

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



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International

Information Technology

- **The satellite industry is suffering from overcapacity and needs an application in the form of digital multimedia broadcasting, according to Asia Pacific Satellite Communications Council.** Digital multimedia broadcasting provides content over a satellite to small hand-held devices such as personal digital assistants and mobile phones. In January, South Korea launched trial operations of the satellite-based TV service for mobile-phone users. The system, using technology developed by Japan's Toshiba, allows mobile phone users in cars, trains or on street corners to watch high-definition digital TV programming by satellite. Japan has already launched the service. The Asia Pacific Satellite Communications Council is a non-profit international organization founded by the United Nations Office for Outer Space Affairs. It promotes satellite communication in Asia and has members comprising of satellite manufacturers and launch vehicle service providers from Europe and North America. The body said many of the national satellite firms were losing money in Asia, which earned revenues of US\$10 billion last year, and companies are expected to merge as a result. The report indicated that most of the countries, which have their own satellite systems, are not making profit. One way is to consolidate and survive. They can even merge with foreign players or form a consortium, the council proposed. Despite overcapacity of satellite transponders in the region the Asia-Pacific market was growing at a "reasonable rate" of 4.4 percent a year. The problem still remains though. There are too many satellite operators and regulatory barriers need to be lowered or removed.

Semiconductors

- **The Digital Signal Processing (DSP) chip market was up 27.2 percent last year to US\$7.8 billion, according to market research firm Forward Concepts.** The market was said to be driven primarily by the wireless market, which composed almost three-fourths of the DSP market. Most of the gains took place in the first half, with the second half of the year flat. The report said that mostly Chinese cell phone makers found themselves with an inventory glut that had to be slowly diminished. This slowed down new baseband chip orders. In terms of year-on-year revenue changes, the computer market segment, with a concentration of disk drive controllers, grew the biggest at 47.7 percent, a figure that is still shy of the 2003 results. The wireless segment grew at 33 percent, with the growth attributable to Wi-Fi hotspots and voice-over-Internet protocol (VoIP) applications. The research firm expects continuing growth from this point on. Geographically, DSP chips for cellular handsets constitute the largest market and, according to the firm, are the real market movers. Asia Pacific, where the biggest cellular market (China) can be found, consumes over half the world market for DSP silicon. If vendors are to be ranked, TI comes first, with its 50 percent share of the market at US\$3.9 billion. Freescale Semiconductor follows with DSP revenues of US\$1 billion. Agere is third with US\$768 million in DSP revenue, with Analog Devices coming in at fourth, with US\$600 million in DSP revenue last year.

Japan

Internet

- **Yozan Inc. announced that it would team up with two other firms to start offering a wireless IP (Internet Protocol) telephony service employing WAN (wide area network) technology.** Once

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the government approval for spectrum use for the service is given, trials will be conducted in Tokyo this June, with data and voice service to begin in December. The service will charge a monthly rate of 3,000 yen (US\$28.3). The company will be using WiMAX technology, which is being promoted by Intel Corp. Yozan will install wireless WAN equipment at 600 of its base stations in central urban areas. Each base station will provide coverage for areas with radii of several kilometers. Terminals will be developed and supplied by Airspan Communications Ltd. of the U.K. and Bell Net Corp. of Japan.

- **Softbank Corp. reported a third-quarter loss on marketing costs even while it move into fixed-line services.** The net loss for the company, said to be challenging NTT for leadership Japan's high-speed Internet market, was 26.5 billion yen (US\$251 million) for the three months ended December 31, compared with 16.4 billion yen (US\$156.3 million) for the same quarter last year. Sales, however gained an 89 percent growth to 258.1 billion yen (US\$2.4 billion), a figure ascribed to contributions from its fixed-line unit Japan Telecom Co. A company official said the company aims to transform this Internet venture capital company into a full-service phone company even as an official statement admits that Softbank's main broadband and fixed-line businesses are still in the red. The company reported an increase in the number of subscribers to the Yahoo! BB digital subscriber lines rose by 55,000 to 4.7 million as of the end of January from a year earlier. Despite this achievement, the company may not get its target of having 6 million high-speed Internet subscribers by the end of September.

