



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

Week of 28 August - 3 September 2005

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Equity Market Indicators					
Index	Closing Level (9/2/2005)	% Change 1 Week Ago	% Change 1/1/2005	% Change 1/1/2004	% Change 2004 Low
S&P 500	1,218.02	1.1%	0.5%	9.5%	14.6%
Dow Jones Industrial Avg.	10,447.40	0.5%	-3.1%	-0.1%	7.2%
Dow Jones Tech. Index	353.45	0.8%	-0.5%	1.6%	22.3%
Dow Jones Telecom. Index	210.46	1.7%	-3.4%	13.5%	20.1%
NASDAQ Composite	2,141.07	1.0%	-1.6%	6.9%	22.2%
The Street.com Net	198.63	1.0%	-4.6%	29.8%	35.0%
Japan Nikkei 225	12,600.00	1.3%	9.7%	18.0%	21.6%
Japan TOPIX	1,282.79	0.8%	11.6%	22.9%	25.4%
Korea KOSPI Composite	1,115.83	2.7%	24.5%	37.6%	55.1%
Korea Kosdaq	517.08	1.0%	36.0%	15.2%	59.2%
Taiwan Stock Exchange	6,116.05	-0.3%	-0.4%	3.8%	15.0%
Singapore Straits Times	2,300.89	0.6%	11.4%	30.4%	35.3%
Hong Kong Hang Seng	15,221.89	1.6%	7.0%	21.0%	38.8%
Hong Kong GEM	944.91	1.3%	-4.4%	-20.3%	-2.1%
China Shanghai (A-Share)	1,249.30	1.4%	-6.1%	-20.4%	-5.5%
China Shenzhen (A-Share)	296.77	2.8%	-9.7%	-24.6%	-9.6%
China Shanghai (B-Share)	67.68	3.8%	-10.5%	-35.5%	-10.5%
China Shenzhen (B-Share)	224.79	3.2%	2.3%	-17.4%	6.0%

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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
09/02/05	SGX Pharmaceuticals Inc. [SGXP.US] (NASDAQ)	Biotechnology	US\$80.5	Researches cancer therapeutics	CIBC/PJC	JMP Securities
08/31/05	Mikohn Gaming Corp. [PGIC.US] (NASDAQ)	Casino services	US\$68.9	Develops, manufactures and markets progressive jackpot systems for slot machines	CIBC	Merriman Curhan Ford/ ThinkEquity Partners Craig-Hallum
08/31/05	VeriFone Holdings Inc. [PAY.US] (NYSE)	Software	NA	A global provider of technology that enables electronic payment transactions and value-added services at the point of sale	JP Morgan/Lehman Brothers	CSFB/ GS/ SunTrust Robinson Huphrey/ Wachovia Securities
08/29/05	IDT Spectrum Inc. [GIGZ.US] (NASDAQ)	Telecommunications	US\$68.9	Develops a fixed wireless network platform to serve the specialized backhaul and telecommunications connectivity needs of a variety of customers	WR Hambrecht	NA

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing

IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 9/2/2005	% Change From Offer
8/30/05	Amylin Pharmaceuticals Inc. [AMLN.US] (NASDAQ)	Develops SYMLIN for the treatment of people with diabetes who use insulin	US\$157.1	US\$31	US\$30.73	-0.8%

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Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 9/2/05	% Change From Offer
8/31/05	Korea Technology Industry Co. [008320.KS] (KSE)	Manufactures a variety of cables and wires, such as telecommunications cables, power and electronic cables, electronic wires and enamel copper wires	US\$7.9	KRW 1,620	KRW 1,525	-5.9%
8/31/05	Optex Fa Corp. Ltd. [6661.JP] (NIPPON)	Develops and sells photoelectronic sensors used in Factory Automation systems	US\$6.7	JPY 370,000	JPY 800,000	116.2%
8/29/05	Global Brands Manufacture Ltd. [6191.TT] (GSM)	Manufactures and markets printed circuit boards and other related electronic parts	US\$4.0	TWD 37.5	TWD 46.5	24%
8/29/05	Netsecure Technology Corp [033280.KS] (KOSDAQ)	Provides data security services and products, such as IDS, Firewall and ESM	US\$1.9	KRW 500	KRW 345	-31%

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
9/2/05	Imasen Electric Industrial Co., Ltd [7266.JP]	Manufactures and sells automobile parts	9/30/10	US\$27.3	10,714 shares	09/29/10

