

# IRG WMR



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

*Week of 14 January - 19 January, 2008*

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Equity Market Indicators					
Index	Closing Level (1/11/2007)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
S&P 500	1,325.19	-5.4%	-10.4%	-8.4%	-6.6%
Dow Jones Industrial Avg.	12,099.30	-4.0%	-9.5%	-7.2%	-2.9%
Dow Jones Tech. Index	402.98	-2.7%	-12.8%	-10.7%	-2.4%
Dow Jones Telecom. Index	288.83	-5.4%	-8.4%	-7.1%	11.1%
NASDAQ Composite	2,340.02	-4.1%	-12.5%	-10.3%	-3.1%
The Street.com Net	249.33	-2.9%	-12.7%	-10.4%	0.8%
Japan Nikkei 225	13,861.29	-1.8%	-9.4%	-5.7%	-19.5%
JASDAQ	63.54	-6.6%	-12.0%	-9.9%	-26.3%
Japan Mothers	680.37	-3.3%	-13.1%	-8.9%	-38.7%
Korea KOSPI Composite	1,734.72	-2.7%	-8.6%	-6.4%	20.9%
Korea Kosdaq	666.32	-4.7%	-5.4%	-5.8%	9.9%
Taiwan Stock Exchange	8,184.65	1.9%	-2.5%	-1.7%	4.6%
Singapore Straight Times	3,104.25	-5.6%	-9.9%	-10.3%	4.0%
Hong Kong Hang Seng	25,201.87	-6.2%	-7.9%	-8.6%	26.2%
Hong Kong GEM	1,160.93	-9.2%	-12.6%	-13.8%	-5.2%
China Shanghai (A-Share)	5,436.88	-5.6%	-1.5%	-1.7%	93.1%
China Shenzhen (A-Share)	1,598.68	-2.2%	5.1%	3.3%	180.7%
China Shanghai (B-Share)	354.50	-3.7%	-3.1%	-3.5%	172.4%
China Shenzhen (B-Share)	683.87	-5.3%	-3.6%	-4.5%	57.8%

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Technology, Media, Telecommunications and Life Sciences Market Activity						
NASDAQ/NYSE TMT and Life Sciences IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
N/A						

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 1/18/07	% 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 1/18/07	% 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

#### *Hardware*

- **According to research firms IDC and Gartner, worldwide PC shipments posted a 13 percent growth on year in the fourth quarter of 2007.** According to IDC's Worldwide Quarterly PC Tracker, worldwide shipments registered a 15.5 percent rise in the fourth quarter of 2007. On an annual basis, total shipments reached 269 million units in 2007 with growth of 14.3 percent. The IDC report placed HP in the No. 1 spot with volume of over 50.5 million. Dell came in second with volume of 40 million. Acer was No. 3 with volume of 21.2 million, followed by Lenovo with 20.2 million. Asia/Pacific, excluding Japan, (APeJ) continued to grow by more than 20 percent. Shipments in Australia and Indonesia accelerated in the fourth quarter while growth in several fast growing markets, including Malaysia and Vietnam, remained above 20 percent despite slowing from mid-year peaks. According to preliminary results from Gartner, worldwide PC shipments totaled 271.2 million units in 2007, representing a 13.4 percent increase from 2006. The industry ended the year with fourth quarter PC shipments of 75.9 million units, a 13.1 percent increase from the fourth quarter of 2006. An analyst for Gartner's Client Computing Markets group noted that the Europe, Middle East and Africa (EMEA) region continued to be the largest PC market in 2007, helped by strong Eastern Europe, Middle East and Africa growth. Asia/Pacific is the second-largest PC market during the fourth quarter. According to Gartner, the Latin America PC market saw its PC shipments grow 8.9 percent to 24 million units in 2007 from 2006.

### Japan

#### *Media, Entertainment and Gaming*

- **Sega, a Japanese game company, announced its project to help build a massive game arcade in Dubai.** The game arcade is expected to be the largest in the world and is now under construction. Sega, a unit of the Sega Sammy group, said it had signed an agreement with Emaar Malls Group LLC of the United Arab Emirates to build the two-floor arcade inside the Dubai Mall later this year. Under the license agreement, Sega will offer development and management know-how to Emaar Malls Group, which will build and operate the facility. Sega said the arcade is designed to occupy some 7,000 square meters (75,350 square feet) of the shopping mall. Sega said it looks to the new deal to open new opportunities.
- **Gonzo Rosso, an online game operator in the GDH media group, announced its launching of RAN Online game in Vietnam.** The beta service starts in mid-January, with the full commercial launch scheduled for the end of the month. The company will offer RAN Online via its Kuala Lumpur-based subsidiary GoldSky Access, which also operates the game in Malaysia, Singapore, Thailand, the Philippines and Indonesia. RAN Online is an MMORPG licensed to GoldSky for operation in Southeast Asia by Korean game developer Min Communications. GoldSky specializes in the online game licensing business including localization/culturalization of in-game events and billing processes. Gonzo Rosso's other areas of business include development/operation of online merchandise store. G.D.H. is a globally-focused Japanese media company, which produces entertainment for teenagers and young adults through its Gonzo animation brand.

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## *Internet*

- **eAccess Ltd. is reportedly using its newly acquired stake in rival ACCA Networks Co Ltd. to demand that Acca replace its top managers with officials from eAccess.** Earlier, eAccess beat NTT to become the top shareholder in ACCA. The proposal specified that replacement be sought for ACCA President Masaharu Kimura and two other officials. eAccess holds a 13.1 percent stake in ACCA. The company said it looks to a new management that is more open to working with eAccess in ADSL broadband Internet access and wireless services.

