



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

Week of 8 July - 14 July, 2007

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



Week of 8 July- 14 July 2007

Table of Contents

Equity Market Indicators	3
Technology, Media, Telecommunications and Life Sciences Market Activity	4
Weekly Highlights	5
International	5
Japan	5
Korea	6
China	8
Taiwan	10
Hong Kong	11
Singapore/Malaysia/Philippines/Indonesia	12
United States/Canada	13
Europe	15
Other Economic Data	16
Currency Exchange Rates	16
Fixed Income Prices and Yields	16

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



Week of 8 July- 14 July 2007

Equity Market Indicators					
Index	Closing Level (7/13/2007)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change 2006 Low
S&P 500	1,552.50	1.4%	9.5%	24.4%	26.9%
Dow Jones Industrial Avg.	13,907.25	2.2%	11.6%	29.8%	30.4%
Dow Jones Tech. Index	470.64	2.0%	14.0%	25.5%	39.7%
Dow Jones Telecom. Index	298.31	0.8%	14.7%	47.9%	48.2%
NASDAQ Composite	2,707.00	1.5%	12.1%	22.7%	34.0%
The Street.com Net	281.93	1.8%	14.0%	34.0%	46.5%
Japan Nikkei 225	18,238.95	0.5%	5.9%	13.2%	28.3%
JASDAQ	81.24	-1.1%	-5.7%	-37.6%	0.5%
Japan Mothers	888.16	-2.4%	-20.0%	-65.1%	-11.9%
Korea KOSPI Composite	1,962.93	5.5%	36.8%	42.3%	63.1%
Korea Kosdaq	825.40	1.8%	36.2%	19.4%	53.1%
Taiwan Stock Exchange	9,471.30	3.1%	21.1%	44.6%	51.4%
Singapore Straight Times	3,654.61	2.6%	22.4%	55.7%	60.2%
Hong Kong Hang Seng	23,099.29	2.5%	15.7%	55.3%	54.6%
Hong Kong GEM	1,715.88	0.9%	40.1%	70.3%	70.7%
China Shanghai (A-Share)	4,106.21	3.5%	45.9%	236.3%	230.6%
China Shenzhen (A-Share)	1,136.14	2.1%	99.5%	291.7%	285.2%
China Shanghai (B-Share)	279.29	8.7%	114.6%	350.4%	343.8%
China Shenzhen (B-Share)	719.39	6.5%	66.0%	267.8%	261.1%

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



Week of 8 July- 14 July 2007

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
7/12/07	Intellon Corp. [ITLN.US] (NASDAQ)	Semiconductors	US\$100.0	Designs and sells integrated circuits for high-speed communication over existing wiring	Goldman/ Deutsche Bank	Jefferies/Piper Jaffray
7/10/07	Voltaire Ltd. [VOLT.US] (NASDAQ)	Computers	US\$100.0	Designs and develops server and storage switching and software solutions	JP Morgan/ Merrill Lynch	RBC Capital/Thomas Weisel
7/10/07	E-House China Holdings [EJ.US] (NYSE)	Real estate	US\$150.0	Conducts real-estate services primarily in China such as consulting, brokerage and information services	Crédit Suisse/ Merrill Lynch	

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 7/13/07	% Change From Offer
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 7/13/07	% Change From Offer
7/12/07	China Automation [569.HK] (HKSE)	Provides safety and critical control systems for the petrochemical, oil, gas and railway industries	US\$39.2	HK\$1.53	HK\$2.90	89.5%
7/9/07	Regent Manner Intl. [1997.HK] (HKSE)	Provides integrated SMT production solutions for manufacturers of LCD panels	US\$53.8	HK\$1.68	HK\$2.70	60.7%

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
7/11/07	AUK Corp. [017900.KS]	Manufactures a wide range of semiconductor components, such as transistors, diodes and wafers	7/25/10	US\$13.1	2,061 shares	6/25/10
7/9/07	Sinjisoft Corp. [078700.KS]	Provides content and download solution and application software for wireless Internet	7/13/10	US\$2.1	2,525 shares	6/13/10

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



Week of 8 July- 14 July 2007

Weekly Highlights

International

Internet

- **According to comScore's review of Internet usage in 10 Asia-Pacific countries, South Korea leads in Internet penetration, with 65 percent of people ages 15 and up using the web.** The figure translates to about 26.3 million people. The study showed South Korea followed by Australia (62 percent), New Zealand (60 percent) and Hong Kong (59 percent). The study showed 10 percent of the Asia-Pacific population, which stands for 284 million people, used the Internet during the month of May, with the average person visiting 13.8 days a month and logging in 20.2 hours of viewing, compared to the global averages of 17.1 days and 25.2 hours. Of the countries surveyed, India showed the lowest penetration at 3 percent. China came in with only 9 percent penetration but with its Internet user base being the largest in the region, the figure translated to 91.5 million people. According to comScore, Yahoo sites came in as No. 1 with the most monthly unique users in Asia Pacific.

