



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

***Week of 25 September - 1 October 2005***

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Equity Market Indicators					
Index	Closing Level (9/30/2005)	% Change 1 Week Ago	% Change 1/1/2005	% Change 1/1/2004	% Change 2004 Low
S&P 500	1,228.81	1.1%	1.4%	10.5%	15.6%
Dow Jones Industrial Avg.	10,568.70	1.4%	-2.0%	1.1%	8.4%
Dow Jones Tech. Index	359.01	2.0%	1.0%	3.2%	24.2%
Dow Jones Telecom. Index	209.43	0.8%	-3.8%	13.0%	19.5%
NASDAQ Composite	2,151.69	1.6%	-1.1%	7.4%	22.8%
The Street.com Net	203.36	1.8%	-2.4%	32.9%	38.2%
Japan Nikkei 225	13,574.30	3.2%	18.2%	27.1%	31.0%
Japan TOPIX	1,412.28	4.1%	22.8%	35.3%	38.1%
Korea KOSPI Composite	1,221.01	3.8%	36.3%	50.6%	69.7%
Korea Kosdaq	571.95	5.2%	50.4%	27.5%	76.1%
Taiwan Stock Exchange	6,118.61	3.3%	-0.3%	3.9%	15.1%
Singapore Straits Times	2,305.14	0.5%	11.6%	30.6%	35.6%
Hong Kong Hang Seng	15,428.52	1.9%	8.4%	22.7%	40.7%
Hong Kong GEM	1,007.58	1.7%	1.9%	-15.0%	4.4%
China Shanghai (A-Share)	1,214.01	0.3%	-8.7%	-22.6%	-8.2%
China Shenzhen (A-Share)	291.46	-0.1%	-11.3%	-25.9%	-11.2%
China Shanghai (B-Share)	67.65	1.0%	-10.6%	-35.5%	-10.6%
China Shenzhen (B-Share)	223.55	-0.3%	1.7%	-17.8%	5.4%

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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
9/26/05	Pharmaxis Ltd. [PXSL.US] (NASDAQ)	Pharmaceuticals	NA	A pharmaceutical company which develops therapeutic products for the human chronic respiratory and autoimmune disease	CIBC	NA

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

IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 9/30/05	% Change From Offer
9/26/05	TRX, Inc. [TRXI.US] (NASDAQ)	Provides transaction fulfillment customer support, technology services and data management services for the online travel industry	US\$61.2	US\$9	US\$9.1	1.1%
9/26/05	Sunesis Pharmaceuticals, Inc. [SNSS.US] (NASDAQ)	A clinical-stage biopharmaceutical company focused on the discovery, development and commercialization of small molecule therapeutics for oncology, inflammatory diseases and other unmet medical needs	US\$42.0	US\$7	US\$6.7	-4.4%
9/27/05	Ituran Location and Control Ltd. [ITRN.US] (NASDAQ)	Sells global positioning systems for locating motor vehicles and retrieving stolen cars	US\$62.4	US\$13	US\$13.2	1.2%
9/28/05	WebMD Health Corp. [WBMD.US] (NASDAQ)	Provides health information services to consumers, physicians, healthcare professionals, employers and health plans	US\$120.8	US\$17.5	US\$24.7	40.9%
9/28/05	Taleo Corp. [TLEO.US] (NASDAQ)	A provider of enterprise staffing management solutions that enable large organizations to establish, automate and manage worldwide staffing processes	US\$93.8	US\$14	US\$13.5	-3.6%
9/28/05	Genomic Health, Inc. [GHDX.US] (NASDAQ)	A life science company focused on the development and commercialization of genomic-based clinical diagnostic tests for cancer	US\$60.2	US\$12	US\$11.6	-3.8%

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NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 9/30/05	% Change From Offer
9/28/05	Avalon Pharmaceuticals, Inc. [AVRX.US] (NASDAQ)	A clinical stage biopharmaceutical company focused on the discovery and development of small molecule therapeutics for the treatment of cancer	US\$28.9	US\$10.5	US\$9.3	-11.4%