## *Mobile/Wireless*

- **KDDI's mobile WiMax joint venture, Wireless Broadband Planning K.K., announced that it is near to closing on its vendor choices for a US\$1.3 billion mobile WiMax network in Japan.** Leading the candidates are Fujitsu Ltd. and Samsung Corp. The decision is expected to be out by March. A technology officer at Airspan Networks Inc. called Japan as having the “biggest Wimax game in town.” Wireless Broadband Planning's investors are KDDI, Intel Capita, East Japan, Kyocera Corp., Intel Capital, East Japan Railway Company, Daiwa Securities Group Inc., and the Bank of Tokyo-Mitsubishi UFJ Ltd. KDDI's WiMax joint venture, Wireless Broadband Planning, was awarded a national WiMax license at 2.5 GHz at the end of last year, with the venture committing an investment of US\$145 billion yen (US\$1.3 billion) through March 2014. The other license winner is personal handyphone system (PHS) operator Willcom, which plans to invest US\$1.7 billion over six years on a next-generation PHS network at 2.5 GHz.
- **Openwave Systems Inc. announced a joint collaboration with Japanese Internet start-up, Zero Start Communications Co. Ltd, to launch a new mobile Mini-Blog service.** The service is dubbed "chopi" in Japan. Under the agreement, Openwave's carrier-grade, standards-based converged communications platform will serve as the messaging engine powering Zero Start's chopi Mini-Blog service. Zero Start's chopi Mini-Blog service enables users to join communities, view other user's comments, and communicate with friends, family members and others via their mobile device. The chopi Mini-Blog service also offers consumers closed community portal pages along with search engine and private messaging. Headquartered in Tokyo, Zero Start provides software products and software engineering for the Internet media industry, and web services in Japan.
- **According to NEC Corp., Japan's largest personal-computer maker, the company together with Sumitomo Corp. has won a contract to supply wireless communications systems to Wind Telecomunicazioni SpA, Italy's third-largest mobile-phone company.** Based in Rome, the operator holds an 18 percent share of Italy's 80.3 million-subscriber mobile market.

## *Telecommunications*

- **According to media sources, Nippon Telegraph and Telephone Corp will soon be required to open its fiber optic communications network to competitors.** The country's Ministry of Communications is expected to announce the new guidelines requiring the open network. NTT, which plans to formally launch the next-generation network in March, owns about 70 percent of Japan's telecommunications market. Earlier, the ministry was asked by KDDI Corp and Softbank Corp to open the network for wider use.

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## *Ventures/Investments*

- **Motorola Inc. announced its acquisition of Vertex Standard Co. Ltd., a Japanese 2-way radio maker. Under the tender offer, Motorola will pay an estimated 12 billion yen (US\$112 million) in cash for 5.4 million shares.** After the purchase, Motorola will own 78 percent of Vertex.

## **Korea**

### *Internet*

- **According to media sources, the South Korean government plans to ban local Internet portals from editing headlines of news stories supplied by news organizations without permission.** Local online portals such as Naver and Daum have been dominating the home market with advanced search engines and specifically localized services. Observers note that the plan comes amid increasing worries over the misuse of online power to retain leadership in the industry. In South Korea, where 33 million out of the total population of 48 million have access to high-speed broadband Internet, many issues arise out of problematic postings, especially related to rights infringements on the web.

### *Mobile/Wireless*

- **South Korea's top mobile service operator SK Telecom announced that it would invest 655 billion won (US\$700.7 million) to upgrade and expand its networks.** In a filing with the Korea Exchange, SK Telecom said the spending will be made during the first half of 2008.

### *Software*

- **NEO Mtel announced that it has gone beyond the US\$10 billion cumulative royalty revenue from Qualcomm since its first supply of embedded graphic software to the CDMA chipset provider.** For the first time NEO MTEL implemented its embedded software in a mobile phone with various graphic effects in 1999. Through the 2001 contract with NEO MTEL, Qualcomm obtained a license of the NEO's patent and software for its core technology of the CDMA chip to provide projects to CDMA markets around the world. Neo MTEL is a South Korea-based technological venture firm that developed the source technology for the world's first video images for wireless devices.
- **TmaxSoft disclosed that it has set the company sales target at 160 billion won (US\$169.7 million) this year.** The company plans to lay a foundation for new growth engines such as database, industry specific solutions and SaaS as its three core strategies so as to achieve the sales target. The company said it also plans to strengthen the competitiveness of solution business through stronger consulting services, more systematic project implementation and better professional training.

### *Hardware*

- **Samsung Electronics Co., Ltd. announced record revenues of 17.4 trillion won (US\$18.4 billion) for the fourth quarter of 2007 ended December 31, 2007.** Samsung posted an operating profit of 2.5 trillion won (US\$2.6 billion) on a consolidated basis, with the company ascribing the strong performances to its LCD Business and Digital Media Business, as well as better-than-expected results elsewhere in the company. To the LCD Business and Digital Media Business, which generated annual operating profits of 2.1 trillion won (US\$2.2 billion) and 1 trillion won (US\$1 billion) respectively on a consolidated basis, was attributed the company's fourth-quarter profitability. All of

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the company's business units were solidly in the black, due to improved performance by the Digital Appliance Business, and better than expected results from the Semiconductor Business.

