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

Week of 29 September - 5 October, 2008

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| Equity Market Indicators | | | | | |
|---------------------------|------------------------------|------------------------|---------------------------|----------------------|----------------------|
| Index | Closing Level (10/3/2008) | % Change 1 Week Ago | % Change Month to Date | % Change 1/1/2008 | % Change 1/1/2007 |
| S&P 500 | 1,099.23 | -9.4% | -5.8% | -25.1% | -22.5% |
| Dow Jones Industrial Avg. | 10,325.38 | -7.3% | -4.8% | -22.2% | -17.2% |
| Dow Jones Tech. Index | 315.26 | -10.7% | -5.9% | -31.3% | -23.6% |
| Dow Jones Telecom. Index | 217.12 | -4.9% | -0.3% | -30.7% | -16.5% |
| NASDAQ Composite | 1,947.39 | -10.8% | -6.9% | -26.6% | -19.4% |
| The Street.com Net | 215.51 | -11.1% | -7.6% | -23.5% | -12.9% |
| Japan Nikkei 225 | 10,938.14 | -8.0% | -2.9% | -28.5% | -36.5% |
| JASDAQ | 49.80 | -5.8% | -4.9% | -31.0% | -42.2% |
| Japan Mothers | 355.65 | -16.8% | -11.7% | -54.6% | -68.0% |
| Korea KOSPI Composite | 1,419.65 | -3.8% | -2.0% | -25.2% | -1.0% |
| Korea Kosdaq | 432.10 | -3.6% | -2.0% | -38.6% | -28.7% |
| Taiwan Stock Exchange | 5,742.23 | -3.2% | 0.4% | -32.5% | -26.6% |
| Singapore Straight Times | 2,297.12 | -4.7% | -2.6% | -33.7% | -23.1% |
| Hong Kong Hang Seng | 17,682.40 | -5.4% | -1.9% | -36.4% | -11.4% |
| Hong Kong GEM | 547.08 | -2.5% | -0.9% | -59.5% | -55.3% |
| China Shanghai (A-Share) | 2,408.88 | 0.0% | 0.0% | -56.4% | -14.4% |
| China Shenzhen (A-Share) | 644.95 | 0.0% | 0.0% | -57.6% | 13.2% |
| China Shanghai (B-Share) | 132.76 | 0.0% | 0.0% | -63.7% | 2.0% |
| China Shenzhen (B-Share) | 311.30 | 0.0% | 0.0% | -56.1% | -28.2% |

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

| NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing | | | | | | |
|---|-------------------|-------------|---------------|-------------|------------------|---------------------|
| IPO Date | Issuer (Exchange) | Description | Size (US\$MM) | Offer Price | Price on 2/15/08 | % Change From Offer |
| N/A | | | | | | |

| Asian Equity Markets: TMT and Life Sciences IPO Filings | | | | | | |
|---|--------|-----------------|---------------|-------------|-------------|------------|
| Filing Date | Issuer | Industry Sector | Size (US\$MM) | Description | Book-Runner | Co-Manager |
| N/A | | | | | | |

| Asian Equity Markets: TMT and Life Sciences IPO Pricing | | | | | | |
|---|-------------------|-------------|---------------|-------------|------------------|---------------------|
| IPO Date | Issuer (Exchange) | Description | Size (US\$MM) | Offer Price | Price on 2/15/08 | % Change From Offer |
| N/A | | | | | | |

| Asian Markets: TMT and Life Sciences Convertibles | | | | | | |
|---|------------------------|-----------------------|---------------|---------------|----------------------------|-------------------|
| Issuance Date | Issuer [Equity Ticker] | Description of Issuer | Maturity Date | Size (US\$MM) | Per US\$10,000 converts to | Convertible Until |
| N/A | | | | | | |