Japan

Media, Entertainment and Gaming

- **Microsoft Corp. announced that it has no plans to cut the price of its Xbox game console in Japan. The company believes the Xbox prices in Japan, the home turf of rivals Sony Corp. and Nintendo, are very competitive.** The sales of the device in Japan have been seen as slow, in contrast with its popularity in the U.S. According to game magazine publisher Enterbrain, Microsoft sold 122,565 of the consoles in the first half of this year in Japan, while Nintendo sold 1.7 million units of its Wii and Sony sold 503,554 of its PS3 game machines. Earlier, Microsoft extended its warranty for the video game machine to three years, costing the company US\$1 billion to \$1.2 billion. The extension is a response to complaints from users. Microsoft also said it plans to launch its advanced Xbox 360 game console, the Xbox 360 Elite, in October in Japan.
- **Sony Corp. announced its plan to launch a lighter, slimmer model of its PlayStation Portable handheld video game console in September.** The company said it will sell the device for about US\$170, following its decision to slash down the price of its PlayStation 3 by US\$100 in a bid to increase sales of the game console. The new PSP is also described as 33 percent lighter and 19 percent slimmer than the current PSP.

Mobile/Wireless

- **NextWave Wireless Inc., a provider of mobile communication technology, announced its decision to acquire a stake in IPMobile Inc. in a bid to start a high-speed wireless network in Japan this year.** According to Mori Trust Co., a closely held Japanese property developer, it will sell its entire 69.2 percent stake in IPMobile to San Diego-based NextWave. The agreement follows NextWave's acquisition earlier this year of IPWireless Inc., a supplier of mobile network equipment based on a so-called fourth-generation technology called TD-CDMA. NextWave said in a separate statement that it will help IPMobile set up a network based on the high-speed standard by November. IPMobile is one of three companies that received licenses from the government in November 2005 to

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



Week of 8 July- 14 July 2007

provide wireless services, making them the first new entrants to the Japanese mobile market in 12 years.

Software

- **Casio Computer announced that it has developed its first digital cameras with a video mode optimized for YouTube.** The device is fitted with software that can upload clips to YouTube with a single click. The cameras are the result of a deal between Casio and Google, which provides Casio exclusive rights to the YouTube features until the end of this year. The companies said the cameras will be released worldwide, starting in the U.S. in August and to be followed by Europe and Asia.

Semiconductors

- **Toshiba Corp. announced plans to up its chip sales to 2 trillion yen (US\$16.4 billion) from 1.2 trillion yen (US\$9.8 billion) in the last business year by way of selling more NAND flash memory chips.** The aim of Toshiba can be appraised amidst the growth of demand for NAND chips, used in cell phones, personal computers, digital cameras and MP3 players. To achieve the target, Toshiba is looking to boost the monthly capacity at its NAND plant in Mie Prefecture to 150,000 300-mm wafers by September. The company said it expects the flash memory output at the plant to climb to 200,000 chips.
- **Industry sources indicate that a U.S. investment fund is pushing NEC Corp. to give up control of its ailing chip making unit, Electronics Corp., for a deal worth 154 billion yen (US\$1.2 billion).** According to a Goldman Sachs analyst, NEC is not about to accept the offer although it has the responsibility to present a restructuring plan to push NEC Electronics's shares to 5,000 yen (US\$41). NEC will also face the burden of explaining to its shareholders why it is refusing the fund's proposal. Perry Capital, NEC Electronics' third-largest shareholder with a 4.8 percent stake as of the end of March, has been asking NEC to bring down its 70 percent holding in its chip unit to less than 50 percent in order to give NEC Electronics more leeway.

Korea

Internet

- **NHN, the operator of the Naver portal and Hangame online game service, moved its customer service subsidiary NHN Services to Chuncheon, Gangwon Province, in May, a development noted by observers as indication that Internet portals are leaving Seoul.** NHN, the largest Korean Internet company, announced its decision to put up a research center and an employee training center in the Chuncheon, with plans to open the facilities in 2010. This is not the first time a major IT firm has left the South Korean capital. Daum Communications, the second largest Internet portal service in the country, has been operating its news service branch on the southern resort island of Jeju since 2004. All the news published on its web sites is selected and edited in the Global Media Center in Jeju. Daum's Seoul headquarters is more focused on R&D and management.

Mobile/Wireless

- **Samsung Electronics Co. Ltd. and LM Ericsson AB jointly announced entering an agreement on patent cross licensing covering wireless communication technologies.** Under the agreement, the two companies will drop all pending patent litigations against each other related to the technologies. No details about the technologies or the financial terms of the deals were released.

