



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

Week of 3 January 2011 - 9 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 (1/7/2011)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2010	% Change 12/31/2009
S&P 500	1,271.50	1.1%	4.0%	1.1%	14.0%
Dow Jones Industrial Avg.	11,674.76	0.84%	2.8%	0.8%	12.0%
Dow Jones Tech. Index	457.92	1.7%	4.1%	1.7%	13.7%
Dow Jones Telecom. Index	233.81	-0.3%	1.6%	-0.3%	6.5%
NASDAQ Composite	2,703.17	1.9%	4.2%	1.9%	19.1%
Japan Nikkei 225	10,541.04	3.1%	3.7%	3.1%	-0.1%
JASDAQ	52.54	0.5%	3.3%	0.5%	8.6%
Japan Mothers	449.56	3.7%	12.2%	3.7%	8.0%
Korea KOSPI Composite	2,086.20	1.7%	6.8%	1.7%	24.0%
Korea Kosdaq	530.84	3.9%	5.6%	3.9%	3.4%
Taiwan Stock Exchange	8,782.72	-2.1%	0.9%	-2.1%	7.3%
Singapore Straight Times	4,032.74	3.2%	5.6%	3.2%	34.8%
Hong Kong Hang Seng	23,686.63	2.8%	1.9%	2.8%	8.3%
Hong Kong GEM	817.54	0.9%	-3.5%	0.9%	20.8%
China Shanghai (A-Share)	2,972.42	1.1%	-0.7%	1.1%	-13.5%
China Shenzhen (A-Share)	1,352.16	0.1%	0.4%	0.1%	7.2%
China Shanghai (B-Share)	307.60	1.1%	3.6%	1.1%	21.9%
China Shenzhen (B-Share)	835.55	1.3%	0.8%	1.3%	33.5%

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Technology, Media, Telecommunications and Life Sciences Market Activity						
NASDAQ/NYSE TMT and Life Sciences IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
Jan 5	BCD Semiconductor Manufacturing Limited	Analog Chips	\$86.3	BCD designs and manufactures power management ICs for mobile phones, portable media players, LCD TVs and monitors, PCs, adapters and chargers and other electronics products.	Jefferies & Co. Inc. and Stifel, Nicolaus & Co.	Oppenheimer & Co, Robert W. Baird & Co. and Raymond James & Associates, Inc.
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

- **More manufacturers plan to center their business on applications, according to analysts at the Consumer Electronics Association..** CEA analyst Shawn DuBravac said the trend is rippling across the technology industry, changing the way products are conceived, as manufacturers of everything from televisions to automobiles look for ways to integrate their wares with handheld devices, like smartphones. Many industry heavyweights have cut research on devices like remote controls, choosing instead to create specialized mobile apps that can be used to change channels and lock cars. The apps run on smartphones, including iPhone, = BlackBerry and handsets running Google Inc.'s Android operating system.

Internet

- **S&P Equity Research sees big developments for the Internet segment in 2011, including continuing challenges for Google, changes at Yahoo, a cloud offering from Apple, and excitement from China.** Selected predictions for the Internet industry for 2011 by Scott Kessler, Information Technology analyst at S&P Equity Research include: a 10 percent growth in online spending on both advertising and retailing next year; Yahoo will engage in at least one significant transaction intended to generate and unlock shareholder value; Google will have large penalty or loss of regulatory or legal roadblocks as antitrust regulators blocking Google's proposed takeover of travel software company ITA Software; Apple might make its iTunes program available to users through the Internet and wireless sync iTunes with compatible devices; Baidu to make progress toward international expansion beyond China; notable M&A actions in the Internet segment and despite the IPO market warming up somewhat in the second half of 2010, major social media companies like Facebook, Twitter, and LinkedIn are in no rush to become publicly traded entities.

Telecommunications

- **Global broadband subscriptions stood at 508.76 million lines in Q3 2010, up 6.7 percent year-on-year, according to Point Topic and IPTV Industry Update.** Over 14.3 million lines were added in Q3 2010 alone. China and India both had their second best ever quarters in Q3, with vigorous growth generally concentrated in developing broadband markets. India, Russia, Vietnam, Ukraine and the Philippines all boosted by at least 20 percent in the last 12 months. Growth patterns were shifting as some markets reach saturation and emerging markets show remarkable growth rates. The new figures show that China and the US continue to add more lines than any other single market. Russia and Brazil are the most rapidly growing in percentage terms with 22 percent and 14 percent respectively.

Technology

- **S&P Equity Research is looking for slower growth in the technology sector in 2011, compared to 2010, but still believes the growth will be healthy.** The S&P tech equity analysts and strategists have a positive fundamental outlook and overweight recommendation on the sector. Some select predictions for the tech sector from industry analysts at S&P Equity Research for 2011 include: a continuation of the computer hardware recovery since the deep cyclical trough of 2009 with global PC unit shipments to rise 14% in 2011, after an estimated rise of 17% for 2010; computer hardware

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should continue to make inroads into new markets such as self-serve kiosks in the transportation, healthcare and retail areas, based on an ongoing desire to automate transactions and offer consumers more ways to handle business; the wide-spread emergence of visualization and cloud infrastructures requiring improved integration of datacenter switches and servers with more advanced delivery functionality; sales in the video game industry will be slightly up in 2011, after declining for the two prior years, driven by strong sales of Microsoft Kinect; consolidation in the data storage industry should continue in 2011 with most of the M&A activity being centered on storage software, as opposed to hardware; sales of tablet computers to surge and begin to cannibalize sales of netbooks and mini notebooks; sales of e-book readers will continue to surge in 2011 increasing from 7 million in 2010 to 11 million in 2011, led by Amazon.com's Kindle; and despite continuing revenue growth, the major India-based IT outsourcers, including Infosys and Wipro should experience margin declines in 2011.