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 9/30/05	% Change From Offer
9/27/05	Cosmo Bio Co, Ltd. [3386.JP] (JASDAQ)	Exports, imports, sells research reagents, instruments and diagnostics mainly to laboratories and testing organizations	US\$16.4	¥280,000	¥440,000	57.1%
9/28/05	Giaconda Ltd. [GIA.AU] (ASE)	Researches and manufactures pharmaceuticals	US\$4.6	A\$0.5	A\$0.50	-1.0%
9/29/05	Excelcomindo Pratama Pt. [EXCL.IJ] (JSE)	Provides a wide range of mobile telecommunications services in Indonesia	US\$276.7	Rp2,000	Rp2,425	21.3%
9/30/05	Esang Networks Co., Ltd. [080010.KS] (KOSDAQ)	Provides business to business electronic commerce products and services	US\$9.1	KRW 9,500	KRW 12,900	35.8%

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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
9/26/05	Nako Entertainment Co. [035620.KS]	Manufactures game machines	9/28/08	US\$10	1,273 Shares	8/28/08
9/27/05	Shinko Electric Industries Co., Ltd. [6967.JP]	Designs, manufactures and markets advanced electronic materials	10/14/10	US\$53	27 Shares	9/14/08
9/27/05	Cyers Co., Ltd. [052560.KS]	Develops and provides consulting for various system and solution integration, such as e-business infrastructure in the public, educational and financial sectors	10/6/08	US\$2	4 Shares	9/5/08
9/29/05	United Microelectronics Co. [2303.TT]	Designs, manufactures and markets integrated circuits and related electronic products	2/15/08	US\$381.4	2,622 Shares	2/5/08
9/29/05	Surya Pharmaceuticals Ltd. [SUPH.IN]	Develops, manufactures and distributes active pharmaceuticals	9/30/08	US\$12	2,580 Shares	9/19/08
9/30/08	Ehwa Technologies Information Co., Ltd. [024810.KS]	Specializes in manufacturing uninterruptible power supplies used in computer network, telecommunication systems and medical equipment	10/05/08	US\$5	8,766 Shares	9/5/08

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## Weekly Highlights

### International

#### *Telecommunications*

- **The prospect that phone calls could soon be free given the widespread use and popularity of VoIP poses a threat to Asian telecoms that are heavily dependent on voice calls for the generation of most of their sales and earnings.** Reports show that the growing use of VoIP is already affecting the business for Hong Kong's PCCW and Japan's NTT. Revenues are expected to diminish further with the growth of broadband Internet networks and the introduction of 3G mobile phones that allow the use of VoIP. PCCW's dominance of Hong Kong's fixed-line market has come under pressure after smaller rivals launched their VoIP services, which charge about half of PCCW's rates that are already among the world's lowest. In Australia, Telstra's huge margins from fixed-line services, which account for 38.5 percent of its revenue, are said to be under threat as the number of VoIP providers rapidly increase. Some firms have resorted to putting up regulatory barriers against VoIP. The local arm of China Telecom, China's biggest fixed-line operator, blocked access to Skype's VoIP service, as it declared the service to be illegal. In Singapore, the VoIP providers are already protesting that high connection costs and slow responses from the city-state's three telcos are blocking the rollout of services. Despite all this, companies are realizing that the use of VoIP technology cannot be stopped in countries with advanced telecommunication networks.

