changzhou Trina PV Park to expand its manufacturing and R&D capacity.** Trina Solar expects its cell and module capacities to reach 1GW by the end of 2010. The company also announced that its wholly owned subsidiary Changzhou Trina Solar Energy had reached its revenue target for 2010 of 10 billion yuan (US\$1.5 billion). Changzhou Trina Solar Energy announced earlier in December that it would supply 20MW of photovoltaic (PV) modules for a ground-mounted solar project in Sheyang, Jiangsu Province developed by state-owned energy saving and environmental protection technologies fund China Energy Conservation and Environmental Protection Group (CECEP) subsidiary CECEP Solar Sheyang Power Company.

## **Taiwan**

### *Telecommunications*

- **Edimax Technology plans to acquire 43.66 percent stake in fellow maker Comtrend to set up cooperation.** Edimax will issue 9.989 million new shares for exchange of 16.382 million Comtrend shares equivalent to 26.20 percent stake and additionally purchase 10.921 million Comtrend shares equivalent to 17.46 percent stake at TWD 12.23 per share (US\$0.42), resulting in a total of 43.66



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percent stake. Since Comtrend does not have in-house production capacity, Edimax will be responsible for the former's outsourced production and therefore will expand its production capacity in southern China in the first quarter of 2011.

## *Hardware*

- **Asustek Computer expects total smartphone shipments in Taiwan to surge by 50 percent in 2011.** This year, smartphones accounted for 30 to 40 percent of total mobile handset shipments, lower than the 50 percent in the U.S., general manager of Asustek's personal mobile device unit, Benson Lin, said at the launch of the A50, Asustek's new Android phone. The company has launched its first own-brand smartphone following the split with personal navigation device maker Garmin, Central News Agency reports. However, Lin sees the smartphone penetration rate in Taiwan will exceed that of the US market and surge to 50 or 60 percent next year, which represents a surge of 50 percent in total smartphone shipments. Asustek projects shipments of the A50 to exceed 25,000 units in Taiwan in 2011.
- **Compal Electronics Inc. will invest NT\$2 billion (US\$68 million) to make capacitive touch panels to boost competitiveness and reduce product design times for tablet devices.** Compal will invest in HengHao Technology Co. with NT\$1.4 billion (US\$48 million) of the funds used to buy so-called 4.5-generation color filter facilities and equipment from Chunghwa Picture Tubes Ltd.

## *Semiconductor*

- **Taiwan Semiconductor Manufacturing Co. acquired NT\$686 million (US\$23.6 million) of facilities and engineering equipment from Marketech International Corp.**

## **Hong Kong**

### *Telecommunications*

- **Hong Kong's mobile user base has reached 13.115 million in September, up from 13.082 million in August.** Of the total, 6.419 million were prepaid users and the number of postpaid users stood at 6.695 million. The number of 3G users grew to 4.891 million in September. Furthermore, 922,756 mobile users connected through an MVNO, up from 915,128 MVNO users in August. Total SMS sent reached 599.383 million, or 51 per subscriber. The mobile data usage surged to 245.9 MB per 2.5G/3G customer.

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

### *Information Technology*

- **HCL Infosystems Ltd will pick up a 20 percent stake in Techmart Telecom Distribution, the distributor for Nokia smartphones in the Middle East and Africa region.** The agreement provides HCL with the option to acquire up to a 51 percent equity stake in the company. HCL will also provide consultancy and operational support services to Techmart Telecom. The company had picked up a 60 percent stake in another Dubai-based firm NTS Group. HCL Infosystems had earmarked US\$100 million for acquisitions in emerging markets like Africa. The company had raised about Rs 800 crore (US\$178 million) through the QIP route last fiscal year to expand its operations and finance potential acquisitions.