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



Week of 8 July- 14 July 2007

- **SK Telecom issued a denial about news circulating in the industry that it is working to acquire Sprint Nextel Corp., a wireless service provider.** The country's largest mobile carrier by sales called the speculations groundless. According to an analyst from Daishin Securities, the takeover is unlikely, as the U.S. company is far larger in terms of market capitalization than the South Korean firm. Industry observers note that Sprint, with its 53 million subscribers, has been losing market share to other carriers.
- **KTF, South Korea's second-largest wireless operator reported the number of subscribers to its 3G mobile communications service SHOW as reaching beyond the 1 million mark.** Launched last March, the high-speed downlink packet access service allows video telephony, global roaming and access to multimedia content at a faster data transfer speed. The company said out of the 1 million subscribers, 54.5 percent were men and 45.5 percent were women. According to company officials, 23.2 percent were in their 20s and 22.2 percent were in their 30s. The report noted that about 35 percent of the SHOW subscribers are using video calling, a feature that is greatly identified with the 3G service.

Media, Entertainment and Gaming

- **NCsoft announced an exclusive game development deal with Sony Computer Entertainment Inc. (SCEI) that will allow NCsoft to create several online games for SCEI's PlayStation platforms, including PS3 and PSP, accessible through PLAYSTATION Network.** Even as no details about the names or types of games in development were released, NCsoft disclosed that the games would come from both existing intellectual properties (IP) owned by NCsoft, as well as new IP. NCsoft is noted for its highly successful online game products such as the Guild Wars and City of Heroes brands as well as its flagship product Lineage, which has a customer reach of more than 70 million worldwide.

Telecommunications

- **Media sources said a preliminary bid for Hanaro Telecom Inc. did not bring in domestic bidders.** Goldman Sachs' Hong Kong unit said it received preliminary bids till July 11 with no domestic firms participating in the bidding. In 2003, the AIG-Newbridge consortium paid US\$500 million for Hanaro and, by the end of 2006, it had a 39.3 percent interest in South Korea's second-largest broadband operator. Analysts have named SK Telecom and LG Group as strong contenders to take over Hanaro with Singapore Telecommunications Ltd, AT&T Inc and NTT DoCoMo Inc as well as private equity funds as potential bidders.

Semiconductors

- **Industry sources said South Korean semiconductor and LCD equipment makers are speeding up their move to find more export channels and identify new growth engines as a response to the volatility in the semiconductor and LCD sectors.** The reports noted that while the country's equipment makers' sales depend heavily on local semiconductor and LCD makers such as Samsung Electronics and LG Philips LCD, earnings could be severely affected when prices of the giants' major products drop significantly. This kind of decline was already seen in the first quarter this year. In another development, semiconductor and LCD equipment suppliers have recently begun developing new business models to ward off negative impact from a downturn in the semiconductor industry. One company identified was Jusung Engineering, which began operating a plant for solar cell equipment seen as similar to LCD equipment in terms of technologies. Other suppliers, including DMS, Avaco and Kornic Systems, which are also entering the solar cell equipment market.

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



Week of 8 July- 14 July 2007

China

Internet

- **Alibaba announced the appointment of Maggie Wu as the CFO for its B2B business, a move that is seen as a preparation for its possible Hong Kong listing.** Before joining Alibaba, Wu was a partner of KPMG. Her experiences include being a participant in the IPO audits of China Telecom and China Merchants Bank. She also rendered auditing and consulting service to firms that include Motorola, Siemens and Sinopec. Earlier in May, media sources talked about Alibaba's plan to list its B2B service in Hong Kong in the third quarter of this year. Sources said the aim of the listing is to raise about US\$1 billion.
- **Industry sources indicated that Tom Eachnet's new auction platform is going to have its formal launch in August this year.** The platform is presently going through data migration. The new platform is described as having a more stable and faster trading platform. The interface is said to be better streamlined. The reports also mentioned that the new platform will charge a fee but with the charging standard lower than the previous one.
- **The Culture Market Development Center of China's Ministry of Culture and the Jilin Provincial Netcafe Association announced setting up of a strategic alliance with eight technology suppliers in a bid to help the country's Internet café industry and push it to a higher level.** The suppliers are: Ruijie Networks, AMD, Vimicro, HP, Founder, Tsinghua Tongfang, TCL and Shanda. Ruijie Networks has the reputation of being a pioneer in China's domestic netcafe industry having launched the first types of dedicated netcafe routers in China.

