

IRG WMR



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

Week of 25 December - 31 December 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 Sacledo St. Legazpi Village,
Makati, Philippines

Tel: (632) 728 5307
Fax: (632) 728 5307

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Weekly Highlights

International

Internet

- **According to Byte Level Research, less than 30 percent of Internet users speak English. The report proclaims that the next "Internet revolution" will not be in English.** Of the billion people with Internet access in the world, the report says that 300 million of those speak English, 128 million speak Chinese, and 80 million speak Japanese. Other common languages, in decreasing order, are Spanish, German, Korean, French, Italian, Russian, and Portuguese. Byte Level predicts that Chinese speakers on the Internet will double over the next five years. Analysts see the potential for growth, change and profit is tremendous throughout Asia-Pacific, and especially in China. Strategy Analytics' report also highlights the Internet's explosive growth in China, and forecasts that the number of homes using broadband Internet in the Asia-Pacific region will triple, from 61 million at present to 176 million by 2010. China will make up 64 percent of residential broadband users in the area, up from less than 40 percent as of present. Current development indicates broadband is not anymore an American phenomenon, with 77 percent of South Korean homes using broadband, and over half the homes in Taiwan, Hong Kong and Singapore all having broadband. Forrester Research refers to the "tech world order" in its report, noting that the "U.S.-centric tech focus" is rapidly changing. Forrester notes that India and China both have rapidly growing tech industries and the performance of both countries will shape the high-tech industry across East and West in the coming decades.

Japan

Internet

- **Acca Networks Co. announced its plans to start a new business of supporting small and mid-size businesses in their efforts to obtain licenses to offer telecommunications services, a move aimed at making more efficient use of its ADSL circuits.** Acca is already helping around 10 companies. It hopes the new business will lead to aggregate new leasing contracts for 5,000 circuits in the initial year. NC Network Co., which is expected to be one of the first customers of Acca's new business, plans to use leased ADSL lines to allow more than 500 factories inside and outside Japan to bid online for orders placed by large firms. Acca which was established through investments from NTT Communications, Mitsui & Co., Ltd. and Covad Communications, is one of Japan's largest digital DSL providers.
- **Fuji Chimera Research Institute said that 84 percent increase in the number of homes with broadband Internet access by fiscal 2010 would benefit many companies providing related services.** Fuji projects some 36 million homes to have some type of broadband access by 2010 and predicts payment and settlement services for e-commerce jumping to 320 billion yen (US\$2.7 billion). Seen as primary drivers for services that distribute large quantities of digital content are movies and other entertainment content, with said services projected to rise to 55 billion yen (US\$469 million). Such music services, an area gaining in recognition because of the entrance of Apple Computer and other major firms, are forecast to more than triple to 81 billion yen (US\$680.6 million). Anti-virus measures and other illegal access monitoring services are expected to grow nearly eightfold to 70 billion yen (US\$596.8 million), a growth ascribed to enhanced security awareness.

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Mobile/Wireless

- **Cocomo Mb Communications Inc., a wireless technology startup, announced its new product – a transceiver the size of a PC card that uses radio waves known as "evanescent waves" coming from structural rebar in buildings.** The company said it has been working with Hitachi Ltd. and Showa Electric Wire & Cable Co. since 2001 to develop a wireless system that utilizes evanescent waves. The system links a server to a building's structural rebar via cabling, causing evanescent waves to flow inside a building. Using these waves, personal computers can send and receive data wirelessly over the new transceiver at speeds up to 54 megabits per second. The device can be used in locations like factories and offices, where this approach makes it less costly to build a communication system than traditional wireless local area networks. Cocomo said it plans to popularize the transceiver as a low-cost, high-quality means of communications inside buildings that is not blocked by walls or other obstacles. It aims to begin marketing the device next fall, with prices aimed to be less than 10,000 yen (US\$85). Cocomo is targeting 1.1 billion yen (US\$9.3 million) in sales in fiscal 2007, with the new product as its main offering.
- **NTT DoCoMo Inc. said it is introducing two new second-generation cell phone handsets early next year. The plan reverses its earlier announcement to stop introducing such models in order to get its customers to shift to 3G handsets.** The move is intended to prevent DoCoMo's subscribers from switching to rival cell phone companies because of communications problems its FOMA-series 3G phones are still having due to the delays in building infrastructure in rural areas. By deploying the mova-series second-generation models, which can ensure stable communications, DoCoMo hopes to prevent them from switching companies. The new models will be developed and produced mainly by Panasonic Mobile Communications Co., an affiliate of Matsushita Electric Industrial Co. and NEC Corp. The products are expected to carry a price tag of under 20,000 yen (US\$170) each, less expensive than the cheapest FOMA 3G models. Reports show that, as of the end of September 2005, 33.6 percent subscribers of the nation's largest cell phone company used its 3G handsets. The announcement is not totally positive as the upcoming release of the 2G models may make it uncertain whether DoCoMo will be able to achieve its goal of raising the figure to 50 percent by the end of March 2006.
- **Daiki Sound Co. announced the beginning of its operations in China in the distribution of music to cellular phones in the spring of 2006.** The company said it would set up a joint venture in China that will distribute ring tone melodies and other music, using chiefly independent label music in February. In China, where the number of mobile phone subscribers is close to 400 million, most of the people are using foreign-made phones. Customers will pay for melodies with prepaid cards issued by Daiki Sound. Daiki Sound expects to sell at least 1 million cards a year after three years. Users will connect to a mobile phone Internet site and input the number noted on the prepaid card and so be able to purchase music.
- **Nippon Telegraph and Telephone Corp. said it has developed software that enables the viewing of images from home surveillance cameras on mobile telephones.** Developed by NTT's Cyber Space Laboratories, the software is loaded onto a personal computer that can capture surveillance camera images and send them to the owner's phone over the Internet. It automatically extracts and transmits those parts of the images that show human faces or movement. This aids in surveillance by showing details that users consider as crucial, such as faces of children or intruders. The result is that less data needs to be transmitted than if images including backgrounds were sent, making the software usable even over dial-up Internet connections. Sending only selected portions also makes

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it easier to confirm the condition of people or pets on a cell phone's small screen. NTT said it plans to initiate the field-testing of its new technology starting next fiscal year.

Media, Entertainment and Gaming

- **Pachinko hall operator P Ark Co. announced its application to be listed on the JASDAQ Securities Exchange, a move that is expected to bring in more applications for listings by other companies in the industry.** The company expects to list on the JASDAQ as early as April 2006, pending the standard investigation of the company by the exchange. Nikko Citigroup Ltd. will act as lead underwriter. Dynam Co., which operates a nationwide chain of pachinko parlors, said it expects to apply for listing as early as January 2006. Daiwa Securities SMBC Co. has been tapped as lead underwriter for Dynam. The listing of these two would likely prompt other companies to go public on stock exchanges. The pachinko hall business is reported to be a 30 trillion yen (US\$255.8 billion) industry. Stock exchanges have been closed to these companies due to their alleged underworld ties and improper overseas remittances as well as concerns that their business is perceived generally as illegal gambling.

