



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

***Week of 19 September 2010 - 26 September 2010***

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



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Equity Market Indicators					
Index	Closing Level (9/24/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,148.67	2.1%	7.6%	3.0%	27.2%
Dow Jones Industrial Avg.	10,860.26	2.4%	6.7%	4.1%	23.7%
Dow Jones Tech. Index	404.27	2.4%	8.8%	0.4%	60.8%
Dow Jones Telecom. Index	228.58	2.5%	8.0%	4.1%	14.4%
NASDAQ Composite	2,381.22	2.8%	10.3%	4.9%	51.0%
Japan Nikkei 225	9,471.67	-1.6%	-1.0%	-10.2%	6.9%
JASDAQ	48.28	0.1%	-3.7%	-0.2%	0.2%
Japan Mothers	368.92	-1.2%	-6.3%	-11.4%	14.1%
Korea KOSPI Composite	1,846.60	1.1%	3.6%	9.7%	64.2%
Korea Kosdaq	485.15	0.4%	0.7%	-5.5%	46.1%
Taiwan Stock Exchange	8,166.62	0.1%	3.2%	-0.3%	77.9%
Singapore Straight Times	3,628.41	-0.7%	1.9%	21.3%	106.0%
Hong Kong Hang Seng	22,119.43	0.7%	3.3%	1.1%	53.7%
Hong Kong GEM	810.44	0.6%	1.3%	19.7%	110.2%
China Shanghai (A-Share)	2,714.96	-0.3%	-3.1%	-21.0%	42.0%
China Shenzhen (A-Share)	1,198.12	-1.1%	4.3%	-5.0%	106.0%
China Shanghai (B-Share)	254.77	0.6%	5.8%	0.9%	129.7%
China Shenzhen (B-Share)	726.58	1.1%	9.9%	16.1%	167.8%

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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 2/15/08	% Change From Offer
N/A						

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

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

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

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## Weekly Highlights

### International

#### *Telecommunications*

- **According to figures reported by the Broadband Forum, global broadband subscribers have reached 500 million.** Total number of fixed-lines worldwide stood at 1 billion. China topped globally as it generated 43 percent of all broadband lines added during Q2. U.S. Japan, Germany, France, the U.K., South Korea, Italy, Brazil and Russia were among the rest of the top 10 markets by broadband lines, with Mexico coming in at number 11. Asia accounts for the majority of global broadband subscriptions with a 40.87 percent share of the market, followed by Europe with 30.06 percent, and the U.S. with 26.12 percent. Just 2.95 percent of the world's broadband subscribers are based in the Middle East and Africa, but surged capacity should bring lower prices and spur uptake.
- **According to a study by Wakefield Research commissioned by the Wi-Fi Alliance, close to 70 percent of millennial users in the U.S., China, Korea and Japan spent more than four hours a day on a Wi-Fi connection.** About 64 percent of U.S. respondents and 89 percent of Chinese users stated it will be almost impossible to maintain many of their friendships without Wi-Fi. Nearly 44 percent of the U.S. respondents and 82 percent of Chinese respondents said the same will apply to family relationships. For young adults, Wi-Fi-enabled digital devices are now more central to life than television. Two-thirds of respondents in the U.S. and four-fifths of those in China spent more time on Wi-Fi than watching television. Nearly 44 percent of the U.S. respondents first used Wi-Fi when they were seventeen or younger. Almost 84 percent of respondents in the U.S. and 93 percent in Korea might carry a handheld digital device than a watch.

### Japan

#### *Telecommunications*

- **Nippon Telegraph & Telephone Corp. (NTT) received approval from South Africa's Competition Tribunal unconditionally for its acquisition of Dimension Data Holdings PLC.** NTT had reached an agreement to acquire Dimension Data for GBP2.1 billion (US\$3.3 billion) in cash as part of an overseas expansion for the Japanese telecommunication giant. The companies had obtained the necessary antitrust clearance from the European Commission and had received notification there were no objections to the offer under Australia's foreign investment policy.

#### *Hardware*

- **Japan's Fujifilm Holdings and Konica Minolta Holdings expect LCD film demand to recover only slowly through December due to lower-than-forecast growth in LCD TV sales.** Sales of high-tech film used in LCD screens have slowed in the past few months after panel makers betting on strong business bought the component in bulk earlier this year and saw a hefty buildup of stocks. Panel production is seen to start recovering from October but will remain soft for the rest of the year, said Hisamasa Abe, Head of Fujifilm's flat panel display materials division. Fujifilm dominates the market for high-tech film for LCD panels, such as triacetyl cellulose (TAC) film which protects polarization plates. It holds nearly 80 percent of the TAC film sector, with Konica Minolta taking most of the rest. Fujifilm and Konica Minolta supply TAC film to panel makers such as Samsung Electronics, LG Display and Sharp, through LG Chem Ltd, Nitto Denko and other polarizer makers.