Media, Entertainment and Gaming

- **Perfect World announced that it has initiated the roadshow for an IPO aimed at generating between US\$141.6 million and US\$165.2 million.** With the offering, the Chinese online game company joins Shanda Interactive Entertainment, Netease.com and The9 Limited on the NASDAQ. According to IDC, the online game revenues in China will increase from US\$816 million in 2006 to US\$3 billion by 2011. Perfect World has been described as a new player in the industry with a short track record. It has yet to report its first full-year profit. Industry observers note that what makes Perfect World unique compared to the listed players is that it develops all its games itself, using a proprietary 3D game engine and a module-based game platform. The company's first three games had approximately 237,000 average concurrent users in China in the first quarter 2007. As part of its expansion, the company is planning to launch two additional 3D MMORPGs in 2007 and also one casual game by early 2008. Perfect World's *Legend of Martial Arts* online game has officially signed contracts with four overseas agents in Malaysia, Singapore, Thailand, Japan and in Taiwan, Hong Kong, and Macau making it the company's second online game to go international after the Perfect World International Version. The company is offering 11.8 million American Depositary Shares (ADS) or 21.1 percent of the company, at a price of US\$12 to US\$14 apiece. Of the total, 9 million ADSs are backed by primary shares, while the remaining 2.8 million would be sold by China-based venture capital firm Prosperous World that was an early investor into the company. Perfect World posted a loss of US\$3.6 million in 2006. It reported a profit of US\$5.2 million in the first quarter this year.
- **International Data Group (IDG) Ventures Vietnam, a venture capital pioneer in the country, announced its plans to invest in two more joint stock companies: Vega Software Joint Stock Company and Goldsun Focus Media.** The U.S. fund did not reveal the total amount of its planned investments. The Hanoi-based Vega Software, which has a chartered capital of US\$1.1 million, offers

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



Week of 8 July- 14 July 2007

web design, software solutions, media entertainment, and advertisement services. Goldsun Focus Media, a leading advertising agency that has a registered capital of US\$447,000, a tie-up with China's Focus Media to provide out-of-home advertising services under a franchise deal. The project cost is estimated at US\$6.2 million and is already considered among the most ambitious ever conceived in the country's advertising industry. IDG has invested US\$25 million in 14 companies since it came to Vietnam in 2004.

- **The9, an online game operator, announced that it has received an exclusive license to operate MMORPG Field of Honor in mainland China.** The license, secured from Beijing Gameworld Technology Company, will allow The9 three years from the commercial launch date of the game in mainland China to operate the game.

Mobile/Wireless

- **IGRS, the Intelligent Grouping and Resource Sharing working group, and Metalink Ltd., a provider of high-performance wireless and wireline broadband communication silicon solutions, announced that they are working together to provide an advanced High Definition (HD) TV Decoder Platform for wireless home networks.** The platform will be used by all TV manufacturers who are members of IGRS, which together account for more than 84 percent of all televisions sold in China. IGRS was established in 2003 by five of China's leading computer and Consumer Electronics companies: Lenovo, TCL, Konka, Hisense, and Great Wall, with Lenovo acting as the chair company. In addition to the founding companies, key IGRS members include China Telecom, Huawei, Changhong, ZTE, Skyworth and others. Metalink's WLAN and DSL technologies are designed to enable true broadband connectivity in every home. Headquartered in Israel, the company has design centers in the U.S. and Taiwan, and sales offices in the U.S., South Korea, Japan, China and Taiwan.
- **Industry sources reported Huawei's signing of a CDMA2000 contract with Leap Wireless, a U.S. mobile service provider.** Under the agreement, Huawei will set up a CDMA 3G network for Leap Wireless's wholly owned subsidiaries Cricket Communications and Denali Spectrum in selected cities in the U.S. The deal marks the second time the two companies have worked together. Earlier this year, Huawei also secured a contract with Leap Wireless in which the Chinese telecom equipment manufacturer deployed CDMA 3G networks in the northwestern regions of the U.S. The financial details of the agreement were not revealed.

Hardware

- **Intel announced its move to set up an Innovation Commercial Use Computer Technology Platform Accelerator in cooperation with Lenovo.** The company described its effort as a way to strengthen its cooperation with China's local PC manufacturers in a bid to consolidate its position in the Chinese market. The new accelerator is located in Lenovo's Innovation Center in Beijing and is used to display Intel's latest processor technology. Lenovo also said it may duplicate this cooperation pattern with Intel and its other businesses in other locations.

Semiconductors

- **Rumors are circulating stating that China Electronics Corporation (CEC) has plans to become a shareholder of Shenzhen Zhongxin Semiconductor Company (SZXSC) through its subsidiary HuaHong Group.** Media sources said China Electronics Corporation is aiming to build a large semiconductor enterprise in China. A SZXSC source was quoted as saying that they would need

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



Week of 8 July- 14 July 2007

to first study the feasibility of a potential merger. Other observers believe that the companies would be exchanging shares.