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Weekly Highlights

Japan

Hardware

- **Matsushita Electric Industrial Co. changed its name to Panasonic Corp. at a total cost of around 40.0 billion yen (US\$380.0 million) in a bid to boost its brand value globally.** As well as dropping the surname of its founder, the late Konosuke Matsushita, Panasonic also ditched its National brand, which has been in use for over 80 years for white goods in Japan, and intends to have all of its products carry the Panasonic brand by the end of March 2010. Panasonic has long been the firm's brand name abroad and for audiovisual appliances sold in Japan. Some people do not know that Panasonic-brand products are made by Matsushita. This means that the company's value has been dispersed under the separate names of Matsushita, Panasonic and National.
- **Canon Inc. acquired a small U.S. office equipment distributor and may continue to acquire more to protect its market position after key distributor Ikon Office Solutions was acquired by rival Ricoh Co.** Ricoh bought Ikon for US\$1.6 billion and aims to replace Canon products with its own printers and copiers in three to four years. About 60 percent of the products handled by Ikon are made by Canon, and analysts have warned the deal could deal a big blow to its position in the world market. Canon would buy Newcal Industries, a longtime distributor of its copiers, scanners and fax machines based in San Francisco, for an undisclosed sum. Xerox Corp. bought Global Imaging Systems for US\$1.5 billion in May 2007, while Konica Minolta Holdings earlier this year clinched a deal for Danka Business System's U.S. operations.
- **Hoya Corp. and Showa Denko will merge their hard disk media businesses and will set up a joint venture around January next year.** Showa Denko will own 75 percent of the new company, and Hoya will own the rest. Earnings contributions from its hard disk media operations will be smaller than previously expected from the January-March quarter because the new company will be an equity-method company. The deal will not affect Show Denko's 2008 earnings outlook.
- **Matsushita Electric Industrial Co. plans to double its global notebook personal computer sales to 1.3 million units in fiscal 2012 from 660,000 units in fiscal 2007 that ended in March this year.** Matsushita will emphasize the light weight and long battery life of its notebooks while keeping away from strong price-cutting competition in which PC makers from the U.S., Taiwan and elsewhere have offered small models priced around 50,000 yen (US\$475). Matsushita retained the largest share of the Japanese market for 12-inch and smaller notebooks for three years to 2007. Demand for notebook PCs has been growing in China and other emerging economies, while European and U.S. corporate users have been shifting from desktop PCs to notebooks. Matsushita will launch winter models of notebook PCs including the new 14.1-inch screen F8 series. The F8 will sell for around 290,000 yen (US\$2,754). Prices for smaller notebooks will range from 200,000 yen (US\$1,899) to 295,000 yen (US\$2,800).
- **Panasonic would lift up its global laptop computer output to 1.3 million sets by 2012, in contrast to 660,000 in 2007.** As the U.S. and Taiwan-based PC makers are rolling out low-price mini laptop computers, Panasonic hopes to stick to high-end products with lighter weight and long-life batteries. At the moment, Panasonic is holding up to 24 percent of the sub-12-inch mini notebook computer market in Japan, retaining the top spot for consecutive three years. As demand from the emerging countries like China is rising precipitously and an increasing number of PC makers in

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Europe and the U.S. are shifting their exposure from desktops to laptops, Panasonic expects to focus on corporate users in China.

- **TriGem Computer Inc. will market the machines under the Averatec brand.** The AVN0270N notebook will have a 10.2-inch display and a 160-gigabyte hard-disk drive. Pricing will be open, but it is expected to retail for 59,800 yen (US\$568). The AVA8270N desktop will come with an 18.4-inch LCD monitor and a power-saving Intel Corp. processor. It is expected to sell for around 69,800 yen (US\$663). The computers will be sold through electronics mass merchandisers from mid-October and also offered via TriGem's online sales site. The company is aiming for combined sales of 20,000 units by the end of 2008.

Telecommunications

- **Research In Motion (RIM) will sell its high-end BlackBerry Bold in Japan through No.1 carrier NTT DoCoMo from early 2009.** RIM is betting that new product launches around the world will help it raise its global market share even though initial costs will eat into its gross margins. The company sees a big opportunity in the absolutely huge Japanese market and necessary technologies to support RIM's products are already in place. The Bold is RIM's most advanced smartphone to date and is the first BlackBerry to support high-speed HSDPA cellular networks. It comes with integrated GPS, Wi-Fi and a host of multimedia features. DoCoMo is already selling BlackBerry in Japan. Its introduction of the Bold is part of its plan to almost double its smartphone line-up to 10 by next year to tap growing demand for phones with computer-like capabilities.

Semiconductors

- **Genesis Technology Inc., a large independent semiconductor testing house, filed for court protection from creditors, hit by a drop-off in spending by chipmakers as the economy slows.** GTI, whose main clients include Toshiba Corp. and Sony Corp., folded with liabilities of 11.3 billion yen (US\$106.0 million), a casualty of the tough times facing clients making semiconductors used to run flat TV displays. GTI's failure suggests that the credit crunch is spreading beyond the struggling real estate and construction sector, which has accounted for 10 of the 16 bankruptcies of listed Japanese companies so far this year. GCA Savvian will advise GTI, whose net loss deepened eight-fold in the year ended in March to 4.9 billion yen (US\$46.5 million).

