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

Week of 16 October – 22 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
Toranomon, 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 Saclcedo St. Legazpi Village,
Makati, Philippines
Tel: (632) 728 5307
Fax: (632) 728 5307

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Equity Market Indicators					
Index	**Closing Level (10/21/2005)**	**% Change 1 Week Ago**	**% Change 1/1/2005**	**% Change 1/1/2004**	**% Change 2004 Low**
S&P 500	1,179.59	-0.6%	-2.7%	6.1%	10.9%
Dow Jones Industrial Avg.	10,215.20	-0.7%	-5.3%	-2.3%	4.8%
Dow Jones Tech. Index	346.28	0.2%	-2.6%	-0.4%	19.8%
Dow Jones Telecom. Index	199.28	-1.7%	-8.5%	7.5%	13.7%
NASDAQ Composite	2,082.21	0.8%	-4.3%	3.9%	18.8%
The Street.com Net	201.34	1.9%	-3.3%	31.5%	36.8%
Japan Nikkei 225	13,199.95	-1.6%	14.9%	23.6%	27.3%
Japan TOPIX	1,385.37	-0.9%	20.5%	32.7%	35.5%
Korea KOSPI Composite	1,183.48	-0.6%	32.1%	46.0%	64.5%
Korea Kosdaq	584.42	-2.6%	53.7%	30.2%	80.0%
Taiwan Stock Exchange	5,738.76	-3.9%	-6.5%	-2.6%	7.9%
Singapore Straits Times	2,239.36	-2.8%	8.4%	26.9%	31.7%
Hong Kong Hang Seng	14,487.85	0.0%	1.8%	15.2%	32.1%
Hong Kong GEM	960.65	0.7%	-2.8%	-19.0%	-0.4%
China Shanghai (A-Share)	1,199.54	0.2%	-9.8%	-23.6%	-9.3%
China Shenzhen (A-Share)	291.92	0.9%	-11.2%	-25.8%	-11.1%
China Shanghai (B-Share)	64.05	-2.7%	-15.3%	-39.0%	-15.3%
China Shenzhen (B-Share)	204.07	-3.4%	-7.2%	-25.0%	-3.8%

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Technology, Media, Telecommunications and Life Sciences Market Activity

NASDAQ/NYSE TMT and Life Sciences IPO Filings

Filing Date	Issuer	Industry Sector	Size (US$MM)	Description	Book-Runner	Co-Manager
10/17/05	Altus Pharmaceuticals Inc. [ALTU.US] (NASDAQ)	Pharmaceuticals	US$115	A biopharmaceutical company focused on the development and commercialization of oral and injectable protein therapeutics for chronic gastrointestinal and metabolic disorders	Merrill Lynch/ Morgan Stanley	SG Cowen
10/19/05	Smart Modular Technologies, Inc. [SMOD.US] (NASDAQ)	Computers	US$230	A leading provider of memory products and liquid-crystal display (LCD) solutions	Citigroup/ Lehman Brothers/ JP Morgan	Bear Stearns/ Needham/ Thomas Weisel

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

IPO Date	Issuer (Exchange)	Description	Size (US$MM)	Offer Price	Price on 10/21/05	% Change From Offer
10/20/05	NCI, Inc. [NCIT.US] (NASDAQ)	Designs, installs and maintains information technology systems and networks for government agencies	US$61.8	US$10.5	US$10.5	0.0%

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US$MM)	Offer Price	Price on 10/21/05	% Change From Offer
10/17/05	C&O Pharmaceutical Technology Holdings Ltd. [COPT.SP] (SGX)	Manufactures generic drugs	US$23.4	S$0.3	S$0.2	-21.7%
10/18/05	One Media Group Ltd. [426.HK] (HKSE)	Publishes, markets and distributes through third party distributors, Chinese language lifestyle magazines	US$15.4	HK$1.2	HK$1.0	-20.0%
10/19/05	Syn-Tech Chem & Pharm Co, Ltd. [1777.TT] (GSM)	Manufactures a wide range of active pharmaceutical ingredients and intermediates	US$1.1	NT$19.0	NT$23.2	22.1%
10/19/05	Gabia Inc. [079940.KS] (KOSDAQ)	Provides Internet domain registration services	US$3.5	KRW 5,600	KRW 6,460	15.4%

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
NA						

Weekly Highlights

International

Internet

- **One in ten of the world's population now shops online, according to a new survey made worldwide from ACNielsen.** The study focuses on the growing online retail market, which asked more than 21,100 respondents in 38 countries from Europe, Asia Pacific, North America, Latin America and South America. The survey says more than 627 million people have shopped online. More than half of these (representing about 325 million) have done so within the last month. More than a third (36 percent) of online shoppers mentions books as among the last three items they bought online.