Hardware

- **Japan's Fuji Photo Film announced its taking over of British ink dyes supplier Avecia Inkjet for £150 million (US\$259.4 million), a move aimed at strengthening its copiers and printer business.** Fuji Photo, the world's second-largest camera film manufacturer after Eastman Kodak, has been struggling to work on its imaging solutions business as demand for photo film and color paper declines. The company said the acquisition was aimed at meeting growing demand for ink dyes for home-use ink-jet printers. The company said it is targeting to more than double sales at Avecia to 30 billion yen (US\$255.8 million) by March 2010 from 14 billion yen (US\$119.4 million) now by boosting shipments to Canon, Hewlett-Packard and other printer makers. Avecia Inkjet was an unlisted company that had a market share of about 40 percent by volume. Merrill Lynch said in a report that Avecia's sales were small and the impact on Fuji Photo's earnings would also be small. Fuji Photo paid about US\$230 million this year to buy British-based industrial-ink maker Sericol Group. The company said it aims to expand revenue at its printing-related operations, mainly through mergers and acquisitions, to 300 billion yen (US\$2.5 billion) in 2008-09, up from about 220 billion yen (US\$1.8 billion) in the past business year.
- **Sharp said it plans to invest about 15 billion yen (US\$127.8 million) in a plant in Japan to meet brisk sales of large flat-screen TVs.** Intense competition in Japan is bringing down the price of TVs, with the results weighing on firms' revenues but helping to stimulate demand as Japanese consumers go into spending spree given the Japanese economy's recovery. Under the plan, the company said it would increase the production capacity of its plant in Mie Prefecture in central Japan by about 20 percent. Sharp said the company was looking through a plan to increase production capacity for liquid crystal displays, a decision brought about by strong sales all through this year. For the current financial year to March, Sharp expects to post a net profit of 87 billion yen (US\$741.3 million) on revenue of 2.7 trillion yen (US\$23 billion). If achieved, the figures will be a record for the Sharp.

Software

- **NEC Corp., Fujitsu Ltd. and other major technology firms are moving into the standardization and automation of their system design development processes, a move aimed at bringing down the costs and improving quality.** NEC has set up standard operating procedures for the entire system implementation process. It has adopted software to automate up to 80 percent of the development work. Personnel outlays account for half the cost of systems with development budgets of at least 100

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million yen (US\$853,000). The automation is forecast to cut to half these labor costs. NEC has already adopted the process for developing computer systems of convenience store operators and others. It aims to eventually implement the practice at group firms as well. NTT Data Corp. is standardizing software it uses to design and test computer systems, enabling programmers to more easily check them. Fujitsu is standardizing procedures and adopting automation software in an effort to halve the average development period of 12-18 months.

Telecommunications

- **Jupiter Telecommunications Co. announced its plans of transforming Kansai Multimedia Service Co. into a consolidated subsidiary by purchasing 1-2 billion yen (US\$8.5-17 million) in shares from the Kansai Electric Power Co. group and Sumitomo Corp.** The share purchase will make Jupiter Telecom the top shareholder of Kansai Multimedia by boosting its stake from roughly a quarter now to more than 60 percent. The Kansai Electric group's interest in the Osaka-based Internet service provider will fall from more than 50 percent to about 20 percent, with Sumitomo's shareholdings dropping from about 6 percent to zero. Jupiter Telecom, Japan's leading cable television company, offers a fixed-line phone service, as well as an Internet connection service via wholly owned unit @NetHome Co. in Tokyo. Kansai Multimedia's Internet connection services are now offered to roughly 400,000 subscribers through some 20 cable TV companies in the Kansai region. By gaining control of the Osaka ISP, Jupiter Telecom intends to bolster its Internet connection business and the development of content and systems.

Information Technology

- **Fujitsu Ltd. announced securing an order from the city of Naka in Ibaraki Prefecture to build a library system utilizing non-contact palm vein authentication technology.** The system is to be built in the city's new library slated to open in October 2006. With it, patrons will register the vein patterns of their palm in advance at the library. After doing so, they will be able to check books out by simply passing their palm over a noncontact vein reading device, eliminating the need to carry a library card. The system is expected to ease not only the burden on users of making sure their card is with them, it will prevent cases of cards being stolen and used to check out library materials under the victim's name. Using palm vein patterns rather than fingerprint identification makes counterfeiting more difficult and users tend to be less hesitant in using the technology. Such systems are increasingly used in ATMs and building security, but library usage is still a novelty. Users who do not like the idea of authentication using part of their body will be issued IC cards for identification.

Korea

Internet

- **KT said it is considering commercialising its IPTV service without real-time broadcasting service if IP Media-related regulations are not resolved by the second half of 2006.** The new service to be launched next year is an ICOD (Internet Contents On Demand) service, which is an upgraded version of KT's 'Home N.' When all the legal issues are resolved, KT plans to commercialise its IP Media service including real-time broadcasting service in the second half of next year. KT began its IP Media pilot service as part of its BcN pilot service targeting 30 employee households in Gangnam, Shinchon, Mokdong, and Bundang to test its service quality. Real-time broadcasting is not included in the pilot service. IPTV, a service that provides broadcasting and communication services using TV terminals through the IP network was introduced some two to three years ago in the US, Japan, Hong Kong, and Europe, but it has not yet been launched in Korea because of a territorial

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problem between the communication and broadcasting industries. ICOD, a term created by the Ministry of Information and Communication, is slightly different from IP TV as it excludes the real-time broadcasting service. IP Media is a term developed by KT to refer to the IPTV service. KT introduced this term in order to avoid confusion that could arise from using the word 'TV.'

Mobile/Wireless

- **KTF Co. announced the opening of its new headquarters in Jamsil, southeastern Seoul.** The country's second-largest mobile carrier said it expects its new office to bring enhanced business efficiency with various departments that had been scattered around southern Seoul. KTF recently announced plans to boost its forecast investment of 350 billion won (US\$346 million) in the next-generation mobile communication standard W-CDMA.
- **LG Telecom said it would offer cell phone-based terrestrial DMB service starting from January 2006.** To achieve this, South Korea's third largest mobile operator signed agreements with six terrestrial DMB operators including KBS and MBC, the nation's major broadcasting service providers for the distribution of DMB handsets and development of business models. As DMB service in Korea is free, carriers have been reluctant to join the project. They were concerned that DMB would cannibalize existing mobile services such as VOD without any secure profit source. The fear of sales decrease in voice and data services caused by DMB is the reason why LGT plans to develop new business models such as EPG or electronic program guide.
- **The number of mobile phone users in South Korea increased 5 percent from the previous year to a preliminary figure of 38.3 million this year, the country's three mobile phone manufacturers disclosed.** SK Telecom, the nation's largest mobile service provider, added a net 740,000 customers, bringing its total subscriber base to 19.5 million. Second-ranked KTF and third-place LG Telecom gained 570,000 and 430,000 customers respectively, bringing their total subscriber bases to 12.3 million and 6.5 million. Following these figures, SK Telecom's market share was lowered to 51 percent from last year's 51.3 percent, while KTF's share also went down to 32 percent from 32.1 percent the previous year. LG Telecom saw its market share exceed 17 percent this year from last year's 16.6 percent. Market observers attribute the growth to LG's aggressive marketing activities. The three firms consider the 5 percent growth is consistent with market expectations.
- **The South Korean government said it began sending legal notices to people through mobile phones instead of ordinary mail next year to save time and enhance privacy.** An official at the Supreme Prosecutors' Office announced that the legal notices would be sent through text and voice messages on a trial basis. The official said prosecutors decided to shift to the electronic service as it takes time for recipients to receive notices by mail and some are overlooked or lost when people change addresses. The Ministry of Information and Communications said the strong penetration of mobile phones in South Korea has resulted in about 80 percent of the country's 48 million people owning the devices. The official also revealed that there are strong privacy concerns with ordinary mail, saying family members and relatives of recipients could potentially see embarrassing legal notices if delivered by postal workers. The proposed trial service is expected to save prosecutors about 160 million won (US\$159,000) a year and 1.2 billion won (US\$1.1 million) if full service is already fully operational.
- **Samsung Electronics announced the introduction of its High-Speed Downlink Packet Access (HSDPA) phones for the first time in Europe through cooperation with Vodafone.** Samsung, Vodafone and Qualcomm have been closely working together since 2003 to bring high-speed, affordable wireless access to the market earlier than expected. Samsung is currently developing the first