Information Technology

- **Hisense, a leading provider of consumer electronics, household appliances and information technology, and Metalink Ltd., a provider of high-performance wireless and wireline broadband communication silicon solutions, announced their collaboration to offer innovative and cost-effective solutions for delivering high-definition (HD) multimedia over wireless home networks.** Hisense Co., Ltd. specializes in consumer electronics, household appliances and information technology. The company's main products are televisions, air conditioners, refrigerators, computers, CDMA mobile phones, software and network devices. Hisense ranks among China's Top Ten electronic manufacturers and plays a leading role in the global electronics industry, relying chiefly on an efficient technology innovation system. Hisense exports its products to over 50 countries and regions. In addition, it has established subsidiaries in the U.S., Japan, Brazil, Indonesia and Hong Kong, with a production base in South Africa, and a trading office in Italy. Metalink Ltd. is a leading provider of high performance wireless and wireline broadband communication silicon solutions.

Taiwan

Telecommunications

- **Chunghwa Telecom (CHT) announced that it has selected Siemens Telecommunication Systems and Alcatel-Lucent Taiwan as the two finalists to will negotiate with for the establishment of the carrier's IP Multimedia Subsystem (IMS) service delivery architecture.** CHT said Ericsson was a runner-up, which would allow the Swedish firm to take up the project in the case neither finalist reaches an agreement with CHT. At stake is the planned IMS project to be implemented in 2007 for about NT\$1.7 billion (US\$51.8 million). The contract also states that the winner and the loser together with the runner-up will be entitled to negotiate for an additional part of the IMS project set in 2008. The IMS project, budgeted at NT\$9 billion (US\$274.7 million), is expected to go on until 2011. In a separate development, CHT said it is reviewing the list of bidders for its planned purchases of ROADMs (reconfigurable optical add/drop multiplexers). As with the IMS project, CHT also plans to select two finalists and a runner-up for the ROADMs project.

Mobile/Wireless

- **Cell phone maker Foxconn International Holdings, a division of Taiwan electronics parts maker Hon Hai, announced its decision to develop handsets based on the TD-SCDMA standard.** When the technology is set for use next year, Foxconn said it will then look to receive orders. Industry reports indicate that the parent of China Mobile is spending around US\$3.1 billion to build a TD-SCDMA network, which some expect to go into widespread commercial use in late 2007. The standard is China's homegrown 3G mobile telecoms standard, offering faster Internet access than 2G digital technology used by most cell phones. European and American firms are said to be focused on the established W-CDMA and CDMA2000 standards even as local and foreign vendors are researching and rolling out equipment based on the Chinese standard. No financial details about Foxconn's investment were revealed. Foxconn declined to disclose the size of its investment. Foxconn makes phones under the brand names of Nokia and Samsung.
- **BenQ said it has decided to sell its two headquarter office buildings in Taipei to Taiwan-based Shin Kong Life Insurance for a total transaction price of NT\$5 billion (US\$153.6**

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



Week of 8 July- 14 July 2007

million). The decision includes leasing one of the buildings for use as headquarters. BenQ said it looks to generating a capital gain of NT\$1.2 billion (US\$36.6 million) in 2007 from the sale.

Semiconductors

- **Ralink Technology, a Taiwan-based designer/producer of chipsets, announced its decision to issue 5 million new shares at a price of NT\$117 (US\$3.6) per share for private placement.** The amount is equivalent to raising additional capital of NT\$585 million (US\$2.5 million). According to the company's chairman and CEO, the capital to be raised is expected to answer Ralink's medium-to long-term operational needs. The company's efforts to gain huge market share is based on the forecast that the annual demand for Wi-Fi chipsets is climbing from US\$1 billion currently to US\$2 billion over the next few years.

Hardware

- **Sintek Photronic, a maker of TFT-LCD color film (CF) in Taiwan, announced its willingness to buy the 5G production lines from Allied Material Technology Corporation (AMTC), another CF maker in Taiwan.** The production lines have been idle for a while due to serious financial troubles experienced by AMTC. According to Sintek, AMTC's stoppage of production aggravated the already tight global supply of 5G CF substrates, bringing levels 50,000 units short of demand in the second quarter of 2007. Analysts believe the shortage is expected to persist in the third quarter. Sintek's production capacity of 5G CF substrates has been booked up until the end of 2007 by Taiwan-based TFT-LCD makers Chi Mei Optoelectronics and HannStar Display, as well as China-based makers including Shanghai SVA-NEC Liquid Crystal Display, BOE Technology Group and InfoVision Optoelectronics. Industry sources said these films are all planning to negotiate long-term supply contracts with Sintek.

Hong Kong

Telecommunications

- **Cisco announced that PCCW Ltd., the leading telecommunications provider in Hong Kong, has selected a Cisco optical networking solution (ONS) to help strengthen its Ethernet Private Line (EPL) and Ethernet Virtual Private Line (EVPL) services for its enterprise customers.** The deployment of the Cisco Multiservice Transport Platform (MSTP) enables service providers to enhance their networking services to enterprise customers with faster deployment of new applications, minimized latency and jitter-rate, scalable bandwidth, end-to-end network management and improved data-integrity.