Internet

- **Yahoo! Japan Corp. and So-net Entertainment Corp. have formed an alliance in the field of internet services.** So-net will use Yahoo as the search service for its portal web site, replacing "goo," which is operated by NTT Resonant Inc. Yahoo will display search-linked ads on So-net sites, with the two companies splitting the revenue. So-net will provide links on its female-oriented sites to products Yahoo! is selling, starting from October 1, 2008 with its Cara Carina web site. Yahoo will pay So-net a fee for each product sold via the So-net sites. Registered Yahoo! members will be able to use their Yahoo! IDs for some So-net services. Starting in November, the two companies will share information for their television program information services. So-net will introduce Yahoo!'s method of account settlement for internet sales.
- **Yahoo Japan Corp. posted profit and sales gains for its fiscal year ended in March.** Net income for Yahoo Japan rose to 62.6 billion yen (US\$624.9 million), from 57.9 billion yen (US\$450 million) in the previous year. Meanwhile net sales rose to 262 billion yen (US\$2.5 billion) from 212.6 billion yen (US\$2 billion). Yahoo did not include Yahoo Japan's annual results in its own annual report filed in February, because the holding's fiscal year hadn't yet ended. Yahoo Japan's results contrast with those

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posted recently by its parent, which has struggled to compete with Google while fending off an unsolicited acquisition bid from Microsoft Corp.

- **Atsushi Kunishige, executive vice president of online shopping mall operator Rakuten Inc., has assumed its presidency following an equity-based capital increase deal.** eBank President Taiichi Matsuo, who founded the online bank in July 2001, assumed the post of vice chairman without representative rights. The bank completed the 19.9 billion yen (US\$189 million) recapitalization the same day, when it floated and sold preferred shares of the same amount to Rakuten under a third-party share allotment scheme. If Rakuten converts all of the preferred shares into common shares, its equity stake in eBank would shoot up to more than 40 percent, making it the bank's top shareholder.

Korea

Telecommunications

- **KT successfully finished the creation of TPE international undersea optical cable linking U.S. and Taiwan.** With undersea cable construction, Korea will be able to provide high quality international telecommunications services to the U.S. China, Taiwan and Japan. And internet users can enjoy faster international internet connection. KT has needed large capacity international undersea cable in order to embrace international communication traffic that has been surging between Asia and North America, and this is the result of close cooperation after forming consortium with mobile operators of related nations. KT has established TPE Cable Construction Pacts with six international communication operators.

Internet

- **South Korea's Fair Trade Commission has given U.S.-based EBay Inc. conditional approval for its plan to buy a controlling stake in local online auction site Gmarket Inc. from Interpark Corp.** EBay will be banned from raising the sales commissions it gets from sellers on Gmarket over the next three years. EBay will also be asked to limit the hike in registration and advertisement fees paid by Gmarket online sellers to within inflation rate. The trade commission also ordered EBay to come up with measures to protect small-scale sellers on the online marketplace who may suffer from higher fees and commissions. EBay had sought preliminary FTC approval for its plan to buy a combined 36.6 percent stake in Gmarket from Interpark Corp. and Interpark Chairman Ki Hyung Lee.

China

Internet

- **Baidu.com sold its internet television channel to UiTV because it was unwilling to further develop the online video business.** Infrastructure and bandwidth requirements for providing online video services are huge. Baidu did not think the investment was worthwhile for the traffic it could bring. Baidu sold the channel to UiTV, a Beijing internet television platform operator. There would also be fewer problems with copyright issues as UiTV would handle them. Baidu will keep its video search business, video.baidu.com. The service allows users to locate video content provided by other online video service providers such as youku.com and 6.cn. Many of those have copyright-infringing materials. The mainland's online video sites prosper on pirated movie and television programs.

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Mobile/ Wireless

- **China TechFaith Wireless Communication Technology Ltd. announced that its Board of Directors has approved a share repurchase program pursuant to authorization previously obtained from its shareholders.** TechFaith is authorized, but not obligated, to repurchase up to US\$10 million worth of its outstanding American Depositary Shares. The repurchases may be made from time to time, depending on market conditions, share price and other factors, as well as subject to the relevant rules under U.S. securities regulations and are subject to restrictions relating to volume, price and timing. The share repurchases may be made on the open market and in negotiated purchases. TechFaith plans to use its available cash balance to fund the repurchases.

Media, Gaming and Entertainment

- **Perfect World Co., Ltd. will launch its popular online game Legend of Martial Arts in South Korea, the second game licensed to the nation after Perfect World II.** Perfect World inked an agreement with its South Korean peer EYA Interactive Co., Ltd. to introduce the 3D cartoon massively multiplayer online role-playing game (MMORPG) to South Korea with a Korean version. Rolling out the new game in South Korea will help Perfect World strengthen its customer awareness in the country. Legend of Martial Arts debuted in markets out of China in 2007 and thereafter made its presence in many countries like Malaysia. Perfect World is engaged in developing 3D online games based on its proprietary Angelica 3D game engine and game development platform.
- **Greece's Intralot, a large lottery system provider, agreed to buy a 21 percent stake in Chinese gamer Melco LottVentures for 27.4 million euros (US\$40.1 million).** Intralot and MLV intend to enter into additional discussions regarding a further increase of Intralot's participation in MLV, which will be the main vehicle for lottery and gaming business in China and possible expansion in Asia. MLV develops and provides technology systems and services for use in lottery operations in China and Asia, while it also manufactures lottery terminals and lottery-related applications and manages a network of retail outlets.
- **Pay88, a reseller of online multiplayer game cards and Internet game time in China, has signed an exclusive agreement with Shanghai Hongli Digital Technology, an interactive amusement game company, to distribute two new online game cards that are part of the company's Goldcool One Card series.** The two new online game cards to be distributed by Pay88 are Devildom and Twelve Animals' Legend. The new Devildom game is the first video talking internet game developed by Hongli. The Goldcool games will add to the growing list of online multiplayer games distributed by Pay88 to the Chongqing market and 20 other cities in China. Pay88 has distributed a number of Goldcool One games for Hongli in the past with great success.