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Weekly Highlights

International

Mobile/Wireless

- **New markets are targeted for acquisitions and investments as mobile phone penetration in Asia's wealthier nations are placed at 70 percent and above.** To foster new growth, operators such as Singapore Telecommunications Ltd. of Singapore, SK Telecom of South Korea and Hutchison Telecommunications International of Hong Kong are spending billions of dollars to gain entry into very new markets, with those countries with large populations and very low mobile usage such as Indonesia, India and China proving to be the more attractive targets. India is said to be attracting the most attention overseas as its growth rates surge to 2.5 million new subscribers per month, a number pushed up by the world's cheapest call rates of U.S. 1-2 cents a minute. Another main factor that encourages overseas investors is the opening up of the sector to foreign competition. For SingTel, the mobile markets in many South Asian countries offer huge business potential mainly because of their low penetration rates. Hutchison is keen on doing its expansion in India by way of acquiring stakes in networks controlled by its local partner, the Essar Group. SK Telecoms is focused on three or four India firms, which include Tata Teleservices Ltd., for possible investment.

Japan

Internet

- **All Nippon Airways Co. (ANA) and Japan Airlines Corp. (JAL) announced their shift to IP telephone systems, a move aimed at cutting costs and improving efficiency.** ANA said it will adopt IP technology at certain domestic call centers, while JAL said it has already made the switch to an IP phone system at its maintenance facilities at Haneda airport, with the plan to evaluate the system before going into expansion. ANA disclosed its plan to introduce the technology to four of its domestic call centers that handle flight reservations and other business. The adoption of IP technology can also enable the centralization of the receipt of phone calls at data center.
- **Gourmet Navigator Inc., a major operator of restaurant web sites, announced its plan to enter the Chinese market, with the company preparing to set up a joint venture in Shanghai with other Japanese firms.** To be capitalized at about 150 million yen (US\$1.3 million), the venture will be one-third owned by Gourmet Navigator. The planned site will provide for its initial offering information on several hundred local restaurants and is target 1,000 member restaurants by next spring. It will aim to offer information on 5,000 to 10,000 restaurants in three years. Both the launch and the operation of the web site will, however, be given to a local company because of Chinese regulations on foreign capital.
- **All About Inc., an information service company, said it would go public on the JASDAQ Securities Exchange.** The company, a subsidiary of Recruit Co., operates a web site that gives information on about 330 subjects. The company earns revenues from the advertisements on related merchandise. Experts that are called guides and recruited from the public write articles on the subjects. The firm checks the content of each article and how it is often browsed. After the listing, Recruit Co. will have an equity stake of 50 percent in the firm and Yahoo Japan becoming its second-largest

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shareholder with a 37 percent stake. The company is expected to announce a 20 percent increase in its pretax profit of 360 million yen (US\$3.2 million) in the year through March 2006.

- **Bizcom-Japan Co. said it would provide through cell phone an online study course for sales staff at financial institutions.** The offering is made in cooperation with the Economic Legal Research Institute, a firm that produces teaching materials and is tasked with the development of the textbook for workers. The service is going to be provided to employees of differing companies, with Bizcom-Japan using the opportunity that was made available with the lifting of the ban on banks entering securities brokerage business. The new system will enable company managers to monitor via the Internet the progress employees have made in their studies.

Media, Gaming and Entertainment

- **Major Internet advertising firms reported double-digit on-the-year sales increases for the April-June quarter, results ascribed to solid market expansion.** Cyber Communications Inc. posted 83 percent in its sales to 8.4 billion yen (US\$76.4 million), and its operating profit surged 178 percent to 345 million yen (US\$3.1 million). D.A Consortium whose earnings cover the March-May period posted an 88 percent surge to 6.7 billion yen (US\$61 million), and its operating profit soared 128 percent to 366 million yen (US\$3.3 million). The two companies explained the results to aggressive advertising by beverage and cosmetics companies together with robust demand from clients in the telecom and financial industries. Opt Inc.'s sales went up 67 percent to 3.6 billion yen (US\$32.7 million) because of strong demand for advertising space on the Yahoo Japan web site. Its operating profit posted 19 percent increase to 146 million yen (US\$1.3 million). Cyber Agent Ltd.'s operating profit was reported with a 33 percent increase to 628 million yen (US\$5.7 million) on sales that went up 60 percent to 11.3 billion yen (US\$102.8 million). Septeni Co's operating profit, however, showed a 14 percent decline to 103 million yen (US\$938,000) while its sales went up 29 percent to 3.8 billion yen (US\$34.6 million). Maglick Inc.'s, the only earnings figures here not on consolidated basis, saw its parent-only sales rise 64 percent to 1.6 billion yen (US\$145.6 million), and its operating profit fall 19 percent to 21 million yen (US\$191,000).