## *Telecommunications*

- **Mongolia's State Property Committee has released a list of state-owned businesses that it will seek to privatize in 2008.** The most important of these businesses appears to be Mongolia Telecom (MT). Currently, Mongolia owns 54 percent of Mongolia Telecom, with Korea Telecom holding 40 percent of the company. In 1995, Korea Telecom received permission to acquire 40 percent of the company for US\$4.5 million. Prior to selling Mongolia Telecom, the government is seeking to buy back the Korea Telecom-owned shares. However, disagreement over the value of the shares could delay the sale of the company. In August 2006 the government approved a restructuring of MT into two autonomous units called NetCo and ServCo, to operate the infrastructure and services respectively.

## **China**

### *Internet*

- **PacificNet, Inc., a provider of gaming technology, e-commerce, and Customer Relationship Management (CRM) in China, announced that its subsidiary, PacificNet iMobile, was selected by Motorola China to design and operate Phase III of the MOTO Store portal, the official designated e-commerce portal for Motorola mobile products in China.** Under the agreement, PacificNet iMobile is responsible for the overall development, design, deployment, testing and launch of the MOTO Store, as well as Internet payment processing, customer relationship management (CRM) and call center customer support services. The deal also covers a two-year maintenance agreement. PacificNet's iMobile subsidiary provides Internet, email, customer service centers, pre and post-sale services, logistics and Cash On Delivery (COD) services to mobile consumers in China. In a separate development, PacificNet announced that it has completed the acquisition of 100 percent ownership of Octavian International Limited, a worldwide supplier of gaming technology, solutions and systems.
- **According to China Internet Network Information Center (CNNIC), its Internet population has surged 53 percent to 210 million people from 137 million reported last year.** With this number, media sources are placing China about 5 million behind the U.S. The reports noted, however, that in many aspects China still lags behind the U.S. with China's online penetration rate remains at 16 percent, the point Americans were at in the mid-1990s. According to the Pew Internet and American Life Project, 75 percent of American adults are now online, with penetration even higher when teens are included.
- **Media sources indicate that Coordinate Technologies has finalized a bilateral roaming agreement with Swisscom, a move that will enable Swisscom customers to have access to over 2200 WiFi hotspots managed by China Netcom and China Mobile.** The connection will cover 43 airports, 1300 hotels, and all Starbucks locations. Under the agreement, Chinese customers will be able to access 1000 top-tier hotspots managed by Swisscom. China Netcom operates 400 Hotspots, primarily in northern China, and is anticipated to add an additional 1,000 Hotspots before the 2008 Olympics. China Mobile operates 1,836 hotspots. Both operators are planning significant capital investments in their WLAN coverage.

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## *Media, Entertainment and Gaming*

- **The National Basketball Association announced the formation of NBA China with the Li Ka Shing Foundation, ESPN and three Chinese companies.** Under the agreement, five strategic partners – ESPN, a division of the Walt Disney Company; Bank of China Group Investment; Legend Holdings Limited, the holding company for PC maker Lenovo; the Li Ka Shing Foundation; and China Merchants Investments, an affiliate of China Merchants Bank – will collectively invest US\$253 million to acquire 11 percent of the reference shares in NBA China. The new company will conduct all of the league's businesses in greater China, such as merchandising and marketing of television and other media.
- **VODone Limited, a leading tele-media service provider in China, announced that its subsidiary, TMD2 has entered into an agreement with DoubleClick Techsolutions (Beijing) Co. Ltd., a wholly-owned subsidiary of DoubleClick Inc., which specializes in digital marketing for Internet media and advertisers.** Under the agreement, DoubleClick will provide expertise service to target and measure advertisers' exposure and hit rates on VODone web sites and VODone BUS, the Broadcasting Union System for online video advertising.
- **Virtuos announced the opening of a new development center in Chengdu.** The center has been dubbed Virtuos Chengdu and has started servicing international clients in the 3D Art and development areas. Virtuos said it aims to expand further to establish its brand as one of the world's top game outsourcing company in quality, size and revenue. Backed by Legend Capital, the venture capital arm of China's largest IT group, Virtuos is preparing to establish or acquire new development centers. Earlier, the firm set up Virtuos Shanghai.
- **Shanda disclosed its decision to spend some 8 million yuan (US\$1.1 million) to encourage its employees to think of innovative undertakings.** Media sources said that the first round of investment worth 8 million yuan (US\$1.1 million) would be made available between June and September 2008. The sources also said that once the idea has been approved, there would be a review later to find out if it is necessary to provide any more investment.
- **According to its CEO, Netease will launch a free online game in 2008 for the first time. The game to be launched is Tian Xia Er, which did not achieve much success.** The CEO explained that the game was not successful on the market mainly because they ignored the difference in China's 40 million game players and emphasized too much on its time-based charging. The official said that the change of the market has encouraged them to launch the game as a free game to players. The company also disclosed that it has no plans to focus on developing games of its own in 2008. Netease is aiming to co-develop some games with its partners.

## *Mobile/Wireless*

- **Vtion Wireless Technology announced that it is relaunching its initial public offering of shares in Frankfurt, with the company stating its aim to raise up to 55.2 million euros (US\$80.6 million).** The China-based Vtion has initially set its IPO in November last year. The company provides wireless data card solutions for mobile computing. For its IPO, the company is offering 4.6 million shares, with a price range of 8-12 euro (US\$12-17) per share. For the offering, BOC International, CLSA and Sal. Oppenheim will serve as the joint bookrunners.
- **Haier Mobile and NXP Semiconductors announced their move to form a strategic collaboration that will have Haier adopting NXP's solutions for its EDGE mobile phones.** NXP was founded by Philips. Industry observers see the strategic collaboration between the mobile

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terminal manufacturer and the upstream chip supplier as consolidating the technological and market advantages from both companies. The alliance is also seen as boosting the widespread deployment of EDGE technology in the domestic Chinese market, which is expected to give Haier's mobile users faster and more convenient mobile data services including streaming media and high-speed networking, as well as richer mobile entertainment experiences such as video and gaming. NXP's Nexperia cellular system solution 6120/5210 has already been adopted by Haier in several EDGE mobile phones.