Hardware

- **Shipments of personal computers worldwide posted a 17 percent increase in the third quarter, according to two technology research firms, IDC and Gartner.** In the July to September period, worldwide shipments climbed 17.1 percent to 52.8 million, compared with the 13.5 percent growth in the same quarter a year ago and the 18.2 percent increase in this year's second quarter. Gartner places the third-quarter growth at 17.2 percent, with shipments at 55 million. Dell held on to its No. 1 position as the world's leading PC maker, followed by Hewlett-Packard. China's Lenovo ranked No. 3 with 7.7 percent of the market share. Taiwan-based Acer took the 4th slot even as it registered the strongest growth among top vendors, with 54 percent growth in the quarter. Fujitsu-Siemens, with 3.8 percent of the market share, was No. 5. According to IDC, Dell had a market share of 18 percent, a rise from 17.6 percent a year ago. Hewlett-Packard's market share went up 16 percent from 15.9 percent

Japan

Media, Gaming and Entertainment

- **Napster Inc. made a clarification that the terms of its joint venture with Tower Records Japan (TRJ) remain as is from the points contained in its press release in August 2005.** Under the terms of the exclusive Napster/TRJ joint venture, TRJ will give up to US$7 million in cash and undertake additional funding obligations in exchange for an approximately 70 percent majority equity stake in Napster Japan. TRJ will also be responsible for the majority of the management team, local music content and extensive marketing for the new service through its 108 retail stores, web sites, music magazines and other TRJ promotional means. Under the deal, Napster will provide up to US$3 million in cash, and with it its brand, technology platform, music library and ongoing technology, operational and marketing support in exchange for 30 percent minority equity stake in Napster Japan and guaranteed royalty income.

Mobile/Wireless

- **NTT DoCoMo announced its new product, a new line of 3G mobile phones equipped with a walkie-talkie feature.** The new series of phones will allow users to speak simultaneously with up to 19 other people by identifying those to be included in the call, a feature that simply asks the user to press a button, rather than dialing individual telephone numbers. The service is dubbed "push-to-talk" and is priced at 1,050 yen (US$9). The offering is the first of its kind in the country, although mobile operators in the U.S. and Europe have offered the same service already. The phones are compatible with Felica smart card and Toruca technology.

- **A survey made by Nihon Keizai Shimbun Inc. shows that cellular phone users are fast becoming important customers for online merchants.** The study shows that sales by Internet stores via cell phone exhibited a 46.6 percent surge on the year in fiscal 2004. Analyzed by the survey were a total of 231 retailers whose total sales climbed 5.1 percent to 1.6 trillion yen (US$13.7 billion). Nearly 20 percent of these sales were attributed to those made online, with about 10 percent attributed to people using cell phone Internet access. Among these shoppers, the top-selling items were clothing, accessories and perfumes. The survey shows that accesses to site posted 61.4 percent growth, with sharper growth expected following the launch of digital television broadcasting for cell phones next spring.

Telecommunications

- **KDDI Corp. announced a strong growth in its net profit for the July-September quarter, ascribing the growth to a sharp decline in special losses and the strength of its "au" mobile phone service operations.** The second-largest telecommunications company in the country said its group net profit went up to 48.8 billion yen (US$420.7 million) for the quarter from 26.1 billion yen (US$225 million). KDDI said its group revenue rose to 754.5 billion yen (US$6.5 billion) from 751.2 billion yen (US$6.4 billion) a year earlier, while its group operating profit climbed to 78.8 billion yen (US$679.4 million) from 72.8 billion yen (US$627.7 million). For the year through March, the company is maintaining its earnings forecasts. It continues to expect a group net profit of 187 billion yen (US$1.6 billion) on revenue of 2.9 trillion yen (US$25 billion).

Hardware

- **Seven-Eleven Japan Co., with about 11,000 outlets throughout Japan, announced that it will start selling iPod portable audio players of Apple Computer Inc.** The tax-inclusive prices of the products will range from 10,980 yen (US$95) to 27,800 yen (US$240). Under this marketing scheme, customers can look at sample products at the iPod corners in the outlets. Customers can then order an iPod at the checkout counter and wait two to three days for delivery at the outlet. Seven-Eleven will also be selling prepaid cards for the iTunes Music Store, Apple's online music downloading service.
- **Oki Data Corp. announced its establishment of a printer sales company in South Korea, the world's 10th largest market for business-use printers.** The new company is capitalized at 1 billion won (US$943,000) and is a wholly owned subsidiary of Oki Data. It will aim for sales of 15 billion won (US$14.1 million). Oki Data said it plans to boost its Chinese operations in business-use printers. The company put up a software development firm in Dalian and said it will open a sales company in Beijing this coming spring. The company revealed its program to develop software for monochrome LED printers to be sold in China and other places. It has also plans to develop software for color printers and multifunction units for marketing in Asia and the Pacific region.

Software

- **Sony disclosed its plans to tap India's technology resources and skills to develop more software for products and at the same time use its popular content to expand its Indian market share.** The company has a software center in Bangalore that develops technologies for home networks, digital media platforms and Internet-enabled consumer electronic devices. Sony also operates India's No. 2 cable network, Sony Entertainment Television, which broadcasts three channels in Hindilanguage entertainment. At present, Sony is observed as lagging behind its Korean rivals, Samsung Electronics and LG Electronics, and Chinese Haier, which have made heavy investments in manufacturing and research and development facilities in India.

