

IRG WMR



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

Week of 9 October - 15 October 2005

For more information on IRG, please email communications@irg.biz or visit www.irg.biz.

Hong Kong (HQ)

No.1-2A, 17/F, The Centrium,
60 Wyndham Street, Central,
Hong Kong

Tel: (852) 2237 6000
Fax: (852) 2237 6100

Singapore

5 Rhu Cross, #04-16
Olivia Block, Singapore

437434 Singapore
Tel: (65) 6325 1191
Fax: (65) 6348 9583

Japan

JT Building 15Fl, 2-2-1
Toranomom, Minato-ku,

Tokyo, Japan 105-0001
Tel: (813) 5114 8395
Fax: (813) 5114 8396

Korea

37/F, Asem Tower, Samsung-
dong, 158-1, Kangnam-gu,
Seoul, Korea

Tel: (822) 6001 3840 ext. 3841
Fax: (822) 6001 3711

Philippines

2/F, State Condominium Bldg.,
186 Sacledo St. Legazpi Village,

Makati, Philippines
Tel: (632) 728 5307
Fax: (632) 728 5307

ideas | reach | growth

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



Week of 9 October- 15 October 2005

Table of Contents

Equity Market Indicators	3
Technology, Media, Telecommunications and Life Sciences Market Activity	4
Weekly Highlights	6
International	6
Japan	6
Korea	8
China	8
Taiwan	11
Hong Kong	12
Singapore/Malaysia/Philippines/Indonesia	13
United States/Canada	13
Europe	15
Other Economic Data	17
Currency Exchange Rates	17
Fixed Income Prices and Yields	17

This document is provided for information purposes only, and constitutes neither investment advice nor the recommendation to purchase or sell securities of the companies named in this document. IRG Limited, f/k/a iReality Group Limited, and its affiliated companies, make no representation as to the accuracy or completeness of the information contained in this document. For more information on IRG call (852) 2237 6000 or visit www.irg.biz.

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



Week of 9 October- 15 October 2005

Equity Market Indicators					
Index	Closing Level (10/14/2005)	% Change 1 Week Ago	% Change 1/1/2005	% Change 1/1/2004	% Change 2004 Low
S&P 500	1,186.57	-0.8%	-2.1%	6.7%	11.6%
Dow Jones Industrial Avg.	10,287.30	0.0%	-4.6%	-1.6%	5.5%
Dow Jones Tech. Index	345.64	-1.3%	-2.7%	-0.6%	19.6%
Dow Jones Telecom. Index	202.64	-1.6%	-7.0%	9.3%	15.6%
NASDAQ Composite	2,064.83	-1.2%	-5.1%	3.1%	17.8%
The Street.com Net	197.50	-0.2%	-5.2%	29.0%	34.2%
Japan Nikkei 225	13,420.54	1.5%	16.8%	25.7%	29.5%
Japan TOPIX	1,397.93	1.9%	21.6%	33.9%	36.7%
Korea KOSPI Composite	1,190.17	-0.9%	32.8%	46.8%	65.4%
Korea Kosdaq	600.04	1.6%	57.8%	33.7%	84.8%
Taiwan Stock Exchange	5,969.07	-1.9%	-2.8%	1.3%	12.3%
Singapore Straits Times	2,303.24	-0.1%	11.5%	30.5%	35.5%
Hong Kong Hang Seng	14,485.88	-2.4%	1.8%	15.2%	32.1%
Hong Kong GEM	953.61	-2.2%	-3.5%	-19.6%	-1.2%
China Shanghai (A-Share)	1,197.30	-1.4%	-10.0%	-23.7%	-9.4%
China Shenzhen (A-Share)	289.40	-0.7%	-12.0%	-26.4%	-11.8%
China Shanghai (B-Share)	65.84	-2.7%	-13.0%	-37.3%	-13.0%
China Shenzhen (B-Share)	211.16	-5.5%	-3.9%	-22.4%	-0.4%

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



Week of 9 October- 15 October 2005

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
NA						

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

IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 10/7/05	% Change From Offer
NA						

Asian Equity Markets: TMT and Life Sciences IPO Pricing

IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 10/14/05	% Change From Offer
10/10/05	IG Group Holdings Bhd. [IQGH.MK] (KLSE)	Manufactures security products	US\$11.5	MYR 1.8	MYR 1.6	-9.4%
10/10/05	Global Flex Holdings Ltd. [471.HK] (HKSE)	Designs, manufactures and sells flexible printed circuits	US\$41.1	HK\$1.0	HK\$1.0	0.0%
10/11/05	Hana Micron Inc. [067310.KS] (KOSDAQ)	Designs, develops, manufactures and sells semiconductor packages for memory and non-memory semiconductor products	US\$15.5	KRW 7,600	KRW 11,250	48.0%
10/11/05	Avaco Co, Ltd. [083930.KS] (KOSDAQ)	Designs, develops, manufactures and sells equipments for semiconductor manufacturing	US\$13.7	KRW 5,700	KRW 7,300	28.1%
10/12/05	Sakura Internet Inc. [3778.JP] (TSE)	Provides comprehensive Internet service to businesses	US\$7.6	¥180,000	¥356,000	97.8%
10/14/05	Duksan Hi-Metal Co, Ltd [077360.KS] (KOSDAQ)	Manufactures solder ball which used as material in the semiconductor packaging process and compact cameral module for mobile phone camera	US\$14.8	KRW 9,000	KRW 14,600	62.2%