- **China TechFaith announced the formation of TechFaith Tech-Interactive Limited, a wholly owned subsidiary focusing on the development and operation of wireless application and content.** The company said the new wireless content unit will first set up three studios to develop interactive online gaming content. TechFaith offers the market multimedia phones, dual mode dual card phones, smartphones and Pocket PC phones. TechFaith said it is adding its handsets with interactive online gaming and professional game terminals with phone functionality. The company said it has plans to enter into gaming operations in the Chinese market and provide original design wireless gaming application and software services to the international market. Industry observers see this strategy as transforming TechFaith from an original developed product provider to an original developed product and content provider. TechFaith said that its wireless game terminals will be Windows Mobile-based, with its small PCs to be based on Windows Vista and Windows XP.
- **Linktone, the Chinese wireless value-added services company, announced the resignation of Colin Sung, the company's chief financial officer, effective January 31, 2008.** Sung is expected to remain with Linktone in a consulting capacity for a transition period in order to assist the company with the planned strategic investment by PT Media Nusantara Citra Tbk in Indonesia. Foo Him Tiem, the deputy chief financial officer of Linktone, has been appointed acting chief financial officer of the company. Linktone posted a net loss of US\$2.7 million in the third quarter of 2007. Industry observers are trying to connect the resignation of the CFO to this financial result.

## *Software*

- **CDC Software, a wholly owned subsidiary of CDC Corporation and a provider of industry-specific enterprise software applications and business services, announced that Ingersoll Rand has centralized management of its human resource operations in China with Platinum HRM, CDC Software's human capital management (HCM) solutions.** Ingersoll Rand is a global diversified industrial firm providing products, services and solutions to transport and protect food and perishables, secure homes and commercial properties, and enhance industrial productivity and efficiency. Customers of the Platinum HRM solutions include Philips Electronics (Beijing), Ingersoll Rand China, Mitsubishi Chemical (Ningbo), and Beijing SE PUTIAN Mobile Communications Co., Ltd (BMC), a Sony Ericsson investment.
- **The Symbio Group, a provider of outsource software development, testing, globalization and support services out of China, announced that it has entered into agreements with China's Hangzhou Municipal Government to establish a new software park in Hangzhou.** Scheduled to open in spring of 2008, the Symbio East Software Park will be the first outsourcing center in Hangzhou. The company said that the Symbio software park will house software teams responsible for business process outsourcing, financial services software development, and research and development. Outside of the Symbio East Software Park, Symbio has software development facilities in Beijing, Shanghai, Chengdu, and Taipei.

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## *Ventures/Investments*

- **The China Development Bank and IDB Group (Tel-Aviv, Israel) disclosed their investment of US\$50 million in the Infinity I-China Fund.** The I-China Fund is set to be managed by Infinity-CSVC Partners Ltd., a general partner with a joint management team both from Infinity and Suzhou Ventures Group. The Infinity I-China Fund invests in late-stage Israeli technology companies with parallel investments in Chinese businesses that license Israeli technologies to develop and market them in China. The Infinity I-China Fund is Infinity's second fund operating under its China-Israel investment cooperation model developed with Suzhou Ventures Group.
- **According to the company, Hasee Computer Company has confirmed its plans to get listed in Shenzhen by the end of 2008.** Observers note that Hasee has been preparing for the IPO since the second half of 2007. The company chose a listing in Shenzhen because Hasee is based in Shenzhen and the local government also hopes it can be listed there. Hasee previously had announced plans to get listed in Hong Kong, but observers believe pressure from the local government has made it change its mind. Hasee is a Shenzhen-based PC company that designs, develops, manufactures, markets and sells computer systems and services that can be customized to customer requirements. At present, the company employs more than 3,000 employees in China and has sales offices and service centers in 40 cities across China to serve its clients. Hasee was founded in 1995.

## **Taiwan**

### *Mobile/Wireless*

- **First International Telecom (Fitel), a WiMAX licensee for the northern region of Taiwan, announced its decision to initially purchase 88 WiMAX base stations from Motorola for the establishment of its WiMAX infrastructure.** According to media sources, the deal is estimated to be worth NT\$220 million (US\$6.8 million) or NT\$2.5 million (US\$77,368) per WiMAX base station. Fitel plans to purchase an additional 200 WiMAX base stations in March-April 2008, and increase the number of its WiMAX base stations to 500 before the end of this year. The company is set to launch its WiMAX services covering the northern part of Taiwan in the first quarter of 2009, during which the company is expected to purchase another 500 WiMAX base stations.

### *Telecommunications*

- **New Century InfoComm Tech (Sparq), an operator of fixed-line telecommunication services in Taiwan, announced its decision to invest NT\$6 billion (US\$185 million) in establishing its next-generation network (NGN) infrastructure during 2008-2010.** The company has been establishing its fiber-optic network since it was founded, with the corresponding expenditure of NT\$1-1.1 billion (US\$31 million-34 million) each year, which accounts for about 15 percent of its revenues. According to its president, Sparq plans to integrate its operating resources and business operations with those of Far Eastone Telecommunications, one of the top three mobile telecom carriers in Taiwan and a major shareholder of Sparq, to offer value-added services aimed at various market segments.

