



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

Week of 1 January - 7 January 2006

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Weekly Highlights

International

Media, Entertainment and Gaming

- **Games consoles and hand-held devices are increasing the popularity of online gaming, according to new research by In-Stat.** The market research firm claims that worldwide console and handheld gaming subscribers could hit 30 million by 2009, a figure that is a marked increase from 3.4 million in 2004. The availability of free online gaming with Sony's PlayStation 2 console has boosted the current numbers even as In-Stat states that paid subscription services will not hinder the growth of the industry in the future. The research firm noted that Microsoft is the only console maker so far to launch a paid subscription service. Nintendo's DS handheld device has proved popular with online gamers who have access to and taken advantage of a number of Wi-Fi hotspots in Japan, North America and Europe that link them all up.

Hardware

- **Worldwide sales of consumer electronics is anticipated to post a record growth valued at US\$135.4 billion this year fuelled by demand for television sets, according to the Consumer Electronics Association (CEA).** The trade group ascribes the rise to an increase in the demand for television sets, with the industry sales possibly climbing by about 8 percent this year. The group said digital television sales are on the brink of posting a growth of more than 35 percent, a climb that could even go beyond US\$23 billion. Global liquid crystal display (LCD) television sales are seen as posting a 39 percent growth to US\$33 billion this year. Sales of plasma television sets are forecast to show a 14 percent rise to US\$14 billion, a performance that the research firm said would outpace the 5 percent increase in overall television sales this year. New gaming consoles such as Sony's PlayStation 3 will help the worldwide gaming market grow to US\$14 billion this year from last year's US\$12 billion, the CEA said. MP3 player sales are forecast to post a 50 percent surge to US\$4.5 billion.

Japan

Internet

- **Digital Arts Inc., a major Internet browser-filtering software developer, was ranked the most promising venture company for 2006 among those listed on the three start-up markets, according to a survey released by The Nihon Keizai Shimbun.** The report said the firm was No. 1 in terms of growth prospects. Sales of filtering software are growing rapidly as use of the Internet spread throughout society. Digital Arts expects its fiscal 2005 parent-only pretax profit to climb 140 percent from last year's figure. Analysts expect sales to Asia and other overseas markets to rise sharply. Advanced Media Inc. has developed technology for searching cellular phone sites based on voice recognition.

Mobile/Wireless

- **NTT DoCoMo Inc. said it is thinking of buying into Philippine Long Distance Telephone Co. (PLDT), the largest telecommunications firm in the Philippines, a move that will make the Japanese firm a partner in 3G (third-generation) cellular services.** The leading Japanese cell phone service provider is expected to invest some US\$300 million dollars, for about 5 percent stake in PLDT. The Philippine telco owns the country's biggest cellular provider, Smart Communications Inc. With 3G

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services scheduled to begin this year in the Philippines, PLDT obtained a business license at the end of last year. It will adopt the WCDMA standard, which is used by DoCoMo for its services. DoCoMo is expected to provide its i-mode mobile Internet technology to PLDT. Analysts say the investment will bring the two firms to likely cooperate in procuring handsets and expanding roaming services so that the same handset can be used in both countries. PLDT's mobile phone operations now account for 40 percent of its group sales. To bolster its technology and services in the growing cell phone business, it has been seeking a major international partner. It must be noted that in 2000, Nippon Telegraph and Telephone Corp. group member NTT Communications Corp. acquired a 15 percent stake in PLDT for a joint undertaking in data communications and international communications.

- **Hitachi WirelessInfo Venture Company (WI), a new division of Hitachi, Ltd. said it is working with Ember Corporation to develop a family of ZigBee-based sensors for use in a variety of wireless monitoring, sensing and control applications.** ZigBee is an embedded wireless network standard that provides the solutions for remote monitoring and control, and sensor network applications. Hitachi WI is developing ZigBee wireless sensor and control modules based on Ember's ZigBee compliant platform. The new modules will be marketed to other Hitachi business units, including Hitachi Electronics Services Co. and Hitachi Urban Development, as well as other OEM companies. Hitachi WI is developing both standard and application-specific ZigBee modules using Ember chips and software. Ember's ZigBee systems are already being used in a variety of consumer and industrial applications. The ZigBee Alliance is an association of companies working together to enable reliable monitoring and control of products based on an open global standard. Hitachi, Ltd., headquartered in Tokyo, Japan, is a leading global electronics company. Ember enables communication among embedded microcontrollers with standards-based wireless mesh networking semiconductors and software.

Media, Entertainment and Gaming

- **Nintendo Co. said that it has sold about 10 million of its Nintendo DS handheld game systems worldwide, including about 4 million in North America and more than 5 million in Japan.** The company sold about 3 million of the handheld gaming gadgets to North American consumers in 2005, on top of 1.2 million sold to North American consumers in 2004, following the system's launching in November. Rival Sony Corp said it has sold 3.2 million of its handheld game system, the PlayStation Portable, in North America between its March launch and mid-December. The company did not yet have sales figures through the end of 2005. A Nintendo official said about 550,000 people worldwide have used Nintendo DS's Wi-Fi system for playing games online since that offering launched seven weeks ago. The online game play option is free for anyone who has wireless Internet access. Users with a regular broadband connection can buy an adapter for about US\$35.

Hardware

- **Matsushita Electric Industrial Co. said it has developed one of the industry's smallest fuel cells ideal for notebook personal computers.** Possessing a volume of roughly 400cc, this prototype fuel cell is about half the size of other companies' products. The consumer electronics firm hopes to commercialize it as early as 2010. The prototype was developed jointly with the University of Pennsylvania and uses methanol as its power source. A 200cc injection of methanol is enough for the fuel cell to supply power for roughly 20 hours. The lower output methanol-based fuel cells are expected to become the mainstream for information devices in light of their stability.

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Telecommunications

- **KDDI Corp. said it plans to team up with the U.K.'s Inmarsat Plc to offer a fast, low-cost satellite communications service that enables users to make phone calls and go online from remote regions and while at sea.** By connecting a phone or personal computer to a small antenna, a user will be able to make international calls and access the Internet at 492kbps, a speed that is more than thrice the speed offered by conventional satellite-phone-based Internet connections. The service is expected to cost 10,500 yen (US\$91), in addition to monthly fees starting from 5,000 yen (US\$43). The data communications service is also expected to be provided at lower prices than those offered by other cell phone service firms. KDDI hopes that sales in terms of the number of antennas will reach 1,000 in its first year. The service will initially cover areas crisscrossed by Inmarsat's satellites over the Indian and Atlantic oceans.