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- **Taxation issues are holding up a deal that will lead to a consortium of iGATE Corp. and Apax Partners LLP buying a controlling stake in Patni Computer Systems Ltd. from the technology company's founders and private equity firm General Atlantic, a person familiar with the matter told Dow Jones Newswires.** The Patni brothers--Ashok Kumar Patni, Gajendra Kumar Patni and Narendra Kumar Patni--are looking to sell their stake of about 46% in the technology company, while General Atlantic wants to sell its holding of about 17%, sources had told Dow Jones Newswires in November. IGate is expected to pay 44 billion rupees (US\$983 million) for the 62 percent stake from the company's controlling shareholders.
- **SPi Global will employ more Filipinos to support its projected 14 percent revenue growth in 2011.** The US\$200 million firm has at least 14,000 employees globally delivering a wide range of knowledge process, customer relationship and health information management outsourcing services to at least 500 clients. It has offices and facilities across North America, Europe and Asia. SPi Global is the largest Filipino-owned BPO company housing 11,000 employees in the Philippines, 8,000 of which servicing its eight Luzon sites. Expansions coming from all BPO businesses under the SPi Global umbrella will support next years 14 percent growth target that could be translated to US\$20 to US\$30 million additional revenues for the company. To achieve target revenue growth, Parekh, President of SPi Global Solutions of SPi said, SPi Global will expand partnerships with existing clients and aggressively market its outsourcing services in the U.S. and Europe.

## *Telecommunications*

- **True subsidiary Real Move will buy a 92.5 percent stake in Hutchison's Hutchison Wireless MultiMedia Holdings for THB 4.35 billion (US\$145 million).** Real Move will also buy network holding company BFKT for THB 1 (US\$.033) as well as some associated subsidiaries which will also be acquired for THB 1 (US\$.033) each. Following the acquisition, BFKT will continue to lease its CDMA network equipment to CAT Telecom and continue to maintain the network. True will focus on providing national HSPA services to CAT. Hutchison CAT Wireless Multimedia will continue to market CAT CDMA services but not expand the service and migrate customers to HSPA within two years.
- **Celcom Axiata and Maxis will surge efforts to enhance broadband quality and coverage in east coast regions.** Celcom currently has about 150,000 broadband customers in the east coast. The operator is the market leader in three east coast states, namely Kelantan, Terengganu and Pahang, with a 52 percent share. Celcom has been appointed by the Malaysian Communications and Multimedia Commission as a Universal Service Provider and has distributed 18,500 netbooks under the government's 1Malaysia Netbook program. The company is also taking part in broadband awareness campaigns. Meanwhile, rival Maxis says the east coast offers a huge potential market for broadband services. Maxis' east coast regional manager, Mazlan Mokhtar, told Bernama the residents there are among the most active users of online social network or the internet compared to other areas in the country.
- **India ended October with 742.12 million telephony subscribers, a 2.61 percent increase from 723.28 million telephony subscribers in September.** The teledensity reached 62.51 percent from 60.99 percent in the previous month. The wireless and mobile subscriber segment grew to 706.69 million, up 2.76 percent from 687.71 million in September. Bharti Airtel remained market leader with a market share of 20.70 percent and had 146.29 million customers, versus 143.29 million in September. Bharti's net additions for the month reached 3 million. Airtel was followed by Reliance with 119.35 million subscribers, and a 16.89 percent market share. Reliance attracted 2.01 million customers in the

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month. Vodafone Essar signed up 2.49 million new customers in October. Tata Teleservices had 80.82 million customers in the month, and BSNL's subscribers grew to 80.74 million. Idea ended October with 76.02 million versus 74.21 million customers, and Aircel grew its customer base to 47.52 million. MTS' subscriber base surged to 7.12 million. Videocon had its subscriber base reach 5.62 million. India's fixed subscriber base declined to 35.43 million in October with state-owned operators BSNL and MTNL holding 83.31 percent of the fixed market. The total broadband subscriber base surged 2.24 percent to 10.52 million in October.