#### *Mobile/Wireless*

- **The GSM Association, a global association of 680 GSM operators worldwide, announced its selection of Motorola as the supplier of low-cost handset to developing countries.** The phones are priced at less than US\$30 and are part of the move by the association to make telecommunication more affordable and accessible to people in rural regions. Ten mobile operators had already signified their intention to order about six million of the low-cost handsets from Motorola. Under the program, Motorola had already supplied a low-cost model, which was made available in the 17 developing countries of India, South Africa, Nigeria, Congo, Egypt, Algeria, Tunisia, Bangladesh, Turkey, Thailand, Malaysia, Indonesia, the Philippines, Pakistan, Yemen, Sri Lanka and Kenya. In a separate report, the GSM Association has called for a review of government tax policies worldwide. The group claims that high taxes on mobile phones and services are restraining economic growth in many developing countries. The association said that in a study released, 16 of the 50 developing countries surveyed levied taxes representing more than 20 percent of the total cost owning and using a mobile phone. The same study showed that governments in Asia tend to levy lower taxes on the mobile communication sector than governments in Latin America and Africa.

### Japan

#### *Internet*

- **Monex Beans announced its partnership with WR Hambrecht+Co, a U.S. financial services aimed at introducing in the country the so-called Dutch auction bidding framework for IPOs.** With individual investors playing an increasing role in IPOs, Monex Beans said it wants to strengthen its underwriting business by managing Dutch auctions, considered more transparent than conventional

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offerings. In many IPOs, the price does not reflect demand from institutional investors. In Dutch auction, a company solicits bids from investors who state the number of shares they seek to purchase and the price they are willing to pay. Monex Beans hopes to resolve issues regarding Dutch auctions being recognized under exchange regulations. WR Hambrecht, using Dutch auction, recently oversaw the IPO of Google Inc.

## *Mobile/Wireless*

- **Goldman Sachs announced that it would invest 25 billion yen (US\$219.4 million) in a new mobile service that eAccess Ltd. plans to launch next year in Japan.** A firm that wholesales broadband service to companies like KDDI Corp., eAccess is seen as one of the firms that will be awarded a mobile license by the Japanese government. The license is expected to be given later this year. With this move, Goldman becomes the second-largest investor in the mobile service after eAccess. It joins Carlyle Group, which acquired with Kyocera Corp. last year telecom service provider Willcom Inc., in the telecoms business. The investment brings eAccess closer to achieving the fund worth 100 billion yen (US\$878 million) that it aims to raise.

## *Telecommunications*

- **The Ministry of Internal Affairs and Communications said it would introduce low-cost telecommunications service that would enable cellular phones to double as cordless handsets for fixed-line phones by the end of fiscal 2007.** Leading to this technology, the ministry said it has decided to unify the phone numbers for both types of phone. The service is expected to drastically reduce cell phone fees by allowing users to communicate by way of fixed lines when at home or at work. In a separate report, Vodafone KK and Japan Telecom Co. said they have entered into negotiations to offer a service to corporations in which cellular phones can double as cordless handsets for fixed-line phones when users are indoors.

## *Hardware*

- **Sanyo Electric Co. announced its plans to downsize its consumer products semiconductor businesses and focus more on what it considered to be profitable operations.** The company's net loss in the year to March is expected to widen to 200 billion yen (US\$1.7 billion), which is twice the firm's forecast of 92 billion yen (US\$810 million), figures that are ascribed to inventory valuation losses and the increase planned job cuts. Japan's third-largest consumer electronics maker said it would cut 15 percent of its global workforce, shutter plants and diminish its debt by half in a restructuring plan aimed at bringing it back to profit. The report said Sanyo would concentrate its resources into profitable operations such as battery and industrial equipment divisions and scale down audiovisual equipment and white goods segments.
- **Sony was placed on review by Moody Investors Service, with the firm citing doubts about the troubled electronics company.** The review is saying that Sony's mid-term business plan would not work to regain the strong profit and cash flow generation patterns of Sony. Moody stated that analysts were not generally impressed by the plan, underscoring its lack of vision of creativity.
- **Meiji Electric Industries Co., a wholesaler of factory automation equipment, announced its plans to go public on the JASDAQ Securities Exchange.** The Nagoya-based company relies on the Toyota Motor Corp. group for some 40 percent of its sales. For the current year through March, Meiji Electric expects to post a group pretax profit of 1.7 billion yen (US\$15.6 million), a 23 percent increase brought about by strong sales of equipment and the increasing sales of high-value-added systems. The company predicts its sales to rise 10 percent to 52.1 billion yen (US\$459 million), which the company is



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ascribing to the 30 percent increase in business with the Toyota group. It expects to raise 1.7 billion (US\$15.6 million) in the IPO, with 1.2 billion yen (US\$10.5 million) to be set aside for the repayment of its debt.