- **Nippon Telegraph and Telegraph Corp. announced the development of program production software designed to facilitate server-type TV broadcasting.** The next-generation system, to be released for commercial use in 2007, will allow an accumulation in number of programs in a receiver, which would enable viewers to retrieve a particular scene of any program anytime. The system is capable of showing text, video images and other related information. Retrieval of any scene is automated by the software. NTT is currently testing the performance of the software with different broadcasters.
- **Universal Solution Systems Inc., an application service provider, announced that it is going public on the JASDAQ Securities Exchange.** The company develops business management system for midsize restaurants by adding specifications of each customer to a basic system. The company provides the systems through application service provider (ASP) arrangements. The company said it seeks to expand sales of its systems to companies with annual information technology investment of 500 million yen (US$4.3 million) to 1 billion yen (US$8.6 million). The standard IT investment level of most of its current customers is about 50 million yen (US$431,000) to 500 million yen (US$4.3 million). Universal Solution expects a pretax profit of 150 million yen (US$1.2 million) in the year through March 2006, on sales of 4.3 billion yen (US$37 million). It expects to raise about 153 million yen (US$1.3 million) from the IPO, 86 million yen (US$741,000) of which will be used to cover personnel and outsourcing costs related to software development.

Korea

Internet

- **KT announced the launch of testbed for portable Internet, with the offering demonstrated before officials of the country's Ministry of Information and Communication and Samsung Electronics.** In the demo, KT showcased customized multimedia contents for users, video conferencing, Live TV and location information service using 3D maps. In a separate report, KTF announced its entry into a strategic alliance with Sony Computer Entertainment Korea (SCEK), with the aim of selling PSP (Play Station Portable) in its sales network and offering its music portal service, Dosirak, for PSP users. The two companies look to the strategic partnership as bringing about synergy for both of them in the areas of next-generation wireless entertainment service, joint marketing and distribution. KTF and SCEK are developing are reported to be jointly developing technologies to provide Dosirak service on PSP.
- **Daum Communications announced its new offering in the form of a new CPC (Cost Per Click) search ad and service.** Called Clicks Powersite, the new model will be an addition to their existing CPC model. The company also introduced its Payback System, which returns up to 40 percent of advertising costs to advertisers for ads that are clicked on often. In a separate report, Daum Communications said it would lend an additional US$8 million to its affiliate Daum International Corp. to be used as working capital.
- **Gravity Co., an online game developer and distributor, revealed an internal investigation into certain irregular activities involving the company and its licensees.** The company was recently informed by EZER Inc. of Japan that certain royalty payments paid to Gravity from licensees of

Ragnarok Online, the company's principal product, were not accounted for in its financial statements. EZER Inc., a wholly owned subsidiary of Asia Groove Inc. that is affiliated with Softbank Corp., recently acquired majority shares of the company. The former chairman of Gravity acknowledged that approximately US$6 million were diverted over the past few years. The official was reported to have voluntarily paid US$7.3 million, which represents the funds said to have been diverted together with assumed interest computed at a rate of 6 percent per annum.

- **CJ Internet announced the revamping of its game portal Netmarble, with the new Netmarble web site giving faster and better user interface.** With the changes, the speed of CJ has improved while a "channeling system" has been set up so that similar games and contents can be grouped together, allowing hassle-free access for users. The company said the main reason for the face lift was aimed at making the portal more user-friendly and improving also online security measures.

Media, Gaming and Entertainment

- **Packaged video games are observed making a comeback in South Korea, with Sony's PSP seen as responsible for the rebound.** Game vendors claim PSP owners tend to buy more titles than users of other game consoles. The fancy appearance and relatively high price of PSP, normally sold at 330,000 won (US$311) for a full set, PSP users, according to statistics, are generally older and wealthier than the average gamers. According to a survey, nearly 30 percent of PSP users said they have bought more than four game titles so far, this despite the fact that it has only been about five months since PSP was first introduced to South Korea.
- **THQ, U.S.-based game developer, said it is looking for top Korean talents that the firm can work with to develop games for the next-generation game consoles.** The company official noted that THQ does not have a partner in Asia. THQ is interested in South Korean market, according to the official who was attending the "Buy Contents Korea" Conference held by the Korea Trade-Investment Promotion Agency, because it has a rich experience in two-and three-dimensional game design. The THQ official disclosed that a meeting with local game developer Semologic Korea Inc. has already been made with the aim of exploring the possibility of ties between the two companies. In a separate report, THQ said the video game version of the mega-hit animation, The Incredibles, will likely be produced in Korea, with THQ sending a top official to discuss the plan with two Korean developers, Webzen and Gravity. This move is seen as a sign of the continuing interest of many U.S. firms on the potentials of entertainment firms in South Korea.