Investments/ Ventures

- **Globally, mergers and acquisitions raised US\$2.4 trillion in 2011 with one-third of those deals in emerging markets, where merger activity raised US\$806.3 billion, according to Thomson Reuters.** The four biggest announced deals of the year each topped US\$20 billion, including the US\$27 billion acquisition of Carso Global Telecom by America Movil SAB, the US\$25 billion acquisition of GDF Suez Energy International by International Power PLC, the US\$22.1 billion deal for Qwest Communications International by CenturyLink Inc. and the US\$20.6 billion deal for Weather Investments by VimpelCom. Goldman Sachs retook the lead in announced merger advisors. The period was also the biggest on record for global initial public offerings; including General Motors' US\$23 billion IPO as well as a US\$20.5 billion IPO by AIA Group Ltd. For the fourth quarter, global IPOs raised US\$122.2 billion. For the full year, US\$269.4 billion was raised, at least double the full year 2009.

Japan

Telecommunications

- **NTT Docomo has bought back 22,155 shares between 20 and 31 December 2010.** The aggregate price for the shares was 3.17 billion yen (US\$38 million). The share repurchase was approved by the board of directors in December for the period between December and January for a total of up to 160,000 shares.

Korea

Hardware

- **Samsung Electronics Co. aims to sell 10 million units of smart TVs this year, about a two-fold increase from last year, hoping to notch a big win in the emerging TV segment.** Samsung shipped nearly 5 million units of its smart TV, which merges Internet and television. Samsung's sales target represents one third of the global smart TV market in 2011, which is expected to reach 30 million units, according to industry data. The global market for connected TV, an umbrella term that includes smart TVs and other Web-connected TVs, is forecast to grow to 67 million units this year, from 40 million last year. Other TV makers, such as Sony and LG Electronics, are also counting on the smart TVs to fuel demand growth and to revive falling TV prices, expecting that more consumers will

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want to bring content from the Internet to their living room. Google, an increasingly important player in the mobile industry and consumer electronics, is another key player in the smart TV market.

- **Samsung Electronics Co. had a bigger than estimated decline in profit in the fourth quarter, stoking concerns a drop in TV prices will worsen this year and damp earnings.** Operating income declined 13 percent from a year earlier to 3 trillion won (US\$2.7 billion) in the three months ended December. Samsung may have to brace for lower prices again in 2011 as new technologies such as 3-D and Web-based models have yet to convince consumers to replace their old sets.
- **Samsung Electronics Co. partnered with U.S. content providers to expand offerings for its mobile devices and Internet-connected TVs.** Yoon Boo-Keun, Samsung's visual display division president, said that his company is working with Comcast Corp. and Time Warner Cable Inc. to deliver content to its "Smart TVs" with an Internet connection. Both cable operators demonstrated specialized applications to browse and watch video on Samsung's Smart TV and "Galaxy Tab" touchscreen tablet, which runs Google's Android operating system. Samsung was forming these partnerships to give its customers access to a wider choice of content. The move comes as the South Korean technology company ramps up its newest consumer television initiative which is designed to integrate computer capabilities into the company's living room appliances. Samsung is not alone in this effort.
- **Samsung Electronics Co. projects the 3-D television market to grow six-fold to 6 million units this year.** Samsung also expects to take a lead position in that market. Tim Baxter, president of consumer electronics at Samsung Electronics Co.'s Samsung America, disputes the notion that sales for 3-D televisions have been lackluster. The industry sold 1 million units last year, roughly on par with the number of LED televisions sold in their first year. The comments run counter to the widely held belief that sales of 3D televisions haven't made a dent in the industry, and there remains tepid interest in the feature from consumers. There are only a few channels and movies that employ 3D. Samsung will continue to support 3D televisions, with Baxter noting that the feature will be in 60 percent of its televisions this year.

China

Internet

- **China's search engine market size will stand at 31.433 billion yuan (US\$4.75 billion) in 2013, according to Analysis International.** The country's search engine market size reached 11.125 billion yuan (US\$2 billion) in 2010. Search engine operators bought greater share in China's online advertising market in the first three quarters of 2010. Baidu and Google China topped the first and second place in the online advertising market with 30 percent and 10.7 percent share. Sina was third with 8.6 percent share. Market share of advertising operators, including Sina Corp., Alibaba.com and Sohu.com were stable. But Youku.co boosted as it is seen to surpass that of NetEase.com and take a position in the online advertising market of China. The researcher said that an increasing number of advertisers will deliver their advertisements and hold marketing activities in the emerging media platform, and the emerging Internet media grow constantly in the field of online advertising.
- **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 million) in 2011, an increase of 65 percent year on year, according to Analysis International.** The users of China's online video ad service will top 392 million next year, surged 16.3 percent year on year. Analysis International estimated that China's online video ad industry would still maintain fast growth in the next three years. China's online video

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ad industry has grown mature in 2010 with several companies had got listed on stock markets, including Cool 6, leTV, and Youku.