Korea

Internet

- **NHN, the operator of South Korea's most-visited Internet portal Naver, announced the signing of a contract to provide its online game ArchLord to Codemasters Software, a British game developer.** The deal with Codemasters Software is expected to give NHN a strong entry into the North American and European markets with its online game products. The portal operator, however, said that it would test run the game in June before launching the official version in the second half of the year. Codemasters is a British game developer known for such online games as Colin McRae Rally, TOCA Race Driver and Dungeons and Dragons Online. Financial details of the contract were not disclosed.
- **Reigncom, manufacturer of the iRiver MP3 player, introduced an online game console tentative named iRiver G10 that is designed for WiBro users.** The slide-type gaming device will debut in August. The LCD screen slides upward and reveals a dozen of operation buttons on the right and left sides and the center. G10 is equipped with 4-inch wide color LCD and 3D acceleration chip. Besides gaming, it features a voice recorder, image viewer and MP3 and video player.

Mobile/Wireless

- **The Korean handset market is expected to rebound in the 2nd quarter after a sluggish period in the first quarter, according to the report by Hana Securities.** The report, however, indicated that the market would eventually get its boost via the new services such as WiBro and HSDPA. The cell phone market contracted to a monthly average of 1.1 million units last year due to low purchasing power. The report forecast that, after a decline last December that was brought about by inventory adjustment, cell phone shipments are expected to rebound starting January. The report also said that Korean makers would do well in the global market, with manufacturers able to raise supplies, with new models released by Samsung and LG in the North America getting good reception and with the WCDMA phone market still growing.
- **KTF and LG Telecom jointly announced the marketing of their mobile handsets that can receive land-based digital multimedia broadcasting (DMB).** In another report, Samsung and LG said they also released DMB phones priced at around 600,000 won (US\$59). Samsung Electronics noted that worldwide demand for land-based video-on-the-move is forecast at around 330,000 units this year. The figure is expected to hit 4 million by 2010.

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- **After its acquisition of SK Teletech, Pantech Group revealed its plans to entering the premium market, long considered the domain of Samsung Electronics.** The firm said it aims to sell 4 million units of handset, a move that is seen as giving Pantech the 30 percent control market share in next year. Pantech is confident in achieving the target because the acquisition of SK Teletech, SK Telecom's handset manufacturing firm, allows the Pantech Group to get out of the government regulation that prevented it from selling more than 1.2 million units of handset. Pantech now is free to expand while increasing the sales of handsets produced under the brand name of Curitel. Aiding Pantech Group's incursion into bigger market are SKY and Curitel, which will target premium market and low cost market respectively. Already, SKY handsets recently marketed by LG Telecom got good reception from premium customers. Pantech said it is boosting its challenge to Samsung in the premium market in coming year by supplying SKY phones to KTF, the second-largest mobile carrier.
- **KTF said it has agreed to start the distribution of T-DMB phones in early January, with the firm assuming all related costs.** KTF disclosed that it would be able to use T-DMB contents for free for its Fimm service. The firm announced its launching of 3-4 T-DMB phone models early this year. KTF hopes to increase more Fimm subscribers in areas outside the Seoul Metropolitan Area through the newly available T-DMB contents offered through Fimm. T-DMB is currently only available in the Seoul Metropolitan Area whereas Fimm is available nationwide. In a separate report, SKT indicated that it has not made any decision yet as to whether it will join in the distribution of T-DMB phones.
- **LG Electronics announced the development of what the firm claims as the world's first mobile phones for the DVB-H and Media FLO mobile broadcasting standards.** Currently, Nokia's DVB-H (digital video broadcasting-handheld) and Qualcomm's MediaFLO (media forward link only) technologies compete with DMB for adoption as the global standard. The DVB-H technology supports wireless communication frameworks GSM, GPRS and WCDMA, which control more than 70 percent of the world's mobile market. The situation is giving LG a good entry point into European and North American next-generation handset markets. Verizon Wireless also revealed its plans to offer live TV to handheld devices using MediaFLO, a move expected to push up demand for the LG gadgets.
- **The Electronics and Telecommunications Research Institute (ETRI), the RFID/USN Korea and Darae Laws and Patent firm announced their plan to cooperate in providing the classification, analysis and map of radio frequency identification (FRID) patents collected in the country and from overseas to companies.** The partnership is seen as a way of dealing with the bulk of RFID patents inside and outside the country. The group is aiming to categorize the patents according to technologies and present the final report on actuality and feasibility about each patent after classification in the subsequent month. The group also plans to make patent map that will enable the industry people to have an overview and understanding of the entire patent status.

Hardware

- **Guardtec, a manufacturer of call quality surveying equipment, said that it supplied MCS-W (Mobile Call Simulator for WCDMA) to SK Telecom, the nation's dominant mobile carrier.** The equipment is used to test the call quality of both CDMA and WCDMA networks. It surveys the quality of voice calls by automatically sending and receiving recorded human voices. MCS-W can also survey call quality between fixed line networks and WCDMA or between fixed line and CDMA 2000 1x at the same time when linked to equipment that make calls automatically and transmit voices on fixed line phones.
- **Major industry players like Samsung Electronics Co., SK C&C Co., Cowon Systems Inc. and Digital Cube Inc. are said to be all set to deploy portable players embedded with DMB chips.**

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Industry sources are predicting that portable multimedia players and MP3 players with mobile television service capabilities are likely to dominate the local digital devices market in the coming year. These companies believe there will be a rise in the demand for portable devices as the World Cup nears. The terrestrial DMB service, which is free of charge, is also expected to expand coverage to all parts of the country during the year. SK C&C plans to release soon a satellite DMB-enabled portable multimedia player called "C&C." The device supports navigation functions, music download programs, animation, and online publishing. Another firm, Cowon Systems Inc. is working on "A," a terrestrial-DMB-enabled portable multimedia player due for release this month. MP3 player manufacturer IOPS Co. plans to unveil two T-DMB products early this year.