Mobile/Wireless

- **Shicoh Engineering Co. announced its launching in China of a start-to-finish production of auto focus lens motors for mobile phone cameras.** The company said it is expanding its Shanghai plant, with the new building to house three clean rooms that would allow the factory to handle everything from parts production to final assembly. The expansion at the Shanghai plant is valued at 700 million yen (US\$6.3 million), and is expected to raise its production capacity ten times to 3 million units a month.
- **NTT DoCoMo announced its production of a prototype for a fourth-generation mobile phone.** The company said the next generation of mobile telephony will enable users to enjoy high-definition video and CD-quality music. The prototype's transmission speed is described as about 2,500 times faster than that of the firm's 3G FOMA phone service and its throughput is roughly equal to that of a high-speed Internet connection using fiber-optic cable. The company said it is forecasting the commercial viability of the models by 2010.

Software

- **Softbank Technology Corp., a system solution service provider, disclosed its plan to boost its consulting business for companies seeking for a better protection for personal information stored on computers.** In this regard, the company said it is establishing a wholly owned subsidiary, to

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be called SBT Consulting, with a capital of 50 million yen (US\$455,000). Through this subsidiary Softbank will help firms obtain qualifications for information protection as well as design security systems.

Hardware

- **Sony Corp. said it plans to expand its built-to-order online sales of its Vaio line of personal computers together with the unveiling of 45 new models.** The company said it is strengthening its online sales, a strategy that brings it to the area that has Dell Inc. as the leader. The offering will allow customers to place orders by telephone or Internet and specify the computer's configuration, including the type of processor and the operating system. The move is expected to respond to the customers' needs more appropriately and at the same time create more efficient sales through mass retailers. Sony is also moving from orders of PCs being limited to certain models to one that will have nine new lines released ahead of the end-of-the-year shopping season.
- **Casio Computer Co., which makes TFT (thin-film transistor) liquid crystal panels, has formed a partnership in small and midsize liquid crystal panels with Taiwan's HannStar Display Corp.** Under the partnership, critical panel procedures will be outsourced to HannStar, while Casio is tasked with handle design and assembly. The two firms will jointly spearhead the market for panels used in industrial equipment. Casio, the world's leading producer of liquid crystal panels for digital cameras, is aiming to use the new partnership to expand its mobile phone liquid crystal panel business and garner a 10 percent market share or more. HannStar is looking to the tie-up a chance to learn from Casio technology and production know-how for smaller panels.
- **ULVAC Inc., a leading global supplier of production systems, instrumentation, pumps and vacuum component used in the semiconductor and flat panel display, announced its expansion of investments in Asia, including China and Taiwan, to ensure growth in the future.** The firm plans to set up in China a supervising firm that will oversee its operations there. It also disclosed its intention to establish a subsidiary for producing liquid-crystal-display making devices as well as a customer support company. The firm is expected to post 7.9 billion yen (US\$72 million) in negative free cash flow in the fiscal year ending June 30,2006, a decline from a 500 million yen (US\$4.5 million) positive free cash flow the year before.
- **Fujitsu Ltd. said it would integrate its two communications equipment-related units into its network service division.** The network division will take into its fold Fujitsu's in-house division for developing and selling routers and switches as the division of its wholly owned subsidiary, Fujitsu I-Network Systems Co. The new division is expected to look into the demands of customers and provide products and services integrally. The new division will also be tasked with the development of IP phones and security products by combining the three divisions technological expertise.

Telecommunications

- **NEC Infrontia Corp. said it is restructuring its business telephone equipment operations in Hong Kong and Taiwan, with the company introducing in Hong Kong an order and sales structure similar to the one used by Dell Inc.** The new business model will be introduced in Southeast Asia and Mainland China and is targeted to be used in Taiwan starting November. NEC Infrontia disclosed its plan to set up a new location to oversee inventory management and sales activities in Taiwan. General sales agents that maintained one to two months worth of inventory in the past were handling sales. Now, the company wants to make inventory management more efficient by creating a structure that is sensitive to sales trends in the region.

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Information Technology

- **NTT Data Corp., Hitachi Ltd. and Fujitsu Ltd. announced their plan to jointly develop a system for processing deposits, foreign exchange and other information geared for financial institutions.** The offering is the first of the three firms' open-type accounting system that would enable clients to combine different kinds of hardware and software with much ease and efficiency. Through the joint move to go into banking system, the firms are looking to a reduction of development costs as well as to a stronger product lines.