- **China said the number of Internet users in what is already the world's largest online market had jumped to 450 million.** The figure marks a surge of 30 million. China's spiraling online population has turned the Internet into a forum for citizens to express their opinions in a way rarely seen in a country where the traditional media is under strict government control. The value of online payments is seen to hit 1 trillion yuan (US\$151 billion) for the year, Analysys International cited. The growing strength and influence of the web population has prompted concern in Beijing about the Internet's potential as a tool for generating social unrest, and authorities have stepped up surveillance in recent years.

Mobile/Wireless

- **Market revenues of China's mobile-phone game operators in 2010 are expected to top 4.51 billion yuan (US\$684.42 million), and more traditional media and entertainment companies are expected to enter the mobile phone game industry in 2011.** According to Zero2IPO, mobile-phone game user numbers in China boosted 122.38 percent year on year to 19.685 million in 2009, and are seen to top 45.732 million in 2010. Revenues of the Chinese mobile-phone game market reached 2.455 billion yuan (US\$370 million) in 2009, representing an increase of 93.31 percent, and the figure will top 4.51 billion yuan (US\$680 million) in 2010. The integration of traditional media and entertainment companies with mobile-phone game operators would become a trend. Traditional media and entertainment companies have the advantage in getting the resources of content and copyright, but the profit margins of traditional distribution channels are limited, while mobile-phone games could provide a good alternative.
- **The number of mobile game players in China is expected to top 45.73 million in 2010, up 132.3 percent year-on-year.** Market revenue for mobile games is seen to come in at 4.51 billion yuan (US\$680 million). In 2012, the mobile game market is seen to be at 128 million users while revenues are forecast at 10.12 billion yuan (US\$1.5 billion).
- **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 12.93 million dollars, according to Zero2IPO Research Center. 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, on average. During the first nine years, 26 investment deals took place in 2009, and 22 of them revealed the investment value, which was US\$98 million in total, or US\$4.45 million per case, on average. 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. Microblogging and the LBS and SNS sub-sectors, which combine social networking applications, features of mobile phones, and living information, will generate a large market of users, and receive more attention from the capital market.

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Telecommunications

- **Shanghai Telecom, China Telecom's subsidiary in Shanghai Municipality will invest 26 billion yuan (US\$4 billion) over the period of the 12th Five Year Plan in increasing the speed of the city's broadband communications.** It will expand the average broadband bandwidth in Shanghai to 8MB in 2011, 32MB in 2013, and 50MB in 2015. Shanghai Telecom aims to realize the seamless transition from WiFi to the 3G network in the 2011-2015 period. The capacity of wireless access in Shanghai will be over 1MB, and 80 percent of the users will be able to enjoy over 3MB wireless access. According to Zhang Weihua, general manager of Shanghai Telecom, the company would improve the quality of the information infrastructure in Shanghai, and provide better information services to its subscribers.
- **The scale of China's three telecom operators' investment in telecommunications equipment in 2011 may be greater than what it has been expected by the market earlier, predicted by Orient Securities.** The broker projects the capital expenditure of the carriers in 2011 to keep to the same level as in 2010, which is greater than market expectations. In Orient Securities' view, unpredictable external factors may make China Mobile's TD-LTE construction faster than expected. China Unicom has two years, 2011 and 2012, to develop 3G services to compete with China Mobile, and hence to develop 4G services from a better platform. Communications equipment manufacturers will benefit from the demand for fiber to the home (FTTH), WLAN, and terminals. The aggregate investment of China's telecom industry is seen to stand at 2 trillion yuan (US\$302 billion) over the period of the 12th Five Year Program (2011-2015). Investment in optical communications will focus on access networks, and it could be worthwhile for investors to pay attention to such sectors as corollary equipment, photoelectronic devices, transmission equipment, and access equipment.
- **ZTE had total annual sales volume of terminal products jumped nearly 50 percent to a record number of 90 million units in 2010.** ZTE's terminal product sales experienced rapid growth in both international and domestic markets. By 2010, the growth in both local and high-end overseas markets such as Japan, France, the U.K and the U.S. has become the main sources of demand for ZTE handsets. The fastest-growing market was in Europe where year-on-year sales volume growth reached 150 percent. The U.S. market achieved year-on-year growth of 100 percent. ZTE was ranked No.1 among Chinese vendors in terms of 3G handset sales volume, according to iSuppli. ZTE has also won major tenders from leading Chinese operators, enabling the company to quickly become a leading player in China's mainstream 3G handset market. 3G smartphones priced at below 1,000 yuan (US\$150.85) are popular among Chinese consumers, a segment in which ZTE is exceptionally strong.
- **Shanghai Internet Software will enter the cloud computing market.** The firm will invest 50 million yuan (US\$7.5 million) on cloud computing in the government and healthcare sectors. The company is the first to unveil a cloud computing strategy as the Shanghai government had a strategy for cloud computing in August 2010 with a total investment of 300 million yuan (US\$45 million).
- **Huawei Technologies Co.'s contract sales for handsets and other devices totaled US\$5.7 billion last year, driven by a at least 54 percent surge in handset contract sales to over US\$2.1 billion, Victor Xu, chief marketing officer for Huawei's device division.** The growth highlights how Huawei is pushing to penetrate more markets with its mobile phones and other devices. Among the devices are smartphones that run on Google's Android operating system, which both Huawei and its cross-town rival ZTE have offered at relatively low prices. Huawei's device division sees steady and continuous revenue growth in the future. It also sees significant growth in China and India over the next five years due to their relatively late roll-out of third-generation mobile networks. Huawei