Mobile/Wireless

- **DMB (Digital Multimedia Broadcast) phones and game phones are observed moving in the opposite direction, with the former experiencing robust sales while the former seems to demonstrate a slowing down.** Samsung Electronics' S-DMB phones are reported to be selling well, with its four models selling over a total of 250,000 units. SK Teletech also sold 150,000 of its IMB1000 model, while LG Electronics registered a growth in its DMP phone sales, with 50,000 units sold. Samsung has decided to have DMB as a standard function in all of its new phones next year. It is estimated that DMB will soon be as widespread as the camera function. LG Electronics and Pantech & Curitel as expected to reflect this market trend by releasing different models of DMB phones. The slowing down of sales of game phones are seen as the reason for the delay in the release of game phones. The weak game phone sales are expected to have a negative impact on telecom operators and game providers, with game phones necessary for the growth of advanced game contents.

Hardware

- **LG Electronics announced a 94.5 percent growth in its third-quarter operating profit from the previous three months to 279.9 billion won (US$264 million), beating the market forecasts of about 206.2 billion (US$194.5 million) for the three months to September.** The country's largest home appliance maker reported sales of 6 trillion won (US$5.6 billion), a 7.2 percent increase from the previous quarter but a 1.5 percent decline from a year earlier. Its net profit was reported up 4.2 percent quarter on quarter to 156.9 billion won (US$148 million), a figure that is a 48.5 percent decline year-on-year.

Telecommunications

- **Infobank, a mobile solution developer announced the launch of Message on TV, the SMS based on interactive digital data broadcasting service.** With the offering, users can send text messages from a TV to a cell phone by pushing number- and function-keys on the remote control. The company said the offering, now available among subscribers using the same regional cable service, will be seeing further expansion to cover the entire nation in the future.

China

Internet

- **China Telecom and China Netcom Group are said to be speeding up their calendars in conducting IPTV commercial trials in China's main cities.** In its update, China Telecom said the number of cities involved as it works with Shanghai Media Group (SMG) in the commercial trials will be increased to 23. By the end of this month, China Telecom will conduct commercial trials in Sichuan and Fujian. China Netcom also disclosed that it will be cooperating with SMG to increase number of cities under IPTV trials to 20.
- **Alibaba.com announced the infusion of an additional 1 billion yuan (US$123.6 million) into its subsidiary taobao.com.** With the fund, Alibaba will provide free online auction services for taobao.com's Chinese customers for the next three years. Taobao said that the aim of providing free auction services is not only to compete with its rival eBay EachNet and to raise the bar for new entrants like dangdang.com and qq.com but also to boost its market share. At present, eBay charges fees for its online auction services and counts 68 million sellers worldwide.
- **Cblinkx.tv, a Chinese multimedia search engine, was launched, with observers noting it as an indicator of a new development in the search engine market.** Cblinkx.tv allows users to search for TV and radio news clips and video content on web blogs, and watch them online. Cblinkx.tv is owned by Blinkx Inc., a privately held company based in San Francisco and London. The company links to TV stations and Internet media companies globally and also is a supplier of online broadcast services.

Media, Gaming and Entertainment

- **Focus Media Holdings Ltd. announced that it has acquired 100 percent equity of Shanghai Framedia Advertising Development Ltd. (Framedia), a move that will allow Focus Media to provide integrated outdoor advertising services to its clients.** Under the agreement, Focus Media is expected to make an aggregate potential payment of US$183 million, with US$39.6 million in cash and US$55.4 million in the form of Focus Media common stock and an additional potential future payment of up to US$88 million in Focus Media common stock, depending upon Framedia achieving some earnings targets in 2006. Framedia, based in Beijing, is a leading provider of community media in China. The company has a customer base of over 300 leading international and domestic companies, such as Audi, Lenovo, Microsoft, Omega, Sony and Samsung.

Mobile/Wireless

- **ZTE Corp announced the signing of a deal with Hutchison Whampoa that will allow the mainland's telecommunications equipment vendor to supply the 3G operator with as many as three models of its 3G handsets.** According to a ZTE source, the agreement arrived at was for the supply of 3G handsets exclusively to Hutchison 3G Italia and 3G UK. ZTE said it is aiming to boost its handset production to between 15 million and 18 million units this year. Last year, the company had more than 10 million handsets reported. ZTE has already been supplying its 3G personal-computer data card to Hutchison 3G Italia, which disclosed already its plans to go public soon. Other plans of ZTE is to supply CDMA handsets to HTIL's Thailand and Vietnam units as well as network equipment and handsets to HTIL Ghana.
- **China Mobile posted a 27.6 percent increase in its nine-month net profit to 36.8 billion yuan (US$4.5 billion).** The firm said its third-quarter net profit was 12.8 billion yuan (US$1.5 billion). Its operating revenue saw a 27.8 percent increase for the nine months to 176 billion yuan (US$21.7 billion), from 137.7 billion yuan (US$17 billion) a year ago. China Mobile revealed that it is taking the next step in taking over China Resources People Telephone by way of a voluntary conditional cash offer of HK$3.3 billion (US$433.3 million). For the third quarter, the firm registered 11.1 million more subscribers to give it a total base of 234.8 million.