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- **Panasonic Corp. is still considering various financing alternatives for its purchase of Sanyo Electric Co. and Panasonic Electric Works Co.** Panasonic is dropping the idea of issuing new shares to help finance the tender offers currently underway to take total control of the two group firms. The newspaper said Panasonic may use on-hand liquidity which has surged due to a recovery in earnings and seek loans to pay for the buyouts, which are expected to cost up to about 800 billion yen (US\$9.4 billion).

## *Alternative Energy*

- **Sharp Corp. and San Francisco-based solar-power developer Recurrent Energy announced that they have reached a definitive agreement for Sharp to acquire Recurrent Energy for up to US\$305 million in cash form its shareholders. Recurrent Energy is a Hudson Clean Energy Partners portfolio company and other shareholders include Mohr Davidow Ventures.** Recurrent Energy will bring Sharp further into the U.S. market for installing photovoltaic panels and building power plants to sell emissions- free electricity to utilities and large commercial consumers. Japanese panel manufacturers and U.S. competitors are seeking expertise in building solar plants to diversify their revenue sources as they face intensifying competition from Chinese makers including Suntech is centering on their power plants and developers to have bigger contracts. Panel makers from Sharp to First Solar Arizona, are scrambling to expand into installing the devices and making related electric components, a business with less international competition.

## **Korea**

### *Telecommunications*

- **SK Telecom is reported to be in talks with Harbinger Capital Partners about a US\$100 million investment in LightSquared, a wholesale LTE network operator in the U.S.** SKT is planning to launch LTE in its home market in 2011, with the intention of offering nationwide coverage by 2013, in order to meet rising demand for data from smartphone and mobile broadband customers. The company is also believed to be looking to bolster its international operations in order to counter tough conditions in its home market. Recently, SKT made a US\$100 million investment in Malaysian WiMAX operator Packet One Networks, and the company was reported to be eyeing an investment in Indian operator Videocon Industries.

### *Hardware*

- **LG Electronics Inc. is rumored to shuffle its executive-level managers soon to remedy its slumping profit, following the appointment of a founding family member to replace its chief executive.** Koo Bon-joon, 59, who will assume the CEO position of LG Electronics on Oct. 1, might replace three to five presidents of the company's five business divisions before shareholders meet in March. A brother of LG Group's chairman, Koo will replace Nam Yong, 62, who offered to resign to take responsibility for poor management and a record loss in the mobile business. LG's handset division had 119.6 billion won (US\$101 million) in operating loss in the second quarter, with the company's net profit dropped to 856.4 billion won (US\$742 million). Analysts warned that the company's loss in mobile phones may widen in the third quarter.

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## China

### *Internet*

- **According to industry group Broadband Forum, China is poised to become the world's biggest market for internet-based television services next year, surpassing global leader France.** The combined mainland, Hong Kong and Macau market overtook the U.S. as the second-leading user of internet protocol television (IPTV) services in the second quarter. China dominates the Asian IPTV market with more than 6.7 million subscribers.
- **Oak Pacific Interactive started to merge its online entertainment platform Kaixin.com into its social networking site Renren.com.** Kaixin.com applications and user data including contacts, game credits and login accounts will all be imported into Renren.com. Oak Pacific linked the two sites in September 2009 and that Kaixin001.com sued Oak Pacific in May 2009 over a name dispute.
- **Sohu denies rumor of spinning off its online video service Sohu Video.** The company said it has set aside 200 million yuan (US\$29.8 million) towards purchasing new content over the next three years.
- **Tencent met with mobile manufacturers in Shenzhen and Shanghai in August to discuss the launch of "Q-Service," a mobile internet solution that bundles all of Tencent's software.** Tencent will provide customized software and maintenance for handset manufacturers that install the service, which includes, among other programs, popular instant messaging service QQ and blogging service QQ Zone. The company is planning to launch its own mobile handset brand by the end of this year.
- **Tencent has purchased a stake in webgame developer and operator Beijing Manyougu Information Technology from Qiming Venture Partners.** Manyougu was cooperating with Tencent on three games that will launch soon, namely Qi Xiong Zheng Ba, Mo Huan Da Lu and Jiang Hu Xiao. Manyougu had received investment of US\$10 million from Qiming Venture Partners and Steamboat Ventures.

### *Mobile/Wireless*

- **Samsung Electronics Co. held the second largest share of China's smartphone market in the first half of this year.** According to China's Internet market researcher Analysys International, Samsung Electronics claimed an 18.7-percent share of the Chinese smartphone market during the first six months of the year and trailed only Nokia with 29.3 percent and fared better than Motorola Inc., which ranked third with 16.4 percent. Sony Ericsson Mobile Communications AB and Canadian handset maker Research In Motion (RIM) ranked fourth and fifth with 7.8 percent and 6 percent, respectively. Apple ranked sixth with a 5.4-percent market share. The low market share of Apple was attributed to China's vibrant gray market, which allowed many consumers to purchase the phone before its official launch in the country. About 10.6 million units of smartphones were sold in China during the first half of 2010, up 46 percent from a year earlier said Analysys International.