Media, Entertainment and Gaming

- **TU Media announced that S-DMB subscribers hit 372,000 as of the end of 2005. A TU Media official reported that they were able to meet their full-year target last year and said he expected subscribers to go beyond 1 million this year.** S-DMB subscribers have been increasing despite the launch of T-DMB last December and the growth is expected to continue even after T-DMB phones are launched this month. TU Media currently has 11 video channels and 26 audio channels.
- **Neowiz said the company plans to launch pilot service of online baseball game 'Sluger' developed by WiseCat in the middle of this month.** The game has been developed to simulate the experience of an actual baseball game focusing on action, their variations and speed. In a separate report, Mbridge said that the company begins service of 3D mobile game '3D Shintobuli Olympics' over SK Telecom, a three-dimensional mobile game based on folk games framed in traditional background or stories. The game can be downloaded from sport category after connecting to GXG service of SK Telecom. Mbridge said it is expanding its share in domestic 3D game market. Analysts attribute the growth of mobile 3D market to the presence of advance-featured mobile handsets.

Telecommunications

- **Dacom, the country's second-largest fixed-line operator, announced its plans to do an overall reorganization, one that will include the reduction of headquarters by way of constructing sales- and customer-focused structure and the reinforcement of R&D and new businesses.** Under the plan, the firm said it would rearrange separate divisions such as fixed-line service, the Internet and convergence into Corporate and Mass Centers and strengthen its R&D and new business development to focus on new areas such as VoIP and develop new growth items. The IT Management Committee and N/W Management Committee directly led by the company's president will be run to maximize the synergy with Powercomm, the company's affiliate. For reinforcement of the Internet Solution Division, the company opened the Solution Support Department in Corporate Service Division.
- **Samsung Electronics to export T-DMB phones to China.** Samsung Electronics, the world's third largest cell phone vendor, will export 500,000 handsets for terrestrial digital multimedia broadcasting (T-DMB) to China. Samsung agreed to ship 200,000 units to Beijing-based Jolon DMB, an affiliate of Beijing Radio Broadcasting, which plans to start the video-on-the-go services in April, and has will also export 300,000 DMB phones to Guangdong Mobile Television Media. T-DMB enables people on the road to enjoy crystal-clear video, CD-quality of audio and data via in-car terminals or hand-held gadgets like cell phones. "China's DMB phone market is expected to gain steam at a rapid pace after the 2008 Beijing Olympic Games and we gain a platform in the country with these contracts," the spokesman said. According to the Credit Suisse First Boston the market for mobile broadcasting phones will reach

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10 million units this year before exploding to 40 million in 2007, 90 million units in 2008 and 150 million units in 2009.

- **LG Telecom said its number of subscribers has reached 6.5 million, a figure indicating a rise of more than 1.2 million compared to about 4.8 million at the end of 2003.** The firm said it attracted more than 4 million in less than 4 years since the service was initiated in October 1997. In 2005, LG drew in some 500,000 subscribers, a number that increased its share of the market to 16.8 percent in November this year from 14.4 percent at the end of 2003. SK Telecom, LG's rival saw its share of the market declined by 50.9 percent from 54.5 percent from during the same period. Amidst the stunted growth of the mobile population and market structure, observers see the increase as a feat. LG disclosed its plans to increase its customer base to 7.2 million by the end of next year and 8 million by 2007.
- **Following its announcement last year that it would do away with caller ID tariffs in 2006, SK Telecom announced that its clients could use caller ID service for free starting this month.** Some 18 million of SKT's 19 million subscribers currently use the caller ID service. With the elimination of the tariff, it is expected that SKT will lose 16.5 billion won (US\$16.5 million) per month in revenue. Separately, KTF and LGT said they have not yet come up with specific plans to lower their caller ID rates.
- **Hanaro Telecom, Korea's second-largest fixed line and broadband operator, announced its plan for the restructuring of its management.** The company said the major reason for the restructuring is the coming merger with Thrunet aside from. The firm was also focusing on a performance-based principle in management. As of the end of November 2005, Hanaro Telecom was reported to have gotten 22.7 percent of market share following KT with a 51.4 percent share. Its acquisition of Thrunet, with its 7.3 percent of market share, saw Hanaro's market control climb to 30 percent, diminishing in the process the gap with KT.

Information Technology

- **With key officials of the two companies having exchanged already a memorandum of understanding, Samsung Electronics and Avaya are expected to announce their partnership early next month.** Under the agreement, Samsung Electronics will provide IP PBX-enabled servers to Avaya on OEM basis. The deal will also allow Samsung to bring its IP phones to the world market via Avaya's distribution networks. The agreement between Samsung and Avaya is seen as a fusion of the Samsung's brand power as well as production capacities and Avaya's distribution networks. Within the partnership, the two companies will realign their sales agents: Samsung Electronics with its partners such as Seoul Commtech and Samsung Networks; Avaya with a part of Avaya South Korea's agents taking charge of business Internet telephony handsets while its other agents responsible for the call-center business.

China

Internet

- **Dangdang.com, the online bookstore and electronic-commerce site, said it is positive about its transformation into a company with a market capitalization of at least US\$500 million.** The firm hopes to achieve this when it gets its United States listing, which could be as soon as the third quarter of this year. Already, the firm said it is negotiating with five potential strategic investors and venture capitalists about selling up to 20 percent of its share capital, based on a current valuation of US\$200

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million. A company official said the company was looking to registering its maiden net profit this year, which is valued at US\$3 million and is aiming to get US\$40 million from potential investors. Dangdang was originally aiming for a NASDAQ listing next year but a top official said the firm had no “urgent” need for cash. Several investment banks such as JP Morgan Chase and Deutsche Bank had approached the company to help it gain a listing but talks stopped last year when the firm sent signals it wanted to take care of developing its business first. The company is targeting revenue of about 3 billion yuan (US\$372 million), compared with 440 million yuan (US\$54.5 million) last year.