Software

- **Oracle revealed its China plan that involves the expansion in its number of offices nationwide and the setting up of huge information technology research and development infrastructure in key cities.** The expansion is seen as Oracle's way of tapping the Chinese software market, considered to be one of the fastest developing sectors in the country. Oracle has more than 6,000 Chinese corporate customers; it ascribes 50 percent of its domestic revenues from sales to Chinese companies. In Shanghai, Oracle entered into an agreement with Shui On Land to adopt its software platform for the property developer's Knowledge and Innovation Community residential and office complex in Yangpu District. Part of Oracle's China plans is the building of technology solutions center for developing digital community-related technologies.

Hardware

- **TCL Corp. disclosed a 22 percent increase from a year earlier in sales of its television sets in domestic and overseas markets in September.** Sales at TCL Multimedia Holding Ltd. climbed to 2.5 million sets in September. The company sold more than 60,000 personal computers last month, a 17.3 percent increase from the same period a year earlier. TCL Communication Technology Holdings Ltd., one of China's largest mobile-phone makers, reported a 39.7 percent decline in handset sales in China last month to 386,000 from year ago. Overseas sales saw a 1.3 percent drop to 619,000 units.
- **Dell announced that its mainstream desktops and laptops will be sold together with a package of online and games and said it will provide a free game time for customers in the Chinese market.** Dell has chosen NetEase.com Inc. as its sole partner in China, a partnership that explains why two of the games to be packaged are NetEase's games – Journey to the West Online II and Fantasy Journey to the West. The two games are currently ranked first and third in the Chinese online gaming

market. Dell and NetEase have also agreed to provide 1,000 hours of free game time to any customer buying Dell computer in China within the next three months.

Telecommunications

- **China Telecom announced a 1.5 percent decline quarter over quarter to 42.7 billion yuan (US$5.2 billion) in revenue for the third-quarter.** The company disclosed that its first three quarters' net revenue amounted to 121.7 billion yuan (US$15 billion), representing a 6.4 percent increase over the same period last year. By the end of September, China Telecom's number of telephone users totaled 210 million, 4.4 million more than that of the previous quarter. The firm's PHS attracted an additional 2.6 million users, which account for 65 percent of the new subscribers.

Ventures/Investments

- **Sharp Corp. and its partner Panda Electronics Group Co. said Sharp will transform an audiovisual products joint venture in China's Jiangsu Province into a wholly owned company.** Under the new arrangement, Panda will release its stake in Nanjing Sharp Electronics Co. and focus its business resources on its mainstay telecommunications equipment business. This arrangement will allow Sharp to gain more flexibility over its operations in China by taking full control of the firm. Sharp's stake in Nanjing Sharp Electronics was 70 percent, while Panda's reached 30 percent. The joint venture made a capital increase of US$60 million at the end of September that had Sharp buying all of the newly issued shares. The purchase boosted Sharp's interest to 91.2 percent. Sharp will be purchasing Panda's remaining 8.7 percent stake for US$10.1 million.

Taiwan

Internet

- **Taiwan had 3.8 million home/business subscribers of fixed-line broadband Internet services at the end of June this year, according to the quarterly survey conducted by ACI-IDEA-Find, the Focus on Internet News & Data and Innovation Diffusion Enabler & Activator of Advanced e-Commerce Institute.** At the end of June, there were 6.8 million home/business subscribers of mobile Internet services through GPRS, WAP, PHS and 3G modes. Taiwan had an estimated 9.4 million of Internet users at the end of June, which is seen as growing by 1.6 percent from a quarter earlier. The figure represents about 41 percent of the country's population.

Semiconductors

- **Powerchip Semiconductor Corp. announced its plans to build four massive new factories in Taiwan over the next six years, in its bid to become one of the world's leading DRAM suppliers.** The memory chip maker said more consumer electronics products will use DRAM, such as game machines and 3G mobile phones. The company already has two big plants operating in Taiwan. Even with chip factories normally costing between US$2.2 billion to US$3 billion, they are considered important in driving down the cost of mass-produced chips. Powerchip has already been reported looking for land for its third factory although it has not released yet any information about its construction timeline.

Hong Kong

Information Technology

- **Telecom and Technology Asia Ltd. (TTAsia), a specialist in network management and information security services, disclosed that it is seeking a stock listing within the next six months.** The firm is a member of the Shun Hing Group, the sole agent of Panasonic and JVC products in Hong Kong and Macau. With annual revenue that reaches almost HK$10 million (US$1.2 million), the firm is also looking for strategic partners to take stakes in the technology or financial side before it goes public. The company has an e-mail defense system as its core product. It counts PCCW, Leo Burnett and Hong Kong Jockey Club among other huge companies as its clients.