### *Telecommunications*

- **ZTE Corp. expects to exceed its target this year of 80 million terminal shipments from 61 million last year and building on the 10 million shipments in the first half of 2010, Li Jichao, the company's general manager for CDMA handset products said.** Terminals encompass both handsets and plug-in devices which enables computers to access the internet via cellular network.

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- **China United Network Communications Corporation Limited, (CUCL), a wholly-owned subsidiary of China Unicom (Hong Kong) Limited, completed the issue of the second tranche of commercial paper in the amount of 8 billion yuan (US\$1.2 billion) with a maturity period of 365 days and at an interest rate of 2.81 percent per annum.** Unicom also issued the second tranche of promissory note in the amount of 12 billion yuan (US\$1.8 billion) with a maturity period of 3 years and at an interest rate of 3.31 percent per annum.
- **Joint bookrunners Goldman Sachs, Morgan Stanley and UBS have sold about US\$2 billion worth of their remaining positions in China Mobile Ltd. after a US\$6.5 billion block sale failed to clear the market at the first attempt.** The three banks underwrote the sale of Vodafone's 3.2 percent stake in China Mobile in a block trade on Sept. 7. The lead banks offloaded the shares at below the HK\$79.20 (US\$10.2) placement price. The sources said the stock sales were handled in a fairly coordinated manner to minimize any further impact on the stock price. China Mobile has recovered to trade back above the block sale price. Vodafone's sale of its entire stake in China Mobile was Asia's biggest-ever block trade, and the bank's decision to underwrite the deal at an aggressive price highlights the confidence in Asia's equity markets. The discount was much wider than the 1.2 percent to Newbridge Asia offered for its sale of a HK\$9.08 billion (US\$1.2 billion) stake in Ping An Insurance on Sept. 2.
- **China Mobile had 5.43 million new subscribers in August, compared with 4.89 million new subscribers in July, bringing its total number of customers to 564.36 million.** Its 3G network users were at 13.42 million by August 31. China Unicom added 1.01 million 3G users and 682,000 2G users in August, bringing its total 3G and 2G users to 9.51 million and 150.71 million, respectively. The company gained 846,000 broadband users to reach a total of 45.36 million in the month, while fixed-line users declined by 424,000 to 100.11 million. China Telecom had a total of 179.07 million fixed-line subscribers by the end of August, after losing 1.04 million during the month, while the carrier's broadband subscriber base grew by 830,000 to reach 60.06 million by the end of August. The company's mobile user base surged by 2.62 million in August to reach a total of 79.94 million, including CDMA and PHS subscribers.

## *Hardware*

- **Hewlett-Packard Co. will expand its presence in China with more investments said Larry Irving, the company's vice president for global government affairs.** HP's presence in China began in 1981 with the opening of the first China HP representative office in Beijing. China Hewlett-Packard, the first high-tech joint venture in China, was established in 1985. Earlier this year, to bolster its presence in China, HP joined hands with China's Chongqing to announce a plan to operate a 20,000-square-meter facility in the city, where it will make state-of-the-art notebook and desktop PCs.

## **Taiwan**

### *Hardware*

- **Compal Electronics said it may establish a notebook plant in Chengdu, Sichuan Province, aiming to meet demand from local customers.** Compal has not yet decided the location for its investment in the western region of China. The local governments of Chongqing and Chengdu are both stepping up efforts to attract Taiwan-based notebook makers to invest in their cities. Chongqing has already attracted Foxconn, Quanta Computer and Inventec to build production bases in the city. It will ship 80 million notebooks a year by 2015. Compal held a seminar in Chengdu regarding the topic of the notebook supply chain. Compal expects its laptop shipment in the third quarter of this year to

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drop less than 10 percent from the previous quarter and to bounce back in the fourth quarter. The company expects the laptop shipment for this year to hit 50 million units, higher than the previously estimated 48 million units and the 37.9 million units it had last year.

## *Telecommunications*

- **Taiwan's three major telecommunications operators plan to acquire 35 to 40 percent more smartphones next year than this year as they seek to boost revenues from value-added services.** Chunghwa Telecom president S.T. Chang recently said the company will acquire at least 700,000 smartphones in 2011, around 100,000 more than planned for this year. Taiwan Mobile and Far EasTone Telecommunications plan to acquire 35 to 40 percent more smartphones in 2011. The three operators are estimated to procure 2 million smartphones next year. Meanwhile, the operators have signed up a total of 200,000 consumers that have registered for iPhone 4, outnumbering the 70,000 to 80,000 phones they have available in the first batch.