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commercially available HSDPA phone to be launched exclusively for Vodafone. By delivering low cost, rich content applications, customers can enjoy a variety of multimedia services including higher speed Internet access and video sharing. Currently, Samsung is a major mobile phone provider for Vodafone's 3G and GSM/GPRS services.

Hardware

- **Samsung Electronics Co. confirmed the report that it is in negotiations with Sony Corp. to supply flash memory to the Japanese firm.** Under the negotiation, Samsung will be asked to supply 8-gigabyte NAND flash memory for Sony's new portable music players due out in June 2006. The amount to be supplied to Sony is expected to be more than 20 percent of Samsung's total output and will surpass the volume provided to Apple Computer Inc., according to the newspaper. While Samsung acknowledged that it is negotiating deals to supply NAND flash chips with major companies including Sony, it said no details have been decided yet. Samsung is the world's largest supplier of NAND flash memory, controlling more than half the global market. Competition is intensifying in this field as No. 2 firm Toshiba Corp. scrambles to boost output capacity and others enter the arena, such as through the establishment of a joint venture by U.S. firms Intel Corp. and Micron Technology Inc.

Media, Entertainment and Gaming

- **Internet firms such as Buddy Buddy, Hostech Global and On-Net are seen as ready to branch out into the entertainment market, including dramas, animations and games.** Messenger service provider Buddy Buddy announced its plans to add download service to the existing music streaming service 'Buddy Music' next year, aiming to compete with such major players as Bugs and MelOn. The company is also having a close test on 'the Master of Fantasy', a new online game title combining casual and role-playing. On-Net, which provides blog service eGloos, recently launched service of 'Shot Online', a golf game previously introduced by SBS Golf.com. The company is making a major push into the mobile game market, aiming to roll out a new title by the first half of next year. Hostech Global, a server hosting service provider revealed its acquisition of drama production company Lee-Kim Production, and teamed up with animation production firm Good&Joy. The company drew up a 'one-source multi-use' strategy, which ranges from movies to dramas and animations, and is now producing movie and an animation version as the first project with the two production companies.
- **The country's two largest game companies, NCsoft and Nexon, continue to dominate the market, posting combined sales of more than 500 billion won (US\$ 500 million) this year.** NCsoft is expected to post sales of approximately 350 billion won (US\$348.8 million) this year. Occupying the No. 2 slot, Nexon forecasts sales around 210 billion won (US\$209.3 million) this year versus 111 billion won (US\$109.6 million) last year. Among runner-ups, Mgame is expected to see sales double this year on the success of 'Yyeolhyeol Gung-ho'. Hanbitsoft expects sales to grow by 77 percent this year, a growth boosted by a series of new hit titles such as 'New Baseball Game' and rising shipments to China and Japan. Others such as Webzen, WeMade Entertainment and Sunny YNK see sales decline on the absence of hit titles. Webzen and Sunny YNK expect sales to decline more than 70 percent this year, respectively as new titles 'The Sun' and 'Lohan' fell short of early expectations. WeMade Entertainment is pinning hopes on strong sales next year with five new titles including 'Changcheon' and 'Crimp'. Of two major game portals, NeoWiz forecasts sales to increase by 30 percent on popularity of 'Special Force' game, while CJ Internet expects to see a single digit increase in sales. Windysoft, a publisher of hit game 'Get Amped', bet on new titles such as 'Rudy Fang' and 'Buz Fellows' set to hit the market next year.

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- **Gravity Co., Ltd., a developer and distributor of online games in Korea, announced that it has entered into a Software Licensing Agreement for the rights to publish "Emile Chronicle Online" outside of Japan and a Software Purchase Agreement of "Emile Chronicle Online" with GungHo Online Entertainment, Inc. (GungHo), a leading Japanese online game company.** Emile Chronicle Online, an MMORPG, whose animation style presents a number of characteristics not commonly found in other online games, including the function which develops game characters without direct manipulation even when users log out of the game session. Since the beginning of a closed beta test in August 2005 in Japan, the number of total registered IDs of "Emile Chronicle Online" has reached approximately 310,000. The game has been commercialised recently.
- **Korea eSports Association, which organizes and hosts computer game tournaments in the country, announced the setting up of an auditorium specifically designed to host game tournaments.** The facility, which the association claimed is the first of its kind in the world, covers 1,157 square meters of space on the ninth floor of Hyundai iPark Mall at Yongsan Station in central Seoul. Along with the main stage for professional players, there are two smaller rooms where some 80 computers are in place for amateur players. The main auditorium includes 500 seats, and a 150-inch screen is available for the audience to watch games that are played on computers on the stage.

Telecommunications

- **Hanaro Telecom announced that 100Mbps broadband service now available in big cities would be expanded to smaller cities and towns.** Korea's No.2 broadband provider said that the service coverage would be increased from current 33 percent to 60 percent next year. For the apartment complexes where 100Mbps broadband is not available, the systems will be upgraded to FTTH and VDSL. Hanaro Telecom also plans to commercialise FTTH service next year after completing the trial services now underway in parts of Seoul and Gwangju in order to promote next generation services like home network and IP-TV.
- **SK Telecom Co. said it expects revenue to climb as much as 3 percent next year to a record 10.5 trillion won (US\$10 billion).** The company board announced the approval of target sales of 10.4 trillion won (US\$10.2 billion) to 10.5 trillion won (US\$10.3 billion) for next year. In a separate report, analysts are saying that POSCO, the world's fifth-largest steel maker, and Korea's biggest mobile carrier SK Telecom are expected to eventually loosen their cross shareholdings. The two companies previously formed an equity alliance, buying each other's shares in an attempt to help stave off possible hostile takeover bids by foreign companies. However, with the foreign hostile takeover threats dissipating, the two companies are tempted to divest themselves of the shares to raise funds for investment, analysts said. POSCO has already sold 1.1 million shares in SK Telecom, reducing its stake in the telecom company to 3.6 percent. POSCO acquired SK Telecom shares in exchange for its shares in Shinsegi Telecomm in 2000 when SKT took over Shinsegi. SK Telecom currently holds 2.5 million shares in the steel maker as part of their strategic alliance.
- **Dacom said that it will provide banking, securities and insurance services on digital cable TV in the first half of next year.** The country's second-biggest fixed-line company said that any one with access to digital TV could use all kinds of financial services including stock transactions and savings transfer via TV. Dacom plans to offer not only the financial services such as financial market news, money transfer, stock trade and fund subscription but also T-commerce services. TV viewers will be able to get customized financial advices on TV because to the "interactive" nature of digital broadcasting.