- **According to IDC, the Malaysian telecommunications sector spending is expected to surge by 5.3 percent in 2011 to hit US\$7.3 billion.** The prime driver for the sector would be data services. Spending on data services is expected to outperform spending on voice services next year with spending on fixed data seen to surge 12.7 percent and spending on wireless data by 10.3 percent.
- **Smart Communications Inc. said voice call usage surged sharply due to its aggressive promo offerings.** Voice call usage surged 140 percent year-on-year in domestic call minutes, as it caused a 12 percent boost in the telecoms cellular revenues as of end-September this year. The surge reached to 49 percent the contribution of voice to Smarts total cellular service revenues. Voice call revenues amounted to P31.86 billion (US\$725.7 million), as SMS earnings reached P31.02 billion (US\$711 million). The company's cellular service revenues were at P64.82 billion (US\$1.5 billion) due to the ongoing shifts in the telecom industry, particularly in the cellular business. Among Smart's range of bucket call packages that were introduced this year were All Calls, Flexirate, Max Call Combo, All Txt 20 Combo, Smartalk20, Unlitalk, Piso Minuto, Talk 20, Unlitalk Plus, PaTok-o-Text and AllinOne. PLDT had a 23 percent surge in broadband revenues from mobile browsing in the Smart network as of the third quarter of 2010.

## *Mobile/ Wireless*

- **The spread of 3G mobile telephony in India will bolster the growth of multi-billion dollar value added services (VAS) market through innovative content and lead to affordable handsets attracting users in both rural and urban areas.** The VAS market is worth Rs 110-120 billion (US\$2.4-US\$2.6 million), about 10 percent of the total revenues of the wireless industry. The growth would be driven by increasing focus of operators on VAS in view of continuous fall in voice tariffs, greater penetration of feature-rich handsets, spread of vernacular content and surged adoption of applications. New areas like m-commerce and m-advertising will gather momentum in the coming years. New technologies and advance of more countries towards 3G and 4G services are providing a clearer path for mobile VAS surge exponentially. Emerging economies such as China, India, Indonesia, South Africa, Brazil and Russia are seen to surge global VAS revenues.
- **Nokia's market share in the Indian market slid by another 5 percent in the July to September quarter.** Nokia is still the largest mobile handset brand with a 31.5 percent share in the Indian mobile phone market. Samsung lost its number two ranking to Chinese brand G'Five. While G'Five has a 10.6 percent share, Samsung ended the September quarter with an 8.2 percent share. Samsung sought to play down the latest IDC figures and said its market share has actually gone up, according to GfK-Nielsen's data. Samsung has had 19.3 percent market share for the month of October. Samsung has maintained the lead in the touch screen segment with a 36 percent market share.

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## United States/Canada

### *Media, Entertainment and Gaming*

- **Lions Gate Entertainment Corp. said billionaire Carl Icahn must disclose a secret agreement he has with creditors of Metro-Goldwyn-Mayer Inc. about a possible merger of the two studios.** The studio wants to still have its lawsuit against Icahn even though he no longer is attempting to acquire Lions Gate. Lions Gate sued Icahn earlier this month, saying he was secretly plotting to profit from merging the studio with MGM while telling investors the deal would be a debacle. Icahn should correct his misstatements about Lions Gate and pay damages for interfering in its plans. Icahn asked a judge to dismiss the suit, saying his takeover tactics were now irrelevant. Lions Gate said the New York financier cannot escape responsibility for false and misleading disclosures about his plans to facilitate a merger between the two studios. Lions Gate also wants to know about Icahn's side deal with another large shareholder of the studio, Mark Cuban, about buying his shares. Icahn offered Cuban, co-founder of the TV network HDNet and owner of the Dallas Mavericks basketball team, special consideration for his agreement to tender a 5.4 percent stake in Lions Gate to Icahn as he tried to acquire the studio.
- **Activision-Blizzard said that the latest installment in the series has topped US\$1 billion in worldwide sales.** This means the publisher can set entertainment and video game industry records. In its first five days on shelves, the game had sales of US\$650 million. Activision will support the game with downloadable content (DLC) to keep it popular among players. Activision is relying on that to help the franchise to still be successful. Much of the credit for the game's success lies not so much in the content but in the impact the multiplayer element adds. "Black Ops" has also racked up some impressive engagement statistics. Players have spent more than 600 million hours with the game.
- **Activision Blizzard is asking for US\$400 million damages from Electronic Arts in a lawsuit related to its "Call of Duty" video game franchise.** It is filed with California Superior Court for Los Angeles County. Activision countersued former executives Jason West and Vincent Zampella were charged as they were accused of hijacking the company's assets and threatening the future of "Call of Duty" franchise. Activision's counter charge was in response to the duo's lawsuit against the company, which challenged their dismissal and sought US\$36 million in royalty payments and damages. West and Zampella broke their long-term exclusive employment agreements to set up their own independent company to develop games for Electronic Arts instead of Activision. Electronic Arts had signed a publishing and distribution deal with Respawn Entertainment, a new company formed by West and Zampella after their ouster from Activision.
- **Take-Two Interactive Software Inc. swung to a profit in the quarter ended Oct. 31, as the videogame maker posted sharply higher sales of its critically acclaimed titles, initially sending shares up nearly 9% in after-hours trading.** Take-Two said revenue grew 32% from the previous year to nearly US\$374 million as a result of strong sales of games such as basketball game "NBA 2K11," "Mafia II" and first-person shooter game "Red Dead Redemption." The company posted earnings of 58 cents per share, well above analyst expectations of 31 cents, according to a survey by Thomson Reuters.