- **Sakura Internet Inc., an Osaka-based firm that offers maintenance services for Internet-linked server computers, announced its plans to go public on the Tokyo Stock Exchange's Mothers market for start-up companies.** Sakura, aside from renting out inexpensive servers, also provides a "housing service", which provides a data center rented out so that its clients can have space required for their Internet access communication lines among other things. This service accounts for about 30 percent of the company's total sales. Sakura expects 190 million yen (US\$1.6 million) in pretax profit, a 44 percent increase from a year earlier, in the current fiscal year ending March 2006, on sales totaling 2.6 billion yen (US\$23 million).

## *Information Technology*

- **Corporate investment in information technology is likely to rise in fiscal 2006 as more companies increase their capital spending from fiscal 2005 levels, according to Yano Research Institute.** The survey said that 44.3 percent of firms have kept their IT spending flat in fiscal 2006 compared with fiscal 2004. Firms project 39.2 percent in fiscal 2006, compared with the 35 percent deciding to leave IT spending as it is. Maintenance and upkeep of existing system accounts for 52 percent of IT spending in fiscal 2005. Investment in new systems contributes about 31.1 percent in fiscal 2005. The research firm said that many companies are looking to improve business efficiency, raise productivity and boost sales efforts by making changes in their existing systems.

## *Software*

- **Six medium-tier information technology firms announced their plan to outsource software development to China.** The companies, which include Softbrain Co., TDC Software Engineering Inc. and Daiwa Securities Group Inc. affiliate Denko Denshi Tsushin Ltd., said they aim to surmount the financial and technological difficulties faced by smaller companies if they outsourced development overseas work on their own. The labor costs of Chinese software engineers are one-third or less than those of their Japanese counterparts, which make the total cost of software development in China at least 50 percent more economical.

## **Korea**

### *Mobile/Wireless*

- **VK Corp., a South Korean mobile handset maker, said it has agreed with a North Korean company on a partnership that will jointly develop software for mobile phones.** Under the agreement, Samcholli Technical Co. said it would send research engineers to VK's Beijing-based laboratory for two years to work on the development of Korean-language software for global system for mobile communication (GSM) handsets.
- **South Korea's Ministry of Information and Communication said it gave a consortium called KMMB the sixth license for land-based digital television service on mobile phones.** The ministry said it granted a terrestrial digital multimedia-broadcasting (T-DMB) license to KMMB, a consortium of some 30 small- and medium-sized equipment manufacturers and digital content providers.