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



Week of 9 October- 15 October 2005

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
10/11/05	Emotion Corp. [052770.KS]	Provides consulting and software development services for communication and e-commerce related companies	10/13/08	US\$35	334 Shares	9/29/08
10/12/05	Ardentec Corp. [3264.TT]	Develops and provides integrated circuit wafer test and final test services	10/20/10	US\$24	377 Shares	10/10/10
10/12/05	Synmosa Biopharma Corp. [4114.TT]	Produces prescription and OTC medicine as well as a variety of healthcare products	10/16/08	US\$4.5	763 Shares	10/6/08
10/14/05	Dong Yang Semiconductor Co, Ltd. [036270.KS]	Manufactures semiconductor equipments	10/18/10	US\$3	7,751 Shares	7/19/10
10/14/05	CPN Co, Ltd. [048130.KS]	Manufactures parts for semiconductor equipment and develops and markets electronic payment solution and e-money in B2C and B2B	10/27/08	US\$3.8	9 Shares	9/27/08

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



Week of 9 October- 15 October 2005

Weekly Highlights

International

Internet

- **With growth in online advertising spending and retail e-commerce sales, Internet giants are expected to report good performance for the third quarter.** Analysts are pointing to increased internal development efforts and mergers and acquisition activity of Internet companies as adding up to margin pressure. Acquisitions were significant for the period, with Yahoo planning to spend up to US\$1 billion on a 40 percent stake in China's Alibaba.com. eBay also made some acquisitions with Shopping.com and Skype Technologies. Google has raised more than US\$4 billion through a secondary stock offering, with the company stating that some of the proceeds would be used to fund further acquisitions. Industry consolidation and international expansion are also factors are also behind the growth of the Internet companies whose expansion are already being fueled by the consumers' increasing use of the Internet.
- **Even as the percentage of unsolicited commercial e-mail coming from within its borders is dropping, the U.S. still remains the world's top spammer, according to a report published by Sophos PLC, a security vendor.** U.S. computers were responsible for about 26 percent of the world's spam during the six months ending in September 2005. In 2004, 42 percent of the world's spam originated from U.S. machines. The increasing broadband capacity of South Korea and China has made these two countries very attractive to spammers. The percentage of spam originating from South Korea went up from 12 percent to 20 percent over the past year. China saw its percentage of spam going up from 9 percent to 16 percent. The report said the top spam-creating countries, after the U.S., are the following: South Korea, 19.7 percent; China, 15.7 percent; France, 3.4 percent; Brazil, 2.6 percent.

Japan

Internet

- **Rakuten became Tokyo Broadcasting System Inc.'s top shareholder when it acquired more than 10 percent of the broadcaster's outstanding issues via off-market transactions.** Under the Securities and Exchange Law, a buyer is required to conduct a tender offer if it wants to acquire more than one-third of shares in off-market transactions. Rakuten, however, bought just 15 percent of TBS shares, which exempts it from the tender offer requirement. The country's Broadcast Law allows TBS to refuse stock ownership transfers to foreigners once the collective stake held by overseas shareholders goes beyond a certain level. In reality, foreign investors have kept their shares by keeping the shares ownership under the Japan Securities Depository Center Inc.'s name. Foreign shareholders on record hold about 19.5 percent of TBS issues as of March 31, although the true figure is said to be higher.
- **Daiki Sound Co., the marketer of "indie" music, predicts its group pretax profit posting a 30 percent growth from the estimated fiscal 2005 level to around 600 million yen (US\$5.2 million) in the year through August 2006.** The company forecasts its sales to grow 13 percent to 6.3 billion yen (US\$55.2 million). Sales in the music distribution business is expected to rise about 10 percent to 4.4 billion yen (US\$38.5 million), as the number of indie labels that will supply CDs to Daiki Sound are

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



Week of 9 October- 15 October 2005

seen surging from around 700 as of this past August to more than 1,000 this fiscal year. The firm's business of providing music databases to suppliers of cellular phone ring tones also expects sales rising slightly more than 10 percent. The company is seeing its operating profit registering a 25 percent rise to 620 million yen (US\$5.4 million), as its entry into the music distribution business helps boost its profitability.