## *Semiconductor*

- **Epistar Corp. will set up a joint venture in Taiwan with Japan-based Toyoda Gosei Co. to target the LED lighting market.** The joint venture, to be named TE OPTO Corp., will be capitalized at NT\$23 million (US\$727,571) in the initial stage, with Toyoda Gosei taking a 51 percent stake and Epistar holding 40 percent. Twin Hill Co. Ltd. will take the remaining 9 percent. Toyoda Gosei is expected to control four of the board of directors' seven seats, while Epistar will control two seats and Twin Hill with one seat. The venture will be primarily a research and marketing company that gets product from Epistar's existing manufacturing facilities. It will combine Toyoda Gosei's LED technology with Epistar's low-cost manufacturing capabilities to expand the partners' LED sales in the growing market of illumination applications. The new company aims to generate NT\$1.85 billion (US\$58.9 million) in sales in 2011. Toyoda Gosei is engaged in a wide range of products in the automotive industry and began researching and producing LED-related goods in 1986.
- **MediaTek Inc. is ready to launch 2G chipsets in China in the fourth quarter as a strategic move to counter Intel's buyout of Infineon's business unit.** Intel's announcement of the acquisition of Infineon's Wireless Solution Business for approximately US\$1.4 billion at the end of August has marked the former's foray into the segment for handset chipsets, which will surely prompt MediaTek to develop 2.5G and 2.75G chipsets. MediaTek is expected to launch a 2G chipset, MT6250, in China in the fourth quarter of this year, which is for use in entry-level GSM handsets as the lowest-end of the firm's chipset portfolio. MediaTek now controls 75 percent share of China's 2G chipsets market, while Infineon ships about 5 million units of such chipsets a month to share less than 5 percent of the market. Although 3G chipsets have rapidly replaced 2G models, the later can still contribute to MediaTek's profits, industry insiders indicate, especially when the firm has dominated the segment.
- **Taiwan Semiconductor Manufacturing Co. is expected to see a 40 percent surge in net profit this year, said Chairman Morris Chang.** Chang said at the ground-breaking ceremony for a solar cell module plant in Taiwan that it expected the company's pre-tax profit for 2011 to grow 10%, faster than global industrial average. He added that TSMC does not see the problem of oversupply. The company produces chips for many global giants such as Intel, Advanced Micro Devices and Texas Instruments. TSMC's unconsolidated revenue surged 26 percent year on year to NT\$36.5 billion (US\$1.2 billion) in August from NT\$28.89 billion (US\$920 million) in the same month of 2009.

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## *Investments/ Ventures*

- **Taiwan signed agreements with 27 foreign firms on investments totaling NT\$108.25 billion (US\$3.42 billion) in the island over the next two years, mostly in the optoelectronics and panel-making sectors.** The deals came shortly after Taiwan and China signed a landmark trade agreement that went into effect Sept. 12. The Taiwan government believes the pact as well as warming ties between the two sides will boost the island's economic growth. The majority of the investments will come from the U.S. Eight U.S. companies, like Hewlett-Packard, Qualcomm, Corning, Applied Materials and Super Micro Computer, will invest a total of NT\$72.2 billion (US\$2.3 billion) over the period. HP will invest US\$114 million on research and development in Taiwan. The other investors are from Japan, China and Hong Kong, Germany, the U.K., Australia, the Netherlands, Spain and Belgium. Japanese companies account for the second-biggest group of investors, with companies including Canon, Nippon Electric Glass and Asahi Glass pledging a total of NT\$29 billion (US\$924 billion).

## **Hong Kong**

### *Telecommunications*

- **PCCW Ltd. said it has not decided on a separate listing for its pay- television unit.** Now TV, vying with i-Cable Communications Ltd. for market leadership in Hong Kong, is targeting higher-spending subscribers to boost profitability after ending losses last year, according to media consultant Vivek Couto. PCCW's TV division earned EBITDA of HK\$43 million (US\$5.5 million) in the first half of this year.

### *Investments*

- **First Pacific Co Ltd will issue US\$300 million of ten year-tenor bonds and secured by shares in its unit Philippine Long Distance Telephone Co.** Standard Chartered Plc and Credit Agricole CIB have been hired to manage the deal. This will be the second time this year that First Pacific has sold a global bond. First Pacific issued US\$300 million of seven-year bonds in July. The bonds were 5.8 times oversubscribed and secured by shares in its Philippine flagship Metor Pacific Investment Corp. and guaranteed by First Pacific. First Pacific is engaged in telecommunications, infrastructure and energy businesses.

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

### *Hardware*

- **Satyam Computer Services Ltd. announced that it will report annual earnings this month, its first since the software exporter was involved in India's biggest corporate fraud probe.** Satyam is projected to have a profit of 6.27 billion rupees (US\$139 million) for the year ended March 31, 2009, and 4 billion rupees (US\$88.6 million) for 2010. Tech Mahindra controls 42.6 percent of Satyam Computer. It gained control of Satyam in May last year after winning an auction held by a government-nominated board.
- **Infinite Computer Solutions (India) Ltd. expects revenue for the second quarter ending Sept. 30 to grow at a faster pace than the previous three months because of the contracts that the software company received in the past few quarters.** The company had a 5.4 percent sequential rise in revenue to 1.97 billion rupees (US\$43.6 million) in the first quarter ended June 30. The

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company in February signed a 10-year agreement to offer messaging-product services to Motorola. Infinite expects revenue from the agreement to be around US\$20 million this fiscal year that began April 1 and more than US\$40 million in the next year. The two deals that Infinite Computer signed with Uttarakhand Power Corp. and iYogi in April will also contribute to the revenue. The company in the previous quarter got a 1.50 billion rupees (US\$33.2 million) contract from Uttarakhand Power and also signed a three-year deal with U.S.-based company iYogi. The company was largely unaffected by a decline in spending by telecom clients as it offered niche services in the mobile infrastructure segment and managed to gain market share from other vendors.