- **Pacific Internet (Hong Kong) Ltd. announced the formation of an equity joint venture (EJV) with China-based Internet service provider, Zhong Ren Telecom.** The EJV is for the purpose marketing of integrated Internet Protocol (IP) communication applications in Southern China. The agreement will give Pacific Internet (Hong Kong) Ltd. and Zhong Ren Telecom each 50 percent of the equity interest of EJV. The partnership is seen also as giving the two opportunities to explore synergies in knowledge sharing and the execution of aligned marketing strategy. A top official of Pacific Internet took note of the extension of the firm’s geographic reach to mainland as one of the significance of the strategic move. Pacific Internet (Hong Kong) Ltd. is a wholly owned subsidiary of Pacific Internet Ltd., an Internet communications service provider.
- **Chinese mobile music publisher Rock Mobile reportedly received a US\$30 million investment.** Rock Mobile received the investment from an investor group including Walden International, Nippon Venture Capital Corporation, Goldman Sachs, Legend Capital, iD TechVentures, Siemens VC, and Nikko Ant Factory. Rock Mobile's parent company Rock Music holds less than 30 percent of the company now.
- **The 2005-2006 China Internet Industry Survey Report ranked eLong, Inc., a leading online travel service provider in China, No. 1 in the category of Travel Booking Websites.** eLong received the commendation organized by the Internet Society of China and co-organized by CID Consulting, IDC China, iResearch and Analysys International. The China Internet Industry Top 100 Award ceremony marked the release of a series of Internet Industry Survey Reports based on a survey conducted through web sites, email and telephone. Some 150 experts joined the survey.
- **Analysys International, a leading Internet-based business information service provider, said that Instant Messenger (IM) users are presented with more choices when IM providers confront heavier competition in the China market.** According to the research, China's IM users have developed rapidly in recent years, with the annual growth rate of IM users placed respectively at 140 percent, 92 percent, 70 percent and 51 percent from 2000 to 2004. China's IM subscribers reached 81.5 million the third quarter of 2005, posting a 38 percent increase compared with Q3 2004. The study shows Tencent QQ currently dominating the market with a market share of 79 percent, a position attributed to its innovation of successful business model. MSN Messenger, with a market share of 10.1 percent is listed No. 2, and is described as more favored by working people for its friendly interface, simple functions. Sina's UC is viewed as providing a quality interactive entertainment platform for users, occupying No. 3 slot, with 2.2 percent of the market share. Analysys International also finds that other IM providers are continuing to increase their investments, which remains a strong influence on the market. The research firm forecasts more intense competition in the IM market in the coming year or two.

Media, Entertainment and Gaming

- **GigaMedia Ltd. has announced the completion of its acquisition of the FunTown online game portal, a leading online Mahjong game site by revenue.** The acquisition is valued at US\$45 million

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acquisition and includes a US\$15 million convertible note issued by GigaMedia with a conversion price related to the GigaMedia share price before closing. FunTown's financial performance will appear in GigaMedia's consolidated financial statements beginning the First Quarter 2006. GigaMedia, a provider of online entertainment software and services, disclosed that it has plans to join the casual game business in Asia, which is experiencing rapid growth at the moment. The firm will use as take-off point FunTown's base of 4 million registered users as its foundation.

- **China Media Group Corp. revealed its plans to provide advertising through telecoms devices in a bid to enlarge its advertising coverage.** The move is based on the belief of the company that advertising messages transmitted by SMS, including interactive advertising, as a form of new advertising media will continue to grow. The company sees the increasing acceptance on the part of the consumer with regard to location-based ads, opt-in advertising and advertising-supported premium content. China Media Group intends to tap the large segment of some 390 mobile users in China, as of Nov. 2005, that sent more than 274 billion SMS messages and generated revenue of 27 billion Yuan (US\$3.3 billion).
- **Focus Media announced it was acquiring Target Media Holdings for \$325 million.** The move is seen as solidifying Focus Media's position as the market leader in China's out-of-home audiovisual advertising market using flat-panel displays. After the completion of the merger, Focus Media's nationwide commercial location advertising network will span over 60,000 displays in more than 30,000 commercial locations in about 75 cities in China. Target Media is the second largest out-of-home flat-panel display advertising network operator in China in terms of number of commercial locations and number of flat-panel displays installed in its network. For the nine months ended September 30, 2005, Target Media achieved revenue of US\$21.6 million and net income of US\$4 million. The acquisition is expected to generate cost synergies and result in an improved cost structure for the combined entities. Under the terms of the agreement, Focus Media will acquire 100 percent of the equity interest in Target Media for US\$94 million in cash and US\$231 million in the form of Focus Media ordinary shares. The Carlyle Group is Target Media's second largest shareholder.
- **Xinhua News Agency, China's official news agency and its largest news and print media service provider, announced its selection of SkyStream's IP video delivery solutions in a move to upgrade its system for distributing news to 80 affiliates worldwide from its Beijing news center.** The content delivery software is expected give Xinhua the ability to push IP video across multiple platforms through a single satellite connection. The new distribution system enables Xinhua to increase its data delivery from 500 MB to 5 GB per day to Xinhua's 150 subsidiaries across China and around the world. SkyStream provides IP video delivery platforms that enable service providers to transform their business by offering IPTV and MPEG-4 video services.

Mobile/Wireless

- **Under a national strategic partnership, China Unicom announced the opening of operating offices at all stores of Gome, a home appliance distributor, across the country.** The joint agreement will allow the sale of CDMA handsets. Observers note that China Unicom is focusing especially on the promotion of its CDMA mobile phones. The company has also revealed its plans to collaborate with mainstream distributing agents, especially large selling stores, in accordance with its plan for cooperation with retailers. As an emerging business development mode of retail chains, large selling stores have been playing a significant role in sales of home appliances and electronic products. China Unicom is the country's second-largest mobile carrier.

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Software

- **AsiaInfo Holdings Inc.**, a leading provider of telecom software solutions and security products and services in China, announced the signing of a contract with **Chongqing Telecom**, a major subsidiary of China Telecom, that will allow AsiaInfo to construct a uniform data application system using its own business intelligence (BI) software solution. AsiaInfo's BI software solution is expected to boost Chongqing Telecom's customer relations and market intelligence capabilities by way of a uniform system capable of managing huge amounts of customer data.