Korea

Internet

- **Funds belonging to Japan's Gungho Online Entertainment were used to acquire a controlling 52 percent stake in South Korea's online game developer Gravity Co. Ltd.** The acquisition made from Gravity's top shareholders was valued at US\$359 million. The move by Gungho is aimed at securing a continuing license Gravity's principal product Ragnarok Online, according to the two firms. Gungho is a majority owned by Softbank BB Corp., a wholly owned broadband unit of Softbank.
- **Lucent Technologies announced the deployment of its VoIP solution by Hanaro Telecom.** The country's second-largest wireline and broadband service provider will be the first to offer carrier-based VoIP services to businesses. The Lucent solution can enable Hanaro to provide both the traditional business voice services as well as the innovative IP-based features, such as interactive voice response, and web-based integrated business features that will allow users to manage their voice services through their computers. Industry observers said that the contract with Hanaro would boost Lucent's leading status in the Korean VoIP market.

Software

- **Korea Post said it plans to adopt the Linux software for its Internet banking and payment system, a decision that would replace Microsoft's Windows that users believe is more prone to hackers and viruses.** The country's postal service agency said it would adopt the free, open-source operating system for its desktop computers and install it in nearly five thousand desktop computers for customer use in its 2,800 branches nationwide. The transfer to Linux is expected to bring Korea savings of about 850 million won (US\$830,000) per year.

Mobile/Wireless

- **Samsung Electronics predicts for the global phone market an increase to about 800 million units next year.** A source from its telecommunications network business said mobile phone shipments were expected to post from 6 to 7 percent growth as more data-intensive handsets and technologies are launched. Maintaining its sales target of 100 million sets, Samsung said it forecasts shipments to reach 720 million units globally this year. Market research firms are saying global sales this will reach about 750 million units.

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China

Internet

- **A consortium of venture capitalists that include Bessemer Venture Partners, Granite Global Ventures, Mobius Venture Capital, and Softbank's Asia Infrastructure Fund raised US\$10 million for Chinese blog portal Bokee.** An investor with Granite Global Ventures point to Beijing-based Bokee as showing the next trend in portal sites for China, a platform for personal expression. The site has 2 million registered users and gets 18 million page views a year. Bokee earns money by serving advertisements and from telecommunications companies selling mobile blogging services. In July, a rumor floated that BlogChina.com, a site that feeds users into Bokee, was going to go public for US\$1 billion on NASDAQ. According to analysts, this could be one of the reasons for the attractiveness of the portal.
- **NetEase.com Inc. announced the launching of 280 Mb free online storage service that would be first integrated with the portal's free e-mail service.** The offering will allow users to store copies of important files online that would allow them to send files to others with ease. The announcement comes after the company conducted its largest web site upgrading last month. NetEase has some 225 million registered users able to access free e-mail, chatrooms and personalized homepages.
- **Zhaopin.com, a leading Chinese human resource web site, and Sohu.com Inc. have jointly announced the launch of Job.Sohu.com.** Zhaopin said it expects to boost the traffic in its web site through this cooperation, which will be available on Sohu's web site while fully adopting Zhaopin's online recruitment service. The announcement notes that Job-Sohu.com will require an estimated total investment of 5 million yuan (US\$618,000) to 6 million yuan (US\$741,000). With more than 200 employment web sites in China, the cooperation of Zhaopin and Sohu is expected to increase the competition among the country's online recruitment web sites. Zhaopin said it hopes to launch its IPO at the end of next year.
- **FibrLink Communications announced its plan to go on a HK\$400 million (US\$51.5 million) listing on the Growth Enterprise Market (GEM).** FibrLink is a subsidiary of the mainland's largest electricity grid builder, State Grid Corp of China. State Grid is a nationwide electricity grid builder responsible for the transmission of 32 billion kilowatt-hours of electricity across different regions and provinces in the first half. Having initiated services in Beijing, Shandong, Jiangsu, Sichuan and Guangdong, FibrLink said it plans to increase its power-line communication services nationwide across the nation.
- **Google appears to be losing its market share to its biggest mainland rival, Baidu.com, according to a survey conducted by China Internet Network Information Center (CNNIC).** The survey indicated that Baidu.com had increased its market share in Beijing by 10.8 percentage points to 52 percent, while Google's share was 33 percent. It appears that Google kept its customer base steady amidst an increase in the overall market. Google and Baidu, when combined, held 80 percent of the market in Beijing and Shanghai and 75 percent in Guangzhou. The three cities make up the biggest share of mainland Internet use. In Shanghai, Baidu had a 43.9 percent market share, while Google had 48.2 percent. In Guangzhou, Google took 28.7 percent of the market share, while Baidu had 48 percent. Yahoo held only a 3.7 percent market share overall. Sohu.com had a 4.6 percent share and Sina claimed 4 percent share.