### *Telecommunications*

- **Clearwire Corp.'s Chairman Craig McCaw will resign.** The company has struggled to raise enough funding to build out and operate its network, forcing it to cut jobs and put off projects. Clearwire may run out of cash as early as mid-2011. It also announced will cut 15 percent of its workforce, and reduced sales and marketing spending.

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## *Internet*

- **Facebook won over Google for the first time as the most visited website in the U.S in 2010.** Facebook edged out Google with 8.9 percent of all U.S. visits between January and November 2010, as Google.com ranked second with about 7.2 percent of all visits, according to Experian Hitwise. Within the span of six years, Facebook has become the world's largest Web social network with roughly half a billion users worldwide. Google.com dominated the top spot as the most visited website in the United States in 2009 and 2008. News Corp's MySpace was the No. 1 visited website in 2007. It is ranked No. 7. When all of Google's properties are considered like YouTube and email, Google still reigns as the most visited site at 9.9 percent between January and November 2010. Facebook is at 8.9 percent. Yahoo and all of its properties ranked third at 8.1 percent.
- **eBay Inc.'s PayPal business will set up an international e-commerce hub in Chongqing, China, as the company aims to boost exports from the nation by helping merchants conduct faster cross-border trade.** PayPal agreed with Chongqing's municipal government to set up the center to offer foreign exchange settlement, telesales, training, verification and other services. Helping local companies connect with global customers will boost eBay's transaction volume from China more than 80 percent to US\$4 billion this year, Chief Executive Officer John Donahoe cited. eBay expects PayPal and local partnerships to expand revenue from China after failing to gain a foothold to compete against Alibaba Group. eBay first entered China in 2002. Competition from Alibaba's auction business Taobao.com cut its market share by half, prompting it to shut down its China site in 2006. PayPal will have more than 1 million merchants in Greater China, which includes Hong Kong and Taiwan, by the end of this year. The foreign exchange settlement solution that PayPal will develop with the Chongqing government is needed because China currently allows individuals to convert to yuan overseas payments of only up to US\$50,000 a year.
- **Groupon are garnering much institutional investors as it is planning to go public in 2011.** The red-hot startup is negotiating financing commitments from Fidelity Investments, T. Rowe Price and Morgan Stanley. The Securities and Exchange Commission has requested information on the buying and selling of shares in Facebook, Twitter, Zynga and Groupon. Since Groupon rejected Google's takeover bid, many analysts decided the Chicago-based startup would pursue another major round of financing and, eventually, an initial public offering. It amended its certificate of incorporation on Dec. 17. The company designated more than 30 million "series G" preferred shares with a price of US\$31.59 each. It also expanded the number of its voting common shares to 250 million. The fast-growing phenomenon has become a hot commodity in Silicon Valley. Its valuation on secondary markets, where investors buy shares from existing shareholders like former employees, has tripled to US\$4.8 billion in the last six months, according to the advisory firm Nypex.