## *Telecommunications*

- **Revenue for India's mobile-phone operators such as Bharti Airtel Ltd. may rise next quarter as they increase the cost of prepaid calls after a price war last year eroded earnings, according to Indiabulls Securities Ltd.** The entry of Tokyo-based NTT DoCoMo Inc. and Telenor ASA, of Fornebu, Norway, in India last year drove operators to slash call rates to as low as a penny a minute to gain subscribers. Bharti had quarter-on-quarter earnings declines for the last four quarters.
- **Sistema Shyam TeleServices Ltd. has selected the Indian units of L.M. Ericsson Telephone Co. and China's Huawei Technologies Co. and ZTE Corp., to lead the telecommunication carrier's networks in some service areas.** It will appoint remaining service areas to vendors at a later stage based on performance and commercial terms. Most Indian telecom operators outsource the task to manage their networks to third-party vendors, with the goal to save on significant costs associated with owning and maintaining the equipment used to provide wireless telephony services. The deals to two major Chinese telecom gear makers also mark a relaxation in policy after the Indian government recently moved to restrict imports of telecom equipment, particularly from China, due to security concerns. Authorities were worried that foreign telecom equipment could be embedded with spyware technology, posing a threat to national security.
- **China Unicom has set up an operational subsidiary in Singapore, the first one in Southeast Asia.** The subsidiary will provide international data services, voice wholesales and information and communication technologies to clients in Singapore, Malaysia and Indonesia. The incorporation of the Singapore subsidiary is seen to greatly enhance China Unicom's communications strength in the Southeast Asian market, as the region is stepping forward to the next generation of broadband network. Apart from the domestic business presence, China Unicom has also set up subsidiaries in North America, Europe, Japan and Hong Kong. All overseas subsidiaries of China Unicom have secured their business licenses, thus enabling them to provide international voice, data and mobile roaming services to their international users.
- **Singapore Telecommunications Ltd. will establish a corporate venture capital fund with an initial size of S\$200 million (US\$151 million) to invest in communications technology research.** The fund will cooperate with developers, research and development organizations and other equity providers to promote innovation.

## *Mobile/ Wireless*

- **Sales of Blackberry smartphones of Research In Motion (RIM) in Indonesia shot up 79 percent year-on-year in the second quarter of this year.** RIM Southeast Asia managing director Gregory Wade said Indonesia had currently emerged as one of the most important market for the company and will set up a branch in the country to be named RIM Indonesia. The smartphone shipments to Indonesia is expected to grow by 56.6 percent in 2010. The branch office would

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function as, among others, the base for the company's efforts to develop more local-based Blackberry applications. RIM worked together with several local application developers and higher education institutions to develop wireless technology and applications that could fulfill the needs of the country's Blackberry users.

## United States/Canada

### *Telecommunications*

- **Comcast Corp. Chief Financial Officer Michael Angelakis said the company is unlikely to increase its investment in Clearwire Corp., the wireless broadband provider.** Clearwire has long been cited by Comcast as an important part of its wireless strategy. Comcast owns 9 percent of Clearwire, as Sprint Nextel Corp. owns 54 percent and Intel Corp., Google Inc. and Time Warner Cable Inc. hold stakes in the company. Tensions have recently flared over the strategic direction of the company.
- **AT&T Inc. Chief Executive Randall Stephenson was pleased with the company's third-quarter results to be reported next month, with anticipated record sales of higher-end handsets and improvement in the broadband business.** AT&T will post record sales of integrated devices, which include smartphones and phones focused on messaging, in the third quarter. The introduction of a low-end data plan, meanwhile, has attracted a new segment of customers upgrading for the first time. Given the strength in higher-priced phones which carry larger subsidies Stephenson said he expects wireless margins to be pressured in the quarter. He expects the company's overall margins to remain consistent for the rest of the year due to aggressive cost cutting.
- **Sprint Nextel Corp. Chief Executive Dan Hesse said the company will not move to a metered pricing plan for its wireless data.** Sprint has made unlimited plans the centerpiece of its campaign to win back customers. The simpler offerings coupled with a better line-up of phones has helped reverse heavy subscriber losses from the past few years. But with data usage increasing exponentially largely driven by heavy video usage, Sprint has to invest more to keep up with the capacity needs. It is an issue the industry is wrestling with: juggling the exploding data demands with the established model of unlimited plans. AT&T moved to a tiered pricing plan which will encouraged new customers to upgrade to a data plan for the first time. Sprint said although it loses money on some of its high-usage customers, that overall the plans have had a positive impact on the company's financials, as well as its ability to retain customers.
- **Sierra Wireless Inc. would cut 60 jobs, or about 6 percent of its work force, in a reorganization that is expected to reduce expenses by about US\$4 million a year.** The Canadian maker of wireless modems said the new structure is designed to focus on market opportunities and accelerate profit growth. Sierra will post a third-quarter charge of about US\$4.5 million for severance and other costs related to the reorganization. But the company did not change its July forecast for the third and fourth quarters. For the second quarter, Sierra had its loss widened to US\$8.6 million from a year-earlier loss of US\$5.9 million, partly due to changes in currency values that hurt the latest results and helped in the prior-year period. Revenue grew 18 percent to a record US\$159.1 million on strong demand for machine-to-machine and mobile computing products.