Software

- **The Bank of Tokyo-Mitsubishi and UFJ Bank have reached an agreement to adopt a core computer system made by IBM Japan Ltd.** The move, according to analysts, will likely cause Hitachi Ltd. to lose its job of developing key computer systems for the three mega banks. The system to be used by the two banks will administer fund inflows and outflows from accounts. Hitachi, however, will likely be asked to develop another key computer system for BOT-Mitsubishi/UFJ to oversee individual financial products, such as loans and foreign exchange services. Hitachi established a joint computer systems development venture with UFJ Bank in October 2002. The company has since been developing systems for the bank. The accord reached by the two banks to use an IBM Japan-made system means Hitachi will lose about 100 billion yen (US\$945.4 million) in revenue, the sources said.
- **Obic Co has started selling software that monitors for and provides warnings on the occurrence of errors in corporate information systems.** The software has the capacity to monitor operation of such equipment as servers and external storage devices. It can also monitor the operations of business software, such as ERP (enterprise resource planning) systems. Obic will sell the software to major firms that have large-scale systems. The new software will monitor operation in real time. When errors and other abnormalities take place, the software will notify administrators through e-mail and through lights. Obic's product will specify the location and cause of the problem and suggest response measures. It allows for monitoring of both hardware and software operation through a single screen and has functions for detailed operation status reports. The price is relative to the scale of the monitoring, but starts from around 900,000 yen (US\$8,500). Obic aims to supply the software to 100 companies by the end of March 2006.
- **Nihon Unisys Ltd. and systems developer Aoyama Planning Arts Inc. (APA) are marketing software that teaches users about the government's new legislation for protecting personal information.** The new legislation is going to be enforced this April. The software is called Privacy

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Perfect Pack Ver. 1, and uses video segments and quizzes to facilitate learning the basics of the regulations in about one hour. The price is 5,250 yen (US\$49.6) per user and the software will be sold to companies on condition that at least 100 of their employees use it. With the use of the software come the written exams, which are also available. Those who pass the exams will be issued certificates as a motivation for them to go into further learning. With the full enforcement of the new legislation drawing near, companies are being compelled to train their staff in how to comply with the regulations. Nihon Unisys and APA projects the number of new software users to total 500,000 in six months.

Hardware

- **Japan's Sharp Corp said it would buy Fujitsu's liquid crystal display (LCD) business.** This move is the latest consolidation in the fast-growing but highly competitive market for thin displays. Sharp's announcement followed the announcement that Matsushita Electric Industrial and Hitachi will tie up in plasma panels. The product is one of those that have been affected by price falls. Panel makers increased production last year assuming that people would trade in bulkier sets using cathode ray tubes for sleek flat-panel televisions at a brisk pace. What happened though was that slower than expected demand and competition made significant dent in the profit margins. Price competition has also been intense in small and mid-sized LCDs used as computer screens and displays for mobile phones. Fujitsu will sell its loss-making LCD business, including research and development, manufacturing and sales operations, to Sharp for an undisclosed amount. Fujitsu has primarily focused on producing LCD panels for use in PC monitors. Sharp is the world's largest maker of LCD panels for televisions but is also a leading producer of small and medium-sized LCDs. Sharp also said the move would strengthen its development and production of displays for mobile phones, game consoles and other mobile devices. For Fujitsu, the deal with Sharp will be its exit display market, which it described as volatile. The two deals are the latest in a series of realignments among Asian flat-panel makers.
- **Matsushita Electric Industrial Co. has announced a product that will significantly developed a way to boost the image quality of the MOS (metal oxide semiconductor) sensors used by camera phones to take pictures.** Each picture element in the new MOS sensor measures just 2 microns on a side, making it less than two-thirds the size of the elements in today's mainstream MOS sensors. The smaller size gives the MOS sensor with an imaging area of 0.25 inch can capture full-color shots with a resolution of 2 million pixels. In comparison MOS sensors of this size have only 1 megapixel resolution. Matsushita makes the MOS sensor using a 0.15-micron design rule and a special technology that enables each transistor to be shared by four picture elements. This reduces the total transistor count and allows more pixels to be packed into a given space.
- **Japan's Nikon said it reversed losses to post a net profit of 23.4 billion yen (US\$221.2 million) in the nine months to December.** The company attributed the gain on brisk sales of high-quality cameras and chip-making equipment. Nikon suffered a net loss of 2.8 billion yen (US\$26.4 million) during the same period in 2003, when it was hit by a delay in raising the output of some digital cameras and by price competition. In the latest period, Nikon's recurring profit amounted to 7.7 billion yen (US\$72.7 million), compared with a recurring loss of 8.2 billion yen (US\$77.5 million) a year earlier. Sales were reported as having increased to 28.7 percent to 465.9 billion yen (US\$4.4 billion). It said sales of "steppers", used in making integrated circuits and liquid crystal displays, remained firm because of a recovery of investment in equipment at home and robust demand from the rest of Asia. Sales of high-quality single-reflex digital cameras were firm but those of compact digital cameras were affected by "tougher competition and declines in prices", the statement said. For the year to March, Nikon