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- **Telecom market was dominated by digital convergence this year, with an offering called digital multimedia broadcasting (DMB), seen as a cross between telecom and broadcasting, being commercially launched.** The government ended a stalemate for WiBro by issuing two licenses for the homegrown portable Internet that brings landline access speed to a wireless terminal. Government regulations, however, have been stumbling blocks for the country's telecom carriers; fixed-line operators were tagged with record-high fines for price collusion whereas mobile players paid a lot of fines for providing illegal handset subsidies. More than 38 million of the country's 48 million people are subscribed to mobile telephony services and the number of landline phone users is at a plateau of about 22 million. The number of high-speed Internet clients also hit the saturation mark with roughly 12 million of 15.5 million households hooked up to the always-on connection.
- **The first direct phone lines between North and South Korea since the country's division half a century ago went into service with KT holding an opening ceremony for the landline link between the South and the Kaesong Industrial Complex in the Northern border city.** In a separate report, Seoul is reportedly pushing for more telecom services in the Kaesong Industrial Complex in North Korea after completing the long-overdue project of connecting the two Koreas with telephone lines. Experts predict the services for the high-speed Internet and mobile telephone will be the next target and KT. KT already installed optical fibre cables to Kaesong in July, which has the capacity of transmitting data of 155 megabits per second, a must to enable the broadband Internet. About 10 percent of the capacity is now used for telephone links and the remaining 90 percent can be employed to provide the high-speed Internet services at more than 1,000 terminals after setting up some more facilities. To do this KT must, however, get a license from Pyongyang, which observers predict will be reluctant to give the green light to KT since the regime is wary of opening up the closed country to the world via the always-on connection.

Information Technology

- **The market for repeaters, VoIP handsets and optical network gear is expected to grow sharply in 2006 driven by major investments in next-generation infrastructure such as wireless Internet technology WiBro and broadband convergence networks (BcNs).** The market for handsets and equipment used for digital multimedia broadcasting is also expected to get on track. The WiBro market is expected to take off in the middle of next year, and demand for repeaters is forecast to increase on wide adoption of terrestrial digital multimedia broadcasting (DMB). The repeater market is estimated to be worth between 500 billion won (US\$500 million dollars) to 1 trillion won (US\$987.4 million) for next year. Leading telecom carriers are now moving fast to expanding optical Internet service to household users, investing heavily in fiber-to-the-home (FTTH) gear. KT plans to spend some 200 billion won (US\$197.5 million) building FTTH networks for 200,000 households next year. Powercomm and Hanaro Telecom are also expected to spend over 200 billion won (US\$197.5 million) on FTTH combined. The market is expected to top 6 trillion won (US\$6 billion) by 2010. Sales of terrestrial DMB phones are also expected to take off. Mobile phone manufacturers are rushing to expand the line-ups of DMB phones. Analysts see a bright outlook for the market for multimedia encoders used for IPTVs and terrestrial DMBs.

Semiconductors

- **C&S Technology, a South Korean DMB chip developer announced its decision to push for supplying DMB chipsets and receivers to China and Taiwan.** The company has already signed an agreement with a global trading company for selling chipsets, receivers and modules for terrestrial DMB to China and neighbouring region. The company said it is trying to gain entry to into China, in

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particular Beijing, which is preparing for DMB test service starting next year. The chip maker also said it was accelerating export to the region including Taiwan by concluding a sales agency contract with Alltek, a Taiwanese distributor of communication chips and solutions. The company also emphasized it was expanding partnership with Chinese handset makers and European companies making AV devices for vehicle.

China

Internet

- **China's Ministry of Public Security (MPS) announced that China intends to carry out new Internet regulation starting from 1 March 2006, to prevent computer virus spreading, harmful junk e-mails and organized online porn activities.** The regulation specifies that Internet service providers are liable to safeguard the Internet security and the police should supervise all providers. A series of Internet-based technologies including monitoring computer systems are standardized according to the regulation. The regulation also states that any online safeguarding technique should not be used to infringe upon the individuals' freedom and privacy. China's Internet-based safeguarding technologies, according to observers, are still "backward" and are not implemented properly. According to an MPS spokesperson, Internet users apply no more than 25 percent of the existing safeguarding methods. From September to November, Chinese public security authorities shut down 598 porn web sites and removed 35 porn domain names. More than 80 percent of the domestic computers were once infected by virus annually in recent years and the daily junk mails flowing to domestic users exceeds 60 million, making China a giant country of sending and receiving junk mails.
- **Mop.com, an entertainment online portal announced its acquisition of Donews.com, an IT information portal, a move aimed to attract big advertisers and prepare the company for an initial public offering on NASDAQ in 2006.** The deal was completed through share transactions, according to China Inter Active Corp, Mop's parent company. Donews.com has attracted 32,000 IT editors and reporters and has a good reputation in the industry. It has also attracted big-name advertisers such as ASUS since it was founded in 2000. Mop.com, which provides an online forum for gossip and pictures, has drawn about 18 million registered users. The portal's income depends on advertisings as well as wireless and community services. Details of the acquisition were not made available.

Mobile/Wireless

- **According to China's Ministry Of Information Industry (MII), Chinese mobile phone users sent 274.3 billion SMS messages from January through November 2005, up 40 percent from the same period in 2004.** MII's statistics showed that from January to November 2005, China added 53.3 million new handset users and 39 million fixed line users. Handset penetration has reached 29 percent and fixed line phone penetration has reached 26.6 percent
- **JDC, a Tokyo-based company engaged in cellular phone-related businesses in China, announced the launching of an electronic ticket service for movie theaters in China in January.** Through a domestic joint venture it established in November with a local cinema ticket-reservation system operator, JCD will initially build an Internet-based system allowing consumers to book movie tickets via a cell phone and personal computer. The details of the report said that JCD will install electronic ticket readers at 12 theaters in five Chinese cities, including Beijing and Shanghai. The terminals will be installed at 100 local cinemas in about one year. Consumers booking a ticket through

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the system will receive e-mail on their cell; to confirm their reservation at the theater, users have to hold their cell phone terminal over a ticket reader at the theater. They will be required to pay for the tickets at the theater after the confirmation. JCD will receive part of the ticket sales as a commission from the theaters. The company also plans to build an online ticket payment system in the near future.