Hardware

- **Sensetech Co., Ltd.**, a major mobile keypad manufacturer from South Korea, announced its presence in the **Tianjin Economic-Technological Development Area (TEDA)**. Armed with an investment of US\$1.5 million, the company said its settling in the TEDA Microelectronic Industrial Park is a response to the growing demands of ultra thin keypads of mobile phones. The keypads are the production focus of the company. Sensetech manufactures for leading companies such as Motorola, Nokia, Samsung, LG and TCL. It owns an international patent in metal keypad manufacturing and many other patented technologies in South Korea.

Semiconductors

- **China's Southeast University and Dongda Communication** announced that they have jointly developed the country's first chip for **W-CDMA mobile phones**. The product is viewed as a major step forward in the country's drive towards 3G. Enjoying 16 domestic and foreign patents, the chip, named has passed the systematic test on communication and data transmission, showing it meets the requirements of W-CDMA international standards. The new chip is characterized by low power consumption.
- **Semiconductor Manufacturing International Corp. (SMIC), and SAIFUN Semiconductors Ltd.** announced an agreement that will allow SMIC to employ the **SAIFUN NROM technology in the development and production of Flash memory cards**. SAIFUN NROM technology allows storage of up to four bit-per-cell. The technology possesses a cell architecture that requires fewer manufacturing steps, a factor which lessens the manufacturing costs. SMIC is one of the leading semiconductor foundries worldwide and in China, and SAIFUN Semiconductors Ltd. is a firm that provides intellectual property (IP) solutions for the non-volatile memory (NVM) market.

Telecommunications

- **ZTE Corporation**, a leading global provider of telecommunications equipment and network solutions, has reportedly won a deal to provide **China Telecom**, with a trial **NGN (Next Generation) network in Shanghai**. According to a company news release, the new network will mainly employ ZTE fixed-line 3G@NGN solutions for provisioning enhanced calling and data services. Shanghai has around 10 million fixed-line and PHS subscribers. ZTE reports that the first phase of the network will be operational by July. ZTE was the first Chinese member of the International Softswitch Consortium. The company has constructed China's first commercial network based on softswitch technology and installed around 200 NGN networks in countries including Indonesia, Pakistan and the Philippines. China Telecom is the country's largest fixed-line operator. ZTE is China's biggest telecommunications manufacturer.
- **Huawei Technologies**, a firm that provides customized products and solutions for telecommunications operators worldwide, announced that it has won the **ADSL tender of the China Telecom Group, a fixed-line carrier in China**. Under the deal, Huawei will supply China

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Telecom with its DSLAM equipment and Smart AX MA5600 based on GE architecture. The technology is 100 percent ADSL2+ application and is expected to boost China Telecom's broadband network. The Huawei solution is designed to provide a secure platform to China Telecom for high-quality deployment of broadband transformation and IPTV business. Huawei described its Smart AX MA5600 as a comprehensive solution tailored for broadband multi-service network.

Taiwan

Internet

- **The Net Consumers Association said the concealing of corporate information of Taiwan's biggest three online shopping web sites, Yahoo! Taiwan, Taiwan eBay, and PC home Online ranked first in the top 10 news items concerning local Internet consumers in 2005.** According to a survey conducted by the association, the first three companies failed to disclose their physical company addresses on their web sites, an oversight perceived as having a “severe detrimental effect” on Internet shoppers' rights. The top official of the group said that in the case of transaction problems, consumers could encounter problems in how to communicate with the companies that produced the products they purchased. The association also took note of PC home Online's corrective measure of updating the corporate information on its main web page after the association unveiled the survey results. The top 10 news stories included the online sales of counterfeit weight loss medication Reductil. According to the Department of Health, selling drugs over the Internet was illegal, as the consumers would have difficulty in verifying the authenticity of the medicines. The implementation of web site ratings to restrict children and adolescent's access to Internet pornography was ranked as the 9th on the list.

Mobile/Wireless

- **DBTEL Inc. said it would quit selling mobile phones in the market for China's Mainland because it is not making a profit in the business.** DBTEL is the first Taiwanese handset maker to receive a license for domestic sales in the mainland. The company cites another main reason for quitting the increasing competition in the market. The company said it would focus instead its operations to exports. DBTEL has a manufacturing plant in Shanghai. No comment was immediately available from the manufacturer. The Chinese mainland's mobile phone entry policy, which drew in newcomers to get into the competitive market, affected DBTEL's sales, according to analysts. When the new policy went effect, more than 10 firms, including Huawei and BenQ, received approval to make and sell phones in China. In another report, Japan's Toshiba Corp also said it will quit China's mobile phone market. Nokia, Motorola and Samsung, however, gained market share this year by selling phones with high-resolution cameras, MP3 functions and stylish designs.

Media, Entertainment and Gaming

- **Qband, an online music store run by BenQ Corp, said on its web site that it decided to suspend its service after two years in operation. QBand did not to elaborate on its decision even as it stated that it might stage a comeback depending on company strategy.** The withdrawal followed that of iBIZ Entertainment Technology Corp, the nation's first online music store. The firm secured an authorization from record labels to provide music files for downloading in November 2003, but closed in May last year as a result of huge losses. This leaves KKBOX, an online music store developed by Skysoft Co and HiMusic, a joint venture of Hinet and Rock Records, as the only legitimate online music providers in the market. KKBOX had planned to offer music files that can

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be played on digital music devices with a digital copyright-management system, but announced that it was postponing the service because few players are equipped with this function. KKBOX currently has about 120,000 subscribers, which is not even one-third the subscriber base of Kuro, the nation's largest P2P operator, with more than 400,000 members. Last September, the Taipei District Court found Kuro guilty of infringing on intellectual property rights. Kuro said that while the company has filed an appeal against the ruling, it is also seeking a way to settle the conflict with record labels. However dim the situation may appear, Yahoo-Kimo Inc, one of the largest Internet portals in Taiwan, revealed its plans to join the download market in the first quarter of the year.