### *Hardware*

- **Notebook maker Inventec announced its entry into mini notebook market with the help of its acquired Japanese brand, KJS.** The entry of the Taiwan-based firm follows the trend of mini notebooks now spreading in the market. KJS is a Japanese brand vendor that mainly focuses on mini

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notebook products, while Inventec is the company's main OEM. With the mini notebooks enjoying strong performance in markets in both Japan and Korea, Inventec has begun to push the brand into other countries including Taiwan. The company noted the increasing notebook orders from Fujitsu-Siemens and Acer in 2008.

- **HannStar Display announced it has entered into an agreement with Sharp, which would allow both sides to use each other's patents for TFT LCD TVs and other related applications.** In a filing with the Taiwan Stock Exchange (TSE), HannStar said the agreement is retroactive to January 1, 2007, and will be valid until December 31, 2011. No financial details of the agreement were disclosed.

## *Semiconductors*

- **WT Microelectronics (WT) announced that its board of directors approved a plan to acquire part of Solomon Technology's IC (Integrated Circuit) distribution business.** Under the deal, WT is expected to see additional sales of more than NT\$8.2 billion (US\$254 million) in 2008. The acquisition is set to be completed by April 10, 2008 with the first part of the deal setting aside a cash amount of no more than NT\$420 million (US\$13 million) to acquire some of Solomon's IC distribution businesses, which represents four major vendors, including Freescale Semiconductor, Systech, STMicroelectronics and On Semiconductor. In the second part of the deal, WT, through its Hong Kong-based affiliate Promising International, will acquire a complete stake in Solomon's Hong Kong-based affiliate Solomon (Cayman) International for no more than HK\$210 million (US\$26.9 million). Solomon has a 70 percent stake in this Hong Kong affiliate. Major vendors represented by Solomon (Cayman) International include Agere Systems (merged by LSI Logic last April), Freescale, Maxim Integrated Products, On Semiconductor, Renesas Technology, Topply and STMicroelectronics.

## **Hong Kong**

### *Telecommunications*

- **Hutchison Telecommunications International Limited announced that it is to recognize a non-cash impairment charge of HK\$3.8 million (US\$494 million) in its 2007 audited consolidated financial statements in connection with the group's investments in its mobile telecommunications business in Thailand.** The company said there will be a resulting deferred tax credit of HK\$421 million (US\$54 million) arising from this charge. Hutchison Telecom markets mobile telecommunications services of CAT Telecom Public Company Limited (CAT) in 25 provinces covering Bangkok and surrounding provinces and leases to CAT the CDMA network used for that service. The business commenced operations in 2003 providing high-speed multimedia wireless services and had a customer base of 884,000 as of 30 September 2007. Following the impairment charge, Hutchison Telecom is expected to report a loss from continuing operations in the presentation of its 2007 audited consolidated financial statements compared to a profit of HK\$341 million (US\$43.6 million) reported as of 30 June 2007. Hutchison Telecom is expected to report an overall profit for the year 2007 taking into account the one-off gain on the disposal of interest recorded in its interim results for 2007.

### *Media, Entertainment and Gaming*

- **NVISION, a Television router company, announced the opening of its new Asia Pacific headquarters in Hong Kong.** The company said that the opening of the headquarters is the outcome of NVISION's strong annual sales growth in the Asia/Pacific markets and the rapidly

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growing demand by TV networks and local stations in this region for cost-effective, high-quality broadcast solutions that allow error-free, uninterrupted transmission of TV programming to the consumers.

## *Mobile/Wireless*

- **Secured Digital Applications, Inc. announced that it has entered into an agreement with New Alliance (China) Ltd, Hong Kong for the supply, installation and maintenance of EyStar SOS-03 real time fleet tracking management system valued at US\$1.8 million to a logistics operator based in Fuzhou, China.** The installation is expected to begin in April 2008 and is set to be completed by July 2008. In addition to providing an audit trail of each vehicle and employee, the SOS-03 has bi-direction phone conversation capability and emergency help call function. Secured Digital Applications, Inc. is a global provider of Business Process Outsourcing (BPO) services that include online financial accounting integrated with RFID enabled document, people, inventory and asset tracking applications; and multimedia content production. The company's media production includes content for television, the Internet and multimedia presentations.

## *Software*

- **Dai Viet Securities Corporation (DVSC) and Capital Market Solutions (CMS) announced their signing of a technology agreement under which CMS will provide securities solutions while IBM will provide IT infrastructure and project management services for DVSC.** Capital Market Solutions (CMS) is a provider of software and services to the Financial Markets sector with offices in Australia, Hong Kong, Singapore, Malaysia, New Zealand and UK.

## *Ventures/Investments*

- **m2m Corporation announced that it has issued an advise through its Hong Kong subsidiary, Starband Communications, regarding the formal settlement of its joint venture with Baipin Technology Co., to increase sales and distribution of Internet-related services in China.** The venture is a profit-sharing arrangement that will see Baipin receiving 10 percent of the net profits while Starband retains 90 percent of the net profits. Under the deal, Starband is given the option to acquire Baipin at a later date once predefined milestones have been achieved. Baipin is planning to launch the Internet-based services in February 2008 once completion of the Chinese e-commerce portal is done. m2m Corporation Limited is an ASX-listed technology investment company. The company has active investments in Telecommunications and Broadband Telephony, Digital Video and Online Learning. Other investments include Bluefish, which is considered the market leader in the development and supply of high definition and standard definition video cards to film and broadcasting specialists worldwide.
- **According to media sources, the Computer Recycling Programme (CRP) in Hong Kong was launched.** The project is jointly funded and organized by some twenty local and international computer equipment suppliers and has the support of Hong Kong's Environmental Protection Department (EPD) and several green groups and relevant organizations. Under the project, computer equipment recovered by the CRP includes desktop and notebook computers, monitors, scanners and other accessories including hard disks, mouse units and USB external storage devices. The target of the CRP is to recover 50,000 items of computer equipment annually in the first two years of implementation. The group explained that a percentage of the better quality computers will be set aside for donation to the needy through a charitable organization, while the rest will be recycled. In order to manage the CRP, members of the computer trade have formed a dedicated non-profit making organization, known as the Hong Kong WEEE (Waste Electrical and Electronic Equipment)