### *Internet*

- **Alibaba Group on Sunday turned down the suggestion by Yahoo chief executive officer Carol Bartz that she be allowed to join the board of Alibaba, replying that Bartz should focus on**

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**improving Yahoo's own business first.** Yahoo's 39 percent stake in Alibaba is worth US\$11 billion, according to estimates by Susquehanna Financial Group LLLP analyst Marianne Wolk. Yahoo founder Jerry Yang was first approached about nine months ago to sell the holding, before Alibaba filed a formal proposal in May, Alibaba spokesman John Spelich said. Alibaba Group Chief Financial Officer Joseph Tsai held at least two meetings with Tim Morse, his counterpart at Yahoo, about the holding in Alibaba, according to Spelich. Alibaba's formal proposal in May involved an offer to buy part of the stake held by Yahoo, Spelich said. Yahoo countered with a "different proposal" in June that Alibaba found unjustifiable, he said.

- **Facebook Inc. and INQ Mobile Ltd. are working together to develop two smartphones that may be carried by AT&T Inc.** The smartphones will feature Facebook social-networking services, one person told the news service. The phones are to run Google's Android operating system and might carry the AT&T brand.
- **Yahoo Inc. needs to figure out how it can compete with Google in the display advertising market.** CEO Bartz also praised Facebook's strategy, which has enabled the social network grow to more than 500 million users through aggressive international expansion and an emphasis on social games. Google has moved aggressively in recent quarters to build a display advertising operation to complement its dominant search ad business. Google's research and development expenditures are four times larger than Yahoo's R&D budget, adding that Google's ability to innovate will keep Yahoo on its toes in the display advertising market, its core business. Yahoo will launch games by Zynga Game Network Inc., which will enable the leading social game maker to expand its user base beyond Facebook. Yahoo is in talks with other game makers to bring additional social games to the company's Web pages.
- **AOL Inc. Chief Executive Tim Armstrong expects the rest of the year to be bumpy for its advertising business, but is looking for a rebound next year.** AOL has struggled to turn itself around, transforming itself from an online provider to a content company focused on advertising. Armstrong said the company's ad business has suffered as a result of a restructuring that will position it for more premium ads. Armstrong warned the ad business could continue to see declines this year. As a result, AOL wouldn't return cash to shareholders, and that it was highly unlikely it will buy back stock or issue a dividend. Armstrong expects the company to be healthier in terms of profitability and growth next year. The company will still make more acquisitions.
- **EBay Inc. said the head of its core auction business, Lorrie Norrington, will step down due to personal family reasons.** The business will report directly to President and Chief Executive John Donahoe, as it also disclosed third-quarter results should be "near the high end" of July's downbeat forecast.
- **IAC/InteractiveCorp. Chief Executive Barry Diller said AOL's description of its recently brokered search deal with Google is beneficial for other Internet-content companies.** AOL's previous negotiation with Google coincided with Google acquiring a 5 percent stake in AOL for US\$1 billion. Google later sold that stake back to AOL's then parent, Time Warner Inc., for US\$283 million. IAC also ventured with Google ending in two years, as AOL bolstered its own financial position in its negotiation with the search giant bodes well for his company. The companies allow Google to handle searches generated on their websites in return for a share of the revenue. MySpace is currently in talks with Google, and rival search providers such as Microsoft, about renewing its own partnership with the search giant. MySpace signed a US\$900 million three-year deal with Google which expired in August.