Software

- **CDC Corporation's subsidiary CDC Software announced its acquisition of PlanTec, an Australia-based business intelligence services company.** PlanTec specializes in providing business intelligence solutions to health, retail, commercial, telecommunications, waste and utilities, and also state and federal governments. Industry observers see the acquisition as boosting CDC Software's position in the business intelligence and services market in the region. An official of Praxa, CDC Software's consulting services company in Australia, described the acquisition as fitting its strategy to expand in the Australian IT market. In a separate development, CDC Corp. said it plans to file with U.S. regulators for an IPO of up to US\$200 million of Class A common shares of its CDC

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



Week of 8 July- 14 July 2007

Games Corp. unit. The Hong Kong-based company said the offering will begin during the fourth quarter of 2007.

- **SustainAsia, the Hong Kong-based sustainability consultancy, and Enablon, a leading provider of corporate responsibility and EHS management software solutions, announced their entering into a partnership to provide full end-to-end compliance and sustainability solutions.** Under the agreement, Enablon will provide dedicated software solutions and SustainAsia will offer consulting and support services around their implementation.

Hardware

- **VST announced entering into a strategic cooperation agreement with Dell that will allow it to be responsible for distributing the computer maker's laptop computers, desktop computers and servers in China.** The agreement is also seen as terminating Dell's direct selling pattern in the China market. Under the deal, VST and Dell will work together in 12 provinces of the country with the possibility of having this strategic agreement expanded in the future. Hong Kong-based VST Holdings Limited is engaged in the distribution of a wide range of IT products and related components. The company is a distributor for a number of companies including Seagate and AMD. No comment came from Dell about the report.

Singapore/Malaysia/Philippines/Indonesia

Ventures/Investments

- **Sage announced its acquisition of Singapore-based Creative Software Pte Ltd. (CSPL), a provider of payroll and human resource management software and services, in deal valued at S\$10 million (US\$6.5 million).** CSPL has 4,000 customers in Singapore, Malaysia, Indonesia, Brunei and Hong Kong. With branch offices in Kuala Lumpur and Hong Kong, CSPL employs around 70 people. In 2006, it reported an annual turnover of approximately S\$4.9 million (US\$3.2 million). The acquisition is subject to regulatory approvals and is expected to complete within the next few months. The England-based Sage Group plc is a leading global supplier of business management software solutions and related products and services, principally for small to medium-sized enterprises.

Mobile/Wireless

- **Usape Nelson Wireless Sdn. Bhd. (Usape), a provider of wireless entertainment, content aggregation and mobile software solutions to corporate clients from telecommunication, financial, and consumer goods industries, and One Stop Music Sdn. Bhd. (OSM), a representative body that encompasses all the independent music labels in Malaysia, announced entering into an agreement to create and distribute mobile music and graphics based on the given authorized digital music license.** Under the alliance, Usape, a wholly owned subsidiary of Nextnation Communication, is allowed to produce true tones and generate wallpapers based on artists from up to 30 or more local music publishers. Apart from Malaysia, these publishers also cover various artists from Asian markets such as Taiwan, Indonesia, Philippines, China, Korea, Singapore, Thailand and Hong Kong.

Information Technology

- **eTelecare Global Solutions Inc., a leading provider of business process outsourcing services, announced that it is listing at the local bourse up to 82.9 million common shares.** The company has an authorized capital stock of 130 million pesos (divided into 65 million common shares). In May,

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



Week of 8 July- 14 July 2007

eTelecare listed its American depository shares at the NASDAQ Stock Exchange. The company said it aims to use the US\$79 million IPO proceeds it generated from the float to expand its business. The company established its first contact center in the country and became one of the first Philippine-based companies to provide voice-based outsourced services to the U.S. market. In 2004, eTelecare became one of the first Philippine-based companies to offer multishore business model with its acquisition of Arizona-based Phase 2 Solutions, a leading U.S. BPO firm. In 2006, eTelecare reported service revenues of US\$195 million compared to the US\$152 million a year earlier. The company said it is opening its sixth delivery center in the country.