Hardware

- **AU Optronics Corp, the nation's biggest maker of liquid-crystal-display (LCD) panels for computers and televisions, responded to the government's new restrictions on hazardous emissions by stating that such laws would not be seen as a burden on its operations.** A government body called the Environmental Protection Administration (EPA) announced a new measure setting stricter emission standards for the optoelectronics industry. AU Optronics said it already implemented countermeasures to the new regulations about two or three years ago when the government started drafting the law. Currently, AU Optronics manufactures LCD panels at eight plants and has another manufacturing plant under construction. In the first 11 months of last year, the company made 27.37 million flat-panel units measuring 10 inches or more. The government's new rules stipulate that new optoelectronics foundries must be capable of processing at least 85 percent of their waste, while existing plants must process a minimum of 75 percent of their waste. Manufacturers of LCD monitors and related components who fail to meet the requirements could face a fine of up to NT\$1 million (US\$31,000).

Semiconductors

- **Intel is reportedly set to start paying royalties to a small Taiwanese firm called C-Media.** The report mentioned that C-Media and Intel are in the process of developing high definition audio and the chip firm needs some software and audio chip tech. Analysts say that while it is not unusual for Intel to invest in companies, the company is perceived as not generally "keen on licensing".

Hong Kong

Media, Entertainment and Gaming

- **i-Cable Communications, the leading pay-television operator announced that it has set up three companies in a bid to diversify its revenue bases.** The move is seen as its response to the increasing competition from main rival PCCW. Industry observers, however, manifested doubt regarding the move as causing a significant difference to the firm's performance. The new entities are i-Cable News, i-Cable Sports and i-Cable Entertainment, all formed to boost competitiveness through the opening of business opportunities as separate content providers. i-Cable saw only a tiny growth in its customer base from 702,000 to 718,000 in the first half of last year. PCCW's Now Broadband TV reached the 500,000 figure in November, up from 441,000 at the end of June. Television Broadcasts' SuperSun, another licensed pay-television operator, had about 40,000 subscribers at the end of July.

Mobile/Wireless

- **Analysts predict more intense competition this year for mobile-phone operators despite widespread and continuing consolidation as operators push subscribers to upgrade to third-generation phones.** Analysts see the acquisition of SmarTone-Vodafone by China Mobile, China's

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largest operator, as the most likely move towards further consolidation. This would effectively be a consolidation between SmarTone-Vodafone and China Resources Peoples Telephone, which was acquired by China Mobile. The year 2005 saw changes in ownership for many of Hong Kong's mobile-phone operators after years of heavy competition. Analysts see the merged CSL and New World Mobility, to be known as CSL New World Mobility, becoming Hong Kong's largest mobile-phone operator. The merged entity would be controlling 34 percent of the market. New World Mobility said it and CSL would maintain their individual brands even after the merger. Increased competition is also expected in 2G services, with operators not providing 3G services scrambling to retain customers. At present, only about 500,000 of Hong Kong's eight million mobile phone users have upgraded to 3G services.

Hardware

- **NCR, the firm behind nearly all of Hong Kong's ATM machines announced what it described as a machine resistant to all known types of ATM fraud.** NCR said their new machine could automatically detect outside hardware installed by fraudsters and send a signal back to the authorities. The machines also feature new safes made of a steel and cement composite. The machine incorporates various automated banking activities such as accepting cash deposits, making it theoretically possible that the machine would never need a bank note refill. NCR said it expects to sell about 100 of the new machines in the first half of the year as banks begin making pilot trials. There are some 3,000 ATM machines in Hong Kong, with 90 percent of them supplied by NCR.

Telecommunications

- **PacificNet Inc. announced the selection of its Epro subsidiary to provide customer relationship management consultancy, training and call center services to China Unicom.** Under the deal, PacificNet is expected to enhance the quality of service at the telephone, hotline and sales department of China Unicom's Shandong unit. PacificNet Inc. is a Hong Kong-based provider of customer relationship management (CRM), call center, Direct Response Television (DRTV), Interactive Voice Response (IVR) services, and Value-Added Services (VAS) in China.

Singapore/Malaysia/Philippines/Indonesia

Telecommunications

- **With the granting of licenses to mobile telephone operators for the provision of third generation (3G) services, the National Telecommunications Commission (NTC) noted that existing laws covering the broadcast and telecommunications industry needed to be reviewed.** Services from broadcast and telecommunications industries are expected to converge with 3G. The new technologies mean that legal challenges are expected, with the convergence of broadcasting and telecommunications as the next area of concern for those in the industry. Citing an example, NTC said Philippine laws have different requirements for capitalization for broadcasting firms and telecommunications. With convergence and 3G, the matter about foreign ownership is expected to become an issue. A Globe Telecom executive said video streaming was an "interesting" application that is made possible by the introduction of 3G mobile networks. In another report, NTC has junked the petition of trunk radio operator Next Mobile for a 3G license for its failure to pay supervisory and

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regulatory fees amounting to over 120 million pesos (US\$2.2 million). With Next Mobile out, only four parties remain vying for the 3G slots. These are BayanTel, AZ Communications, Multimedia, and Pacific Wireless. In its application to NTC, Next Mobile said it is allocating 20 billion pesos (US\$381.4 million) for the five-year rollout of its 3G network. NTC reported that, even if the company is out of the 3G roll, it was still granted the authority to engage in CMTS (Cable Modem Termination System) services, a system of devices that allow cable television operators to offer high-speed Internet.

Internet

- **Indonesia's Telkom announced that it would invest 800 billion rupiah (US\$81 million) to develop and expand its services in East Java province.** The carrier said it plans to develop its "Flexi" cable phone service and its "Speedy" broadband access Internet in the province in 2006. The company said it will add 196 base transceiver stations (BTS) and 102 thousands line units of Speedy" in 2006. Currently, there are about 1.4 million of Flexi line units in East Java and the number is projected to grow by about 1.3 million Flexi line units. The subscribers of Speedy broadband access Internet in East Java number only around 5,000 unit lines, but are expected to increase to 102,000 unit lines in 2006.

Mobile/Wireless

- **LM Ericsson, a wireless equipment maker announced its signing of an agreements to build, operate and manage the mobile network of Indonesian operator Natrindo Telepon Seluler in Jakarta and surrounding areas.** Under the two-year contract, the Swedish firm will supply equipment for the operator's 3G, or third generation, network. The Indonesian operator is a subsidiary of Malaysia's Maxis Communications.