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## China

### *Internet*

- **Dubai Internet City (DIC) has set up an office in China, a move that is part of its plan to expand aggressively in international markets.** The company said that the office in China is there primarily to support DIC tenants in the expansion of their businesses in China, while at the same time serving as a marketing window to attract investment in Dubai. DIC described its plan as an ambitious global plan that will see Dubai's hi-tech free zone setting up business and marketing support centers in various parts of the world.
- **China Mobile and Shanghai Media Group announced their partnership, which would allow the feeding of television content over mobile phones.** The service will be delivered through China Mobile's 2.5-generation, GPRS-based data and multimedia platform called Monternet. The agreement would make China Mobile the country's first mobile operator to offer an Internet television service. After China Telecom, China Mobile is also the second telecommunications operator to team up with Shanghai Media.
- **The new rules aimed at "improving regulation" over the news posted on the Internet were released under the Internet News Information Service Management Rules.** The new rules stipulate, among other things, that organizations posting news and information on the Internet must not touch on certain areas. Eleven in all, these areas include news that would endanger state security, state secrets that have not been declassified, or reports that caused ethnic violence. Included in the "forbidden zones" are news challenging the state's religious policies, or those that preach cultist or superstitious beliefs. Under the new rules, Chinese firms are banned from engaging in joint Internet publishing ventures or partnerships with foreign organizations.
- **Bokee announced that it has raised over US\$10 million from four global venture capital firms, in what is considered to be the largest investment to date in this sector.** The investors are some of the biggest and successful names of Internet venture capital: Softbank Asia Infrastructure Fund (SAIF), the leading Chinese private equity firm that also funded Shanda; Granite Global Ventures, which funded Alibaba and Hurray!; Mobius Ventures, which funded Yahoo! Japan as well Technorati and Feedburner, two blog-related companies; and Bessemer Venture Partners, the institutional investor behind Verisign and Skype. Bokee is the largest and fastest-growing service provider in China. It has more than 2.5 million bloggers.

### *Mobile/Wireless*

- **China Mobile has awarded Nortel Networks of Canada US\$150 million worth of contracts this year for the expansion of its digital wireless network in six regions.** With the expansion, China Mobile's network would see an increase in its subscriber's capacity by 3.4 million to a total of about 18 million. Nortel has already deployed wireless networks in 17 of China's 31 provinces and municipalities.

### *Software*

- **Microsoft Corp and International Finance Corp (IFC) announced their investment of a combined US\$35 million in Chinasoft International.** Following the signing of the investment agreements separately with the two companies, Chinasoft said it expects to boost its outsourcing orders from Microsoft from US\$1.2 million this year to US\$5 million. Chinasoft reported revenues of 22.4

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million yuan (US\$2.7 million) from its outsourcing services in this year's first half. From its software solution provision, the company generated revenues of 136.1 million yuan (US\$16.8 million).

## *Hardware*

- **Lenovo Group announced the speeding up of consolidation with IBM's PC business and the setting up of a unit in India.** In the first stage of its consolidation process, Lenovo Group's original business and the former IBM business were running separately under the names of Lenovo China and Lenovo International to lessen the confusion that drastic changes would bring upon customers and the organization of the company. Lenovo said it would build unified management platform for product design and development, supply chain and sales. The computer giant said it would reorganize its regional organization and set up five regional headquarters. Aside from existing bases in the United States, Europe, Middle East, Africa and the Asia Pacific region, Lenovo revealed it will set up a China regional unit, a result of the consolidation of Lenovo China and Lenovo International.
- **China Paradise Electronics Retail, also known under its Yongle Electronics brand name, said it is planning HK\$538 million (US\$69.3 million) in capital expenditure this year and has budgeted HK\$798 million (US\$102.8 million) for the next two years.** The firm is expecting to raise HK\$1 billion (US\$129 million) by selling about 22.2 percent of its enlarged share capital ahead of a listing on Hong Kong's main board in October. The company said it is planning to set aside about HK\$350 million (US\$45.1 million) and HK\$400 million (US\$51.5 million) of its listing proceeds to open new stores. The mainland's No. 3 consumer electronics retailer operates 151 stores in 58 cities.

## *Telecommunications*

- **Huawei Technologies announced the signing of a commercial contract valued at US\$30 million with mobile operator AZ Communication Company Ltd (AZCOM) of Cambodia.** Under the contract, Huawei will provide and install on CDMA equipment the transmission and supporting systems for AZCOM CDMA 2000 1X project. This will enable AZ Communications to build the first phase of its new CDMA mobile and business wireless in Cambodia. Aside from being the biggest supply contract ever entered into by Huawei in Cambodia, the contract is also the largest single supply contract for CDMA 2000 1X technologies. The Shenzhen-based Huawei Technologies specializes in the research and development and customization of network solutions in fixed, mobile, optical and data communications networks.