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forecast a net profit of 28.6 billion yen (US\$270.3 million), compared with a net profit of 2.4 billion yen (US\$22.6 million) the previous year, on sales of 660 billion yen (US\$6.2 billion), up from 506.4 billion yen (US\$4.7 billion).

Semiconductors

- **IBM Corp., Toshiba Corp. and Sony Corp. are jointly releasing a pilot model of a next-generation microprocessor unit (MPU) that features nine central processing units (CPUs) on a single chip.** The overall performance of the cell chip is up to 10 times that of the most advanced MPU currently available for personal computers. Chips available in market would generally accommodate only one CPU. The MPU, measuring 221 sq. mm, consists of a core CPU for controlling an entire chip and eight other processors, each of which handles different tasks, such as image processing and communications control. The configuration is said to enable the MPU to operate at high speeds and save on power consumption. IBM and Sony will start producing the MPU on a trial basis this year in the United States and Japan, respectively, with a view to beginning full-scale production next year. Toshiba also plans to make the product at its plant Japan. Sony plans to incorporate the MPU into its television sets and video game consoles, while Toshiba plans to use it in its TVs and IBM will adopt it for high-performance computer workstations. The three-way development project involving the major companies was launched in 2001.
- **Seiko Epson Corp. announced that it has developed a thin, bendable micro processing chip that can be utilized in electronic paper as well as personal computers that can be rolled up or sealed onto a surface in complex shapes.** Companies are already actively developing bendable electronic paper but these products need flexible microprocessors for it to be commercialized. The Seiko Epson product paves the way for the development of sheet-like PCs and PDAs as well as IC cards that will not break even when bent. The company said it would try to further improve the chip, with the aim of commercializing it in four to five years.

Media, Entertainment and Gaming

- **KDDI Corp., Okinawa Cellular Telephone Co. and Square Enix Co. have jointly set up a portal site allowing users to access cell phone-based games offered by 43 companies.** The portal is designed to enhance the convenience for game players, as game firms currently operate their sites independently. The new service, called EZ Game Street!, is provided by KDDI and Okinawa Cellular. Square Enix provided its knowledge in setting up the portal site. The service allows users to access more than 350 games, including those offered by Square Enix, Sony Computer Entertainment Inc. and Namco Ltd. The new portal also lets viewers browse web sites offering tips on the latest games and how to improve their game-playing skills. The companies said they are considering allowing consumers to purchase home-use games via the portal.

Korea

Mobile/Wireless

- **Electronics manufacturers and Korean mobile-phone carriers Samsung Electronics Co., LG Electronics Inc., SK Telecom Co., KT Freetel Co. and LG Telecom Ltd. announced the establishment of the Mobile RFID Forum.** The companies said that they are combining efforts to develop and promote the use of radio-frequency identification technologies for mobile phones and

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short-range transmission between wireless devices and WiBro portable Internet receivers. The technology would enable consumers to receive real-time information on consumer products or services through microchips embedded in their handsets. There were 60 companies at the founding of the Forum even as fixed-line telephony operator KT Corp., mobile-phone maker Pantech Co. and chipmaker MagnaChip Semiconductor Ltd. said it will also join the Mobile RFID Forum. The technological level of the country's RFID is acknowledged to be lagging behind that of the United States and Japan. Industry watchers believe that the integration of RFID with the country's advanced mobile communications environment is a natural step to closing the gap.