Telecommunications

- **Chinese telecommunications equipment maker ZTE Corp. plans to focus on organic growth in the near term and isn't in acquisition talks.** ZTE isn't interested in acquiring the handset business of U.S.-based Motorola Inc. and also isn't keen on purchasing Nortel Networks Corp.'s technology business. Both companies have been struggling with tepid demand and fierce price cuts by rival vendors in China, and are in the midst of a restructuring program. ZTE's growth strategy is markedly different from its rival Huawei Technologies Co., which has been looking at overseas assets to grow. Late last year, privately held Huawei attempted to acquire Marlborough, Mass.-based 3Com Corp. in a US\$2.2 billion deal along with Bain Capital Partners LLC. That deal failed to pass a U.S. government vetting process for foreign investment in sensitive industries, because 3Com had contracts to provide

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security software to the U.S. government. Huawei is considering the sale of a stake in its mobile devices division to a foreign investor.

- **The Chinese telecoms Industry achieved a total revenue of 538.5 billion yuan (US\$79.0 billion) in the first eight months of 2008, up 8.5 percent year on year.** Guangdong, Jiangsu, Zhejiang, Shandong and Shanghai ranked the top five among Chinese provinces and municipalities. 54.4 percent of the total revenue came from the mobile telecoms sector, compared to 50.9 percent in the comparable period of 2007. The volume of local and long-distance calls with mobile phones reached 1.8 trillion minutes and 127.8 billion minutes in the eight months, surging 30.9 percent and 31.5 percent year on year, respectively. The number of fixed-line telephone users in China dropped 11.6 million to 354.1 million, including 239.9 million and 114.2 million in the urban and rural areas, down 8.7 million and 2.9 million. The number of local calls and the volume of long-distance calls with such telephones reached 420.7 billion and 56.7 billion minutes in the eight months, down 7.6 percent and 17.3 percent year on year.
- **China Mobile is about to introduce Android, the first mobile phone launched by Google, to China in the second quarter of 2009.** The telecom titan will sell Android in China by making cooperation with HTC, the original equipment maker of Android. Being one of the members of the open-source mobile phone league, China Mobile started developing Linux mobile operating system as early as 2007 with Google, Marvell, and Borqs. To enhance its cooperation with China Mobile, HTC is scheduled to set up branches in China mainland soon. Android is an open-source platform. Samsung, Motorola, Sony Ericsson, and LG are all showing great interests in manufacturing Android handsets. Besides its traditional telecom businesses, China Mobile is also planning to provide broadband Internet access service after the national telecom restructuring. China Mobile is also trying to introduce Apple's iPhone. If China Mobile launches iPhone in the mainland, the handset may not support 3G and Wi-Fi functions. China Mobile hopes that Apple can provide Chinese users with a customized iPhone without Wi-Fi and 3G functions, because the 3G standard chosen by China Mobile is China's home-grown TD-SCDMA that is not compatible with WCDMA.
- **ZTE Corp. revealed its Broadband Easyservice enables service providers to reduce the operation, administration, and maintenance (OA&M) costs of delivering broadband access, while also cutting energy consumption.** Studies conducted with Tier 1 customers using ZTE Easyservice including China Telecom, which has deployed ZTE's EasyMaintenance and EasyGateway modules have shown how ZTE is delivering major reductions in the OA&M costs of broadband services by optimizing management and failure diagnosis, while improving the overall efficiency of broadband maintenance. Gartner has ranked ZTE as one of the world's top three DSLAM vendors for three years running and highest growth of market share in the past two years.
- **Private equity firms Bain Capital and Silver Lake have submitted formal offers for a stake in Huawei Technologies' mobile handset unit.** The unit was expected to be worth more than US\$3.5 billion when the auction started earlier this year. Though a firm may still pay a premium for a 50 percent-plus stake in the business, growing pressure on the handset sector plus tumbling financial markets make it less likely buyers will want to pay up for the asset. Several private equity firms including AEA Investors, General Atlantic, Providence Equity Partners and Goldman Sachs' buyout arm are no longer part of the process, making the Huawei deal a two-horse race. Huawei's mobile devices unit doubled revenues last year to more than US\$2 billion.