- **Qiao Xing Universal Telephone, Inc. (XING) announced that China Unicom has recently placed orders for 150,000 units of the world's first model of dual mode and dual call waiting GSM/CDMA smartphone, the CECT CoolPAD 728.** The deal is valued at US\$108 million, with the shipment expected to commence in early 2006. Before this deal, more than 120,000 units of the CECT CoolPAD 858 model dual mode smartphone had been supplied to China Unicom. With dual central processing units and a SIM slot for each network card, the smartphone is compatible with five frequency bands on the CDMA and GSM networks. The CECT CoolPAD 728 is reportedly equipped with almost all the functions of other smartphones, including PDA, Microsoft Office support, Internet access, MSN & QQ Messenger, and an English-Chinese dictionary with simultaneous pronunciation capability.
- **China UnionPay, China's only national bank card payment network, disclosed an estimated total number of cross-bank transactions made by its bankcards in 2005 are expected to reach 2.2 billion.** The firm expects the accumulated volume of transaction to hit more than 1 trillion yuan (US\$124 billion). Already, some 175 domestic and foreign financial institutions have joined China UnionPay, which has 500,000 point of sale machines and more than 70,000 ATMs. The company set up its 20th branch in Sichuan, Southwest China. The new branch aims to facilitate the quality and quantity of service and to enhance the development of related businesses.
- **A source from the Ministry of Information Industry (MII) revealed that China would formulate policies for 3G (third-generation) based mobile services in 2006.** The formalization of policies on the development and deployment of 3G technology, operation, service charges, supervision and frequency assignment, among others, remain as the top concerns of the ministry for 2006. China's telecom market has developed or acquired the relevant technology and its telecom market has matured. The ministry said that 3G service providers should follow market-driven principles and draft detailed plans for network construction, business development and market cultivation to ensure the provision of high quality communication systems and superior service in their mobile and broadband wireless technologies in anticipation of the 2008 Beijing Olympic Games.
- **The Information and Industry Minister announced that, from January 1, China's 200 million users of pre-paid mobile phones would have to identify themselves when ordering a new card, a move that has raised concerns about privacy and related bureaucratic issues.** At present, only mobile phone users on ongoing plans who pay after making calls are required to register their identity. The ministry official said the new identification rules were part of efforts to combat mobile phone-related crimes and the troublesome junk text messages. Sources within the information ministry said more than 10,000 mobile phones had already been shut down this year for sending fraudulent, harassing or erotic text messages. The latest report government report shows the number of mobile phone subscribers in China reaching 388 million in November, 53.3 million more than the end of last year. The number of mobile phone subscribers in China is forecast as climbing to 520 million by 2008 and 600 million by 2010.
- **Avaya Inc. announced that it was recently tapped by Xinjiang Unicom, a Chinese mobile phone-carrier. Xinjiang Unicom adopted the Avaya IP Contact Center system to provide services to its users across Xinjiang Uygur Autonomous Region, one of the largest areas in all**

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the province-level administrative regions of China. The carrier serves about 1.8 million of mobile phone subscribers, in addition to clients in other business segments. For this project, Avaya teamed up with BusinessPartner and Huapu Information Technology Co. to help Xinjiang Unicom migrate its contact center to an IP-based platform. The new system would connect the carrier's headquarters in Urumqi and 16 other major offices in the region. The contact center currently has 300 seats and can handle approximately 150,000 calls each day. Xinjiang Unicom is the provincial branch company of China Unicom, one of China's largest telecom service providers. The Avaya Call Management System (CMS) was also deployed in the headquarters of Xinjiang Unicom, in order to help the company monitor the performance of the entire contact center. With the CMS in place, the company will be able to view live, real-time info of the contact center operation and can also use historical reports to analyze trends, evaluate performance, and rate customer service efficiency. Avaya Inc. is a leading telecommunications firm offering business communications technology.

Media, Entertainment and Gaming

- **Hurray! Holdings Co., Ltd., a leader in advanced wireless value-added services, digital music production and distribution, and mobile telecommunication network software in China, announced the signing of definitive agreements to acquire 100 percent of the equity interest in Shanghai Magma Digital Technology Co., Ltd.** (Magma), a leading developer and publisher of wireless Java games in China. Magma has built up an experienced wireless game development team, which has successfully published approximately 200 original in-house games including its signature series, "YY Cat" and "PP Pig," and other popular games, such as "Han Dynasty" and "108 Heroes." Hurray! will initially pay a total of US\$4.1 million in cash for the acquisition. The total consideration is subject to adjustments based on the financial performance of Magma's business in certain periods following the closing of the acquisition. Hurray! expects to close the transaction before January 31, 2006, subject to required China regulatory approvals and other customary closing conditions.

Software

- **AsiaInfo Holdings Inc. announced the signing of an agreement to acquire Shanghai Changjiang Technology Development Co. Ltd.'s telecommunications operation support business group.** Under the agreement, AsiaInfo will acquire certain assets as well as the current contract backlog from Changjiang Technology's telecom operation support business group. AsiaInfo will also gain license rights to certain software held by Changjiang Technology. As part of the AsiaInfo's strategic realignment to focus on core business lines, the company said it has recently divested some non-core businesses and enhanced its telecom software offerings through the acquisition of Zheda Lande's telecom operation support business group. AsiaInfo Holdings Inc. is a leading provider of telecom software services in China, whose core business lines include telecom software solutions and security products.

Hardware

- **The Hartcourt Co. Inc. announced the signing of a preliminary agreement to acquire GW Digital, a privately held Samsung printer distributor in Eastern China.** The agreement covers a region of six provinces and the city of Shanghai. Following the signing of the deal, GW Digital will operate, as a 51 percent owned, indirect subsidiary of Hartcourt. The all-stock purchase price is placed at US\$1.5 million, subject to customary closing adjustments. The purchase price represents approximately 0.6 times of 2005 GW Digital's net assets. Hartcourt anticipates that the GW Digital acquisition will increase its fiscal 2006 (year ending May 31) operating income by US\$300,000.

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- **Skyworth Digital Holdings pointed to intense market competition for a 75.3 percent decline in net profit for the six months to September.** The company, one of China's top five television makers, said net profit fell to HK\$43 million (US\$5.5 million) from HK\$176 million (US\$22.7 million) a year earlier as the company faced stiff competition in its core domestic market. Overall, revenue from the firm's other operating income climbed to HK\$77 million (US\$10 million) from HK\$38 million (US\$5 million) during the period. The company placed an extra \$219 million (US\$28.2 million) into selling and distribution expenses as it sought to stimulate sales and increase the brand's exposure through advertising and other promotional activities. The selling and distribution expenses went up 46.5 per cent to HK\$690 million (US\$89 million). Turnover saw a 6.8 percent increase to HK\$4.6 billion (US\$593.2 million) while gross profit went up by 18.7 per cent to HK\$786 million (US\$101.3 million). Skyworth's chairman and 14 employees were arrested in November last year on charges of embezzlement and fraud brought by the Independent Commission Against Corruption. The company is still suspended from trading on the Hong Kong Stock Exchange.
- **Philips Electronics China, a unit of Royal Philips Electronics, Europe's largest consumer electronics maker, announced its acquisition of an additional 5 percent stake in Chinese TV and mobile phone maker TCL.** The company will pay 204.5 million yuan (US\$25.3 million) for 129.3 million TCL shares, bringing its stake in the Chinese company to 7.4 per cent, TCL said in a statement to the Shenzhen Stock Exchange. With the purchase, Philips Electronics China will become the company's third-largest shareholder. TCL, a partner with France's Thomson in the world's biggest TV set production venture, has sought tie-ups with several international electronics giants, including Alcatel of France and Japan's Toshiba, as it pushes ahead with an ambitious expansion program. The Guangdong-based company had forecast it expected to sell 22 million TV sets this year, compared with TV sales of about 17 million units last year. Philips already holds a 2.5 per cent stake in TCL, whose largest shareholder is the local government in Huizhou, Guangdong, the city where it is based. TCL executives hold the next largest tranche of shares. The two companies set up a partnership in 2002, with TCL providing distribution and service for Philips' products in several Chinese provinces. TCL reported a net loss of US\$85.5 million in the first half of this year, compared with a net profit a year earlier, ascribing the loss to costs attributed earlier in the year to the integration with its joint venture partners. The deal requires government approval.