- **Aicent, Inc. and SK Telecom announced that they have entered a CRX (CDMA Roaming Exchange) Service Agreement.** The agreement will allow SK Telecom to use Aicent CRX to set up data roaming partnerships with other global CDMA2000 operators. This will thus enable the mobile subscribers to enjoy the same advanced data services using the roaming partners' networks even while traveling outside the home network. The agreement is, on record, one of the first CRX commercial contracts in the CDMA community after the release of the CRX guidelines by the CDMA Development Group last year. California-based Aicent is a leading provider of mobile data network services and solutions for global mobile operators. SK Telecom is Korea's leading provider of information and communications services that include mobile services, e-commerce, overseas operations and subsidiaries.

China

Internet

- **Beijing-based Sohu.com's fourth-quarter profit for last year fell 44 percent from the same period a year earlier amid a revenue drop after a state-run telecoms carrier suspended its picture-messaging business, the company said.** Sohu's 12-month suspension, according to the company brought its fourth-quarter net income down to US\$6.5 million from US\$11.6 million. The loss came despite its improved advertising revenue. Revenues fell 2 percent to US\$24.1 million. The loss in the earnings for the fourth quarter was said to have been caused by the lower revenue from wireless services. Non-advertising revenue, composed primarily of wireless, was US\$8.2 million in the fourth quarter down 46 percent from a year ago. What offset the reduction was the advertising revenue, which rose 68 percent from last year to US\$15.9 million. Of those affected by the crackdown initiated by China Mobile, Sohu.com appears to be the most affected. The effect of the sanction underscores the perceived continuing risk for companies pioneering Internet-based services in China, whose media have long been state-controlled. Sohu was penalized last year for not seeking approval before it sent nearly 1,400 unsolicited text-messages.
- **SINA Corporation, a leading online media company and value-added company information service provider for China and the Chinese communities in other parts of the globe, announced a 49 percent year-over-year growth of its revenues to a record US\$56.9 million.** Advertising revenues for the fourth quarter posted a 41 percent year-over-year growth to US\$18.3 million and accounted for 32 percent of total revenues. Non-advertising revenues for the fourth quarter grew by 52 percent year-over-year to US\$38.6 million and composed the 68 percent of the total revenues. The company posted a GAAP net income for the quarter of US\$17.4 million compared to a net income of US\$9.3 million for the same period in 2003. Its non-GAAP net income for the quarter amounted to

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US\$18.4 million, compared to the non-GAAP net income of US\$15.9 million. For the fourth quarter, SINA continued to benefit from its diversified product offerings in mobile value-added service. Revenues from 2.5G (MMS and WAP) products and other new services grew approximately 28 percent from US\$5.2 million for the third quarter to US\$6.7 million for the fourth quarter.

- **UP Tech of China and Verb Exchange of Canada have announced their agreement to build together IP networks worth up to US\$5 million.** The strategic partnership with Verb is the considered to be the first step in positioning UP Tech to roll out its uPass communications platform into the North American territory. The initial investment to be completed in the first quarter of 2005 will include a cash investment and provision of the technology infrastructure necessary for the deployment of the platform. UP Tech is a leading communications equipment and solutions provider specializing in the development of broadband IP technology solutions.

Mobile/Wireless

- **China Telecom expressed its demand for the Chinese government to end years of waiting and finally act upon the plan to issue 3G mobile licenses.** Presently, the industry is waiting for the TD-SCDMA but watchers say to do so would be harmful to the development of 3G in China. TD-SCDMA is a 3G technology that has been basically been developed in China. Its development, however, lagged greatly behind rival 3G standards W-CDMA and CDMA2000, technologies that have been deployed already in commercial 3G networks in other countries, including South Korea and Japan. The slow development of the homegrown technology has been interpreted as the reason why the government has not yet issued the licenses. The report said the Chinese government will likely issue 3G licenses during the fourth quarter of this year. It also indicated that there are signs the government will issue three licenses. Before, there were rumors that four licenses would be issued. China has two cellular operators, China Mobile and China Unicom. The country's two fixed-line operators, China Telecom and China Netcom do not have licenses to offer cellular services and have long been wanting to tap into China's growing demand for mobile services.
- **China Unicom said it had no intention to sell or transfer its mobile communications network.** It also said that there were never talks with other telecommunications operator that would facilitate a transfer or a sale. China's telecom industry is dominated by four carriers – two focused on fixed service and two on mobile. Speculation on a significant restructuring of the industry came about as China started preparing to draft plans leading to the building of 3G cellular networks. Some market observers have expressed that the issuance of four nationwide 3G licenses would demand a heavy capital spending burden on the smaller carriers and thus will generate intense competition. Industry watchers believe that a network sale by Unicom would reduce the pressure on China Telecom and China Netcom to build soon nationwide mobile networks once they receive the licenses to operate 3G services.