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## *Software*

- **Adobe Systems Inc. forecasts sales to trail estimates, citing slower demand from back-to-school shoppers and Japanese buyers.** The Company expects its fourth-quarter revenue to be US\$950 million to US\$1 billion. Bloomberg estimates that it will reach US\$1.03 billion on average for the period, which lasts through November. Adobe's new Creative Suite 5 software did not generate strong growth. Profit is projected at 48 cents to 54 cents a share. Education sales account for more than 10 percent of Adobe's revenue. Total sales surged 42 percent to US\$990.3 million and net income surged 69 percent to US\$230.1 million. Analysts had boosted earnings of 49 cents on revenue of US\$985.4 million. Operating expenses surged 27 percent in the period, due to a 31 percent increase in sales and marketing costs. Adobe may benefit from a Sept. 9 decision by Apple to ease restrictions on creating applications for its iPhone and iPad devices. Apple had prevented developers from using Adobe's Flash video software.
- **Microsoft Corp. surged its quarterly dividend by 23 percent to 16 cents a share and received approval from its board to sell as much as US\$6 billion in additional debt.** Microsoft will sell debt this year to pay for dividends and share repurchases because most of its cash is held overseas. The company will generate US\$25 billion in free cash flow in the current fiscal year. Microsoft could potentially increase its share repurchases beyond its US\$12 billion estimate for the year or pay for a meaningful acquisition. The company had US\$36.8 billion in cash and short-term investments at the end of last quarter. About 74 percent of Microsoft's cash is overseas. Microsoft sold its first debt in May 2009, a US\$3.75 billion offering, in a bid to diversify its capital structure and add to its cash pile for acquisitions, capital expenses and share buybacks. The sale was comprised of US\$2 billion of 2.95 percent, 5-year notes; US\$1 billion of 4.2 percent, 10-year debt; and US\$750 million of 5.2 percent, 30-year bonds.
- **Oracle Corp., building on a run of more than 65 acquisitions during the past five years, is looking to purchase semiconductor companies and makers of industry-specific software.** Apple has bought semiconductor makers to help develop devices such as the iPad and iPhone. Oracle already acquired some chip knowhow from Sun, which makes servers based on its own chip design, Sparc, while also using personal-computer chips from Intel and Advanced Micro Devices. Oracle may acquire a semiconductor company with technology for servers. Potential targets include AMD, IBM's chip division and Nvidia. Oracle had US\$23.6 billion in cash and short-term investments at the end of its fiscal first quarter. The company also hired former Hewlett-Packard Co. CEO Mark Hurd as co-president Sept. 6. Oracle may also acquire more hardware companies.

## *Hardware*

- **TomTom is strategizing to expand across Asia.** TomTom started rolling out its personal navigation devices in the Singaporean and Malaysian markets. TomTom will build on its iPhone application, which was launched in both countries in August 2009. TomTom personal navigation devices will be sold through major consumer electronics retailers across Singapore and Malaysia.

## **Europe**

### *Telecommunications*

- **France Telecom SA is acquiring 40 percent of Medi Telecom SA from Meditel owners Groupe CDG for 640 million euros (US\$840 million).** They have listed Meditel shares on the Casablanca bourse in the short-to-medium term. France Telecom Chief Executive Officer Stephane

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Richard has targeted Africa and the Middle East for international expansion to offset a sluggish domestic market. The company will pay at least 7 billion euros (US\$9.4 Billion) on deals in the region. Entering Morocco will bring France Telecom into direct competition with French rival Vivendi SA, which owns 53 percent of market leader Maroc Telecom. France Telecom said that it will raise its stake in Meditel to 49 percent by 2015. Meditel had a 12 percent boost in sales to about 2.7 billion dirhams (US\$320 million) in the first half this year, with EBITDA of about 1 billion dirhams (US\$120 million).

- **France Telecom will deploy a new submarine cable in the Indian Ocean that will provide further connectivity between Africa, Asia and Europe.** Called LION2, the 3,000 kilometre-long system will extend the existing LION cable which connects Madagascar, Mauritius and the small French island of Réunion to a new landing station in Kenya and one in Mayotte, which will provide broadband Internet to the group of small islands for the first time. The telco is deploying the cable as part of consortium consisting of its local subsidiaries in Kenya, Madagascar and Mauritius, as well as Mauritian operator Emtel, SFR's Réunion unit Société Réunionnaise du Radiotéléphone, and STOI Internet. LION2 will cost around 56.5 million euros (US\$76.1 million) to deploy, with the operator contributing around 31.25 million euros (US\$42 million) of that total.
- **Vodafone Group PLC executive Nicholas Read has resigned from China Mobile Ltd.'s board after the U.K. company sold its entire stake in the Chinese telecommunications operator.** Read is Vodafone's chief executive for Africa, Middle East and Asia Pacific. Vodafone sold its 3.2 percent stake in China's biggest mobile telecom operator by subscribers earlier this month for GBP4.3 billion (US\$6.8 billion) in a public offering. Vodafone and China Mobile had long signaled they will like to unwind the partnership, but had been unable to agree on terms. Vodafone originally invested in China Mobile in 2000.
- **L.M. Ericsson Telephone Co. Chief Executive Hans Vestberg committed to the company's Sony Ericsson joint venture with Sony Corp.** The struggling handset maker has made strides in turning around the business. Vestberg will not consider selling Ericsson's 50 percent stake in Sony Ericsson but noted that the venture has more work ahead of it. The comments come amid market speculation that Sony may consider acquiring Ericsson's stake in the joint venture. Sony Ericsson is struggling in advancing into the faster-growing smartphone area that has been overrun by the likes of Apple and RIM's Blackberrys. Sony Ericsson focused to higher-end devices using Google's Android operating system. But the company is only one of several handset makers, including Motorola and Samsung Electronics Co. Ltd., which has pinned its hopes on Android to revive its fortunes.