Information Technology

- **The Ministry of Commerce of the People's Republic of China (MOFCOM) said that China's import and export of high technology products saw rapid growth and reached a total of US\$371.6 billion for the first 11 months of this year, up 26.9 percent over the same period last year.** Of this figure, imports accounted for US\$177 billion, up 21.3 percent compared with the same period last year and exports made up US\$194.6 billion, 32.5 percent more than the same period last year. The range of export goods has also broadened with export of high technology products accounting for 28.4 percent of the whole export trade. The export of technology products such as integrated circuit chips, mobile phones, computers and electronic components remained stable in quantity and price, amounting to US\$108.3 billion, which represents 55.7 percent of the whole export of technology products, up 33.7 percent compared with the same period last year. In the first 10 months, the exports to the U.S., Europe and Hong Kong came to US\$41.4 billion, US\$38.8 billion and US\$38.6 billion, a growth of 32.5 percent, 37.4 percent and 36.6 percent, respectively over the same period last year. It is expected that exports to these countries and regions will exceed US\$50 billion by the end of 2005. The trade surplus of high technology products reached US\$17.5 billion for the first 11 months and is expected to exceed US\$20 billion by the end of 2005.

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- **Chinasoft International, an IT firm in China and United on the GEM, revealed its plans for an outsourcing spending spree in China after its US\$20 million capital injection from Microsoft and International Finance Corp (IFC) this September.** Chinasoft said it had a handful of buyout targets, which, if finalized, could help it “seize the cream” of the mainland outsourcing business, estimated by International Data Corp to be worth US\$466 million. The company said that while the mainland outsourcing market was still playing catch-up with India, which dominates the English-speaking outsourcing market, there was still plenty of room to move in non-English-speaking markets such as China and Japan. Chinasoft disclosed that it was close to appointing an international investment bank to advise it on potential acquisitions and expected to finalize some of the deals by the first quarter of next year. A top official of the company said that one of the targets under negotiation was a Dalian-based company with Japanese clients. Chinasoft currently has 1,000 employees in its outsourcing department. Enterprise solutions still account for 80 percent of its business with IT outsourcing taking up the remaining 20 percent. Microsoft and IFC have the option of subscribing to a further US\$15 million of Chinasoft's preferred shares.

Telecommunications

- **The number of China's telephone users and Internet users are expected to reach 1 billion and 200 million respectively by 2010, according to China's 11th Five-Year Plan (2006-2010).** The statistics show that the number of telephone users in China will hit 750 million by the end of 2005, of which the number of fixed telephone users will achieve 350 million and mobile phone users will exceed 388 million.
- **eOn Communications Corp., a leading provider of telecom solutions, announced that it signed the final equity sales contract to sell its 54 percent interest in Cortelco Shanghai Telecom Equipment Co. to the 46 percent minority holder, Shanghai Fortune Telecommunication Technology Development Co. Ltd. and members of management of Cortelco Shanghai.** eOn and Shanghai Fortune have agreed to have Cortelco Shanghai issue a dividend as part of the transaction. The deal is subject to the approval of the Chinese government.
- **ZTE Corporation, a global provider of telecommunications equipment and network solutions, said it received a contract to deploy its first optical transmission network in Macedonia in a deal with Neocom, the country's second largest data communication operator.** The network, due for completion in December 2006, will include seven network nodes covering five major cities of the country – Ohrid, Gostivar, Skopje, Stip and Negotino, and connecting Macedonia with surrounding countries Serbia & Motenegro, Kosovo, Albania, Bulgaria and Greece. The network is based upon ZTE's ZXMP S380 multi-service transport platform and ZXWM M900 DWDM system, which will enable easy access to services like TDM (Time Division Multiplexing) and GE (Gigabit Ethernet), and potential scalability to 10G capacity. In a separate report, ZTE announced its securing of an IPTV contract valued at 23 million euros (US\$27.2 million) from Telepassport, a Greek telecom firm.

Taiwan

Semiconductors

- **The chairman of United Microelectronics Corp (UMC), the world second-biggest contract chipmaker, said in a statement that he was considering delisting the company from the Taiwan Stock Exchange.** The move came after Taiwan's regulator penalized it for a delayed disclosure. The top official of UMC called the decision of the Financial Supervisory Commission to

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fine the company NT\$50,000 (US\$1,500) as unreasonable. UMC issued an English-language press release on December 13 that it would restate its earnings under U.S. GAAP for 2002, 2003 and last year. The company said it was doing this because there had been errors in its filings with the U.S. Securities and Exchange Commission. The Taiwan Stock Exchange imposed the fine on UMC because its disclosure on the SEC earnings restatement was not posted on the Taiwan Stock Exchange's website until December 14, after the local bourse began trading for the session. Taiwan's regulators require companies to disclose information that might influence the stock market before the beginning of the trading session following the event in question.

Hardware

- **Industrial Technology Research Institute (ITRI), a Taiwan government sponsored body, announced that it plans to release 15 patent items for red and blue LEDs through an open bid scheduled for March 7, 2006.** The intention is to help Taiwan-based LED specialists gain competitiveness without violating intellectual property rights of international LED vendors. Participants for the patent bid are required to be enterprises that specialize in optoelectronics-related solutions and possess more than NT\$200 million (US\$6 million) in capital, according to ITRI. The institute indicated that winners for the bids would own the patent licenses until they expire. Due to patent issues with Japan-based Nichia, as well as dramatic drops in higher luminance LED prices, Taiwan LED makers have experienced slow growth this year. The production value of Taiwan's LED industry is expected to go beyond US\$1.4 billion in 2005, up 20 percent from last year, according to the Opto-Electronics & Systems (OES) Laboratories under ITRI. Taiwan is seen as coming in second in the global LED industry this year, with a 24 percent share, with Japan taking 50 percent of the market, the research institute stated.