## *Ventures/Investments*

- **The Shanghai Science and Technology Investment Corporation (SSTI) announced the establishment of the first Israel-China venture capital fund.** According to the Ministry of Industry, Trade and Labor of Israel, China has been declared as one of four preferential export markets for Israel and said the venture is an "excellent tool" for consolidating Israeli business ties in China. SSTI, China's first state-owned venture capital company, has invested in some 40 Chinese companies to date. Together with Polar Communications Ltd. and Israeli entrepreneurs, SSTI founded the Israel-China venture capital fund, which is expected to have up to US\$100 million. The group disclosed that two acquisitions worth US\$10 million are already on their first phase of planning. The fund will concentrate on the acquisition of Chinese biotechnology and telecommunications enterprises and companies, targeting those that are medium-sized and export-oriented.

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## Taiwan

### *Semiconductors*

- **Infineon Technologies of Germany and its partner, Nanya Technology of Taiwan, announced their plan to list their joint venture, Inotera Memories, on the Taipei Stock Exchange.** According to the two companies, the proceeds from the initial public offering would be used for the building of a second production plant for the company, which makes computer chips. The Munich-based Infineon did not give out details of the planned IPO.

## Hong Kong

### *Media, Gaming and Entertainment*

- **SEEC Media Group said it is about to complete an agreement that will allow it to launch mainland editions of Time's People magazine and Sports Illustrated.** The deal, expected to be realized by the end of the year, marks the first time the American media giant has awarded the license for the operation of its magazines to a third party outside the U.S. Under mainland regulations, foreign companies are not allowed to publish and sell their titles in China. The law allows them only to partner with mainland publishers and participate only in circulation and advertising-related functions. The mainland partner is the one responsible for editorial operations. SEEC Media is the owner of financial magazines Caijing, Financial Weekly, Securities Weekly, New Real Estate and Successful Marketing.
- **i-Cable Communications said it has cut its subscription rates by almost half, with the new subscription plans allowing users to select from mini packages priced between HK\$120 (US\$15.4) and HK\$160 (US\$20.6) a month, instead of the HK\$308 (US\$39.7) price tag on a package that had nearly 100 channels.** Hong Kong's biggest pay-television company said it has reorganized its program line-up with an offering of more than 20 mini-packages, featuring news, movies, entertainment and exclusive coverage of English Premier League football. The new packaging is aimed at competing with Now Broadband TV's pay per channel pricing mechanism.
- **Ruili Holdings disclosed its investment plan of more than HK\$10 million (US\$1.2 million) to be earmarked for the production of 30 digital movies each year.** The move is aimed at responding to the threat of Internet downloads that have affected the local film industry. The use of digital media is seen as one way of avoiding the piracy issue, with movies stored on the hard disk and can be sent via satellite or broadband with a protective encryption code for each cinema. Digital movies can be distributed also through all channels such as cinema, television stations and mobile phones, which can generate more income without the additional cost.

## Singapore/Malaysia/Philippines/Indonesia

### *Semiconductors*

- **Genesis Microchip Inc., an acknowledged world leader in the development of image processing technologies for flat panel monitors, TVs and other consumer display products, announced the opening of its newest office in Singapore.** The office is strategically located in Singapore's International Business Park, which is in close proximity to important customers like Dell, Philips, TTE, Toshiba and other major world OEM subsidiaries located in the South Asia region.

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Genesis system on-a-chip solutions are used worldwide by display manufacturers to produce visibly better images in devices like flat-panel displays, digital TVs, projectors and DVD players/recorders.