## **Europe**

### *Telecommunications*

- **Ericsson announced the acquisition of Optimi Corporation, a US-Spanish telecommunications vendor providing products and services within the networks optimization and management sector with a accelerating focus on operations-support-systems- (OSS-) based optimization services to leading clients in telecommunications.** The terms of the deal were not disclosed. The acquisition brings in approximately 200 highly skilled professionals and a complete portfolio of services and tools. This is to reinforce and consolidate Ericsson's leadership position in multi-technology, multi-vendor, Self-Organizing Networks (SONs) and OSS-based



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network optimization. Furthermore it improves the company's global capabilities to deliver value-added optimization services.

- **Vodafone Group Plc is ready to sell its 7 billion-pound (US\$11 billion) stake in SFR to Vivendi SA.** Discussions will begin over the next few weeks on the sale of Newbury, England-based Vodafone's 44 percent holding in the French mobile-phone company. Vivendi is unlikely to enter into talks to acquire the British company's stake in the mobile operator until next year, Chief Executive Officer Jean-Bernard Levy cited. Vodafone CEO Vittorio Colao is reviewing the SFR stake's future. Growth at the venture is slowing and France is preparing for the entry of a fourth mobile operator, discount broadband provider Iliad SA, in 2012. Vodafone and Vivendi plans to acquire each other out of SFR since the French company paid 4 billion euros (US\$5.3 billion) in January 2003 to gain control of the company that owned SFR, trumping an offer from Vodafone.

## *Internet*

- **Amazon.com Inc. plans to acquire Lovefilm International Ltd. for 200 million pounds (US\$312 million).** The company is examining the U.K. company's books for a possible takeover in the next few months. Amazon currently controls 42 percent of the company.

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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 12/31/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	81.1500	-2.1%	-3.0%	-12.6%	-12.0%
Hong Kong dollar	HK\$/ US\$	7.7725	-0.1%	0.1%	0.2%	0.3%
Chinese renmenbi	RMB/ US\$	6.5900	-0.6%	-1.2%	-3.5%	-3.4%
Singapore dollar	S\$/ US\$	1.2825	-1.3%	-2.8%	-8.7%	-12.2%
South Korean won	KRW/ US\$	1,120.5000	-2.6%	-3.2%	-3.7%	-14.9%
New Taiwan dollar	NT\$/ US\$	29.1650	-1.5%	-4.3%	-8.7%	-11.0%
Australian dollar	US\$/A\$	1.0203	1.7%	6.6%	13.7%	43.7%
New Zealand dollar	US\$/NZ\$	0.7791	4.1%	4.9%	7.6%	33.2%
Philippine peso	PHP/ US\$	43.6300	-0.9%	-1.0%	-6.1%	-7.6%
Euro	US\$/€	1.3377	2.0%	3.1%	-6.6%	-3.6%
British pound	US\$/£	1.5599	1.0%	0.3%	-3.4%	7.4%

## Fixed Income Prices and Yields

Note	Currency	Current (on 12/31/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	98.56	4.11%	96.38	4.47%	102.34	4.11%
Japan 30-year	¥	100.11	2.10%	98.93	2.06%	98.17	2.10%
Hong Kong 10-year	HK\$	95.06	2.55%	94.53	2.98%	98.92	2.55%
China (06/16)	US\$	104.80	3.72%	105.32	3.60%	104.80	2.30%
Singapore 10-year	S\$	104.54	2.30%	105.05	2.66%	108.30	3.72%
South Korea 20-year	KRW	10,195.07	4.60%	11,061.54	4.67%	11,394.09	4.60%
Australia 15-year	A\$	101.41	5.58%	100.28	5.72%	101.63	5.56%
New Zealand (12/17)	NZ\$	100.76	5.65%	100.84	5.87%	102.45	5.65%
Philippines 20-year	PHP	141.94	7.97%	141.90	8.17%	144.62	7.97%
India 30-year	INR	98.62	8.47%	98.42	8.45%	98.18	8.47%
UK 30-year	£	101.11	4.22%	99.54	4.28%	100.52	4.22%
Germany 30-year	€	124.09	3.16%	123.44	3.46%	130.51	3.16%

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