- **NTT DoCoMo and Rakuten announced their joint offering of Internet auctions, a move that is seen as challenging Yahoo Japan Corp.** Under the partnership, Rakuten is planning to spin off its online auction segment in order to set up an entity in December; DoCoMo is spending 4.2 billion yen (US\$36.8 million) to secure a 40 percent stake in the unit, which is capitalized at 1.6 billion yen (US\$14 million). The new unit will continue to do Rakuten's online auctions for personal computers even as it establishes an online auction site for cell phones. Through the tie-up, Rakuten and NTT DoCoMo expect to complement each other.
- **Welltone Co. said it would start marketing a portable phone that would allow people to make free Internet phone calls between computers by utilizing the Skype Internet telephony software.** The phone is called Welltone Skype Phone and is fitted with a 64-megabyte NAND flash memory with built-in software needed for utilizing the Japanese version of Skype. The Osaka-based PC peripheral equipment developer disclosed that it has already filed an application with Skype Technologies SA of Luxembourg for permission to have the device listed as one authorized by Skype. The company, which will sell the phone to corporations directly on an OEM basis, is aiming for shipment of 50,000 units for the first year.

Software

- **Tokyo Forex Financial Inc. a currency broker, said it would import and sell a software package that will alert users on when to trade currencies.** The software is called MetaStock Pro FX and developed by U.S. firm Equis International. The software, which will sell for 114,000 yen (US\$999), uses historical data and trends to determine the hypothetical profit or loss when going through the decision to sell or buy a currency against another currency. The program will also alert the user when real-world exchange activity matches a situation in the instructions one inputs. Users must pay US\$135 to use a historical data.

Telecommunications

- **KDDI Corp. and Tokyo Electric Power Co. (Tepco) said they have reached a final agreement on KDDI's absorption of PoweredCom Inc., a telecommunications firm where Tepco has about 83 percent stake.** Under the agreement, KDDI will absorb PoweredCom in January by getting all PoweredCom shares held by Tepco. Tepco, in return, will get some of 4 percent of KDDI shares in addition to the 1.3 percent share of Tepco in KDDI as of March 31. The acquisition of PoweredCom is expected to boost the competitiveness of KDDI. The merger agreement will result to Japan's fixed-line operations dominated by the so-called big three: Nippon Telegraph and Telephone Corp., Softbank Corp., and KDDI. In a separate deal, KDDI and Tepco announced their joint offering of broadband fiber-optic data communications services utilizing the power company's fiber-optic network infrastructure.

Semiconductors

- **Sumco Corp., a Japanese silicon wafer maker, said it has received approval to list its shares on the Tokyo Stock Exchange.** The listing is said to be the biggest Japanese IPO so far this year, with the offering of up to 48 million shares valued at 148.8 billion yen (US\$1.3 billion). In March, Jupiter

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



Week of 9 October- 15 October 2005

Telecommunications had a global offering valued at 104.7 billion (US\$918.3 million). Up to 40 percent of Sumco's shares would be on offer in IPO. Daiwa Securities SMBC is one of the lead underwriters of the IPO; it also has a green shoe option allowing it to offer an additional 4.3 million shares in the event of exceptional demand.

Hardware

- **Ohara Inc., a producer and marketer of optical glass and glass parts for information equipment, said it would go public on the Tokyo Stock Exchange.** The company is Japan's top manufacturer of optical glass used in lenses of digital and other cameras. It commands more than 50 percent of the domestic market in terms of production. The firm's other core products are hard discs; the glass substrates for use in those discs are being produced at the Malaysian plant at full capacity. There is an increase in the need for hard discs in mobile music players and other devices. Ohara said it plans to use 2.8 billion yen (US\$24.5 million) of the 12.5 billion yen (US\$109.6 million) in IPO proceeds to invest in facilities at its domestic optical glass plant and the Malaysian glass substrate plant, with the remaining to be used to repay interest-bearing debts.

Korea

Hardware

- **Samsung Electronics Co. announced a 30 percent decline in its third-quarter profit after it earned 1.8 trillion won (US\$1.8 billion) in the quarter, compared to 2.6 trillion won (US\$2.4 billion) in the same period a year ago.** The company said its revenue went up 1.4 percent to 14.5 trillion won (US\$13.8 billion) from 14.3 trillion won (US\$13.6 billion) a year ago. The company's profit went down by 200 billion won (US\$200 million), the amount of the provision it set aside to settle a US\$300 million fine declared by the U.S. Justice Department after Samsung admitted guilt in the illegal price-fixing of memory chips from 1999 to 2002. Even with the penalty, the company's performance is still the company's best since the year-ago period. Samsung's chip business contributed most of its profit, with an operating profit of 1.3 trillion won (US\$1.2 billion), which is 63 percent of the company's overall operating profit of 2.1 trillion won (US\$2 billion). Samsung's cell phone and telecom-equipment business reported operating profit of 550 billion won (US\$526.6 million), a decline from 605 billion won (US\$579.3 million) a year earlier.