Media, Gaming and Entertainment

- **PCCW's NOW Broadband announced a new offering in the form of a single-channel monthly subscription offer of HK$5 (US$0.6) as a way of drawing customers to it and away from its rivals.** The promotion is different from its previous promotions as subscribers this time do need to be even signed up to the PCCW broadband service that has a HK$200 (US$25.7) tag per month. With NOW securing exclusive rights to ESPN and Star Sports, consumers from other pay-television operators have complained that because of their previous commitments they were not able to join NOW. The firm has removed the mandatory bundling of NOW and its broadband service, ascribing the move to its need to bring in more users.
- **I-Cable Communications, announced the setting up of its own Hollywood movie channel, a move that is seen as its way of competing against rival PCCW's NOW Broadband.** i-Cable has been carrying HBO and Cinemax but is losing them by the middle of next year; NOW Broadband TV, however, has secured exclusive rights to HBO, Cinemax and Star Movies. NOW has also invested in Chinese-language movie production, which had received positive response from overseas market. Earlier this year, i-Cable disclosed that it would be investing HK$30 million (US$3.8 million) in movie production.
- **Television Broadcasts (TVB) announced a 5 percent increase in its standard advertising rate next year.** The company disclosed that this increase would apply only to those advertisers who did not commit to advance schemes; with advertisers spending 7 percent more than this year would be subject to only a 10 percent rate increase. The company also said that for those who commit to the same level of spending this year, the rate would be up by more than 27 percent. Media analysts say the next year's rate card is unacceptable and are advising TVB to offer a retention discount. Merrill Lynch stated that the rate plan is an indication of the slowing down of the advertising market in the second half of this year.

Mobile/Wireless

- **Comba Telecom System Holdings (Comba), a firm that provides the infrastructure and solutions to mobile operators, announced the opening of a sales office in India, hoping that the emerging market will contribute to its growth.** The supplier of wireless enhancement solutions to China Mobile and China Unicom has also opened branches in Thailand, Sweden, the U.S. and Singapore, with the aim of selling 3G solutions. The company is expecting overseas sales to contribute a stronger second half it experienced a 67 percent decline in its net profit for the first half of this year to HK$35.9 million (US$4.6 million). The company attributes the plunge to the slower capital expenditure spending by China Mobile and China Unicom.

Singapore/Malaysia/Philippines/Indonesia

Semiconductors

- **Singapore-based Chartered Semiconductor, one of the world's leading dedicated semiconductor foundries, announced a net loss of US$34.5 for the three months to September.** The loss, however, is still seen as better than its forecast net loss of at least US$42 million. The company, the No. 3 foundry in the world, says it is seeing strong chip orders for video games and music players. It expects to see a fourth-quarter profit of US$5 million to US$15 million, a forecast it is making after four straight quarters of being in the red.

Mobile/Wireless

- **Dow Jones Newswires, the leading independent, real-time financial news agency, announced its signing of an agreement with Wifin Technologies Pte. Ltd (Wifin) that will allow it to provide real-time English-language financial news and analysis to foreign exchange and money market professionals in Singapore.** The news distribution will be made via Wifin's newly launched pioneering mobile service known as MobiStream, owned and operated by Wifin. Using GPRS-enabled devices, MobiStream subscribers can download the proprietary software provided by Wifin in order to get the wireless news access to Dow Jones services via their mobile service operators.
- **The Singapore government announced that all three mobile companies in the city-state will have to electronically document genuine personal details of all customers who buy pre-paid Subscriber Identification Module (SIM) cards.** The new requirements are said to be part of an ongoing security review by the government to increase internal security. With Switzerland and Australia also enforcing registration requirements, Singapore is not the only country instituting controls over the anonymity of pre-paid SIM cards. The changes when put in place would replace the existing practice by mobile service providers of manually recording customer data, which turn out sometimes to be fictitious. Under the new procedure, buyers of pre-paid SIM cards will be required to show official identity cards, in the case of local residents, and passports in the case of visitors.

United States/Canada

Internet

- **BellSouth and Yahoo announced their partnership formed for the selling of high-speed Internet access.** Under the new agreement, BellSouth's subscribers will be provided with customized material from is web site. The web site, according to Nielsen-NetRatings, attracted 99.3 million unique U.S. visitors last month. The partnership will give BellSouth access into Yahoo's vast content and Yahoo a slice of the subscription revenue as well as the steady flow of traffic. Yahoo depends on this kind of traffic to sell the advertising that generates most of its profit. Similar alliances exist between Yahoo and SBC Communications and Verizon Communications.
- **Verisign Company, an Internet services company, announced its acquisition of news aggregator Moreover Technologies.** Valued at US$30 million, the deal made in cash is expected to bolster Verisign's position as an organizer of information streaming on the Internet. Moreover Technologies is a firm that gathers and filters online news and blogs, after which it parcels the information in a format known as Really Simple Syndication (RSS) feeds for corporate customers. The acquisition comes after Verisign's purchase of Weblogs.com from Scripting News for US$2.3 million in

cash. Weblogs.com is a firm that gives subscribers automatic notification of new material on web sites and blogs. The move of Verisign, according to Gartner, is a smart decision made amidst the growth of the field called real-time distribution of web content.