Hong Kong

Telecommunications

- **The chairman of City Telecom raised a complaint against the telecommunications regulator Office of the Telecommunications Authority (OFTA) for delaying the release of a study that the official said could help consumers when choosing a broadband service.** The survey was commissioned by OFTA and completed in August. It covers the quality of services provided by Hutchison Telecom, PCCW, I-Cable and City Telecom, which account for more than 95 percent of the local broadband market. OFTA responded to the accusation by saying that the survey was carried out on a voluntary basis and involved more than the four biggest providers, adding that all parties had been updated on its progress. The survey includes information on download and upload times, hotlines, billing services and statistics on complaint handling. City Telecom posted a loss of HK\$206.4 million (US\$26.6 million) for the year to August, of which HK\$54.5 million (US\$7 million) was from finance costs, compared with a profit of HK\$49.6 million (US\$6.3 million) for the previous year. The firm is No. 2 in residential broadband market share, with 229,000 subscribers and 120,000 IPTV subscribers.
- **A benchmarking study says Hong Kong has maintained its position as a leading market with effective competition in telecommunications by adopting a more balanced and advanced approach in promoting market competition and network rollout.** The report, published by OFTA, compared the effectiveness of competition in Hong Kong's telecommunications market with seven other markets - Australia, Japan, Singapore, South Korea, Sweden, U.K. and the U.S. Although Hong Kong has no general competition laws, the Telecommunications Ordinance appears to cover all the key anti-competitive practices covered by general competition laws in other review markets, the report said.

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Consumers have continued to derive substantial benefits in terms of both cost savings and an increase in services take-up. The study reveals that Hong Kong has the highest outgoing IDD traffic in the world, rising from 585 minutes per capita in 2002 to 707 minutes per capita last year. Among the review markets, Hong Kong also had the highest penetration rate in the mobile sector last year and the second highest broadband penetration rate (South Korea had the highest). Hong Kong maintains its position as one of the least expensive markets for telecommunications services over the years.

Mobile/Wireless

- **SmarTone-Vodafone remains as the only operator untouched by the wave of merger and acquisition activity, amidst the huge transformations taking place in the Hong Kong mobile phone sector, according to observers.** Hong Kong's mobile phone market has experienced extreme price wars ascribed to a penetration rate of more than 100 percent that ensures a subscriber gained for one operator is one lost for another. SmarTone's last financial results showed subscriber numbers remaining stable at about one million. An official of the company disclosed that those subscribers were now consistently paying more each month and were increasing their usage of revenue-generating 3G functions. Multimedia services enabled by 3G are widely recognized as the key money spinners for mobile operators.

Singapore/Malaysia/Philippines/Indonesia

Telecommunications

- **The Philippines has granted permits to four telecommunications companies to operate third-generation wireless telephone systems.** The licenses went to the country's largest telecom companies, and opened the door to the first 3G deployments starting next year. Once the systems are operational, Filipinos will have access to the standard menu of 3G services, including Internet access, video calls and mobile television. The carriers that received permits from the National Telecommunications Commission were Smart Communications Inc., Globe Telecom Inc., Digitel Mobile Phils. Inc., and Connectivity Unlimited Resources Inc., a new company. With the license, the companies will be able to transmit high-bandwidth, high-speed applications such as videoconferencing via cellular-phone networks. The deal will require the licensed companies to set up the needed infrastructure by 2007 and roll out the services by 2008, in addition to coming up with a five-year plan to implement these services to at least 80 percent of the Philippines provinces. Two of the biggest cellular service providers in the Philippines, Globe Telecom and SMART, have already successfully tested their 3G services using an EDGE upgrade to their existing GSM network equipment.

Internet

- **Commerce International Merchant Bankers Bhd (CIMB) and N2N Connect Bhd have entered into a collaboration to offer cross-border trading that will enable Singapore investors to trade directly with Bursa Malaysia.** The trading via CIMB's electronic trading facility offered by its Singapore brokerage arm CIMB-GK is expected to strengthen its position in the industry. The direct straight-through process cross-border trading via iTrade@CIMB is made possible by GlobalConnect, a cross-border trading system developed by N2N Connect based on International Standard FIX (Financial Information exchange). Initially, only inbound trading from Singapore is available via the Internet portal. CIMB brokerage offices are also based in Hong Kong, Jakarta and London. It speeds up transactions significantly for inter-brokerage activities giving almost instantaneous performance from the time an order is submitted by an initiating broker to the designated exchange and back. N2N

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Connect, an e-commerce securities trading solutions and m-commerce solutions provider, has six broking clients who collectively hold about 25 percent of total market share of volume currently traded on Bursa Malaysia.

United States/Canada

Telecommunications

- **AT&T revealed its plan for the biggest advertising campaign, a move aimed at strengthening its brand name.** Ads will appear in magazines, newspapers, on Internet sites and billboards. AT&T did not disclose how much it was spending on the campaign. In the wake of the merger, AT&T now offers wireless and long-distance phone service nationwide and controls a large local phone market, mostly in the South and Midwest. Wireless is offered through Cingular Wireless, AT&T's joint venture with BellSouth. By absorbing the old AT&T, SBC extended its reach into every major segment of the U.S. communications market.
- **UTStarcom Inc. said it has sold its 10 percent stake in SB China Holdings to Japan's Softbank Corp. for US\$56.9 million.** UTStarcom and Softbank were partners in the Singapore-based joint venture, which was set up in 2000. The deal terminated the joint venture arrangement and made Softbank the sole owner of SB China. News of the deal came a little more than a week after UTStarcom agreed to sell its semiconductor unit to Marvell Technology Group Ltd. for US\$24 million in cash.

Mobile/Wireless

- **A U.S. federal judge confirmed an arbitration award, which was granted by an arbitration panel, of about US\$250 million for InterDigital Communications in a dispute with mobile phone maker Nokia over royalties.** The decision also denied Nokia's motion to vacate it. The dispute revolves around licensing agreements InterDigital and Nokia signed in January 1999. In June 2005, the International Court of Arbitration of the International Chamber of Commerce ruled that Nokia should pay the InterDigital between US\$232 million and US\$252 million in royalties. InterDigital, which is based in Pennsylvania, designs chips and software for wireless communications.

Media, Entertainment and Gaming

- **A proposed settlement of lawsuits against Sony BMG Music Entertainment would allow some consumers to receive free music downloads.** The move is seen as compensating consumers for Sony including spyware on millions of CDs. Lawyers said the deal requires the world's second-largest music label to stop manufacturing compact discs with MediaMax software or with extended copy protection or XCP software that could leave computers vulnerable to hackers. Under the terms of the settlement, Sony BMG will let consumers who bought the CDs receive replacement discs without the anti-piracy technology and will let them choose one of two incentive packages. The first package allows consumers to obtain cash payment together with a promotion code allowing them to download one additional album from a list of more than 200 titles. The second package permits them to download three additional albums from the list. The court papers said Sony BMG would try to offer Apple Computer's iTunes as one of the download services available to the consumers. Consumers who purchased MediaMax CDs would receive additional compensation. According to the court papers, the software program made the user's computer more susceptible to unwanted intrusion from third parties and effectively disabled any firewall and anti-spyware protection programs previously installed on a computer. Sony BMG is a joint venture of Sony and Bertelsmann.