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shipped at least 3 million Android smartphones last year and over 120 million units of all handsets and other devices.

Media, Entertainment and Gaming

- **The domestic market for home video games shrank for a third straight year in 2010, with combined sales of hardware and software down 9 percent to 493.6 billion yen (US\$5.9 billion), according to Enterbrain Inc.** Game system sales dropped 18.9 percent to 175.5 billion yen (US\$2.1 billion). Nintendo Co.'s DS handheld game systems were the best sellers at 2.96 million units, but that represents a 26.4 percent plunge from a year earlier. The only game system to outsell its 2009 tally was Sony's PlayStation Portable series, sales of which soared 25.2 percent to 2.89 million units. Sales of game software slipped 2.5 percent to 318 billion yen (US\$3.8 billion). Seven titles sold more than a million copies, including the latest additions to the "Pokemon" and "Monster Hunter Portable" series.
- **China's mobile game and application development market is attracting significant attention, with big deals and new funds pointing to one of 2011's hot markets.** Two publicly traded Chinese technology companies have introduced funds targeting the mobile Internet market in China and two start-ups have raised big rounds to roll out mobile applications. The most recent sign of the mobile market's importance for China's investors is the US\$100 million fund introduced by The9 Ltd. and venture funds Chengwei Ventures, ChinaRock Capital Management and China Renaissance K2 Ventures. The fund follows the partnership of the NetDragon Websoft, with IDG Capital Partners to form the mFund.
- **China's newspaper circulation in 2010 surpassed 50 billion, rising 13.9 percent year-on-year and continuing to rank first in the world.** 25 mainland dailies stood among the top 100 dailies in the world in 2010. Moreover, the total output value of China's press and publication industry exceeded 1 trillion yuan (US\$151.75 billion) in 2009, with the variety and quantity of publications both ranking first in the world. The circulation of U.S. newspaper dropped by five percent from March 2010 to September 2010. The circulation in Britain also decreased slightly. At least 3,000 Xinhua Bookstores and other agencies in charge of government departments like publishing houses, have accomplished the transformation to enterprises that compete with other book sellers. Private and overseas capital has jointly entered printing and distributing sectors in this industry. The industry has 44 listed companies with a total market value of at least 570 billion yuan (US\$86 billion). Booming Chinese publications in recent years have gained increasing interest from foreign publishers.

Alternative Energy

- **LDK Solar said it will acquire a 70 percent stake in solar farm developer Solar Power, Inc. (SPI) for approximately US\$33 million.** The transaction would significantly improve Solar Powers balance sheet and allow it to accelerate a number of development projects for utility scale solar power plants. By investing in Solar Power, LDK Solar is effectively guaranteeing that it would be the supplier of modules for any projects developed. As part of the transaction, LDK Solar has also agreed to assume control of Solar Power's former module manufacturing facility in Shenzhen, China so that it can focused on developing and building large scale solar projects in the U.S..

Technology

- **Last year over 1 million e-book readers were sold in China, up 168 percent from 2009 but the growth in 2011 will slow down to below 40 percent according to Analysys International.** E Ink is expected to continue to dominate the e-paper market and e-book readers equipped with less expensive display screens will not be sufficiently available. China is not expected to be able to establish a mature

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business model bundling content with hardware and piracy is expected to prevail this year. However, in 2012 the situation could improve as the government is expected to crack down on websites offering pirated content and draft rules for e-book readers and content. Shipments in 2011 are forecast at 1.46 million, up 38.58 percent year-on-year and shipments for 2012 are expected to be 2.17 million, up 48.70 percent from the previous year. In 2013 shipments are expected to rise 66.28 percent to 3.61 million.

Taiwan

Telecommunications

- **Taiwan ended the third quarter of 2010 with 4.995 million fixed-line broadband subscribers.** Of the total, 2.26 million (45.2 percent) are xDSL users, 1.92 million (38.4 percent), are FT*TX users, and some 810,000 people (16.2 percent) use cable modems to connect to the internet. Including users of T*ANet, a network specifically designed for educational institutions, as well as wireless and mobile internet-access subscribers, Taiwan had an estimated internet user base of 10.74 million at the end of September 2010, accounting for 46.4 percent of the country's population.