## *Internet*

- **Pacific Internet Limited (PacNet) made the confirmation that Vantage Corporation Limited (Vantage) has entered into a sale and purchase agreement with Kingville Capital Limited (Kingsville) to buy its entire equity interest in PacNet, which is equivalent to 28.6 percent of the company's outstanding shares.** The proposed agreement would result in an aggregate price of US\$30.5 million for the 3.8 million PacNet shares. PacNet, which remains the largest telco-independent Internet Communications Service Provider in Asia-Pacific in terms of geographic reach, said it does not expect the transaction to bring about change to its business strategy and operations.

## *Media, Gaming and Entertainment*

- **Indonesian private television station ANTV announced the deal it struck with premier Asian television network Star TV.** Under the deal, Star TV, a Hong Kong-based satellite and cable operator, will buy 20 percent of the national network of Indonesia. ANTV will retain control of 80 percent of the shares. The cooperation between ANTV and Star TV is expected to improve the Indonesian network's broadcasting capacity, human resources quality, and technology and business development through the use of the funds it will receive. For Star TV, the deal will give it a stronger foothold in Asia's third most populous country.

## **United States/Canada**

### *Internet*

- **AT&T disclosed that it would open a data center in the San Jose area in order to double in Bay Area capacity for handling customers' Internet traffic.** Demand for such capacity is increasing as individuals and businesses conduct more and more of their transactions through the computers and the Internet. AT&T also said it is opening a data center in Shanghai, China. The San Jose and Shanghai centers bring to 28 the data centers of the company worldwide. Video game maker Konami uses an AT&T Internet data center so its gaming customers can play video games online simultaneously anywhere in the world.
- **RealNetworks said it is announcing two new wireless offerings with Cingular Wireless, a move that brings the company's Internet know-how to the cellular phone business.** The first offering is RealNetworks Online TV, a service that will bring TV content to mobile phones. The second offering is a mobile version of Real Arcade, which will turn a PC-based video game into a mobile application. Both products will be offered by Cingular through 3G and 3.5G wireless networks and beyond.

### *Media, Gaming and Entertainment*

- **Viacom Inc., the No. 3 U.S. media company, announced that it has agreed to acquire 70 percent control of Magic Media, a firm that holds the rights to advertise on city buses in Beijing.** The acquisition comes with the option to buy the remaining 30 percent of the Magic Media, a Chinese company, in five years. The acquisition, which is the first in China for Viacom Outdoor, will give the American company access to what is considered to be the fastest-growing advertising markets in the world. According to Universal McCann, ad sales in China will post a 35 percent increase this



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year, compared with a mere 5.7 percent climb for the U.S. When Viacom splits into two companies next year, Viacom Outdoor will be a unit of the new CBS Corp.

- **Search-based keyword ads were one the major factors contributing to the 26 percent growth in the U.S. Internet advertising revenues to a record US\$5.8 billion for the first half of the year, compared to the US\$4.6 billion for the same period last year, according to the Interactive Advertising Bureau (IAB).** Internet-based advertising remains a small portion of the total U.S. advertising market, which amounted already to US\$71 billion in the first half of this year, according to research firm TNS Media Intelligence. Search ads contributed about 40 percent of the online ad revenues, which is the same figure as last year. Display ads made up 20 percent and classifieds brought in 18 percent contribution. The IAB did not release the full study conducted for them by Pricewaterhouse Coopers.
- **Warner Music Group announced its awarding of a license to Viacom MTV Networks to allow it to use its recording artists' music videos for creating wireless programming on mobile phones and other devices.** MTV Networks includes music video cable channels MTV, VH1 and CMT, through which it offers wireless video content. The agreement with Warner is the first time the networks have been given clearance for the use of music videos in their wireless offerings. Financial terms of the deal were not disclosed.