Ventures/Investments

- **Singapore announced that it would be setting aside billions of dollars to research and development over the next five years in an effort to face the competition from China and India, according to government sources.** The government set up a body called the National Research Foundation, as a conduit of part of the funds made available by the government to develop what it called "environment and water technologies" and "interactive and digital media". Singapore has lately found itself and its key electronics sector under increasing pressure from other Asian countries, especially from China, where production costs are cheaper. To remain competitive, the government has invested billions of dollars into developing new growth engines for the economy with a strong focus on higher-value, research-intensive industries like biomedical science. The biomedical science industry contributes about 6 percent of Singapore's gross domestic product of US\$180 billion. The National Research Foundation was founded to coordinate the research activities of different agencies and to fund strategic research and development initiatives.

United States/Canada

Internet

- **Uniden America Corporation, a leading manufacturer of wireless consumer electronics, and 8x8, Inc., the Packet8 broadband Voice over Internet Protocol (VoIP) and videophone communications service provider, announced the extension of their strategic partnership.** With the announcement came the introduction of a new co-branded VoIP product. Expandable up to 10 handsets, the Uniden UIP165P system is capable of deploying VoIP telephony throughout the home.

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The phone system, which includes a base station, as well as an extra caller ID handset with a charger, offers full router functionality. The UIP165P features a keypad and speakerphone at the base, handset speakerphone and the ability to transfer calls between handsets. Uniden America Corporation, the North American subsidiary of Japan-based Uniden Corporation, manufactures and markets wireless consumer electronic products including cordless telephones, business telecommunications systems, networking and data products, Bearcat scanners, FRS/GMRS radios, marine radios and other wireless personal communications products. 8x8, Inc. is a VoIP service provider offers Internet-based telephony solutions for individual residential and business users as well as small to medium sized business organizations.

- **AT&T announced its entry into the TV market with the launch of its new Internet-based service in Texas.** The company, which has been developing its TV network based on IP technology for more than a year, is offering the service to a limited number of customers in San Antonio, where the company is headquartered. In this initial launch, AT&T is offering 200 channels, including HBO, MTV, ESPN, Discovery Channel and A&E, along with all three major broadcast networks. It is also offering several hours of on-demand programming. AT&T, formerly SBC Communications, has built its network using IP technology, which will allow it to offer viewers more interaction than typical TV viewing over today's cable networks.
- **Yahoo announced an expansion that is going to bring the firm beyond the PC and into web-enabled mobile phones and other mobile devices that consumers can use to access their customized content.** Yahoo Go Mobile, the new service set to be launched, will work on any cellular network, although for now, only on Nokia's Series 60 line of smartphones. The product encompasses a new user interface designed to fit on the small screen of a smartphone. The Yahoo Go application is downloadable free at Yahoo's website. The company said it has also signed a deal with Nokia so the mobile phone maker will be pre-installing the Yahoo Go program on select mobile devices. Yahoo disclosed that there is another version of Yahoo Go for PC-connected TVs, called Yahoo Go TV, which would be launched in coming months. The device will similarly let Yahoo users access much of their personalized web data as long as the TV is connected to the Internet. Unlike Yahoo Go Mobile, the TV version of the service will also include music and video content from Yahoo. Cingular Wireless said it has plans to promote Yahoo Go.
- **Ascalade Communications Inc. announced its signing of a development agreement with Skype, a global Internet phone services company that will allow the phone maker rights to develop new Internet-based telecom products.** Ascalade said it would work closely with Skype's development teams to create original products for its telecommunications, Internet communication and networking customers. Details of the terms of the deal were not disclosed. Ascalade designs and manufactures wireless communications products such as cordless phones, VoIP phones and digital wireless baby monitors for branded distributors and telecom companies. Skype is the world's fastest growing service for Internet communication, allowing people to make unlimited voice and video calls for free.

Information Technology

- **Delphi, a vehicle supplier, said it would supply XM satellite radio receivers for three Hyundai models to Hyundai Motor America.** The expansion of satellite radio in the U.S. has provided a new opportunity for Delphi. Observers say it could serve as way for Delphi's recovery from bankruptcy. Delphi supplies satellite radio receivers to more than 10 vehicle makers, including Ford Motor, General Motors, both U.S.-based car companies, and DaimlerChrysler from Germany. Delphi did not disclose

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terms of the Hyundai deal. The domestic satellite market currently has about nine million subscribers, which brings in nearly US\$450 million in annual revenue, according to research and consulting firm Mintel International. The subscription revenue in the U.S. is expected to hit US\$2.5 billion by 2009. The U.S. satellite radio expansion has brought about optimism that Europe could see similar growth. Delphi is positioning itself to benefit if such a trend emerges. In a separate report, Delphi said that it had made an undisclosed but significant investment in Spanish startup Ondas Media, which hopes to launch Europe's first satellite radio network by 2009. Ondas estimates the European market could represent more than US\$1 billion in subscriber revenue early next decade.

Media, Entertainment and Gaming

- **Primedia Enterprises, the worldwide brand licensing division for Primedia Inc., announced its production of mobile applications for cellular phones and wireless personal devices in partnership with NINJA Mobile, Inc.** The products will be developed from the content found in Primedia's popular Outdoors titles, such as In-Fisherman, Florida Sportsman, Game and Fish and Shallow Water Angler. The mobile applications will give users instant access to weather reports, tides, hotspots and other information. This venture with NINJA Mobile Inc. comes on the heels of the company's recent extension into the wireless arena with. The new wireless offerings will be available to subscribers of most U.S. wireless carriers, including Verizon Wireless, Cingular, T-Mobile, Cellular South, Alltel and Amp'd Mobile starting in March 2006. Primedia Enterprises is the worldwide trademark and content licensing division for Primedia, Inc.'s 120 enthusiast magazines. NINJA Mobile, Inc. is a California-based enterprise and carrier class mobile solutions provider and developer. NINJA also creates and distributes gaming, innovative mobile data services, and enterprise applications and provides a fully featured content distribution framework, with offices in the U.S., Japan, and India.
- **Pioneer Electronics and Samsung Electronics announced the introduction of MP3 players that include satellite radio service from XM Satellite Radio Holdings.** The devices are the Pioneer Inno and the Samsung Helix XM2go. Both devices are able to save music in the popular MP3 and WMA formats. The Inno and Helix XM2go will both retail for about US\$399 and will be available by March. Samsung is also offering even smaller music player called the Nexus. The two units will not have built-in XM tuners, like the Helix. Instead, the units will receive XM signals when placed in a docking station along with the XM Passport, a small cartridge, which serves as a portable satellite radio tuner. When taken out of the docking stations, the NEXUS 25 will play up to 25 hours of recorded XM radio content or songs, while the NEXUS 50 will hold 50 hours. Other firms are following suit, with Thomson Multimedia disclosing its partnership with RCA and GE for the deployment of several new Sirius-enabled audio systems, priced between US\$119 and US\$299.
- **Motorola announced the release of music radio service for mobile phones that also plays over car and home stereos.** Motorola iRadio has 435 channels and would be sold by wireless service providers to their subscribers. Motorola expects about 90 percent of its content to be loaded on phones from the Internet over a personal computer, rather than broadcast over the air. iRadio marks a rare foray into consumer services for Motorola, one of the world's top producers of mobile devices and network equipment. The company sees the system as a new business model for radio, with the phone serving not only as a portable music player but also as a roving medium for music. To achieve this, Motorola has developed a Bluetooth wireless adapter for car radios so that a mobile phone can broadcast its content over a car's speakers. Motorola values the device and installation somewhere around US\$200 or less. Motorola is also selling a Bluetooth adapter to connect phones with home stereos. The commercial-free network will feature channels created by Motorola through its partnerships with music labels, as well as stations from other broadcasters.