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Mobile/Wireless

- **Ningbo Bird announced a half loss of 106.5 million yuan (US\$13.1 million), compared to a profit of 111.3 million yuan (US\$13.7 million) a year earlier.** China's biggest domestic mobile phone maker ascribed the results to an increased domestic competition from local and foreign rivals and the flooding of the market with imitation mobile phones in China. The intense competition in China's mobile phone industry is also explained as a result of the government's approval of the nine companies that are producing and selling CDMA and GSM phones to enter the mobile phone market. Included in this group are Huawei Technologies Co. and BenQ Corp.
- **China Unicom opts for a slower growth in subscription to its CDMA business than offering expensive subsidies that would attract more new customers.** High subscriber acquisition costs pulled China Unicom's CDMA business into a half-year loss of 458 million yuan (US\$56.5 million) following its amortization for 3.1 billion yuan (US\$383 million) on handset subsidies. China Unicom is the only dual-network operator in China. As of June, it had 90.4 million GSM subscribers. Last year, monthly additions to its CDMA subscription averaged more than 700,000.

Media, Gaming and Entertainment

- **Beijing Media announced a 99 percent decline in its first half profit on same period last year, ascribing the fall to declining advertising revenue from China's real estate industry.** The company, which is the advertising arm of Beijing Youth Daily, China's only overseas-listed newspaper group, said its net profit for the first six months ending June 2005 was 170,000 yuan (US\$21,000) compared to 66.3 million yuan (US\$8.1 million) in the same period last year. The company reported revenues of 368.2 million yuan (US\$45.4 million) a decline from the 513 million yuan (US\$63.3 million) in the same period last year.

Hardware

- **The combined profit at 47 major state-owned electronics companies went down 67 percent in the first seven months of the year due the decline in production, according to the State-owned Assets Supervision and Administration Commission.** Net income went down to 1.9 billion yuan (US\$234.7 million) from a year earlier, a result ascribed by the commission to the slowing down in the production of color televisions and electronic parts. Sales posted a 19.4 percent increase to 227.3 billion yuan (US\$28 billion), with the value of exports climbing 22.9 percent to 65.7 billion yuan (US\$8.1 billion).
- **Haier Electronics Group Co., China's largest maker of home appliances, disclosed the possibility of the firm reporting its first-half profit as being adversely affected by losses at its handset business.** The firm said competition and price cuts in the country's handset market has greatly affected its first-half profit, with the company admitting it made more provisions for doubtful debt and inventories at its handset business in the first half than in the same 2004 period. Haier Group announced that it plans to move its entire 42 percent stake in Shanghai-listed Qingdao Haier Co. to Haier Electronics.

Telecommunications

- **China Telecom Corp. announced its net profit of 14.7 billion yuan (US\$1.8 billion) for the six months ended June 30, with the company ascribing the result to subscriber growth in its local line and broadband services.** The mainland's largest fixed-line operator saw its operating revenue rise in the first half to 84 billion yuan (US\$10.3 billion). Excluding deferred income from installation fees,

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the company's net profit for the first half was placed at 11.2 billion yuan (US\$1.3 billion), which is 8 percent higher than 10.4 billion yuan (US\$1.2 billion) in the same period last year. China Telecom posted revenue of 80.6 billion yuan (US\$10 billion), up from 75.9 billion (US\$9.3 billion). During the first half, its number of local telephone service customers went up by 8 percent to 202.4 million, a figure that includes 52.6 million users of its wireless access service dubbed the Personal Handyphone System. Its broadband subscriber base climbed 25.5 percent to 17.3 million, with the business bringing in a 38 percent increase in its revenue of 8 billion yuan (US\$988.4 million) during the period. Its revenue from value-added services posted a growth to 4.6 billion yuan (US\$568.3 million) from 2.9 billion yuan (US\$358.3 million). China Telecom said it is applying to the Chinese central bank for approval to issue up to 30 billion yuan (US\$3.7 billion) in short-term commercial paper.

Information Technology

- **China's IT market was valued at 60.5 billion yuan (US\$7.4 billion) in the second quarter, a figure that is 4.6 percent higher than the previous quarter, according to market research company Analysys.** The IT hardware market posted a 3.6 percent growth quarter-on-quarter and 6.3 percent year-on-year to 45.5 billion yuan (US\$5.6 billion). Software market saw its market value go up 10.2 percent quarter-on-quarter and 21.2 percent year-on-year to 6.7 billion (US\$8.2 billion). The market value of IT services in the country went up 11.2 percent from the quarter to 8.2 billion yuan (US\$1 billion).