Media, Gaming and Entertainment

- **Taiwan expects its digital publishing industry to record 21 percent growth in output value this year, reaching NT\$60 billion (US\$2.04 billion).** The Ministry of Economic Affairs will boost the digital content industry through several measures such as linking the existing eleven e-book trading platforms, cultivation of e-book readers, and participating in the drafting of international Chinese-language e-book standards. The local digital publishing industry registered an output value of NT\$49.3 billion (US\$2 billion) in 2010.

Semiconductor

- **AU Optronics Corp. signed NT\$45 billion (US\$1.5 billion) of syndicated loans with 29 banks, including Bank of Taiwan.** The funds will be used to replenish working capital for the maker of liquid crystal display panels.

Hong Kong

Telecommunications

- **Hong Kong's Office of the Telecommunications Authority has issued its timetable for the planned auction of radio spectrum in the 850 MHz, 900 MHz and 2 GHz bands.** Applications for participating in the 15-year licence auction are due on 1 February and the regulator will notify qualified bidders on or before 18 February. The bidding stage will begin on 28 February with a training and trial auction planned one week before the bidding stage. The radio spectrum available in the auction is divided into four frequency bands: frequency band A which comprises 832.5 - 837.5 MHz paired with 877.5 - 882.5 MHz for 10 MHz in total; frequency band B, comprising 885 - 890 MHz paired with 930 - 935 MHz for 10 MHz in total; frequency band C1 comprising 2010.0 - 2014.8 MHz for 4.8 MHz in total; and frequency band C2, comprising 2014.8 - 2019.7 MHz for 4.9 MHz in total. Bidders can bid for any or all of the bands.
- **Hong Kong's number of fixed-line users rise to 3.676 million in September from 3.669 million subscribers in August.** The number of business users rose to 1.784 million from 1.779 million and the number of residential users inched up to 1.892 million from 1.890 million in August. The number

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of IP telephony users surged to 564,010 from 556,729 a month earlier. The total comprises 59,795 business users and 504,215 residential IP telephony users. The number of local leased lines fell to 142,213 from 144,306 in August.

Singapore/Malaysia/Philippines/Indonesia/India

Information Technology

- **Trimax IT Infrastructure and Services (Trimax) will raise around Rs 250 crore (US\$55.7 million) through an initial public offering (IPO) this year.** The company hopes to file the draft red herring prospectus (DRHP) with market regulator Sebi over the next 6-months. The company would be using the proceeds for the firm's domestic as well as overseas expansion, mainly, in Africa. Trimax also will add 1,000-1,200 qualified technical professionals to its present workforce of 2,000-odd employees over the next one year. Trimax is a partner to Bharat Sanchar Nigam Limited (BSNL) and offers Managed Network Services (MNS) from its Certified Network Operations Centre (NOC) running in Mumbai and Bangalore. It serves its customers from at least 600 of its locations across India and aims to be the preferred technology integration, management and solution company for its global customers.
- **MindTree Ltd. will convert its wireless product business unit, MindTree Wireless Ltd., into a design services business, which will cost the company about US\$3.6 million to US\$3.9 million.** The decision to restructure the unit comes after discussions with clients, when it found that the wireless products business needed more commitment and risks in regards to capital, inventory and marketing than the company initially expected. The restructuring costs will be accounted as an expense in the October-December quarter, as the restructuring has been done during the current quarter. The costs are lower than the seen US\$12 million-US\$14 million announced in October, as MindTree was able to negotiate better terms with vendors. The costs are mainly for moving employees between companies, legal advisory fees, asset write-offs and payments to vendors for the cancellation of contracts. MindTree had come under fire from analysts and investors as it had investments to make telecom products and smartphones.

Telecommunications

- **Total Access Communication PCL will spend THB1 billion (US\$32.9 million) to expand cell sites for the trial of third-generation mobile services, Chief Executive Tore Johnsen said.** The announcement comes after the board of state-owned CAT Telecom approved Total Access and TrueMove. Total Access can set up an additional 1,220 sites while TrueMove can establish 1,400 more. The decision comes after Total Access in late November petitioned the Thai government to intervene in what it described as unfair treatment by CAT Telecom in approving the expansion of its non-commercial 3G trial service. Total Access has offered partial 3G services on a trial basis in Bangkok and key provinces for around two years, using high-speed packet access, or HSPA, technology on 850 megahertz frequency. CAT Telecom had only provided the company with 36 sites for the HSPA trial service while at the same time TrueMove had at least 600 sites.
- **Philippines mobile operator Smart Communications Inc. will end 2010 with around 45 million subscribers, up 9 percent from 2009 and maintain its position as the country's largest cellular service firm by subscriber numbers.** Smart had 41.3 million mobile phone subscribers at the end of last year and surged that level to 44.1 million at the end of September this year. Smart contributes around two-thirds to PLDT's service revenues.