United States/Canada

Internet

- **Microsoft disclosed its enlistment of Linux distributor TurboLinux in working on a solution needed to translate documents between Open XML and ODF file formats for Japanese and Chinese users.** With the agreement, TurboLinux joins the Microsoft-funded but community-led Open XML-ODF (Open Document Format) translator project and will help ensure that documents based on Open XML can communicate smoothly with ODF-based documents in Office suites that use Japanese and Chinese characters. Under the deal, TurboLinux will ensure those suites can read and write Open XML Files.
- **Google Inc. reported its acquisition of e-mail security specialist Postini Inc. in an all-cash deal valued at US\$625 million.** The acquisition is seen as boosting Google's move to sell online software services to corporate customers seeking alternatives to Microsoft Corp.'s long-dominant products. Google began selling companies a low-cost suite of online software that includes e-mail, calendaring and word processing in February, in a bid to diversify its revenue beyond Internet advertising. Observers also see Google's efforts as taking some of the market shares from Microsoft. By offering low-cost software applications, Google and other Internet companies are directly competing with Microsoft's stronghold of the industry. Formed in 1999, Postini provides e-mail and instant messaging protection to about 35,000 customers with more than 10 million users. The acquisition is seen as benefiting Postini's early investors, a list that includes Sun Microsystems Inc. and venture capital firms August Capital, Bessemer Venture Partners, Mobius Venture Capital and Summit Partners.
- **Yahoo Inc. has reportedly took control of online advertising exchange Right Media Inc., a development that gives the Internet portal an advantage over Google Inc. and Microsoft Corp. in the competition to come up with potent marketing vehicles.** Yahoo acquired Right Media for US\$700 million. Yahoo said it is looking to the acquisition to boost its efforts to sell more Internet ads that use graphics and other visuals. The advertising format is forecast to become hugely popular as more companies promote brands online instead of via TV, magazines and newspapers.

Mobile/Wireless

- **Apple Inc. revealed its decision to launch a cheaper version of the iPhone in the fourth quarter.** According to a JP Morgan analyst, the device is expected to be based on the ultra-slim iPod Nano music player. Earlier, Apple filed a patent application document dated July 5 that refers to a multifunctional handheld device with a circular touch pad control, a feature likened to the Nano's scroll wheel. Industry observers said that sales of the iPhone are expected to be limited to a small percentage of the market due to its high price tag, particularly in the U.S. where 85 percent of

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



Week of 8 July- 14 July 2007

consumers tend to spend US\$100 or less on cell phones. A cheaper phone from Apple is seen as a bigger threat to phone makers such as Nokia, Motorola Inc. The reports identified Catcher Technology of Taiwan (2474.TW) as the major source of metal casing for the new phone, with the revenue from Apple expected to give Catcher additional US\$183 million to T\$8 US\$244 million in 2008.

- **Motorola announced that it has entered into a definitive merger agreement to acquire privately held Leapstone Systems.** Headquartered in the U.S., Leapstone is a communications software developer that provides a unified platform for rapidly creating, managing and delivering converged video, voice and data service bundles across multiple networks and devices. Terms of the deal were not disclosed.

Media, Entertainment and Gaming

- **IGA Worldwide Inc., the leading independent in-game advertising network, announced that it has raised US\$25 million in Series B funding.** The company said GE/NBC Universal's Peacock Equity and KTB Ventures led the round along with existing investors, Easton Capital, Morgenthaler Ventures, Intel Capital and DN Capital. According to its CEO, the investment will enable IGA to boost its "global in-game footprint". Headquartered in New York with offices in London and Berlin, the group is backed by Easton Capital Group, Intel Capital, Morgenthaler Ventures and DN Capital.
- **Microsoft Corp. announced entering an agreement with Disney-ABC Domestic Television that will allow Xbox 360 owners to download Disney movies on its online video game service.** The agreement will also allow Xbox 360 clients to rent films on demand as they become available from Walt Disney Pictures, Touchstone Pictures, Miramax Films and Hollywood Pictures. Currently, Xbox Live already offers movies and television shows from more than two dozen other content providers, with the service registering more than 7 million members. According to NPD Group, Microsoft's Xbox 360 is leading in the U.S. with 5.6 million units sold. Its worldwide sales of 11.6 million still fall short of the company's target of 12 million units.
- **Industry sources reported the merger of the National Broadband Company (NBBC), NBC Universal's web syndication service with a yet unnamed NBCU/News Corp. joint online video venture.** The new entity is scheduled to launch later this year and is seen as directly competing against Google's YouTube.

Hardware

- **Intel announced its joining of an alliance of companies under the One Laptop Per Child (OLPC) non-profit organization.** With the move, Intel said it will contribute both technology and educational content to the initiative in the future. The OLPC is composed of corporate members that include AMD, Brightstar, Chi Lin, eBay, Google, Marvell, Quanta Computer, and others. The organization targets the provision of low-cost laptops to children living in the world's most remote and poorest countries.

Software

- **Axiom Technologies, Inc. announced that it has entered into a long-term partnership with Securus Technologies Group (STG) to direct its new software business development.** STG is a privately held market development firm specifically aligned with the electronic security industry. Axiom Technologies, Inc. is a leading provider of surveillance security systems software and hardware, with headquarters in California and its Research and Development Facility in South Korea. The company's primary products include MAXIMUM Surveillance Software, which is the key solution

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



Week of 8 July- 14 July 2007

providing interoperability for numerous digitalized security and surveillance products from diverse manufacturers.

- **Oracle Corp. released the new version of its database software, with the additional security features and support for multimedia files to its biggest-selling and most-profitable product.** The program, called 11g, enables customers to track changes made to databases and encrypt data. The company produces some two-thirds of its software sales from databases and related programs.