China

Information Technology

- **Experian, the British information technology provider to the financial services industry, announced its winning of a contract that would allow it to improve data analysis at the Greater China operations of AXA China Region Insurance.** AXA China Region Insurance said it intends to launch Experian's iMarketer analytics software in its business after its successful deployment in Hong Kong. The company said it needed advanced market analytics to go through large volumes of customer information more efficiently and be able to come up with market data analyses that would respond to market and customer variables. AXA China Region Insurance, which is part of AXA Group, posted US\$95.3 billion in revenues last year.
- **China Wireless Communications, Inc. announced the signing of an additional contract with the Tianjin Polytechnic University.** Through its subsidiary Tianjin Create Co., a systems integration

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



Week of 9 October- 15 October 2005

company, China Wireless Communications signed an additional contract to provide desktop computing solutions for the Tianjin Polytechnic University. Under the agreement, Tianjin Create Co. will provide hardware and software support for one year. China Wireless Communications, which has its headquarters in Denver, is said to be focusing its efforts on becoming a premier information technology in China.

Internet

- **Techhedge, Inc., a leading international mobile VoIP and wireless broadband solution provider, announced that its wholly owned subsidiary China Quantum Communications Ltd. has reached a tentative asset purchase agreement with Nettv Media (Asia Pacific) Limited (Nettv).** The agreement is for the purchase of Nettv's MobiChannel units, an online sales and event promotion company for online entertainment business in China. The acquisition will include tangible and intangible assets of MobiChannel, including its online marketing and promotion system, Internet café monitoring system, staff management system, Mobi3 mobile payment system, proprietary SMS gateway, point card system and gift center, entire client base, and brand names. Techhedge is a leading U.S.-based international mobile VoIP and wireless broadband solution provider.
- **Taobao.com, an online auction site, revealed that its transactions for the third quarter amounted to 2.3 billion yuan (US\$284.4 million), which is a 41 percent growth over the previous quarter.** The company said its trading value in the first quarter was 1 billion yuan (US\$123.6 million) and for the second quarter 6 billion yuan (US\$742 million). The result makes the free online auction site one of the fastest growing e-commerce web sites in China. Total trading value in China's online auction market posted a 217.8 percent growth to reach 3.4 billion yuan (US\$420.4 million) in 2004. It is expected to have an 84 percent growth in the next three years.
- **Lucent Technologies announced the launching of Project Acceptance for Basic Services by China Unicom for the Lucent-supplied Shandong Metro Integrated Service Network (MISN).** The announcement makes Lucent the only vendor that has passed the test in the ongoing China Unicom MISN projects nationwide, which are built over existing Asynchronous Transfer Mode and Internet Protocol metro transport layers. The project is aimed at expanding services to local networks from its nationwide backbones, including the VoIP network, Broadband Video Network, Long-Distance Network and Internet. The offering will allow end-users to access voice, video and Internet services. Lucent Technologies designs and delivers the systems, services and software that drive next-generation communications networks. Lucent China manufactures a full array of telecommunications network equipment and solutions that serves the Chinese and international markets.
- **E-Mobile Information Technologies' CHL Technologies announced the signing of a supplementary agreement with China.com Inc.** Under the agreement, CHL will guarantee that the content it will provide to China.com inc. will meet the legal and intellectual rights requirements of China. China.com Inc. is a leading Mobile Value-Added Services (MVAS), Internet services and online game company operating principally in China. E-Mobile is an emerging leader in the broadband mobile content market through its operating subsidiary CHL Technologies.
- **Google's free web log service, Blogger, can now be accessed directly by Internet users in Beijing.** Aside from this, Chinese Internet users can now access cached web pages on Google's search engine. Blogger has long been inaccessible from within China without the use of a proxy server. The reopening of access to Blogger comes as Google initiates moves to boost its presence in China. The company has already established a representative office in Shanghai and has employed even a former Microsoft executive to hire researchers for planned R&D center to be opened in China.