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Semiconductors

- **A Vietnamese official said Intel has asked his country's government for a license to build a chip plant worth US\$605 million in southern Ho Chi Minh City.** Under Vietnamese regulations, the project needs authorization from several ministries before being submitted to the prime minister for a final approval. The proposed plant would cover 46.7 hectares and employ 2,000 local workers. In late 2003, Intel signed an agreement with FPT, a semi-private Vietnamese IT company, to be its first original equipment manufacturer in Vietnam. Under the agreement, Intel will sell central processing units, main boards and other components to FPT at preferential prices for the manufacture of desktops, laptops and servers under the Vietnamese company's Elead brand. No comment was immediately available from Intel.
- **National Semiconductor points to a robust wireless and handheld consumer electronics market is one of the key growth drivers for analog solutions specialist this year.** The firm, which manufactures high-value analog devices and subsystems, is already making gains from its portfolio of higher-value analog products. Headquartered in California, National specializes in the production of power management circuits, display drivers, audio and operational amplifiers, communication interface products, and data conversion solutions. Its key analog markets include wireless handsets, displays and a variety of broad electronics markets, including medical, automotive, industrial, and test and measurement applications. During the second quarter of fiscal year 2006 which ended November 27, 2005, National Semiconductor reported a net income of US\$114.7 million, on revenues of US\$544 million.

Hardware

- **Lenovo announced the deployment of two new ThinkPad models, devices that are expected to yield a new level of performance and portability to the notebook brand.** The company said it has extended the battery life of its notebook computers to up to 11 hours with an extended battery. Designed around Intel Centrino Duo mobile technology, the ThinkPad X60 Series and ThinkPad T60 Series help business users move further away from the office as it provides connection with embedded wireless wide area network (WWAN) antennas and operating longer without a power cord. ThinkPad X60 Series and T60 Series draw less power than previous X and T models for extended battery life. Intel dual-core processors improve productivity and multitasking versus previous processors, allowing users to run multiple high-performance applications that include medical or engineering software, virus scan or system backups without fear of machine paralysis.
- **Comcast disclosed its plans to tap South Korea's Samsung to supply digital set-top boxes for the U.S. cable operator starting in 2007.** Comcast plans to order 200,000 boxes initially, with the possibility of ordering another 500,000 units. The new boxes will allow Comcast customers to connect their digital music players and digital cameras to the boxes. The deal comes a day after it announced a similar deal with Panasonic to purchase 250,000 set-top boxes.

Software

- **LSI Logic Corp. said it has developed low-power, 3D-capable application processor architecture, based on ARM's technology.** Dubbed Zevio, the application processor architecture is geared for consumer electronics products such as GPS navigation systems, electronic toys and edutainment applications, personal media players, and handheld products. LSI Logic is a U.S.-based firm that provides development support tools and pre-verified consumer-specific IP, such as 3D graphics and sound cores. Mobile entertainment hardware and software design experts from Koto Co. Ltd., who developed the WonderSwan handheld gaming system in Japan, collaborated on the creation

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of the Zevio 3D graphics and sound processors. To streamline product and application software development, LSI has also engaged with strategic partners Access Co. Ltd. for additional 3D graphics and embedded system expertise.

- **Symantec announced its acquisition of IMlogic, a move that is seen as a bid to enhancing the firm's security offering.** The acquisition of privately held Imlogic, a firm that helps companies secure and store instant-messaging traffic, is expected to enable Symantec to broaden the security and legal compliance tools it offers to customers. The acquisition follows closely Symantec's US\$11 billion acquisition last year of Veritas Software. Instant messaging has become a popular means of real-time communications in companies but the technology can be vulnerable to hackers. Details of the deal were not released.

Europe

Hardware

- **Mobile Deutschland, a German mobile operator, announced its plans to offer a low-cost notebook with three wireless connectivity options in a move to promote its high-speed mobile data services in Europe's largest cellular market.** The notebooks are to be manufactured by Fujitsu Siemens Computers and will be equipped with 3G, HSDPA (High Speed Downlink Packet Access), and WLAN (wireless LAN) technologies. T-Mobile Deutschland is a unit of T-Mobile International, which has more than 80 million customers in nine markets in Europe and North America. T-Mobile International is a wholly owned subsidiary of Deutsche Telekom. Computer maker Fujitsu Siemens plans to install all three high-speed wireless technologies in its Lifebook series. Fujitsu Siemens is a 50-50 joint venture of Germany's Siemens and Japan's Fujitsu.

Telecommunications

- **British Telecom (BT) reportedly made little of the speculation that the UK's telecoms giant is planning a £6bn (US\$10.3 billion) takeover of broadcaster ITV.** The company said the amount involved in the acquisition is out its price and does not sit well with the company strategy of getting into smaller strategic acquisitions. Shares in ITV climbed after the Wall Street Journal Europe said a takeover of ITV by BT is "not as outlandish as it sounds".

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