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- **China Telecom would invest 80 billion yuan (US\$11.7 billion) to upgrade its newly acquired CDMA network.** Telecom Group will take over the network, which was transferred from China Unicom Group, parent company of the wireless service provider China Unicom. The transfer is expected to be finished in three months. Broadening the wireless CDMA network coverage would be its top priority in the next quarter. The first phase of work includes building a batch of new CDMA base stations in cities, improving coverage in counties and townships, and beefing up indoor coverage by FMC (Fixed Mobile Convergence) services. Telecom group plans to increase cell phones wireless Internet speed over the next three years.
- **Nokia and its telecom equipment making venture Nokia Siemens Networks (NSN) have signed a cross-licensing agreement with China's Huawei covering essential patents for wireless standards.** The agreement, which makes Huawei the 35th company to licence Nokia patents, covers all key technologies, including GSM and WCDMA, but also China's own TD-SCDMA. The cross-licensing deal gives Huawei access to Nokia's wide patent portfolio in standards like GSM and WCDMA, widely adopted around the world, while it also gives Nokia access to Huawei's patents, including those essential to China's own 3G. An essential patent is a patent which discloses and claims one or more inventions that are required to use a given industry standard.

Hardware

- **China's import and export of electronic and information products reached US\$504.9 billion in value in January-July, up 21 percent year on year, and the growth dropped 1.9 percentage points year on year.** In the first seven months of this year, the export value of electronic and information products rose by 23.9 percent from the same period in 2007 to US\$291.6 billion, and the import value posted an increase of 17.1 percent to US\$213.3 billion. The trade surplus was US\$78.3 billion, surging 47.1 percent and accounting for 63.3 percent of the national trade surplus in the same period. Of major electronic and information products, the export value of portable computers, hand/vehicular wireless phones, LCD panels, integrated circuits, and displays all exceeded US\$1 million in January-July.

Taiwan

Hardware

- **Taiwan's LED firms to benefit from Dell's involvement in LED notebooks.** Following the step launched by Apple Computer, Dell announced it would broadly adopt LED back-light screen on all its new models of notebook personal computers in the next 12 months, which will benefit such domestic relevant manufacturers as Lite-On Electronics Co., Everlight Electronics Corp. and Epistar Corp. With the strong backup of world-class notebook manufacturers, half of the notebooks produced worldwide will adopt the LED backlight in the foreseeable future. Dell estimated over 80 percent of its notebooks would adopt LED backlight by the end of 2009 and the ratio will rise to 100 percent by 2010. The adoption of backlight on notebooks by Dell would speed up the pace of LED application in notebook industry worldwide.
- **BenQ Corp. would work with Telecom Italian Mobile (TIM) to promote mobile Internet device (MID) service, with the company pledging to offer the device coupled with the service provider's service.** BenQ will ship the industry's first MID, codenamed S6, to the Italian mobile service provider. This is the first case for an MID supplier to win orders from telecom-service provider. MID would likely lure market share from smart phone and netbook computer, both of

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which are also portable Internet-enabled devices. First generation of S6 offers Internet connection as its only function since its standby time is not long enough. Talk function is to be added to second-generation machine, which is estimated to hit the market in the second half next year.

Semiconductors

- **TSMC would start using advanced 28-nanometre technology in early 2010 to produce chips used in new, higher-performance tech gadgets.** The new technology is expected to provide up to 50 percent more speed or 30-50 percent lower power consumption than TSMCs' 40-nanometre low-power node. The smaller circuitry allows the design of more powerful chips for more complex devices, and the squeezing of more circuits onto a single chip also increases chip yield per wafer, boosting efficiency.

Hong Kong

Hardware

- **Lenovo is ready to make its next major acquisition after buying IBM's personal computer business three years ago.** Market speculation about Lenovo potentially buying Fujitsu Siemens Computers has been heating up over the past few months. Siemens was planning to sell its 50 percent stake in the German-Japanese joint venture but the parties could not agree on a price.