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- **The telecom unit of the Philippines' San Miguel Corp. has acquired a telecommunication company owned by the Ongpin group that will give synergy to its existing operation and strengthen its network and coverage.** In a disclosure to the Philippine Stock Exchange (PSE), SMC said that ISM Communications Corp. sold 100 percent of the issued and outstanding capital of AGN Philippines Inc. to Vega Telecom Inc. ETPI offers data and Internet services to at least 5,000 corporate subscribers and small and medium enterprises (SMEs). Besides traditional bandwidth and connectivity solutions, the telco also offers wireless access, services for high-end Internet cafes, business applications and special packages for SMEs and corporations. ETPI is laying down a 240-kilometer fiber network to service industrial parks and economic zones in Tagaytay, Cavite, Laguna and Batangas.
- **The Indian telecom industry topped charts in terms of mergers and acquisitions that took place in India in the April-December 2010 period, valued at US\$58 billion across all sectors.** The number of M&As surged to 222 in the first nine months of the current fiscal year compared to 149 in the same period last fiscal. Telecom sector had the highest share of 28 percent. The sector saw 10 deals valued at US\$16.5 billion. India's telecom major Bharti Airtel completed a deal to acquire Zain Telecom's African business for about US\$10.7 billion. In another deal, Bharti Airtel acquired 100 percent stake of Telecom Seychelles Ltd for US\$62 million. Reliance Industries acquired 95 percent stake in Infotel Broadband for US\$1.03 billion. Other sectors like IT/ITEs, auto, steel, consumer durables and real estate witnessed 146 deals for an amount totaling to US\$6.48 billion. Total 98 outbound M&As took place during April-December 2010-11 against 32 in the same period of the last financial year. Of the 222 deals, 103 were domestic deals and 21 inbound.
- **Reliance Anil Dhirubhai Ambani Group has renamed itself Reliance Group, as it dropped billionaire Anil Ambani in a marketing exercise to consolidate the group's several brands and sub-units under a single brand.** The change has also been implemented in the group's logo, which has been altered. As well as a need to modernize the logo, the move has been driven by the surge in the group's size, products, services and customers in the past few years. While Reliance Mobile will be called just Reliance, its 3G service will be called Reliance 3G and its GSM service Reliance GSM. BIG TV will be Reliance Digital TV and BIG Pictures will be Reliance Pictures. The Reliance Group has grown to cover seven sectors, 27 businesses and 250 million customers daily in 2010.
- **BSNL is set to invite bids from private operators to share its third generation airwaves, reports The Economic Times citing a company official.** The company is of the view that it can raise between INR 25-50 billion (US\$551 million- US\$1.1 billion) over five years if it were to enter into roaming arrangements with two players for its third generation airwaves. BSNL has 3G airwaves in all circles except in Delhi and Mumbai. The company had to shell out over INR 100 billion (US\$2.2 billion) for these airwaves, as it had to match the bids by private operators.

Media, Gaming and Entertainment

- **UTV Software Communications' founder Rohinton Soli Screwala has sold his 1.09 percent stake in the company for Rs 25.14 crore (US\$5.6 million) through an open market transaction.** Rohinton Soli Screwala sold 4,45,000 shares at a price of Rs 565 (US\$12.5) apiece, taking the aggregate to Rs 25.14 crore (US\$5.54 million), in a block deal, UTV Software Communications said. As per quarter ended September 30, Rohinton Soli Screwala held 19.69 percent stake in the company through its various subsidiaries.

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Mobile/ Wireless

- **Nokia and Samsung were the top picks for Indian consumers when it came to mobile phones in January-November, 2010, with the two handset-makers cornering almost 70 percent of the market during the period in terms of total sales revenue.** GfK Nielsen shows that Finland-based Nokia retained the top slot in Indian mobile phone buyers' minds in the January-November, 2010, period, with a market share of 49.2 percent in terms of revenue and Samsung had a 20.5 percent share. Among the other manufacturers, GfK Nielsen has pegged LG's market share at 5.3 percent and Micromax's at 5 percent, on the basis of their revenues. Nokia continued to be the market leader in India and its latest offering, N-8 -- a touchscreen phone has boosted the brand's appeal. Samsung also consolidated its share of the Indian mobile phones market in the year 2010, registering strong sales growth during the year on the back of strong demand for its Galaxy and WAVE series smartphones, besides its dual-sim phones.

United States/Canada

Internet

- **Salesforce.com Inc. it acquired messaging and screen-sharing company Dimdim for about \$31 million as the software company looks to build on the rapid adoption of Chatter, its new business-collaboration software.** The move comes amid ongoing consolidation in the software industry. Last month, Salesforce said it would acquire the Heroku cloud platform for \$212 million, a move it hopes will give it a leading position in programming tools for applications residing on the Internet. Dimdim, founded in 2007, allow users to host or attend live online meetings, demos and webinars using just a web browser. Salesforce.com launched Chatter in June, offering features reminiscent of Facebook and Twitter for corporate collaboration. Chatter is Salesforce's first product marketed through a company, rather than just to the sales or customer service departments that are the company's traditional customer targets. About three-quarters of the companies that are Salesforce customers use Chatter, the company has said.
- **AOL Inc. Chief Executive Tim Armstrong expects the company to achieve growth in online display advertising in line with the broader market in the second half of 2011.** Armstrong acknowledged skepticism about his forecast among investors, but the company made substantial progress in its efforts to reshape the company in 2010. User traffic at AOL's MapQuest site stabilized after a long period of decline, while user traffic to AOL's home page halted its decline in fourth quarter. He also said AOL could flourish in the competitive online advertising market by focusing on big brand advertising.
- **Google Inc. is considering building a payment service that would enable users to make purchases by tapping or waving their mobile phones against a register at checkout.** The service could be introduced this year, the sources said. It is based on near-field communication, or NFC, technology, which can beam and receive information wirelessly from 4 inches away. Andy Rubin, Google's vice president for engineering, declined to comment to the magazine about future services and products. A single NFC chip on a mobile phone would contain a consumer's financial account information, gift cards, store loyalty cards, and coupon subscriptions, and users may also be able to make online purchases from their phones.