- **The Association of American Publishers filed a suit against Google's proposed offering to scan and index books for the Internet.** Called the Google Print Library Project, the plans involve indexing millions of copyrighted books from three major university libraries – Harvard, Stanford and Michigan. Only a notification from the copyright holder will prevent Google from indexing a particular book. Seeking recovery of legal costs but with no additional damages, the suit involves five publishers as plaintiffs: McGraw-Hill, Pearson Education, Penguin Group USA, Simon & Shuster and John Wiley & Sons. The suit follows after a leading authors' organization also sued Google for copyright infringement.
- **Online auction company eBay announced a 40 percent increase in its third-quarter income to US$255 million for the three months to September compared with US$182.3 million from the year-earlier period.** The firm said its revenue for the period was US$1.1 billion, which represents a 37 percent increase from last year's US$805.9 million. The company said it would have earned US$280.2 million were it not for one-time items. For the full year, the company said it predicts revenues to be between US$4.4 billion to US$4.5 billion, compared with analysts' forecasts of US$4.4 billion. eBay said it registered more than 168 million registered users by the end of the third quarter, a 35 percent increase from last year. PayPal, which is eBay's main revenue source, had 86.6 million accounts in the third quarter, a 53 percent increase from the year-ago period.
- **Yahoo reported a quarterly profit of US$258.3 million, with the Internet giant describing the results as improvement over the profit in the same period last year.** The company posted profit of US$253.3 million last year, of which US$129 million were attributed to one-time gain. Yahoo said its revenues climbed 47 percent to US$1.3 billion from a year ago, with the company ascribing most of its revenues from its partnerships with SBC Communications, Verizon Communications and BT Group. Yahoo counted 11.4 million paying subscribers for its services that include, among other things, Internet access, music, and premium e-mail. Yahoo is forecasting to have 12 million paying subscribers at the end of this year.

Mobile/Wireless

- **Research In Motion (RIM) announced its signing of an agreement with Palm for the use of its BlackBerry Software.** With the agreement, Palm and RIM, which were market rivals, will be working jointly for the first time in its offering of Palm's Treo 650 telephone. The agreement will give Palm access to the technology that has drawn in more than 4 million users. The agreement is also expected to add about 600,000 to 700,000 units to Treo sales. RIM has entered into similar agreements with Nokia and Motorola, with the aim of broadening its customer base. Palm is also expanding its software providers, with the company for one developing a Treo phone with Microsoft.
- **Motorola reported the tripling of its third-earnings, with the company ascribing the growth to its increasing market share in the global mobile-phone market.** The company said its net earnings for the July to September period reached US$1.7 billion, compared with US$479 million a year earlier. This does not count the semiconductor unit the company has already spun off. Motorola disclosed a 26 percent rise of its revenue to a record US$9.4 billion from US$7.5 billion it mad in the third quarter of last year. The company pointed to a 41 percent increase in sales in its mobile-phone unit, gaining 19 percent in market share, up 5.5 percent from a year earlier.

Media, Gaming and Entertainment

- **Five unions of actors, writers and directors made a joint call to discuss how their members can get a cut of revenue generated by the sale of TV shows on Apple's iTunes software.** What prodded the action was the deal that ABC entered into with Apple that would allow viewers to download episodes of their shows the day after they air on TV. Other networks are expected to follow shortly. The unions have not yet made any representation with ABC or its parent, Walt Disney, to discuss how much of the US$1.9 that Apple is charging for a single episode should go to writers, actors and directors.
- **Nintendo Co. announced that users of its Nintendo DS mobile game console will have free access to its wireless gaming service at nearly McDonald's restaurants all over the United States.** The plan comes after Nintendo signed an agreement with Wayport Inc. for the free service. Under the agreement, Wayport's Wi-Fi high-speed wireless Internet access service will be extended to Nintendo DS users who patronize the hamburger chain. For those customers who bring a Nintendo DS unit and a Wi-Fi enabled game into McDonald's where the service is available can just launch the game in Nintendo Wi-Fi Connection mode.

Ventures/Investments

- **Cisco Systems revealed its plan to spend US$1.1 billion in India over the next three years, making it the largest investment for the firm outside the U.S.** The company said its revenue posted a 50 percent growth in India within the past two years. The company maintains its global research and development center in the city of Bangalore and offices in seven other Indian cities. Cisco said that, out of the proposed investment, US$750 million would be spent on research and development activities, including training, development and staffing. The remainder would be used for providing leasing and other financial solutions to the company's clients, investing in Indian startup companies and customer support operations.

Semiconductors

- **Intel Corp said its third-quarter net income went up to US$2 billion, up from US$1.9 billion a year ago.** The company reported revenue of US$9.9 billion, compared with US$ 8.4 billion a year ago. The company disclosed that it posted record shipments for microprocessors, chipsets and other products in countries, which include China and India. The company forecasts for the current quarter revenue of US$10.2 billion to US$10.8 billion.