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



Week of 9 October- 15 October 2005

Mobile/Wireless

- **JCD Co., a provider of ring melodies, games and other content for mobile phones in China, announced that it would begin a service to help Japanese content suppliers do business in China.** The Tokyo-based firm, through its wholly owned subsidiary in Beijing, said it would negotiate with local cell phone operators on behalf of Japanese companies. The subsidiary will operate some of the unit's 300 web sites jointly with Japanese firms to provide content and will help them prepare programs suited to local needs. It will help also client companies in the advertisement of their operations, the collection of payments and the conversion of their earnings to yen for remittance to Japan. JCD places the initial support fee at the starting rate of 5 million yen (US\$44,000), with monthly payments beginning at 1.2 million yen (US\$11,000).
- **Linktone, a leading provider of wireless interactive entertainment products and services to consumers in China, announced that the company was selected by the Ministry of Commerce of the People's Republic of China and the China Radio and Television Society as one of the 25 best consumer products in China.** Linktone provides a diverse portfolio of services to wireless clients, with a particular focus on media, entertainment and communications. These services are promoted through the company's own marketing channels and through the networks of the mobile operators in China.
- **Nokia and the state-owned China Putian Corp announced their signing of a joint venture to develop and market 3G mobile telecommunications technology.** The venture, which will involve an investment of 900 million yuan (US\$111 million), will see Putian, a Chinese telecoms equipment maker, having a 51 percent stake and Nokia 49 percent. With a focus on research and development, manufacturing and marketing of 3G equipment and solutions, the venture will be based on the WCDMA standard and the Chinese TD-SCDMA standard. The joint venture between the two companies is expected to produce commercial products based on WCDMA and TD-SCDMA next year. All these products will use the "Potevio" brand, owned by Putian. A similar venture involving a European company and a Chinese firm was entered into by Germany's Siemens, which already has a more than US\$100 million joint venture with Huawei Technologies, China's top telecoms gear manufacturer. The venture focuses on TD-SCDMA.
- **Qiao Xing Universal Telephone announced that its subsidiary CEC Telecom has launched 14 models of higher-end mobile phone handsets equipped with a two million pixel digital camera and multimedia entertainment functions.** The company said that its current new product development efforts indicate that color monitor and camera as well as multi-media features in cell phones will be the reason for users in the next wave of massive replacement of handsets. The company expects these products to contribute about US\$100 million to its sales revenue and gross profit of about US\$416 million for the second half of 2005.

Media, Gaming and Entertainment

- **Focus Media Holdings Ltd. and eBay Inc.'s wholly owned subsidiary Kijiji.com announced the establishment of a strategic partnership in Shanghai.** Following the agreement, Kijiji.com's classified advertisements will appear on Focus Media's LCD in Shanghai as of mid-November this year. Focus Media operates the largest out-of home audiovisual advertising network in China. As of the end of March 2005, Focus Media was operating more than 16,000 LCDs in 22 cities in China. China's classified advertisement market is reported to be worth 30 billion yuan (US\$3.7 billion).

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



Week of 9 October- 15 October 2005

Software

- **China's Langchao Group said it is expanding its software development outsourcing business in Japan.** The Chinese firm is doing this expansion through an agreement on software development outsourcing with Tokyo software firm Base. Through this partnership, Langchao hopes to increase software development for large companies that it says it would difficulty attracting while it is still solidifying its operations in Japan. Base, for its part, is aiming to expand business in China and hopes to develop software development from the Chinese government through the Langchao Group. The two companies are said to be thinking of a capital tie-up in the future.

Hardware

- **China Paradise Electronics Retail Ltd., known as Shanghai Yongle, announced that it has raised US\$132 million in its initial public offering after selling stock near the top end of the range offered to investors.** According to the company's prospectus, China Paradise attracted investors eager to have a share of the high growth of China's retail sales of electrical and consumer electronics products, which are valued at 518.4 billion yuan (US\$64 billion). The company is raising funds to open new stores and purchase inventory. Morgan Stanley will own 21.4 percent of the company after the IPO, while public investors will take 25.2 percent. With 92 stores in 34 Chinese cities last year, China Paradise's profit last year surged 44 percent to 212.3 million yuan (US\$26.2 million). Morgan Stanley and Cazenove Asia Ltd. arranged the initial share sale.
- **Cisco Systems Inc., a network equipment maker, announced the opening of an R&D center in Shanghai.** Representing a US\$32 million investment by Cisco over the next five years, the center will focus on 3G telecommunications networks. It will concentrate on R&D work on voice-related technologies first, followed by network solutions for small and medium-sized companies and home users.

Telecommunications

- **Weida Communications, Inc., a U.S. company providing satellite communication services throughout China, disclosed that it has targeted the more than 200 million students in China's colleges and high schools for its satellite TV programming and internet access services.** The company noted that there is little domestic content of interest to the youth market, ages 15 to 23. Weida said it has retained the services of a leading expert on the educational system in China to help it create links to students, student organizations and educational institutions in the country. Weida Communications provides data communication services via satellite to businesses and government agencies throughout China.

Taiwan

Semiconductors

- **The Taiwanese government disclosed its plan to freeze the assets of the founder of Semiconductor Manufacturing International (SMIC).** The government said the setting up of SMIC in Shanghai contravenes Taiwan's laws that restrict investment on the mainland. The action to freeze the fund took place after the head of SMIC refused to pay a NT\$5 million (US\$150,000) and withdraw his investments in semiconductors in mainland. The country's Investment Commission revealed that the fine would increase by NT\$5 million for every six months that the official does not comply with the

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



Week of 9 October- 15 October 2005

ruling. Currently, Taiwan law bars its citizens from making high-technology investments on the mainland without approval.