## *Software*

- **Palm announced its decision to use Windows software in its latest Treo smartphone.** The move is seen as a victory for Microsoft and a setback for the company Palm created to develop and sell its original operating system. Palm explained its position when it said that Microsoft Windows Mobile 5.0 operating system was chosen because it offered features that PalmOS could not. Under the new agreement, Palm gave the license to Windows Mobile operating system for its new line of smartphones. Palm and PalmSource, once part of the same company, were split up so the software division could sell PalmOS to other handheld makers. PalmSource is now being acquired by Japanese software company Access for US\$324 million.
- **Oracle disclosed net income of US\$519 million for the three months to August, compared to its net income of US\$509 million registered at the same time last year.** It posted a 25 percent increase in its revenue for the period to US\$2.7 billion from US\$2.2 billion a year earlier. Earlier this month, Oracle acquired Siebel Systems. Upon the completion of this acquisition, Oracle is expecting an increase in its profit by an additional US\$100 million to US\$150 million annually.

## **Europe**

### *Internet*

- **With the launching of new broadcasting rules, the European Union head office said that it had no plans to regulate the Internet.** The statement was released in the light of the opposition made by Internet companies and some broadcasters with regard to the new rules. AOL Europe Services said the Internet industry had already responded to customer demand by creating common standards. Yahoo Europe defending the online environment from the perception about its character, said companies had already worked together with national governments to act on problems such as child pornography. Yahoo Europe cautioned about the rapid evolution of the new media that would create an audiovisual world that would have no resemblance to today's limited environment.

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



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Other Economic Data						
Currency Exchange Rates						
Currency	Units	Current Rate (on 9/30/05)	% Change 1 Week Ago	% Change 1/1/2005	% Change 1/1/ 2004	% Change Last 12 Mth.
Japanese yen	¥/US\$	113.5100	0.9%	10.6%	5.9%	3.1%
Hong Kong dollar	HK\$/ US\$	7.7575	0.0%	-0.2%	-0.1%	-0.5%
Chinese renmenbi	RMB/ US\$	8.0920	0.0%	-2.2%	-2.2%	-2.2%
Singapore dollar	S\$/ US\$	1.6920	0.4%	3.7%	-0.4%	0.5%
South Korean won	KRW/ US\$	1,042.4000	0.5%	0.7%	-12.6%	-9.5%
New Taiwan dollar	NT\$/ US\$	33.1880	0.0%	4.6%	-2.3%	-2.3%
Australian dollar	US\$/A\$	0.7620	0.6%	-2.3%	1.3%	4.7%
New Zealand dollar	US\$/NZ\$	0.6914	0.5%	-3.7%	5.5%	2.0%
Philippine peso	PHP/ US\$	56.0300	-0.4%	-0.4%	0.9%	-0.4%
Euro	US\$/€	1.2026	-0.1%	-11.3%	-4.5%	-3.3%
British pound	US\$/£	1.7643	-0.6%	-8.0%	-1.2%	-2.6%

Fixed Income Prices and Yields							
Note	Currency	Current (on 9/30/05)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	112.0313	4.57%	112.8125	4.52%	116.5625	4.30%
Japan 30-year	¥	98.2290	2.31%	98.7850	2.28%	98.9440	2.27%
Hong Kong 10-year	HK\$	113.2870	4.03%	113.6210	3.96%	114.7680	3.72%
China (10/27)	US\$	120.6570	5.82%	121.5860	5.76%	123.6350	5.62%
Singapore 10-year	S\$	96.3850	2.77%	96.0190	2.82%	96.9120	2.69%
South Korea 10-year	US\$	110.9270	4.27%	111.3390	4.14%	111.9640	3.99%
Australia 15-year	A\$	107.1240	5.35%	108.3760	5.16%	109.6350	4.98%
New Zealand (07/09)	NZ\$	103.6080	5.92%	104.2000	5.75%	104.9940	5.54%
Philippines 20-year	PHP	141.5530	12.54%	141.3770	12.56%	142.7070	12.43%
India 20-year	INR	129.3900	7.37%	129.7100	7.35%	129.7700	7.34%
UK 30-year	£	100.0490	4.25%	100.8040	4.20%	101.3850	4.16%
Germany 30-year	€	131.4900	3.58%	132.6440	3.53%	132.4470	3.54%

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