Taiwan

Telecommunications

- **Chunghwa Telecom Co., Ltd. said its revenues for the half-year ending June 30 was NT\$90.7 billion (US\$2.7 billion).** The company posted a net income of NT\$24.9 billion (US\$766.5 million). For the second quarter of 2005, Chunghwa posted revenues of NT\$46.2 billion (US\$1.4 billion), and a net income of NT\$12.8 billion (US\$394 million). For the first half of 2005, Chunghwa's operating costs and expenses registered a 1.5 percent year-on-year increase, results that are attributed to an increase in handset subsidies of NT\$400 million (US\$12.3 million) and an increase in marketing expenses for the mobile business of NT\$254 million (US\$7.8 million). Changes in actuarial assumptions raised pension expense to NT\$383 million (US\$11.7 million), which was part of the increase in operating costs and expenses. Total revenue for the second quarter of 2005 was NT\$46.2 billion (US\$1.4 billion), a 3.6 percent quarter-over-quarter increase. Total operating costs and expenses for the second quarter of 2005 were NT\$31.8 billion (US\$979 million), a 5.3 percent quarter-over-quarter increase.

Internet

- **AT&T announced its implementation of a global network for Inventec Corp. using the AT&T's Internet Protocol Virtual Private Network (IP VPN) solution.** Inventec, one of Taiwan's largest manufacturing companies with facilities in Taiwan, China, U.S. and Europe, selected AT&T to provide a tailored communications network integrating the operations of its employees, customers and trading partners across China, Japan, the United Kingdom and the U.S. Inventec is a global provider of smart handheld and Internet appliances.
- **SeedNet, Taiwan's second-largest ISP provider, announced that it will offer VoIP software through TelTel of U.S.** Called Wagaly TelTel, the software will enable setting voice relays that will allow incoming phone calls to be shifted from PCs to handsets when users are away from their PCs. SeedNet said it will be seeking tie-ups with local hardware makers for the new VoIP services.

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Hardware

- **Acer posted a net profit of NT\$2.2 billion (US\$67.7 million) for the three months to June, a figure that represents more than double that of NT\$1 billion (US\$30.7 million) for the same period a year earlier.** The company posted consolidated revenue for the April to June period of NT\$65.6 billion (US\$2 billion), up from NT\$48.6 billion (US\$1.4 billion) a year earlier. The world's fourth-largest personal computer maker by shipments announced its selling of 2 million PCs. During the three-month period, the industry as a whole disposed of 46.5 million units during the three-month period, according to IDC.

Hong Kong

Information Technology

- **The Treasury cancelled its project with IBM for persistent delays months ago and Hong Kong's Transport Department also terminated its HK\$60 million (US\$7.7 million) IT systems contract with IBM for similar reasons.** Now, both the Treasury and Transport Department have threatened to file a suit against IBM. Government transport planners consider the strategic information technology projects the core infrastructure to gather, manage and disseminate transport information and lay the foundation for Hong Kong's Intelligent Road Network Initiative. Under the original contract, IBM was asked to design and implement the system in 18 months at a cost of US\$4.7 million, with the government agreeing to pay IBM annual fees of US\$300,000 for the maintenance of the system for 10 years. Observers see the threat of legal action as a blemish in IBM being the preferred IT partner of the Hong Kong government. Through its spokesperson, IBM said the company is maintaining a "broad relationship" with the government. According to Gartner, the market for government-related IT services in Hong Kong is valued at US\$1 billion this year.

Internet

- **The Office of the Telecommunications Authority (OFTA) said no to mobile operators calling for the delaying of the licensing for broadband wireless access (BWA) services.** The call has been made amidst the pending upcoming reviews on spectrum policy and fixed-mobile convergence. For OFTA, the spectrum for BWA should be made available in the market as soon as possible so that the Type II interconnection rights for fixed-line carriers could be facilitated by June 2008. The regulator said it is proposing to issue licenses to a maximum of six operators. The new proposal will have licenses limited to conventional fixed-line, nomadic and limited mobility services until January 2008. Full mobility will be an option after the stipulated period.

Media, Gaming and Entertainment

- **Television Broadcasts, Hong Kong's largest terrestrial television broadcaster, posted a 50 percent growth in its net profit to HK\$545.3 million (US\$70.2 million) over the same period last year.** Its revenue for the six months to June went up 9.3 percent to HK\$1.8 billion (US\$231.7 million). The results were better than what was expected, results that the company ascribed to a one-time gain of HK\$149 million (US\$19.1 million) from a 51 percent equity interest in its pay-television venture, Galaxy Satellite TV Holdings. It posted an 82 percent rise in its net profit from core operations to HK\$396 million (US\$51 million). TVB's core television business posted revenues of HK\$910 million (US\$117.1 million), a figure that represents a 9.8 percent increase from a year earlier. The company's operating profit was reported to have soared to more than 210 percent from the previous record to HK\$302 million (US\$38.8 million). TVB said it would explore new sources of advertising revenue such

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as sponsorship to increase its sales even as it expects advertising revenue to slow down in the second half of this year.