Singapore/Malaysia/Philippines/Indonesia/India/Australia

Telecommunications

- **PLDT provided mobile services to ex-pats in Italy under SMART Pinoy brand.** A subsidiary has signed deals with two units of Hutchison Whampoa Ltd. for a mobile virtual network operator, or MVNO, venture in Italy. The MVNO service, branded "SMART Pinoy," anchored on the platform of mobile phone unit Smart Communications Inc., will offer cheap rates for mobile phone calls and text messaging from Italy to the Philippines. The service will offer electronic loading, sharing prepare mobile phone airtime credits, as well as popular services in Italy such as video calls and streaming. The agreements were signed between PLDT Italy S.r.l, Hutchison Global Communication and H3G S.p.A.
- **SingTel, Axia consortium wins Singapore broadband network project that beat rival group headed by StarHub.** A consortium led by SingTel will build the infrastructure for Singapore's high-speed broadband network, a project that will receive up to S\$750.0 million (US\$518.5 million) in public grants. A competing consortium was composed of StarHub Ltd., MobileOne Ltd., and Qatar Investment Authority. The broadband project aims to connect more than half of businesses and homes in Singapore to a national broadband network capable of speeds around 1,000 megabits a second by 2012. Singapore will also select an operating company to direct and sell bandwidth traffic to retail operators, which will sell services to customers.
- **Indian mobile service providers added 9.2 million subscribers in August, compared with 9.2 million added in July, with Bharti Airtel Ltd. leading the user additions.** Total wireless users in India reached 305.2 million at the end of August. Bharti Airtel added 2.7 million users in August, taking its subscriber base to 74.8 million. Reliance Communications Ltd. followed, adding 1.8 million users. It had a total user base of 54.3 million at end August. Vodafone Essar Ltd., majority owned by UK's Vodafone Plc, added 1.8 million users, taking its total subscribers to 52.8 million. State-run Bharat Sanchar Nigam Ltd. had a user base of 43.2 million after adding 638,118 users in August.

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- **IFC, an arm of the World Bank, loaned US\$100 million to Idea Cellular Ltd. for the company's existing operations in India and to start operations in the Bihar service area.** IFC's investment will provide the much-needed long-term funding that many companies in India find difficult to access, while helping expand the local telecommunications infrastructure. IFC expects the investment to help increase telephone penetration in the Bihar service area to over 20 percent by 2012, from less than 8 percent in 2008. Idea currently operates in 11 of the 22 telecommunications service areas in India, and has received licenses to start operations in the rest of the service areas as well.
- **Telekom Malaysia has agreed to acquire Malaysian managed information and communications technology services provider VADS for 417.3 million ringgits (US\$122.2 million).** VADS provides managed network services, systems integration services and contact center and related services. After the acquisition, VADS will become a wholly owned subsidiary of Telekom Malaysia. The company currently holds approximately 63.3 percent stake in VADS. The acquisition will streamline its businesses to maximize potential synergies and cost-saving benefits. It will also allow it to better serve its customers and eliminate potential conflict of interest between them.
- **The Philippine's leading mobile operators said take-up affected by slowdown in consumer spending.** The addition of new subscribers slowed in the third quarter, hurt by pressures on consumer spending. Smart and its listed unit, Pilipino Telephone Corp., likely added around 1 million new subscribers between July and September, off from the 1.6 million added in the second quarter. The company likely failed to match the 1.5 million subscribers added in the April-June quarter. The priority in the coming months will be to drive subscriber usage and generate momentum to put us back on the growth track. Both Globe and Smart are offering more affordable service packages to subscribers to drive consumption. Globe is a joint venture between Philippine conglomerate Ayala Corp. and Singapore Telecommunications Ltd., while PLDT's major shareholders are Hong Kong's First Pacific Co. Ltd. and NTT Communications and NTT DoCoMo Inc.

Internet

- **Telstra reports its BigPond Internet sites have recorded over 50 percent advertising revenue growth this year.** The company said that advertising revenue across its online and mobile sites continues to grow strongly. Australia's biggest telco said its BigPond internet sites have recorded over 50 percent growth in total advertising revenue since Jan. 1, including strong growth in the September quarter. The growth reflected confidence among advertisers that online and mobile advertising offered advantages over traditional formats.

United States/Canada

Telecommunications

- **Sprint Nextel Corp. had formed a new unit to specifically focus on the wireline business market.** Such a move represents the increasing importance of business clients for the Sprint. While management attempts to turn around the wireless business, Sprint will increasingly rely on its often overlooked business unit, which it expects to post significant growth amid new services. It's the latest shake-up for a major telecommunications company. The business unit represents a small part of Sprint. Based on research analysts' estimates, the landline long-distance unit, which includes business, is expected to generate US\$6.5 billion in revenue and US\$1.2 billion in earnings before interest, depreciation and amortization this year. Sprint is expected to post total revenue of US\$36 billion and EBITDA of US\$8.2 billion. The company is pegging its growth on managed services, where the company runs the network and IT infrastructure for a business client.

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Hardware

- **Hewlett-Packard Co. (HP) has agreed to buy computer-storage software maker LeftHand Networks Inc. for US\$360 million as the personal-computer giant continues to announce new spending despite current economic conditions.** Spending on technology to store massive amounts of data is one of the few bright spots in corporate technology spending. Corporate spending on storage products increased 17 percent during the first six months of the year. HP is acquiring LeftHand, a developer of storage area networks, so it can offer cheaper storage systems and server networks to customers, while also simplifying the process. The acquisition helps HP better compete against Dell and other rivals for spending on two popular types of storage products.