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- **Facebook raised US\$500 million from Goldman Sachs and Russian investors Digital Sky Technologies, valuing the social media juggernaut at US\$50 billion, the New York Times reported.** Goldman Sachs Group Inc. surged its strategic investment in Facebook by 50 percent, to US\$450 million with US\$50 million from Digital Sky Technologies. Goldman syndicated part of the investment to its individual partners. Along with the US\$500 million investment it and Digital Sky made in Facebook, Goldman has been offering US\$1.5 billion in Facebook shares to a consortium of high-end clients and institutional investors. The deal is now three times oversubscribed, and is drawing to a close. Facebook will start disclosing key financial data or file for an initial public offering by April 2012, according to a private-placement memo being distributed to potential investors, the Wall Street Journal reported. Facebook will breach the critical 500-shareholder later this year, the documents stated. Passing this milestone triggers reporting requirements with the SEC even if the company isn't public.
- **LinkedIn may be the first social network to go public as the company has selected financial underwriters, according to a report from Reuters citing people familiar with the matter.** The social networking site for professionals could beat Facebook Inc. and Twitter Inc. to market with a 2011 IPO. Morgan Stanley, Bank of America Corp. and JPMorgan Chase & Co. are among the book runners.
- **News Corp online gaming chief Sean Ryan will transfer to Facebook to head its key gaming platform.** Facebook does not create social games but hosts third-party publishers of them on its king-making platform. Its most stunning success has been Zynga.
- **Twitter turned down a US\$500 million purchase offer from the social networking site Facebook in 2008 according to a report in the Financial Times..** Facebook chief executive officer and co-founder Mark Zuckerberg offered US\$500 million in Facebook stock for Twitter. Twitter said last month that it had received a major infusion of funds from a group of investors, which will put a US\$3.7 billion value on the site. Created in 2006 to exchange messages of no more than 140 characters, Twitter had 175 million registered users as of November 1 and transmitted 25 billion tweets last year.
- **Facebook topped in the searched term 1 in 2010, accounting for 8.9 percent of all U.S. visits between January and November.** It also won as the most visited website this year, according to Experian Hitwise. Hitwise had four variations of the term "Facebook" were among the top 10 terms and accounted for nearly 3.5 percent of searches overall. The term "Facebook login" was in the ninth spot in 2009 and reached the second spot this year. YouTube was the third most-searched term this year, followed by Craigslist, Myspace and Facebook.com. Social networking accounted for 4.2 percent of the top 50 searches. Google Inc.'s namesake website ranked second, next is Yahoo Inc.'s Yahoo! Mail site, Yahoo, and Google's YouTube.
- **The U.S. Securities and Exchange Commission contacted Goldman Sachs Group Inc. about the private offering of Facebook's shares to Goldman's clients.** The SEC is interested in various issues including the structure of the deal and advance media reports about the offering. Facebook was cooperating with the SEC's inquiry, which first contacted Facebook to discuss the forming of pooled investment funds to buy Facebook shares. The discussion between Facebook and the SEC included the Goldman vehicle.
- **Local.com Corp. cut its fourth-quarter outlook, saying it now expects lower profit and revenue after an integration of Yahoo Inc.'s and Microsoft Corp.'s Bing search tools.** Local.com sees an adjusted profit of 19 cents a share in the fourth quarter on revenue of US\$19.9 million. Clarke said

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that the company might struggle to adapt to the Yahoo-Bing integration. In Local.com swung to a third-quarter profit as revenue surged 48 percent.

- **Skype will acquire Qik Inc for an unknown amount. The deal will be amounted to US\$150 million.** The deal is seen to close this month. The move comes as Skype looks to bolster its smartphone-video services as more companies, including Apple Inc. and Google Inc., jump into the smartphone streaming-video fray. Apple has won kudos for its Face Time video application, while the latest version of Google's Android mobile operating system specially designed for tablets. Qik had rapid growth. Its corporate blog says the company started 2010 with 600,000 users and ended the year with five million. Skype has grown rapidly since it was founded in 2003. But its reputation took a hit last month when a critical network failure left millions of users around the world unable to make calls for more than 24 hours. The company will sell up to an estimated US\$100 million of American depositary shares in an initial public offering.

Semiconductors

- **ARM Holdings Plc may start to earn royalties from its designs for Microsoft Corp.'s Windows in about two years as Microsoft brings out tablet computers based on the operating system.** Microsoft announced that the next version of Windows will run on ARM's chip designs for the first time. The agreement accelerates the potential for ARM technology to be found in a complete range of computing products. ARM earns revenue from licensing deals and through royalty payments on chip shipments. Third-quarter royalties surged 31 percent to US\$81.7 million, accounting for about half of total sales. The chipmaker signed a licensing agreement in July to let Microsoft access designs to build devices.