Ventures/Investments

- **Taiwan, through its Digital Content Industry Promotion and Development Office (DCIPO) under its Ministry of Economic Affairs, announced its decision to promote the digital content industries through an investment worth US\$600 million.** The DCIPO said it will focus on developing eight fields: games, audio/video products, services, animation, e-learning, mobile services, Internet services, software tools, and publication/storage. Out of the total sum, NT\$10 billion (US\$300 million) will be directly invested in enterprises engaging in digital content; NT\$5 billion (US\$150 million) will be used for venture capital firms, and another NT\$5 billion (US\$150 million) will be earmarked for digital-content projects with international participation or importance.

Hong Kong

Mobile/Wireless

- **Nokia and Television Broadcasts, the free-to-air television station, are said to be engaged in a talk regarding the pilot of a handset television service in Hong Kong.** Under the partnership, TVB, using the digital video broadcasting-handheld technology (DVB-H), will beam its digital channel signals to dedicated Nokia handsets. Mobile operators will then charge users and share the revenue with the station. To run the trial, the station has to apply to the government for spectrum. Nokia is pushing the DVB-H standard and has entered into partnership already with various European operators. With the government expected to make a decision by the end of this year, TVB and Asia Television are still waiting for government approval for their digital terrestrial broadcasting business plans. Mobile operators around the world are looking to mobile television services to develop new revenue streams amidst the intense competition that is pushing down traditional voice and data tariffs.

Media, Gaming and Entertainment

- **Media analysts predict Hong Kong advertising revenues to post a slower growth next year.** Industry analysts expect the rate plan of Television Broadcasts to grow by less than the 10 percent growth targeted for this year. Analysts estimated the local advertising revenue of TVB to post a 7 percent growth this year and 5 percent next year. With television's just over one-third share of total advertising spending, analysts are looking to the cutbacks on growth in television being allocated to new free dailies.
- **CDC Corporation, an enterprise and software solutions firm and the owner of China.com portal, announced the launching of a subsidiary, which is to be called CDC Games Limited.** Specifically focusing on online gaming in Asia, the new division will combine MMO provider 17 Game, which runs the hugely popular Chinese MMO Yulgang, and the recently acquired casual gaming portal Gametea, which charges customers through virtual game merchandise. Yulgang made it to the news when it hit a record high of 246,000 concurrent users during peak usage periods and posted 9.8 million registered accounts. Despite its massive following, it does not use the subscription model, and remains a game free to play. What it sells are the value-added virtual merchandise and services from its online game shop. Already popular in South Korea, this online game funding method has just been introduced to China.

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



Week of 9 October- 15 October 2005

Telecommunications

- **Hutchinson Telecommunications International Ltd. revealed its plans to secure a US\$1 billion loan to be used to fund expansion in India, Indonesia and Vietnam.** The money will refinance a one-year loan made during Hutchinson Telecommunications' IPO. ABN Amro Holding NV, Calyon, HSBC Holdings Plc, Standard Chartered Plc and WestLB AG will lead the loan, according to undisclosed sources.

Singapore/Malaysia/Philippines/Indonesia

Information Technology

- **NCS, the former National Computer Solutions, of Singapore said it has furthered its regional expansion plans, with a stronger focus on major e-government projects in Hong Kong and on the mainland.** With the new approach, the company has secured an outsourcing contract worth more than HK\$300 million (US\$38.6 million) from the Hong Kong government's Logistics Department. Under the contract, NCS is tasked to develop a secure one-stop infrastructure for the new Application and Investigation Easy System and the Electronic Records and Document Management System. With more than 2,000 large-scale and multi-platform projects, NCS posted annual revenues to March this year to S\$668 million (US\$395.8 million) from S\$374 million (US\$221.6 million) in 2001 IDC has predicted that e-government spending in Asia-Pacific will be worth some US\$1.4 billion in 2007.

Internet

- **Pacific Internet Limited Asia Pacific announced the appointment of Mr. Soon Hock Lim as an independent director to its Board.** Together with the position, Mr. Lim has also been appointed as a member of Pacific Internet's Audit Committee and its Compensation & Administrative Committee. He has worked with companies from the U.S. and Europe and was the first Asian to lead Compaq's Asia Pacific business as Vice President and Managing Director. Previously, Mr. Lim was the Asia Pacific President of SITA Information Networking Computing, a global information and communications solutions provider for the air transportation industry.