Telecommunications

- **The telecommunications arm of the Hutchison Whampoa group announced its plan for the use of its HK\$12 billion (US\$1.5 billion) investment budget, where part of it would be set aside for the next three years to acquire companies and secure licenses in certain places noted for particular risks involved.** The group is looking to places like Indonesia with a risky regulatory environment, and in places where the risks pertain to security like Ghana, Israel and Sri Lanka. The company said that if the venture in those places is successful, it may invest in other African markets.

Singapore/Malaysia/Philippines/Indonesia

Internet

- **Singapore Telecommunications Ltd (SingTel) announced its alliance with Noida Software Technology Part Ltd (NSTPL) of Delhi to operate Interactive Distance Learning (IP Learn) from India.** The two companies said they are aiming for the global market with IP Learn, a mode of disseminating information and conducting distance education over Internet and satellite. Under the alliance, SingTel will manage and maintain hardware and satellite transmission systems from Singapore, while NSTPL will be tasked with the delivery part from the ground. The two companies have also enlisted Arel Communications & Software as the supplier of video-conferencing, voice and data collaboration and transmission software. The product is to be marketed under the Cosmic Campus brand and is a proposed virtual global university.

Hardware

- **Singapore Technologies Engineering said it is acquiring iDirect, a broadband satellite network equipment manufacturer, for US\$165 million.** The acquisition was made when iDirect entered into a definitive merger agreement with Vision Technologies Electronics, Inc (VTEE) to become its wholly-owned subsidiary. VTEE is a subsidiary of Vision Technologies Systems (VTS), the U.S. headquarters of Singapore Technologies Engineering. Industry analysts see the acquisition as expanding the Singaporean firm's presence in the U.S. iDirect manufactures two-way IP-based broadband satellite networking solutions and has clients connected with telecommunications, oil and gas, construction and marine industries and in government agencies.

Media, Gaming and Entertainment

- **Creative Technology announced that it has received the U.S. patent for a key interface used in portable digital music players, a move that would enable the firm a chance to challenge Apple in the digital music market.** The report also said that the possession of the U.S. patent might allow Creative to collect millions of dollars in royalties from Apple for the patented technology, news that remains unconfirmed. The company has been trying to dislodge Apple from the No. 1 position. Industry analysts believe that, superior quality notwithstanding, Creative suffers in comparison with Apple given the latter's fashionable reputation.

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United States/Canada

Internet

- **Google said it has opened its Google Print book-scanning project to publishers in France, Italy, Germany, Netherlands and Spain.** The company has asked European book publishers to submit non-English material to its Internet-leading search engine. It is a move that is assumed to ease the anxieties of publishers that Google may be focusing heavily on Anglo-American materials. The Google Print is seen as a major activity of Google to convert printed material into digital format so it can be called from any computing device with an Internet connection. Through the indexing of the material, the company is expecting to bring in more visitors to its web site and bring about more searches that will be translated to more revenues.

Mobile/Wireless

- **Sprint Nextel announced its plan to acquire Gulf Coast Wireless and IWO Holdings, a move that is seen as a way of resolving the litigation arising from Sprint's recent acquisition of Nextel Communications.** Sprint and Nextel have been trying to solve disputes with the companies' wireless affiliates that are against the merger. To stop litigations, Sprint Nextel has been acquiring a number of those affiliates. Sprint Nextel will pay US\$287.5 million, together with an undisclosed amount in the form of assumed debt, for Gulf Coast. The sum of US\$219 million and the assumed US\$208 million of debt will be paid to IWO. Under the agreement, Sprint Nextel and Gulf Coast Wireless will both seek an immediate stay of litigation. Gulf Coast Wireless posted revenues of US\$87.9 million last year.

Information Technology

- **Science Applications International Corp (SAIC) plans to go public in an initial stock offering valued at US\$1.7 billion.** The company provides technical support and project management services the U.S. military and civil government. No details about the number of shares offered and estimated price range for the IPO were disclosed in the filing with the Securities and Exchange Commission. SAIC said the proceeds from the IPO would be used to pay holders of the company's preferred stock. For three months to April, SAIC posted net income of US\$585 million, an increase from US\$89 million a year earlier. For the year to January, its net income went up to US\$409 million from US\$351 million last year.