## *Semiconductor*

- **Infineon Technologies AG won't make any acquisitions just to increase its size said CEO Bauer.** Once the US\$1.4 billion sale of its wireless unit to Intel closes early next year, Infineon's cash position will exceed 2 billion euros (US\$2.6 billion), raising questions on what Infineon will spend the money and also raising concerns that the soon-to-be cash rich company could become a takeover target itself. Bauer also kept all options open in regards to returning money to investors, who haven't received any dividends since 2001.

## *Software*

- **IBM will acquire data specialist Netezza Corp. for US\$1.7 billion, as IBM expands its storage and analytics business.** The deal marks the latest in the data-warehousing sector, coming a month

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after the start of the public bidding war between Hewlett-Packard and Dell for data-storage company 3Par Inc.

- **Intec Telecom Systems PLC agreed to a 72 pence a share takeover by CSG Systems International Inc., although analysts haven't ruled out a counterbid at a higher price.** CSG's offer, which values the company at about GBP236.7 million (US\$374 million), is at a 30.3 percent premium to its closing share price on July 23--the day before the company entered into an offer period and a 25.6 percent premium to the average closing price of Intec's shares in the three months before offer talks began. Oracle Corp. is one potential candidate for mounting a counterbid. The low offer price could be due to Intec's reference of increasingly difficult market conditions in its offer statement. Its profits have tumbled after tightened spending by customers hit revenue and margins and in May it announced a 40 percent drop in fiscal 2011 first-half pretax profit. It was earmarking at least GBP7 million (US\$11.1 million) of cost cuts by the end of the fiscal year.

## South Africa/Middle East/Latin America

### *Semiconductors*

- **As its strategy to build a foothold in South America, AU Optronics Corp is setting up a joint venture in Brazil with TPV Technology Ltd., the world's largest TV manufacturer.** Temporarily named Brivictory Industria de Electronicos Ltda., the joint venture will be capitalized at US\$16 million, with 19 percent invested in by AUO and the remainder by TPV and will engage in LCD back-end processing, as well as assembly and sales of display panels. The venture is scheduled to kick off volume production in the first quarter of 2011. AUO and TPV have established another joint venture in Poland in March 2010, which is also engaged in back-end production of LCD modules and assembly of TVs.

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## Other Economic Data

### Currency Exchange Rates

Currency	Units	Current Rate (on 9/24/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	84.1800	-1.9%	-1.0%	-9.4%	-8.7%
Hong Kong dollar	HK\$/ US\$	7.7564	-0.1%	-0.2%	0.0%	0.1%
Chinese renmenbi	RMB/ US\$	6.7035	-0.3%	-1.4%	-1.8%	-1.7%
Singapore dollar	S\$/ US\$	1.3214	-1.1%	-2.6%	-6.0%	-9.6%
South Korean won	KRW/ US\$	1,154.2000	-0.5%	-2.3%	-0.8%	-12.3%
New Taiwan dollar	NT\$/ US\$	31.3400	-1.0%	-1.8%	-1.9%	-4.4%
Australian dollar	US\$/A\$	0.9588	2.4%	7.6%	6.9%	35.0%
New Zealand dollar	US\$/NZ\$	0.7337	1.1%	3.8%	1.3%	25.4%
Philippine peso	PHP/ US\$	43.6800	-0.9%	-2.9%	-6.0%	-7.5%
Euro	US\$/€	1.3488	3.4%	6.6%	-5.8%	-2.8%
British pound	US\$/£	1.5819	1.2%	2.0%	-2.1%	8.9%

### Fixed Income Prices and Yields

Note	Currency	Current (on 9/24/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	101.42	3.80%	99.48	3.94%	103.77	3.67%
Japan 30-year	¥	102.40	1.88%	100.24	2.00%	114.07	1.60%
Hong Kong 10-year	HK\$	102.48	2.14%	101.90	2.33%	103.27	2.05%
China (06/16)	US\$	109.47	2.87%	110.26	2.85%	110.49	2.01%
Singapore 10-year	S\$	111.00	2.02%	109.32	2.21%	111.00	2.71%
South Korea 20-year	KRW	11,466.78	4.48%	11,470.95	4.52%	11,145.70	4.68%
Australia 15-year	A\$	104.76	5.20%	104.77	5.20%	107.31	4.93%
New Zealand (12/17)	NZ\$	106.80	5.14%	105.59	5.38%	106.46	5.17%
Philippines 20-year	PHP	139.69	8.36%	138.14	8.67%	138.11	8.50%
India 30-year	INR	99.25	8.37%	98.75	8.59%	98.90	8.40%
UK 30-year	£	103.69	4.03%	101.91	4.19%	104.03	4.01%
Germany 30-year	€	134.38	2.97%	132.86	3.06%	136.37	2.91%

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