Telecommunications

- **Leap Wireless International Inc.'s net customer additions in the fourth quarter slid by 61 percent from year-earlier levels, the latest sign of struggles for the pay-as-you-go wireless carrier.** The company added about 115,000 net customers in the fourth quarter, compared with net additions of about 298,000 customers in the fourth quarter of 2009. The company did note, though, that it added about 320,000 former customers of Pocket Communications as part of a joint venture the two companies began in October. Leap added about 162,000 voice subscribers and lost about 48,000 broadband customers, compared with 229,000 voice additions and 69,000 broadband additions a year earlier. Its customer base at year end surged to 5.53 million from 4.95 million a year earlier. Churn, a gauge of customer turnover, declined to 4 percent from 4.7 percent a year earlier.

Semiconductors

- **Qualcomm Inc. will acquire fellow chip maker Atheros Communications Inc. for US\$3.1 billion in cash as it aims to address growing demand for devices that use WiFi to connect to the Internet.** The deal fills a hole in its communication chip offerings that the company has been trying to plug for years. The importance of WiFi has been growing as more devices--including smartphones, tablets and notebooks connect to the Internet. The deal comes during a flurry of acquisitions in the tech sector and puts pressure on Qualcomm's rivals, such as Broadcom Corp. Chip companies, including Intel Corp., have been using their high levels of cash to make purchases to add more features to their chips. Qualcomm has about US\$10 billion in short-term cash and marketable securities. Adding long-term marketable securities raises the figure to US\$18.4 billion, with US\$12.1 billion of that located offshore.

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Hardware

- **Dell Inc. announced that it will acquire SecureWorks Inc., as it expands into providing technology services.** SecureWorks, a privately-held company based in Atlanta, provides managed security services to companies looking for ways to protect information and data on their networks. Dell has been on an acquisition spree in recent months, highlighted by its US\$820 million deal last month to acquire Compellent Technologies, a data-storage company. That deal came after the Round Rock, company lost a high-profile bidding war against Hewlett-Packard Co. in September for another data-storage provider, 3Par Inc. Dell also has announced additional deals to acquire Boomi Inc. and medical-data technology company InSite One Inc.

Europe

Mobile/ Wireless

- **Nokia Siemens Networks Chief Executive Rajeev Suri anticipates the number of telecommunication network manufacturers around the globe to decline.** The main reason for the expected consolidation is intense competition and the trend for operators to outsource network maintenance in order to focus on consumer services. The network market currently consists of five major companies, Ericsson, Huawei, Alcatel-Lucent, ZTE and Nokia Siemens Networks, a joint venture between Finland's Nokia Corp. and Germany's Siemens AG.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 1/7/11)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2011	% Change 1/1/2010
Japanese yen	¥/US\$	83.0200	2.3%	0.5%	2.3%	-10.6%
Hong Kong dollar	HK\$/ US\$	7.7714	-0.01%	0.1%	-0.01%	0.2%
Chinese renmenbi	RMB/ US\$	6.6276	0.6%	-0.3%	0.6%	-2.9%
Singapore dollar	S\$/ US\$	1.2942	0.9%	-0.8%	0.9%	-7.9%
South Korean won	KRW/ US\$	1,121.7000	0.1%	-1.4%	0.1%	-3.6%
New Taiwan dollar	NT\$/ US\$	29.3550	0.7%	-2.6%	0.7%	-8.1%
Australian dollar	US\$/A\$	0.9964	-2.3%	0.7%	-2.3%	11.1%
New Zealand dollar	US\$/NZ\$	0.7605	-2.4%	0.0%	-2.4%	5.0%
Philippine peso	PHP/ US\$	44.1500	1.2%	0.9%	1.2%	-5.0%
Euro	US\$/€	1.2916	-3.4%	-2.9%	-3.4%	-9.8%
British pound	US\$/£	1.5556	-0.3%	-1.0%	-0.3%	-3.7%

Fixed Income Prices and Yields

Note	Currency	Current (on 1/7/11)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	96.11	4.49%	98.56	4.11%	100.22	4.24%
Japan 30-year	¥	98.21	2.10%	100.11	2.10%	97.56	2.13%
Hong Kong 10-year	HK\$	95.53	2.87%	95.06	2.55%	96.44	2.73%
China (06/16)	US\$	105.27	3.61%	104.80	3.72%	105.22	2.46%
Singapore 10-year	S\$	104.35	2.74%	104.54	2.30%	106.85	3.63%
South Korea 20-year	KRW	9,963.32	4.81%	10,195.07	4.60%	11,497.79	4.53%
Australia 15-year	A\$	100.72	5.66%	101.41	5.58%	100.00	5.75%
New Zealand (12/17)	NZ\$	101.61	5.76%	100.76	5.65%	102.02	5.71%
Philippines 20-year	PHP	141.02	8.24%	141.94	7.97%	141.18	8.23%
India 30-year	INR	97.76	8.51%	98.62	8.47%	97.72	8.51%
UK 30-year	£	98.84	4.33%	101.11	4.22%	98.33	4.35%
Germany 30-year	€	124.64	3.43%	124.09	3.16%	125.48	3.36%

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