Internet

- **Yahoo! Inc. has hired consulting group Bain & Co. to help identify opportunities to streamline operations and improve efficiencies, a move that raises the specter of widespread layoffs.** Chief Executive Jerry Yang sent an internal memo to employees, explaining the move as part of the company's ongoing efforts to boost revenue from its struggling online advertising business. Yahoo has launched a number of strategic initiatives and restructuring efforts in the 15 months since co-founder Yang reassumed control of the company. Yahoo's stock has been hammered this year as the company scrambles to cope with growing competition from search advertising rival Google, as well as with an economic slowdown that has crimped online display advertising spending.
- **Yahoo! Inc., with help from its newspaper partners, upgraded its online advertising system as the unlikely marriage between old and new media bids to revive each group's sagging fortunes.** The technology attempts to streamline the process of buying display advertising online as a "game-changer" that can help Yahoo and the ailing newspaper industry make more from selling display ads. The company has lost search ad market share to Google and display ad market share to a number of competitors, including social-networking sites such MySpace, which is owned by News Corp. Newspaper publishers have been bleeding market value for years as advertising dollars have gravitated to online rivals. The success of APT could make or break the various players involved. In hyping the product, Yahoo enlisted the power of celebrity, with actor Jon Hamm.

Software

- **A federal appeals court ruled that Microsoft Corp. doesn't have to pay Alcatel-Lucent US\$1.5 billion in damages in a patent-infringement case involving MP3s.** The U.S. Court of Appeals for the Federal Circuit affirmed the decision made by a lower court that Microsoft didn't have to pay the jury award because it wasn't in violation of one patent and had rights to the other via a licensing agreement with Germany's Fraunhofer Institute and AT&T Inc. Alcatel-Lucent initially sued computer makers Gateway Inc. and Dell Inc. over a series of patents in 2003, and Microsoft subsequently stepped in on their behalf. Alcatel-Lucent claimed computers made by Gateway and Dell using Microsoft products infringed on its patents.
- **Microsoft plans to build search technology centres in Paris, London and Munich.** The company views Europe as key to long-term growth in the US\$40 billion Internet search market as it aims to unseat Yahoo from the world's no. 2 spot and challenge Google's dominance. Jean-Philippe Courtois, president of Microsoft International, spoke after CEO Steve Ballmer outlined the company's plans to build European Search Technology Centers in Paris, London and Munich to develop consumer online and search offerings. Microsoft chief executive Steve Ballmer has intention to become the second-largest player in search advertising within five years. Google welcomes

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competition as it helps to drive innovation, but wouldn't comment further. Microsoft must be prepared to spend significant money to compete with Google for a share of the growing online advertising market. Expansion in Europe will continue.

Media, Entertainment and Gaming

- **Netflix Inc. is expected to strike a deal with Starz Entertainment, a move that expands the selection of movies available to Netflix subscribers for viewing on the Internet.** The agreement between Netflix, of Los Gatos, Calif., and Starz, a subsidiary of Liberty Media Corp., will add about 2,500 movies, television shows and music concerts to Netflix's library of about 12,000 videos available for viewing online. Netflix has been cutting a string of deals intended to help it navigate a shift to online delivery of movies from physical DVDs, a transition widely expected to occur in the coming years. The company's Internet service still lags far behind the more than 100,000 DVDs available through its traditional rental business, but in recent weeks it has cut deals with a growing number of partners, including the Walt Disney Co.'s Disney Channel and CBS Corp., to narrow the gap.

Europe

Mobile/ Wireless

- **Sony Ericsson expects the slump to last well into 2009.** The financial turmoil has made customers more cautious. Several phone producers will see their profits decline, as consequence. Sony Ericsson has initiated a reshaping programme, as the company registered falling sales and market shares during the first half of 2008. 2,000 staff and consultants will be laid off. The company has been successful in some areas, it has gained market shares in Brazil, and sales in South America are developing well. The new X1, a hand held computer like model, based on the Windows Mobile platform, is on its way to the market. Google launched platform Android may be an alternative for the future.
- **Ericsson has signed a sole-supplier agreement with Digicel Group for the nationwide deployment of a GSM/EDGE network in Panama.** The strategic partnership will allow Digicel to offer innovative mobile services to its subscribers in Panama and reinforces Ericsson's role as preferred supplier for Digicel's operations in the region. Ericsson will be sole supplier of a GSM/EDGE network including radio access network, Mobile Softswitch Solution, mobile backhaul solution with optical and microwave products and Convergent Charging and Billing solution. Ericsson will also be responsible for network deployment, systems integration, and learning services. The introduction of EDGE capability means that operators can cost-effectively increase data capacity in the network and offer high-speed mobile data services over the GSM network.