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Recycling Association. To encourage the public to recycle used computer and other electrical appliances, EPD will organize territory-wide WEEE Recycling Days, with more than 60 public collection points to be provided.

## Singapore/Malaysia/Philippines/Indonesia

### *Media, Entertainment and Gaming*

- **Singapore-based technology incubator, A\*Star (Agency for Science, Technology and Research), announced that it will give US\$100,000 to the winner of a contest to build a rich-media search engine.** The R&D firm said that it is launching a global competition to develop the search engine capable of identifying words within documents, audio and video files online, which have not been previously tagged within the files. A\*Star said that it expects the technology to have a global impact given the spread of user-generated media on platforms, such as YouTube and Facebook. The company said the winner will be decided by an international advisory panel which includes professors from Singapore and U.S. colleges in Berkeley, Washington and Columbia.

### *Mobile/Wireless*

- **Malaysian mobile communications provider, Maxis Communications Bhd announced the launching of a new service called Maxis Video Avatar, which allows subscribers to send a VideoSMS to friends and others.** The Maxis Video Avatar service is based on a VideoSMS solution developed jointly by NMS Communications, a global telecommunications services provider and NGC Systems Sdn Bhd (NGC Systems), Malaysian mobile services provider. VideoSMS is a newly emerging application that is gaining momentum as subscribers around the world search for new ways to personalize their mobile communications. The Maxis Video Avatar service is supported by almost any mobile device.
- **Oceanlake Commerce Inc. announced that it has entered into a managed services agreement with Digitel Mobile Philippines, Inc (DMPI).** Under the terms of the agreement, Digitel Mobile Philippines will provide OceanLake MobileMail as a value-added service to its subscribers. Digitel Mobile Philippines is also known for its corporate brand Sun Cellular. OceanLake MobileMail is a real-time, push e-mail service that is seen as enabling Sun Cellular subscribers to send and receive e-mail with any Internet-enabled mobile phone at a fraction of the cost of other solutions in the market place. OceanLake's Asia Pacific headquarters are located in Singapore. Digitel Mobile Philippines, Inc. (DMPI) is one of the Philippines' leading mobile telecommunications company known. A wholly owned subsidiary of Digital Telecommunications Philippines (DIGITEL), Sun Cellular is the pioneer of the intra-network unlimited wireless services in the country's mobile telecommunications industry.

### *Software*

- **Malaysia-based KZEN Solutions Bhd announced that it is expecting a 25 percent to 30 percent revenue contribution from its new human resource (HR) software solution KZEN HR One.** The software solution has been developed in collaboration with SAP Malaysia Sdn Bhd, marking a first for both parties. The partnership is also expected to help KZEN Solutions in entering the small and medium enterprises (SME) market in Malaysia and the region. Leveraging on the SAP brand name, KZEN Solutions said it would market its HR solution in the Philippines, Thailand and Singapore by the third quarter of 2008. The company said it would also be outsourcing the implementation and after-sales service to SAP Malaysia as part of its strategy to save operational costs. An official of the company also said that it would be looking to the acquisition of smaller IT

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companies with innovative solutions to help diversify its solutions offerings. KZEN Solutions said it is targeting a 20 percent to 30 percent revenue growth for 2008. It posted a year-on-year decline of 11 percent in its revenue to 814,432 ringgit (US\$249,000) for its third quarter ended Sept 31, 2007. The company ascribed the drop to lower software sales and longer time required for customized solutions.

## *Ventures/Investments*

- **Philippine-based IPVG announced its acquisition of U.S.-based security services provider Prolexic Technologies for US\$10.5 million, a move that observers described as showing the firm's aggressive expansion plans.** IPVG said it has initiated a stock purchase agreement with Prolexic stockholders to acquire 100 percent of the company's capital stock. IPVG described the acquisition of Prolexic, which specializes in managed security services as indicating the company's growth in the key areas of IP domain. In a separate development, reports are indicating that IPVG Corp. (IPVG) has renewed its bid to take over contact center PeopleSupport Inc. In a disclosure to the Philippine Stock Exchange, IPVG said that it had sent in a new proposal to acquire PeopleSupport at a purchase price of US\$17 a share. Observers note that before the end of December 2007, IPVG made an offer to buy PeopleSupport at US\$15 per share but was rejected.