Software

- **Beijing GrandRole Science & Technology Development Co., LTD, and SEPATON, a U.S.-based emerging leader in high-performance data protection appliances, announced an agreement that would permit the Chinese firm to resell SEPATON's data protection solutions throughout the country.** The report said several leading businesses have already acquired the SEPATON S2100 Virtual Tape Library (VTL) system, which includes China Life Insurance Co. and PICC Property and Casualty Company, China's largest property and casualty company. Under the

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terms of agreement, GrandRole will be the one to market, sell, and deploy SEPATON's data protection products. The agreement also gives the Chinese firm to provide integration and consulting services across China. In the process, GrandRole will integrate SEPATON with popular backup software solutions from Veritas, Legato, Backbone and others. This capability will give GrandRole the capacity to offer its customers a more complete and state-of-the art backup and recovery solution.

Information Technology

- **Nigeria announced that it has commissioned China Great Wall Industry to build and launch a communications satellite next year.** According to the Nigerian Science and Technology top official, the communications satellite will cost about US\$300 million and expected to be completed and launched in 2006. The satellite, expected to have a 15-year lifespan, would be used for telecommunications, broadcasting, intelligence and disaster prevention.

Taiwan

Mobile/Wireless

- **Taiwan operator Far EasTone Telecommunications and its subsidiary Yuan-Ze announced its selection of Ericsson as the supplier for its W-CDMA network expansion in Taiwan.** Under the deal, Ericsson will deliver a turnkey 3G system to expand Far EasTone/Yuan-Ze's coverage in Northern Taiwan to support its 3G commercial launch. The agreement includes a turnkey system, W-CDMA radio access network, operation and maintenance system and a portfolio of telecommunication services for Yuan-Ze Telecommunications. The report said the project would be implemented immediately.

Hardware

- **THT Research estimates that Taiwan notebook computer makers will continue to dominate the 2005 global contract manufacturing industry, with the top five Taiwan players making over 65% of the world's notebook computers.** The global notebook computer industry continues to grow at a rate of over 20% annually, and Taiwan's share of that market is growing faster than the global market. In 2005, Taiwan's percentage of notebook computer shipments is expected to reach 73.7%. THT estimates that the top producing Taiwan notebook makers, in terms of global market share for 2005, will be: Quanta Computer (25.9%), Compal (17.4%), Asustek (8.5%), Inventec (7.5%), and Wistron (7.5%). The wild card in the industry is Foxconn Electronics (Hon Hai Precision Industry), which entered the notebook computer business in 2004 and is expected to emerge as a major player over the next couple of years.
- **Acer Inc. has moved one step closer to attaining its goal of being among the top three PC makers within the next few years, according to a report by iSuppli Corp.** The Taiwanese PC maker broke into the top five in sales last year. Two other market research firms, Gartner and IDC, validate the information. iSuppli said Acer posted the strongest growth among the top ten PC makers in 2004, with sales rising to 6.4 million units, up 44 percent from 4.5 million in 2003. That growth rate handily bested market leader Dell, which turned in an impressive 22.8 percent gain. Acer attributed its strong performance to its direct-channel business model. The company said its strategy of dealing directly with computer resellers has allowed it increased efficiency and, at the same time, took it closer to its customers. The firm said worldwide PC shipments grew 13.4 percent to reach 191.4 million units

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in 2004, up from 168.8 million in 2003. Notebook PCs, in particular, did well with a 22.1 percent rise in shipments. Acer's strongest asset is its notebook division in Europe, which is ranked No. 1. The firm's 3.4 percent market share pushed it past Toshiba Corp. to take fifth place, and this year there is a possibility that it would overtake fourth-ranked Fujitsu-Siemens at 3.7 percent. Industry watchers, however, see Lenovo's acquisition of IBM's PC division, when approved by U.S. officials, may pose a barrier for Acer to continue with its growth. iSuppli said PC growth will moderate this year, as the corporate "Y2K bubble cycle comes to an end and the market settles down to a more normal replacement rate." Sales are predicted to increase 8.2 percent this year and maintain a compound annual growth rate of 10 percent from 2004 to 2009.