Hardware

- **Casio Computer Co. Ltd has founded a subsidiary in Russia with a view to raising its share on the Russian market.** The new limited liability company, headquartered in Moscow, will be launched to promote virtually all the items produced by Casio, except portable data systems and cash registers, which will remain under the parent company. Casio products were previously imported by Russian distributors from Casio's European subsidiary. The distributors would remain its wholesale partners. Casio Russia CEO Masahide Komai forecasts a considerable rise in commodity turnover in the next few months. Casio produces over 100 million items annually. Commodity turnover was just under US\$6 billion in April 2007- March 2008.

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Telecommunications

- **Europe is leading the way in terms of broadband subscriber growth for the second year running.** The European region now has nearly 120 million subscribers, a full 32 percent of the global broadband market. Worldwide broadband subscribers have now surpassed 380 million, an increase of 17 percent in the past 12 months, demonstrating the continuing strong growth of broadband deployment across the globe. The top ten countries by broadband subscribers, is once again led by the U.S., which has nearly 77 million broadband subscribers. China, whose broadband deployment has grown by over 6.5 percent in the last year and now has just over 76 million subscribers, is a close second and should shortly overtake the US in that top spot. However, Europe countries dominate the chart, with Germany, the UK, France, Italy and Spain all in the top ten.

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Other Economic Data

| Currency Exchange Rates | | | | | | |
|-------------------------|------------|------------------------------|------------------------|---------------------------|----------------------|----------------------|
| Currency | Units | Current Rate (on 10/3/08) | % Change 1 Week Ago | % Change Month to Date | % Change 1/1/2008 | % Change 1/1/2007 |
| Japanese yen | ¥/US\$ | 105.3000 | -0.6% | -0.7% | -6.4% | -11.6% |
| Hong Kong dollar | HK\$/ US\$ | 7.7693 | -0.1% | 0.0% | -0.5% | -0.1% |
| Chinese renmenbi | RMB/ US\$ | 6.8431 | 0.0% | 0.0% | -6.3% | -12.3% |
| Singapore dollar | S\$/ US\$ | 1.4495 | 1.6% | 1.1% | 0.3% | -5.7% |
| South Korean won | KRW/ US\$ | 1,220.9000 | 5.2% | 1.2% | 30.5% | 31.3% |
| New Taiwan dollar | NT\$/ US\$ | 32.1500 | 0.1% | -0.4% | -1.1% | -1.4% |
| Australian dollar | US\$/A\$ | 0.7738 | -6.9% | -2.6% | -11.5% | -1.9% |
| New Zealand dollar | US\$/NZ\$ | 0.6605 | -3.7% | -1.5% | -14.7% | -6.2% |
| Philippine peso | PHP/ US\$ | 47.1200 | 1.0% | -0.3% | 14.4% | -3.9% |
| Euro | US\$/€ | 1.3769 | -5.8% | -2.4% | -6.4% | 4.3% |
| British pound | US\$/£ | 1.7716 | -4.0% | -0.6% | -11.1% | -9.6% |

Fixed Income Prices and Yields

| Note | Currency | Current (on 10/3/08) | | 1 Week Ago | | 4 Weeks Ago | |
|---------------------|----------|----------------------|-------|------------|-------|-------------|-------|
| | | Price | Yield | Price | Yield | Price | Yield |
| US 30-year | US\$ | 107.08 | 4.09% | 102.09 | 4.37% | 103.45 | 4.29% |
| Japan 30-year | ¥ | 103.75 | 2.29% | 104.97 | 2.22% | 104.28 | 2.26% |
| Hong Kong 10-year | HK\$ | 105.90 | 2.88% | 103.64 | 3.15% | 105.82 | 2.90% |
| China (06/16) | US\$ | 108.77 | 3.39% | 108.77 | 3.39% | 101.99 | 4.39% |
| Singapore 10-year | S\$ | 107.40 | 3.13% | 106.03 | 3.28% | 108.07 | 3.06% |
| South Korea 20-year | KRW | 9,470.89 | 5.98% | 9,470.89 | 5.98% | 9,778.74 | 5.93% |
| Australia 15-year | A\$ | 103.94 | 5.32% | 100.98 | 5.64% | 101.09 | 5.63% |
| New Zealand (12/17) | NZ\$ | 100.22 | 5.97% | 100.09 | 5.99% | 99.36 | 6.09% |
| Philippines 20-year | PHP | 97.31 | 8.91% | 99.36 | 8.68% | 94.90 | 9.19% |
| India 30-year | INR | 92.10 | 9.11% | 91.75 | 9.15% | 91.16 | 9.22% |
| UK 30-year | £ | 106.70 | 4.35% | 103.64 | 4.53% | 106.69 | 4.35% |
| Germany 30-year | € | 96.36 | 4.47% | 92.09 | 4.74% | 95.43 | 4.53% |

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