United States/Canada

Internet

- **eBay announced that it has agreed to acquire an online-payment business from Verisign in a deal that is worth US\$370 million.** Verisign, an Internet services company, said it will help the auction site secure transactions by providing its customers with a two-factor authentication system. Under the deal, eBay will acquire Verisign's payment gateway business that allows online merchants to process and manage electronic transactions, and combine it with PayPal, its online payment service. The deal could bring new security measures for eBay users, according to industry observers.
- **Two industry giants, Microsoft and Yahoo, announced their reaching an agreement that would have their two instant messaging programs work together.** The partnership would allow users of both services to send and receive messages, regardless of which the system the consumers were using. Analysts observe that Microsoft has been forming some deal to heighten the profile of its MSN Messenger, with the company talking with AOL over possible partnerships. No comments were given by any of the companies. AOL's instant messaging product AIM registered more 53 million users for

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



Week of 9 October- 15 October 2005

the month of August in the U.S. MSN Messenger posted 29 million users, with Yahoo's Messenger showing 23 million users. Various reports though state that the new partnerships forged by Microsoft and Yahoo could pose a threat to current market leader AOL.

- **Yahoo announced that its online news search tool has added Internet journal entries as a supplement to professional media offerings.** The experiment is said to be aimed at testing the public's interest for information coming from sources that are classified as alternative. Under the new approach, a keyword search for online news will include a list of relevant web logs or "blogs", displayed in a box to the right of the results collected from mainstream news sources. Yahoo's inclusion of blogs in its news section is seen by analysts as validating the presence of a group of people that bypasses newspapers, magazines and broadcast outlets to report and comment on topical events. Google, however, continues to focus on materials from mainstream media. In a separate report, Yahoo Inc. is said to be considering buying a stake in America Online, a move that has the company joining other so-called Internet powerhouses interested in the company's web portal. The discussions were described as "preliminary" and not as advanced as the talks AOL parent Time Warner had with Microsoft Corp. and Google Inc.
- **Google and Comcast are reported to be engaged in a discussion about a joint stake in AOL for its web portal.** Analysts are saying the Google-Comcast-AOL deal could benefit all parties. These advantages could come via AOL benefiting through referrals from Google's search site as well as Comcast's high-speed subscribers. With the deal, Google could look to AOL's offering of video and other programming that Google has been trying to deliver as it expands beyond search. A stake in AOL could also enable Google to maintain a lucrative ad-and-search partnership, an offering that now contributes more than 10 percent of Google's revenues. The deal could also give Comcast its entertainment content, which Comcast sees as crucial to its future growth. AOL is expected also to provide opportunity for Comcast's high-speed Internet business a big opportunity to attract AOL subscribers to move away from their dial-up connection.

Media, Gaming and Entertainment

- **Namco America, a video game publisher and developer, announced the formation of new subsidiary called Namco Networks America, dedicated purely to mobile phone games and content.** In addition to classic Namco titles, such as Pac-Man, Dig Dug and Galaga, the company is planning to provide video game sounds and images, including even wallpaper and ringtones that are expected to be based on Namco and Bandai properties. With this move, Namco, like many Japanese publishers, is recognizing the growth potential in expanding its business into mobile phone market, with the North America showing great potential. A recent Ziff Davis study shows that 27.9 million North American households possess cell phones that can play games, in 2005, compared with 16.3 million in 2004.

Semiconductors

- **Intel said it started shipment of server multiprocessors with two computing engines on a single chip.** The new dual-core Xeon chips for two-processor servers promise up to a 50 percent improvement over systems with two single-core processors. Both Intel and Advanced Micro Devices (AMD) launched dual-core chips this year with the aim of gaining performance even as they controlled power consumption. AMD's market share went up 7.4 percent in the first quarter to 11.2 percent in the second, with its Opteron chip being launched six months before Intel's Xeon, according to Mercury Research. Intel, however, still dominates the market with 88.8 percent share in the so-called x86 servers.

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



Week of 9 October- 15 October 2005

Software

- **Microsoft said it has agreed to pay US\$761 million to RealNetworks under an agreement that settles an antitrust suit and makes the two rival companies partners in digital music and games.** The antitrust suit stems from RealNetworks claiming that Microsoft used its monopoly in the Windows operating system to block competition in areas such media software used for audio and video files. Under the present agreement, Microsoft now allows RealNetworks access to a range of Windows platform technologies. It also gives marketing support of Real Networks' digital music service Rhapsody on Microsoft's MSN networks. With the suit settled, Real Networks' digital games would now be available through MSN Games and Xbox Live Arcade for Xbox 360. The agreement will have Microsoft paying RealNetworks for its product development, distribution and promotional activities.