Hong Kong

Internet

- **Hutchison Global Communications Limited (HGC) and Skype, the Global Internet Telephony Company, announced that they have entered into a partnership aimed at promoting and delivering Skype software to the Hong Kong market.** Under the agreement, the two firms would bring Skype to Hong Kong by means of a portal carrying the brand "HGC-Skype". The partnership makes HGC the first Fixed Telecommunications Network Services (FTNS) operator in the world to have a co-branding agreement with Skype Technologies S.A. The deal with Skype is strategic and follows HGC's recent broadband/pay TV collaboration announcement to deliver multi-play applications and content. Hutchison is the operator of the largest fiber-to-the-building network in Hong Kong.

Software

- **The government is working against time to gain new trade concessions in the mainland for Hong Kong technology firms, as Beijing authorities block public-sector purchases of foreign-made software.** An official said the government was considering including locally developed software in the agenda for Phase III of the China and Hong Kong Closer Economic Partnership Arrangement (CEPA). With bilateral talks yet to commence, industry experts are suggesting that Hong Kong must secure soon "national treatment" for local software and information-technology services firms in the mainland before the central government implements a law that excluding them from public sector contracts along with other multinational suppliers. The proposed procurement policies drafted by the Ministry of Finance and the Ministry of Information Industry directs all government agencies to buy duly certified "domestic" software and related information-technology services. For some reason, Hong Kong software and technology services suppliers are not considered to be part of the domestic suppliers as defined by the proposed law. This has led local technology experts to worry about the law's potential negative impact to the local industry's competitiveness. As this develops, hundreds of independent software vendors, mostly small firms offering custom applications and information-technology services, must continue to wait and hope that the trade liberalization opportunities that CEPA promised would be realized.

Media, Entertainment and Gaming

- **Galaxy Satellite Broadcasting Limited and Hutchison Global Communications Limited (HGC) announced their cooperation agreement that aims to deliver Galaxy's pay TV service.** With the

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agreement, the two companies will join forces in the cross selling and delivery of infotainment services to customers using a broadband network. The two companies hope that this move will help speed up the development of the local pay TV market. The partnership will allow them to offer bundled service packages that put together Galaxy's pay TV services and HGC's broadband services. To avail of these services though, the customers have to install a set-top box with HGC's broadband connectivity so that they could access Galaxy's TV programs.

Singapore/Malaysia/Philippines/Indonesia

Mobile/Wireless

- **A second round of bidding for two remaining high-speed third-generation (3G) mobile phone licenses in Malaysia may start soon, according to an industry source.** The report also said the government was looking into the possibility of opening up the market to foreign operators by way of a bidding. The government, however, also said that it is weighing the situations between limiting the bid to telecommunications companies only or to allow any company to participate in the bidding. In July 2002, the government awarded 3G licenses to Telekom Malaysia and Maxis Communications. The two companies are expected to spend M\$7.5 billion (US\$2 billion) over the next decade to roll out 3G services later this year. Malaysia's smallest mobile operator DiGi.com last November revived its bid to secure a high-speed 3G license. With Malaysia's mobile phone penetration rate reaching more than 30 per cent, the government hopes to speed up adoption rates and reach an official target of 38 per cent by this year with new 3G networks.

Hardware

- **TTL Holdings Limited has announced that it has gained a 92 percent increase in operating profit to S\$2.3 million (US\$1.4 million) for the six months ended December 31, 2004.** The gain, according to TTL, was achieved by way of a 33 percent increase in turnover to S\$26.3 million (US\$16 million). The company is a manufacturer of precision plastic parts and subassemblies for the electronics, telecommunications and automotive industries.

United States/Canada

Internet

- **Online search engine Ask Jeeves has bought Bloglines, a top web log index and Internet news funnel.** The move is said to be aimed at furthering its bid to gain ground on more popular rivals Google and Yahoo. The acquisition was completed last week but Ask Jeeves delayed confirming the deal. A formal announcement is expected to be made soon. Ask Jeeves officials said the sales price would not be disclosed. The acquisition stems from an increasing interest in web logs, or "blogs" - a term used to describe the online journals that have morphed from common personal diaries into increasingly influential sites of news and commentary. Bloglines has established itself as an important player in the field with a searchable index of nearly 285 million articles posted on blogs. Bloglines offers another advantage: it is a leader in "Really Simple Syndication" (RSS) - a system that gathers fresh information from designated sites and then distributes the summaries and links to the user. Ask Jeeves plans to maintain Bloglines' service and brand. The move can best be understood because while Ask

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Jeeves' profits have improved, the company's earnings growth has not been keeping pace with Google's and Yahoo's – a factor that has hurt its standing with investors. Google's stock has more than doubled since its initial public offering last summer while Yahoo's has climbed by more than 20 percent. Ask Jeeves' stock has dropped by 6 percent during the same time.