## **United States/Canada**

### *Internet*

- **Barak Hosting, a web design and hosting provider, announced its acquisition of Conquest eMedia, a web site software applications provider.** Barak Hosting says the acquisition adds a significant group of experienced database and software developers to its staff. Barak Hosting revealed that it plans to follow up this integration with a complete advertising campaign designed to promote Barak Hosting's services, including web site design and development, web hosting and managed offerings.
- **According to the Federal Reserve Board of the U.S., it has approved an application by Japanese Internet banking firm eBank Corp to open a U.S. representative office in San Francisco.** With estimated total assets of US\$6.1 billion, eBank is an Internet-only bank that provides deposit accounts and related services to Japanese residents. Sources said that eBank's proposed U.S. representative office would conduct research on technology related to Internet banking, identify business technology opportunities with banks and other companies, and name investment opportunities in the U.S. for the bank's dollar-denominated deposits in Japan. The eBank representative office will not solicit deposits in the U.S. The Development Bank of Japan, a government entity, is the online bank's largest shareholder with a 14.91 percent stake. NTT Finance Corp holds 6.1 percent, including an indirect 5.3 percent stake by Citigroup Inc., with the bank's founder and president, Taiichi Matsuo, owning 6.4 percent. Until this development, the bank has maintained only one office outside Japan, and that was in Hong Kong. The bank offers asset securitization advice, research services, and investment administration services, as well as management of mutual funds offered online to Japanese investors through a wholly-owned subsidiary.

### *Media, Entertainment and Gaming*

- **According to media sources, Amazon.com through its subsidiary IMDb (Internet Movie Database) is signing a deal to acquire Withoutabox, a firm that develops online tools and operates a service to aid independent filmmakers in submitting their work to festivals worldwide and in promoting their films.** Withoutabox said it has worked with 150,000 filmmakers

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since its founding in 2000. The Internet Movie Database draws more than 50 million unique visitors each month with its searchable database of movies, TV, and entertainment programs. Observers see the agreement as aimed at offering a wider selection of films to Internet Movie Database users and, at the same time, broadening the audience for filmmakers that use Withoutabox. The agreement sees IMDb operating Withoutabox as a standalone entity. Financial details of the agreement were not disclosed.

- **GameTech International, Inc., a leading designer, developer and marketer of electronic bingo and gaming equipment, systems, and video lottery terminals, posted for the fourth fiscal quarter net income of US\$1.7 million.** The company said that revenue for fiscal year ended October 31, 2007, was US\$59.5 million compared with the US\$49.3 million for the comparable period in fiscal 2006. GameTech ascribed the increase in revenue for the three and twelve-month periods ended October 31, 2007 primarily to a full two quarters of results from the acquisition of Summit Amusement & Distributing, LTD., a manufacturer of video lottery terminals. GameTech International, Inc. serves customers in the U.S., Canada, Japan, Mexico, Norway, the Philippines, and the UK. The company is headquartered in Reno, Nevada.

## *Software*

- **Oracle disclosed its move to acquire middleware maker BEA Systems for US\$8.5 billion in cash.** Under the agreement, Oracle will be paying almost US\$19.3 per share, a purchase price that is above Oracle's initial offer of US\$17 a share. According to analysts, Oracle's acquisition of BEA will strengthen the latter's presence in the region, as well as widen Oracle's presence in the telecommunications industry. Analysts see BEA using Oracle's network of infrastructure and Oracle deriving benefits from BEA's strong presence in China. Other analysts see the future acquisition of Oracle, following the latest, as focusing on smaller deals with smaller entities.
- **NYSE Euronext announced the signing of a definitive agreement to acquire Wombat Financial Software, a privately held global leader in high-performance financial market data management solutions.** This strategic acquisition is seen as boosting NYSE Euronext's offering of comprehensive connectivity, transaction and data management solutions to customers globally by integrating Wombat's industry leading and rapidly growing market data enterprise software and services with the NYSE TransactTools connectivity and messaging business. Under terms of the agreement, NYSE Euronext will acquire 100 percent of Wombat for US\$200 million in cash consideration. With offices in the U.S., UK and Japan, Wombat software enables limitless connectivity to the global markets through the world's most advanced high speed market data infrastructure, TransactTools, a wholly owned subsidiary of NYSE Euronext, provides financial markets and market participants with an open, low latency, and neutral platform for global trading connectivity that improves liquidity and reduces risk.
- **Sun Microsystems announced its decision to pay US\$1 billion for MySQL, a Swedish software company MySQL, whose open source database is used for some of the most visited web sites in the world.** Sun described the deal as helping the company boost its standing in the enterprise IT market, which covers the database market estimated to be worth some US\$15 billion. Sun said it looks to MySQL's product line to help it give further support to the open source web application platform known as LAMP, the acronym for the Linux OS, Apache Web server, MySQL database, and the PHP/Perl programming languages. Sun notes that the strength of MySQL is in SaaS (software as a service) offerings, where applications are delivered over the Internet through a web browser. Databases remain crucial for Internet-based applications in sites offering a range of services, from e-

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commerce to social networking. Under the agreement, Sun said it will pay US\$800 million in cash and US\$200 million in options. Before this acquisition, there were speculations that MySQL might become a public company.

## *Hardware*

- **IBM announced that it will establish a Banking Center of Excellence in Vietnam in the first quarter of 2008.** The center will enable clients in financial services to build and deploy next-generation core banking systems and new services based on open technologies. With the technology at the center, banks will be able to use resources at the center to meet growing consumer demand for new banking products. The banking center will be located in the IBM Vietnam headquarters in Hanoi and staffed with IBM banking and technical experts. The center will help clients and partners with business and technology design, vendor and package selection, modeling, proof of concept, benchmark testing and system migration. In addition, in 2008 IBM will be making significant investments to develop a framework based on services-oriented architecture (SOA) to help banks modernize their core banking systems.