Hardware

- **Apple Computer announced a strong fourth-quarter income by posting an earning of US\$430 million, up from the previous year's fourth-quarter earnings of US\$106 million.** Its revenue climbed to US\$3.6 billion, an increase from US\$2.3 billion its posted in the year-ago quarter, but falling short of the US\$3.7 billion predicted by analysts. The company said nearly 6.5 million iPods were sold, which brings the cumulative sales of the portable player to about 28 million units. The company's Macintosh computers contributed about 44 percent of the quarter's revenue with 1.2 million units sold; the iPod accounted for nearly a third of the quarter's revenue. For the first quarter, Apple forecasts sales reaching US\$4.7 billion.
- **Kopin Corporation, the largest U.S. manufacturer of micro displays for mobile consumer and military electronics, and Solomon Systech (International) Limited, a global fabless semiconductor company, made the joint announcement that Solomon System will sell Kopin's plug-and-play Binocular Display Module (BDM) products for mobile video eyewear in China.** The product is considered to be the world's first plug-and-play video subsystem in an eyewear format in volume production.

Europe

Telecommunications

- **Ericsson, according to reports, was ready to take control of Marconi, a British technology firm.** The reports from various European sources indicated that Ericsson submitted the highest bid for Marconi, easing out in the process the offer made by Chinese firm Huawei. Unnamed sources are saying Ericsson is aiming to keep around 80 percent of Marconi if its bid was successful, and spin off the remainder. Marconi said the takeover deal was one of the speculations going around the industry. The company would not want to comment on what it termed "rumors."

Internet

- **BT and Yahoo! announced their signing of a long-term extension of their strategic broadband partnership that will see BT Broadband and Yahoo! combining Internet access with an exclusive co-branded Internet experience and a full range of Yahoo!'s leading tools and services.** Under the partnership, all BT Broadband customers across all four of their new broadband options will receive services, which include a premium level customizable radio station, access to the web's largest catalog of music videos streamer at higher bit rates, a personalized broadband homepage with access to more than 750,000 content sources from across the web, and premium e-mail with spam

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



Week of 9 October- 15 October 2005

protection with 2 gigabytes of storage for primary accounts and more. BT Group is one of Europe's leading providers of telecommunications services, which include higher-value broadband and Internet products and services.

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



Week of 9 October- 15 October 2005

Other Economic Data						
Currency Exchange Rates						
Currency	Units	Current Rate (on 10/14/05)	% Change 1 Week Ago	% Change 1/1/2005	% Change 1/1/ 2004	% Change Last 12 Mth.
Japanese yen	¥/US\$	114.0800	0.2%	11.2%	6.4%	4.0%
Hong Kong dollar	HK\$/ US\$	7.7571	0.0%	-0.2%	-0.1%	-0.4%
Chinese renmenbi	RMB/ US\$	8.0896	0.0%	-2.3%	-2.3%	-2.3%
Singapore dollar	S\$/ US\$	1.6876	0.2%	3.4%	-0.7%	0.2%
South Korean won	KRW/ US\$	1,042.8000	0.5%	0.7%	-12.5%	-8.9%
New Taiwan dollar	NT\$/ US\$	33.4520	0.7%	5.4%	-1.5%	-1.2%
Australian dollar	US\$/A\$	0.7523	-0.6%	-3.6%	0.0%	3.3%
New Zealand dollar	US\$/NZ\$	0.6967	0.2%	-3.0%	6.3%	2.4%
Philippine peso	PHP/ US\$	55.8400	0.1%	-0.7%	0.5%	-1.1%
Euro	US\$/€	1.2075	-0.4%	-10.9%	-4.1%	-2.5%
British pound	US\$/£	1.7684	0.4%	-7.8%	-1.0%	-1.6%

Fixed Income Prices and Yields							
Note	Currency	Current (on 10/14/05)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	109.8750	4.70%	112.0625	4.57%	112.0938	4.57%
Japan 30-year	¥	96.2960	2.44%	97.9150	2.33%	98.1170	2.32%
Hong Kong 10-year	HK\$	112.7060	4.15%	112.9950	4.09%	114.1780	3.84%
China (10/27)	US\$	118.1930	6.00%	119.6580	5.90%	122.2250	5.72%
Singapore 10-year	S\$	95.2400	2.95%	96.0410	2.82%	95.9720	2.83%
South Korea 10-year	US\$	110.6430	4.32%	110.7130	4.32%	111.5450	4.09%
Australia 15-year	A\$	106.5290	5.44%	107.1380	5.34%	108.4050	5.16%
New Zealand (07/09)	NZ\$	103.4400	5.96%	103.4660	5.95%	104.2400	5.74%
Philippines 20-year	PHP	141.4760	12.55%	141.5670	12.54%	142.0780	12.49%
India 20-year	INR	129.3000	7.38%	128.9000	7.42%	130.4100	7.28%
UK 30-year	£	98.1381	4.37%	99.9498	4.25%	100.0290	4.25%
Germany 30-year	€	128.7670	3.72%	131.1970	3.60%	130.7320	3.62%

This document is provided for information purposes only, and constitutes neither investment advice nor the recommendation to purchase or sell securities of the companies named in this document. IRG Limited, and its affiliated companies, make no representation as to the accuracy or completeness of the information contained in this document.