- **Yahoo's release of a search toolbar specifically made for Firefox has created the impression that the upstart web browser is getting a stamp of credibility.** Industry watchers, however, are saying that the release of the toolbar is telling more the consumers about the Yahoo's strategy than it is confirming a new status for Firefox. Currently, Firefox has 5 percent of the browser market, a share that has grown steadily in the months since its release. The browser appears to be less subject to attack from viruses and worms than the more popular Explorer. This is due to smaller number of users for Firefox. According to Forrester Research, the search company that garners the most users will establish critical mass, which will be the key for the success of that company.
- **Survey says nearly half of all U.S. adult Internet users manage their bank accounts online.** This makes banking the fastest-growing online activity, according to the Pew Internet and American Life Project. The non-profit research group said 40 percent of U.S. Internet users bank online, up from 30 percent two years ago. The survey also indicated that there are three groups that would most likely bank online: people with high-speed connections at home, those between the ages of 28 and 39, and those who come from more affluent households.

Semiconductors

- **Intel Corp. will introduce a new set of chips that will convert the home computer into an entertainment hub even as advertising and technology experts say such a product will be difficult to market.** Even with the details of the technology under wraps, analysts say the chip bundle and software will transform the PC into an all-purpose multimedia device that could function as a CD and DVD player, digital video recorder, and game console. With the transformation, the PC will retain its function as a traditional data processing and Internet access. The new brand is said to be just a small piece of Intel's massive plans that include the move to go after the estimated US\$200 billion market for consumer entertainment electronics and media. At the opposite end of Intel's bid will be traditional consumer electronic markers. This would include Sony Corp, whose new PlayStation 3 is said to be really much more than a game system, as it is able to handle many tasks and fulfill functions similar to what Intel wants to put in the PC.

Europe

Internet

- **The European Union head office called for closer coordination and cooperation among all member governments to work strongly against those illegally spreading unsolicited e-mails across the 25-nation bloc.** The report said "anti-spam enforcement authorities" in 13 EU countries agreed to cooperate in investigating complaints against spammers. The agreement reached among the countries is voluntary although it is on its way to establishing a common procedure for handling cross-border complaints on spam. The deal is aimed also at closing loopholes taken advantage by spammers and data thieves. The present network involves the 13 agencies from Austria, Belgium, Cyprus, the Czech Republic, Denmark, France, Ireland, Italy, Greece, Lithuania, Malta, the Netherlands and Spain,

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with the activities carried. Certain anti-spam laws were already in place but the 25-nation block was slow to enact legislation against spammers. Majority of the unsolicited commercial bulk e-mail came from the United States where no prior permission is required for sending commercial messages as long as the recipient is given a chance to "opt out" of receiving future messages from the same sender. Anti-spam laws are also in place in the U.S.

Mobile/Wireless

- **Mobile phone subscriptions across the European Union are leveling off, according to statistics released by the EU head office.** The report said that Luxembourg, a very small country, and mobile havens Sweden and Italy lead the way in the use of mobile phones. The survey conducted by eurostat, EU's statistics agency, found that for every 100 EU citizens, approximately 80 had one or more mobile phone subscriptions in 2003. The figure seems to indicate that the room for expansion seemed to be rounding off after a quick surge over the past decade. In 1995, the report said, only five out of every 100 citizens had a mobile phone subscription. This number of subscriptions increased from 22 million in 1995 to 364 million in 2003. The lowest number of subscriptions was found in Poland, Latvia and Lithuania, with 46, 52, and 62 per 100 inhabitants. The number of landlines increased from 197 million in 1995 to 230 million in 2001 but fell slightly to 229 million in 2003. The decrease after happened after a period of growth in the late '90s due to increase in home-based Internet connections, the report said. The report ascribes, however, the decrease in landlines to both to the lack of convenience and competition with broadband and other mediums.

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