Europe

Internet

- **Skype said it views Microsoft as one of its biggest potential rivals, with the computer giant acquiring Teleo in August and Dialpad earlier in the year.** Skype, the leader in the VoIP market, offers free computer-to-computer calls between Skype users, and charges for calls made from or to numbers outside the network. With 150,000 users added daily, Skype now counts 54 million users.
- **BSkyB, Britain's largest Pay-TV company, announced its acquisition of Easynet, the broadband telecoms specialist.** The deal, which is valued at US$373.2 million, would allow BSkyB to offer pay-TV, high-speed broadband and telephone services to a base of about 8 million subscribers. The deal is seen as making BSkyB a direct competitor of British Telecom and could make its cable TV

rivals NTL and Telewest worry. With the acquisition, Easynet will form part of new BSKyB division to be called Sky Broadband.

Mobile/Wireless

- **Ericsson announced a 22 percent growth in its third-quarter earnings, with the company attributing the growth to telecom operators continuing to upgrade and expand their networks.** The company said its net profit went up to 5.31 billion kronor (US$665 million) in the quarter, from 4.3 billion kronor (US$539.5 million) a year earlier. The figure, however, remains below the forecasts of analysts. Ericsson's sales climbed 14 percent to 36.2 billion kronor (US$4.5 billion) from 31.8 billion kronor (US$4 billion) in the same period last year. The world's largest supplier of wireless network equipment disclosed that it holds on to its outlook for moderate growth in the wireless infrastructure market this year, and says the moderate growth will spill over into the next year. In a separate report, Ericsson said it had received contracts worth around US$290 million from Chinese operators Guangdong Mobile Communication and Guangzi Mobile Communication. Under the contracts, Ericsson will provide hardware and software as well as other related telecom services for the GSM network expansions of Guangdong Mobile and Guangxi Mobile. The expansion is expected to bring the network capacity of Guangdong Mobile to more than 60 million subscribers and that of Guangxi Mobile to about 10 million.

Semiconductors

- **Infineon Technologies of Germany is predicting a 5 to 7 percent increase in worldwide sales of semiconductor.** The company sees an opportunity for significant growth in its power semiconductor business. In the same report, Infineon denied any plan to form a tie-up or joint venture with Advanced Micro Devices.

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Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 10/21/05)	% Change 1 Week Ago	% Change 1/1/2005	% Change 1/1/ 2004	% Change Last 12 Mth.
Japanese yen	¥/US$	115.9100	1.6%	12.9%	8.1%	7.8%
Hong Kong dollar	HK$/ US$	7.7527	-0.1%	-0.3%	-0.1%	-0.5%
Chinese renmenbi	RMB/ US$	8.0885	0.0%	-2.3%	-2.3%	-2.3%
Singapore dollar	S$/ US$	1.6958	0.5%	3.9%	-0.2%	1.4%
South Korean won	KRW/ US$	1,058.5000	1.5%	2.3%	-11.2%	-7.2%
New Taiwan dollar	NT$/ US$	33.6410	0.6%	6.0%	-0.9%	-0.5%
Australian dollar	US$/A$	0.7490	-0.4%	-4.0%	-0.4%	1.6%
New Zealand dollar	US$/NZ$	0.6999	0.5%	-2.5%	6.8%	1.0%
Philippine peso	PHP/ US$	55.4500	-0.7%	-1.4%	-0.2%	-1.5%
Euro	US$/€	1.1953	-1.0%	-11.8%	-5.1%	-5.2%
British pound	US$/£	1.7685	0.0%	-7.8%	-1.0%	-3.2%

Fixed Income Prices and Yields

Note	Currency	Current (on 10/21/05)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US$	111.4688	4.60%	109.8750	4.70%	112.8125	4.52%
Japan 30-year	¥	98.2320	2.31%	96.2960	2.44%	98.7850	2.28%
Hong Kong 10-year	HK$	112.6370	4.15%	112.7060	4.15%	113.6210	3.96%
China (10/27)	US$	118.7190	5.96%	118.1930	6.00%	121.5860	5.76%
Singapore 10-year	S$	95.9330	2.84%	95.2400	2.95%	96.0190	2.82%
South Korea 10-year	US$	110.5990	4.30%	110.6430	4.32%	111.3390	4.14%
Australia 15-year	A$	107.0210	5.36%	106.5290	5.44%	108.3760	5.16%
New Zealand (07/09)	NZ$	103.3920	5.97%	103.4400	5.96%	104.2000	5.75%
Philippines 20-year	PHP	141.9780	12.50%	141.4760	12.55%	141.3770	12.56%
India 20-year	INR	129.1800	7.39%	129.3000	7.38%	129.7100	7.35%
UK 30-year	£	99.5752	4.28%	98.1381	4.37%	100.8040	4.20%
Germany 30-year	€	130.2970	3.64%	128.7670	3.72%	132.6440	3.53%