## *Ventures/Investments*

- **NComputing Inc. announced that it has raised US\$28 million in a second round of funding.** The U.S.-based provider of desktop virtualization software and hardware said the round was led by Menlo Park-based Menlo Ventures. Also participating were existing investors, U.S.-based Scale Venture Partners and South Korea's Daehong Technew Corp. With the funding, H. Dubose Montgomery, managing director and founder at Menlo Ventures, joined the company's board of directors. NComputing has offices in Australia, Canada, China, Germany, India, Korea, Poland, Russia, the UK and the U.S.
- **Slide Inc., a U.S.-based social network software maker, indicated that it had closed an institutional financing round valued at US\$50 million.** The value, according to Dow Jones investment tracking unit Venture One, is nearly ten times the size of the median round of US\$5.1 million for the newest generation of web companies in the first half of 2007. It marks the rise in the valuations of start-ups. Slide is the firm behind some of the most popular programs running on Facebook and News Corp.'s MySpace. Sources close to the deal have identified the investors to be Fidelity Investments and T. Rowe Price even if Slide itself did not disclose their identities. Incorporated in 2005, Slide was originally self-funded by Max Levchin, who co-founded online payments company PayPal Inc. a decade ago. Levchin later took funding from Peter Thiel, the other founder of PayPal. eBay Inc. bought PayPal in 2002.

## **Europe**

### *Mobile/Wireless*

- **Sony Ericsson posted better-than-expected pretax profit of 501 million euros (US\$732.2 million) compared to the 384 million euros (US\$561.2 million) it reported in the third quarter.** The company also said that it gained market share in the fourth quarter and in 2007. Analysts surveyed by Reuters had forecast fourth-quarter pretax profit of 459 million euros (US\$670.8 million). The company reported sales of 3.7 billion euros (US\$5.4 billion).
- **Synchronica plc, an international provider of mobile email and synchronization solutions, announced that it has raised US\$3.7 million in funds through a placement of new ordinary shares with Lanstead Capital L.P.** The company said the proceeds will be used for continued

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development and accelerated commercialization of Synchronica's award-winning Mobile Gateway product that will add growth in its core mobile email business. Synchronica's Mobile Gateway is a carrier-grade middleware solution combining push email and synchronization services. Based on open industry standards, Mobile Gateway can synchronize with 1.5 billion mobile devices in use today, including popular models from leading device manufacturers, such as Nokia, Sony Ericsson, Motorola, and Apple. Mobile Gateway has the benefit of synchronizing without requiring any additional software to be installed. Mobile industry analyst firm Visiongain expects the consumer mobile e-mail market to grow from eight million consumer email accounts in 2007 to 36 million in 2008.

## *Software*

- **Oracle and Accenture announced their entering into a partnership to open an innovation center in the UK for the development of service oriented architecture (SOA) technology.** The innovation center will be based in Oracle's UK headquarters. The center will work on accelerating the development and delivery of SOA products based on the software company's technology. Under the partnership, clients will be able to visit the center to see the technology in action before making any decisions about implementation, while Accenture will be able to access Oracle software early in its development. The move on the part of Oracle is part of its three-year US\$450 million investment into SOA announced in 2006.

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## Other Economic Data

### Currency Exchange Rates

Currency	Units	Current Rate (on 1/18/07)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
Japanese yen	¥/US\$	106.8300	-1.8%	-4.9%	-4.3%	-10.3%
Hong Kong dollar	HK\$/ US\$	7.8045	-0.01%	0.02%	0.1%	0.3%
Chinese renmenbi	RMB/ US\$	7.2420	-0.3%	-0.8%	-0.8%	-7.2%
Singapore dollar	S\$/ US\$	1.4372	0.2%	-0.6%	-0.1%	-6.5%
South Korean won	KRW/ US\$	942.6000	0.6%	0.7%	0.7%	1.4%
New Taiwan dollar	NT\$/ US\$	32.3100	-0.4%	-0.6%	-0.4%	-0.9%
Australian dollar	US\$/A\$	0.8786	-1.4%	0.3%	0.3%	11.4%
New Zealand dollar	US\$/NZ\$	0.7597	-3.0%	-1.9%	-1.0%	7.9%
Philippine peso	PHP/ US\$	40.5800	0.3%	-1.5%	-1.5%	-17.2%
Euro	US\$/€	1.4615	-1.1%	-0.8%	0.2%	10.7%
British pound	US\$/£	1.9545	-0.2%	-2.1%	-1.6%	-0.2%

### Fixed Income Prices and Yields

Note	Currency	Current (on 1/18/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	111.90	4.28%	109.01	4.45%	106.74	4.58%
Japan 30-year	¥	103.31	2.31%	102.57	2.35%	102.22	2.37%
Hong Kong 10-year	HK\$	107.51	2.67%	104.08	3.06%	101.57	3.36%
China (06/16)	US\$	102.55	4.32%	110.71	3.22%	110.71	3.23%
Singapore 10-year	S\$	110.40	2.41%	111.05	2.33%	108.45	2.65%
South Korea 20-year	KRW	9,766.00	5.61%	9,766.00	5.61%	9,766.00	5.61%
Australia 15-year	A\$	93.96	6.00%	93.42	6.07%	92.34	6.21%
New Zealand (12/17)	NZ\$	97.81	6.30%	97.52	6.34%	96.94	6.42%
Philippines 20-year	PHP	138.20	8.40%	123.60	8.39%	121.60	8.53%
India 30-year	INR	105.49	7.84%	105.02	7.88%	101.22	8.22%
UK 30-year	£	98.70	4.33%	98.31	4.35%	96.93	4.44%
Germany 30-year	€	92.72	4.45%	91.48	4.53%	90.60	4.59%

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