Europe

Mobile

- **Industry analysts are saying Siemens AG is planning to raise funds from the local financial market with its announcement to issue A shares in China.** Europe's largest electronic and electrical engineering company is doing the listing on the Shanghai Stock Exchange through its China holding company, Siemens Ltd. China. The company has already put up more than 45 enterprises and 46 local representative offices in China. It also disclosed its plan to invest another 10 billion yuan (US\$1.2 billion) that will cover production, research and development, design, procurement, as well as management training and development in China. Siemens said it has plans to invest 1 billion yuan (US\$123.5 million) in its new China headquarters and is said to be considering increasing shares in its joint venture in China. Siemens said it is even thinking of changing them into wholly owned

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subsidiaries. Industry observers noting certain government policies said, however, that Siemens would be encountering difficulties when it goes through the listing process.

Software

- **ABN Amro announced its signing of an outsourcing five-year deal worth US\$2.2 billion with five software companies.** Part of an initiative by the bank to save US\$315 million in operating costs each year from 2007, the deal brings would engage five companies in the management of the Dutch bank's global computer network, software development and maintenance. These companies are: Tata Consultancy Services, Infosys Technologies and Patni Computer Systems – all of India – and IBM and Accenture of the U.S. IBM, which will manage the bank's information technology structure, gets the biggest part of the deal valued at US\$1.8 billion. The other four companies will be tasked with the handling of software development and other related services.

Media, Gaming and Entertainment

- **British company 888 Holdings announced its plan to float on the London Stock Exchange.** The company, which owns the world's largest online casino 888.com, follows the path of PartyGaming, owner of the world's biggest online poker business. Both groups are based in Gibraltar. 888.com has more than 20 million people coming from 150 countries registered to use its portfolio of web sites. It posted a pretax profit of US\$44.1 million last year on a turnover of US\$177.9 million.

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Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 9/2/05)	% Change 1 Week Ago	% Change 1/1/2005	% Change 1/1/ 2004	% Change Last 12 Mth.
Japanese yen	¥/US\$	109.8200	-0.3%	7.0%	2.4%	0.3%
Hong Kong dollar	HK\$/ US\$	7.7668	0.0%	-0.1%	0.0%	-0.4%
Chinese renmenbi	RMB/ US\$	8.0935	0.0%	-2.2%	-2.2%	-2.2%
Singapore dollar	S\$/ US\$	1.6725	-0.1%	2.5%	-1.6%	-1.8%
South Korean won	KRW/ US\$	1026.5000	-0.2%	-0.8%	-13.9%	-10.8%
New Taiwan dollar	NT\$/ US\$	32.5260	0.7%	2.5%	-4.2%	-4.1%
Australian dollar	US\$/A\$	0.7650	1.2%	-2.0%	1.7%	9.7%
New Zealand dollar	US\$/NZ\$	0.7065	1.6%	-1.6%	7.8%	8.9%
Philippine peso	PHP/ US\$	56.0950	0.2%	-0.2%	1.0%	-0.1%
Euro	US\$/€	1.2531	2.0%	-7.5%	-0.5%	2.9%
British pound	US\$/£	1.8418	2.3%	-4.0%	3.1%	2.9%

Fixed Income Prices and Yields

Note	Currency	Current (on 9/2/05)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	116.5625	4.30%	115.2813	4.36%	111.8438	4.58%
Japan 30-year	¥	98.9440	2.27%	97.5170	2.36%	98.1440	2.32%
Hong Kong 10-year	HK\$	114.7680	3.72%	113.8330	3.96%	114.7020	3.80%
China (10/27)	RMB	123.6350	5.62%	122.9710	5.67%	120.9120	5.81%
Singapore 10-year	S\$	96.9120	2.69%	96.7860	2.71%	96.5300	2.74%
South Korea 10-year	KRW	111.9640	3.99%	111.2960	4.28%	111.5020	4.28%
Australia 15-year	A\$	109.6350	4.98%	108.9520	5.08%	107.5200	5.30%
New Zealand (07/09)	NZ\$	104.9940	5.54%	104.4120	5.71%	104.1280	5.81%
Philippines 20-year	PHP	142.7070	12.43%	142.6720	12.43%	142.8750	12.41%
India 20-year	INR	129.7700	7.34%	129.4000	7.38%	129.5800	7.37%
UK 30-year	£	101.3850	4.16%	100.2470	4.24%	97.4948	4.41%
Germany 30-year	€	132.4470	3.54%	130.9430	3.61%	126.7910	3.83%

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