Europe

Media, Entertainment and Gaming

- **NEXON Europe said it has brought to Europe MapleStory, a MMOG (Massively Multiplayer Online Game) originally launched in South Korea in 2003 before spreading around Asia and to North America.** The game is described as having a “cartoonish” visual style. It can be played for free but fitted with “microtransactions” enabling users to get stuff like costume accessories and player enhancements. Purchases can be made at special shops within the game using NEXON cash, which can be pre-bought. In a related development, NEXON Europe also revealed its plans to support the game with weekly updates, new game modes, quests, player skills and in-game items along with regular in-game events.
- **Brightcove, a U.S.-based online syndication firm, announced that it has secured content deals with a host of media groups in the UK to carry video clips on websites.** The agreement is expected to enable companies to run ad-supported videos on its www.heatworld.com website. These agreements include content deals with Sony BMG, Brightcove and ELLE magazine, the latter to carry Internet video coverage focused on fashion events through an agreement with publisher Hachette Filipacchi UK. Brightcove has also entered into a deal with a leading UK publisher, IPC Media, which will show video footage on its Nuts magazine site. Brightcove said it decided to launch in Britain because it perceives the UK market as having a high level of broadband penetration and a growing online advertising market. Outside these new deals, Brightcove also maintains global content deals with Reuters Group Plc, MTV Networks and Warner Music Group.

Hardware

- **Fujitsu-Siemens Computers (FSC) announced that it will start selling laptops with flash memory instead of hard drives this summer in Europe, with the flash memory-based, solid-state disc drive manufactured by Samsung.** The change is expected to bring about faster and more energy-efficient computers to the European mass market. Flash memory is currently used for gadgets such as digital cameras, MP3 music players and USB sticks. The new flash-memory laptops would cost around 500 euros (US\$688) more than the comparable hard-disc models, which retail for a recommended 2,800 euros (US\$3,860). Fujitsu, joint owner of FSC with German industrial group Siemens, already offers a 32-gigabyte solid state-drive laptop in the U.S. In a separate development, Luvaglio, a British luxury-goods maker, offers a 128-gigabyte model for US\$1 million. SanDisk, a flash memory chipmaker, is reportedly working with computer maker Dell on a solid-state drive.

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



Week of 8 July- 14 July 2007

Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 7/6/07)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change Last 12 Mth.
Japanese yen	¥/US\$	123.2550	-0.1%	3.5%	4.7%	6.8%
Hong Kong dollar	HK\$/ US\$	7.8184	0.0%	0.5%	0.8%	0.6%
Chinese renmenbi	RMB/ US\$	7.6010	-0.2%	-2.6%	-5.8%	-4.9%
Singapore dollar	S\$/ US\$	1.5216	-0.6%	-1.1%	-8.5%	-3.9%
South Korean won	KRW/ US\$	920.5500	-0.4%	-1.0%	-8.9%	-3.0%
New Taiwan dollar	NT\$/ US\$	32.8450	0.1%	0.8%	0.1%	1.2%
Australian dollar	US\$/A\$	0.8562	0.7%	8.6%	16.8%	15.4%
New Zealand dollar	US\$/NZ\$	0.7823	1.2%	11.1%	14.4%	29.6%
Philippine peso	PHP/ US\$	46.0900	-0.3%	-6.0%	-13.2%	-12.5%
Euro	US\$/€	1.3595	0.7%	3.0%	14.7%	6.7%
British pound	US\$/£	2.0104	0.3%	2.6%	16.7%	9.5%

Fixed Income Prices and Yields

Note	Currency	Current (on 7/13/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	93.3906	5.22%	92.1875	5.23%	92.1620	5.26%
Japan 30-year	¥	99.5015	2.50%	100.0085	2.50%	99.8330	2.51%
Hong Kong 10-year	HK\$	100.6167	4.36%	100.6314	4.36%	100.3340	4.84%
China (06/16)	US\$	102.4746	4.35%	102.7292	4.31%	104.1900	4.13%
Singapore 10-year	S\$	101.3170	3.06%	102.1170	3.08%	101.6960	3.09%
South Korea 20-year	US\$	103.2556	5.66%	103.1029	5.66%	103.9290	5.54%
Australia 15-year	A\$	150.4995	2.72%	150.8935	2.67%	148.9570	2.80%
New Zealand (12/17)	NZ\$	93.9361	6.76%	94.5995	6.70%	93.7690	6.84%
Philippines 20-year	PHP	121.5449	9.07%	121.5449	9.07%	131.076	8.24%
India 30-year	INR	89.1820	8.41%	89.2902	8.40%	87.2200	8.61%
UK 30-year	£	90.6400	4.81%	90.1000	4.87%	90.4761	4.87%
Germany 30-year	€	88.4490	4.74%	87.6910	4.76%	87.1570	4.82%

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