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- **Nissan North America Inc. (NNA) and Microsoft Corp. announced the merging automobile design and gaming technology to create the first-ever fully integrated gaming system within a vehicle.** Conceived by Nissan Design America Inc. (NDA) and equipped with the Xbox 360 next-generation video game and entertainment system from Microsoft, the Nissan URGE concept car allows drivers (while parked) to play "Project Gotham Racing 3" using the car's own steering wheel, gas pedal and brake pedal while viewing the game on a flip-down seven-inch LCD screen. "PGR 3" is developed exclusively for Xbox 360 by Bizarre Creations Ltd. for Microsoft Game Studios. The Nissan URGE, outfitted with an Xbox 360 video game and entertainment system, puts the controls of the gaming console at the hands and feet of the driver. Microsoft revolutionized the gaming industry with the November 2001 launch of Xbox, its first-generation video games and entertainment system, now sold in 26 countries. Microsoft introduced its next-generation system, Xbox 360, in the 2005 holiday season in Europe, Japan and North America. The system will be launched in Australia, Colombia, Hong Kong, Korea, Mexico, New Zealand, Singapore and Taiwan in 2006.

Semiconductors

- **Intel announced its launching of a new corporate and brand identity that will include a reworked company logo, a change in its ubiquitous "Intel Inside" stickers and a shift away from the Pentium name for its microprocessors.** The changes follow the move of the company to market itself less as a chip outfit and more as a provider of platforms. The company is removing the familiar dropped "e" from its logo, which has been little changed since the company was founded in 1968. Amidst the change, Intel said the marketing program in which Intel subsidized PC makers who used Intel chips and stickers would continue. Intel also announced that its next-generation processors for mobile computers will be called "Core" rather than "Pentium M". Processors with a single computing engine will be known as "Core Solo," while chips with two engines will be called "Core Duo". It is expected Intel will completely retire the Pentium brand that was introduced in 1993. The shift toward platform technologies started in 2003, when Centrino technology was launched. It is expected to launch a platform called Viiv (rhymes with "five") that will focus on the home entertainment PC market. Intel microprocessors also will soon be found at the core of Macintosh computers, though it is unclear whether Apple Computer will participate in Intel's marketing programs.

Internet

- **According to a new study by Pew Internet & American Life Project, men are more likely than women to check weather and news, download music, and get financial information; women are more likely to look for health and medical information, use e-mail, and seek out maps and directions online than are men.** For the report, Pew looked at several separate telephone surveys it conducted between March 2000 and September 2005. One of the most pronounced gender differences is that more men than women have high-speed connections at home; 52 percent of men use broadband at home, while just 48 percent of women do so. Men also tend to use the web for entertainment, this in the form of taking part in sports fantasy leagues or listening to Internet radio, among other activities. Women, on the other hand, tend to be avid e-mail users. Seventy-five percent of online men use the web to receive news, compared to 69 percent of women; 56 percent of men get financial information online, compared to 33 percent of women; 54 percent of men do job-related research, compared to 48 percent of women; and 38 percent of men listen to radio broadcasts online, compared to 20 percent of women. The report indicates that men were also more inclined to download music files, with 30 percent of men doing so, compared to 20 percent of women. As regards video files, 22 percent of men, compared to 13 percent of women are into downloading said files.

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- **Google is being sued for patent infringement over Google Talk, its free Internet telephony system.** Rates Technology Inc (RTI) filed a case against Google in New York, with the patent-holding company claiming that two of its patents, dating back to 1991 and 1995, have been infringed. Both relate to technology designed to minimize the cost of calls over the Internet. RTI has demanded damages and court costs, and an injunction to prevent Google using the technology. Google's recent deal to buy a 5 percent stake in AOL for US\$1 billion could help it sidestep the litigation. Under the terms of the AOL deal, Google Talk users will be able to talk to users of AOL's TotalTalk. Analysts say that Google may also be able to license AOL's VoIP technology. The case, however, is still considered an unwelcome distraction for Google. Google Talk allows users to hold voice conversations with other computer users. It is based on VoIP software, which allows users to make voice calls through their computers and over the Internet at a fraction of the cost of traditional services. Google's system has been restricted to those who sign up for the company's e-mail service, which was also the subject of a legal problem earlier this year. Google was forced to rename the service "Google Mail" in Britain after another company claimed copyright over "Gmail".

Software

- **Honeywell announced the finalization of its acquisition of Tridium Inc., a privately held software development firm.** The U.S.-based company, which has subsidiaries in London and Singapore, will continue to operate as a separate business entity within Honeywell's Environmental and Combustion Controls (ECC) business. Financial terms of the acquisition were not disclosed. Tridium is the developer of Niagara Framework, which integrates diverse systems and devices—regardless of manufacturer, communication standard, or software—into a unified platform that is managed and controlled in real time over the Internet or intranet using a standard web browser. System integrators use the program to provide solutions without regard for specific protocols, products, or technologies. Manufacturers adopt the technology to move products to the web, reduce development time, migrate legacy systems, develop new offerings, and enter new customer bases. Current applications include energy management, building automation, telecommunications, security automation, maintenance repair operations, and total facilities management.

Europe

Internet

- **Opera Software (Opera) of Norway said it has entered into an agreement making the U.S. search technology group Google Inc. as its default partner for its mobile Internet browsers.** Under the one-year agreement, Opera will make Google Search a major part of the browser's home screen. Regarded as a small competitor of Microsoft in the Internet browser market, Opera looks to its browsers for mobile phones and other mobile electronic devices as the fast-growing part of its business.

Hardware

- **Royal Philips Electronics announced its acquisition from its fully-owned subsidiary Philips Electronics Industries (Taiwan) Ltd (PEI) approximately 1.9 million shares of Taiwan Semiconductor Manufacturing Company Ltd (TSMC).** As a result, PEI will no longer hold shares in TSMC and Philips is the sole holder of shares in TSMC held within the Philips Group. This transaction advanced the payment of approximately 240 million euros (US\$284 million) tax which otherwise would have been due at the moment the shares would be sold to a third party. The transaction will facilitate any future disposals by Philips. In the last offering of TSMC, Philips agreed to

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a lock-up until December 31, 2006. Royal Philips Electronics of the Netherlands is one of the world's biggest electronics companies and Europe's largest, with sales of 30.3 billion euros (US\$35.8 billion) in 2004.

Telecommunications

- **British Telecom (BT) has finalized negotiations to sign agreements with four suppliers to support its 21st Century Network (21CN), the next generation network transformation.** These contracts have been signed with Ciena, Huawei, Lucent and Siemens. As one of the largest single procurements ever undertaken in the communications industry worldwide, 21CN will transform BT's networks through the migration of customer lines to new infrastructure. BT plans to move its entire customer base from the existing U.K. public-switch telephone network (PSTN) to an Internet Protocol (IP)-based network. Included in the agreement with Ciena is the deployment of products that will help form the transmission domain of 21CN by connecting all network nodes through a simplified architecture that is expected to be more cost effective. Huawei will deploy its multi-service access network (MSAN) and transmission equipment for the 21CN network. The transmission products will form the optical backbone for the U.K. network as well as link BT's Access and Metro domains together. Lucent Technologies will provide the core of the network. This core is expected to offer customers a diverse set of services including voice, broadband, Ethernet, virtual private networking (VPN) and IP VPN. The agreement with Siemens Communications includes assistance in the building of metro node capability. BT will also be supplied with a full range of Juniper Networks' touring platforms, which will be integrated into the 21CN. The 21CN will require BT to invest up to £10 billion (US\$17.2 billion) over the next five years and is expected to put the U.K. at the cutting edge of innovation.

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