



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

Week of 8 January - 14 January 2005

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



Week of 8 January- 14 January 2005

Table of Contents

Weekly Highlights	3
International	3
Japan	3
Korea	7
China	10
Taiwan	14
Hong Kong	15
Singapore/Malaysia/Philippines/Indonesia	16
United States/Canada	17
Europe	19

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



Week of 8 January - 14 January 2005

Weekly Highlights

International

Internet

- **With 20 million new users going online last year, China has become the world's second most populous Internet nation, with the total number of Chinese surfers reaching almost 120 million last year, according to a report from US-based research and consulting firm eTForecasts.** Rapidly increasing Internet adoption in Asia's highly populous developing nations, notably China, India and Indonesia, has helped push the worldwide online population over one billion for the first time. Data from U.K.-based Point Topic puts the number of Chinese broadband lines at 35 million compared to almost 41 million in the US. According to eTForecast's data, the U.S. share of the global online population slid from 19.8 per cent in 2004 to 18.3 percent last year, while China's share went up from 10.6 per cent to 11.1 per cent. The top Internet nation, measured by total number of users, remains the US, with 197.8 million, followed by China, Japan, India, Germany, the UK, and South Korea. The worldwide total number of users is 1.08 billion, up 150 million since 2004. According to eTForecasts, global Internet use increased almost tenfold from only 45 million in 1995 to 420 million in 2000. The figure has more than doubled in the five years since then, and is expected to double again to reach two billion in five years' time.

Mobile/Wireless

- **Worldwide growth of the mobile gaming market has exceeded expectations, with revenues doubling in value over the past year and surpassing 1.7 billion euros (US\$ in revenues, according to Screen Digest.** The audiovisual media industry analysts also found that Japan and Korea, once regarded as the power houses of the mobile games industry, were surpassed during 2005 by Europe and the U.S. During 2005, the Western markets of Europe and in particular the U.S. have seen rapid growth and now account for 52 percent of mobile games revenues. Unlike the console or PC gaming markets, the mobile games sector is dominated by specialist players. Jamdat of the U.S. and Gameloft of France accounted for almost 30 percent of games download revenues in the U.S. and Europe during 2004. Venture capital has been moving into the mobile gaming industry at a rapid rate, with €425m being invested in the market since 1999. With worldwide games revenues forecast to hit 7 billion euros by 2010 and games enabled handsets to increase to US\$2 billion, observers say it is easy to accept the high level of investment.

Japan

Internet

- **Transcosmos Inc., a major call center operator, said it plans to enter the Internet marketing support business in South Korea through capital tie-ups with local firms.** The firm is already offering high value-added services locally, including outsourcing of call center operations. It intends to apply the lessons learned in South Korea to the Japanese and Chinese markets. On Dec. 26, transcosmos acquired stakes in two South Korean Internet-related firms through private placements of new shares. It took a 37 percent interest in 9FruitsMedia Inc., an Internet advertising agency, and became the largest shareholder in Damoim Corp., which operates a personal web site, by obtaining a 31 percent stake. Under the plan, transcosmos will team with 9FruitsMedia to provide web-site creation,

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



Week of 8 January - 14 January 2005

advertising and other Internet-related services to its call center customers. Damoim's personals site has 13 million members. Through its capital tie-up, transcosmos seeks to acquire expertise in the operation of a large web site. It also intends to test newly developed techniques, such as promotional e-mails and web-site creation, using the personals site's members. transcosmos has been in the call center business in South Korea since 2001, posting sales of about 10 billion yen (US\$87.5 million) in 2005.

9FruitsMedia is a firm with a strong focus on Internet ads that incorporate video and also offers integrated marketing services that combine other media with the Internet.

- **New Internet service companies are reportedly gaining entry into China in a move to gain from the country's rapidly expanding base of netizens.** Livedoor Co. said it will begin offering blog-related services there later this month and in March plans to offer a "social networking service" enabling members to easily communicate with each other online. The service will be provided through Myrice, a Shanghai-based Web portal operator that the firm acquired in 2004. Livedoor has an immediate target of about 1 million subscribers in China, about the same size as its customer base in Japan. Gourmet Navigator Inc. intends to launch a Chinese web site that will carry fee-based information about local restaurants as well as host seminars to help restaurants attract more customers. It aims for the site, which will be operated by a Chinese company because of local regulations, to carry information on 5,000 to 10,000 local restaurants in three years. Excite Japan Co. will start distributing online games in China through a Malaysian firm with extensive local experience in the business. It expects monthly sales of about 150 million yen (US\$1.3 million) just from the first game to be introduced in January. To achieve this, Excite Japan revealed its plan to acquire a 30 percent stake in the Malaysian company. Opt Inc., an online advertising agency, is considering selling ads to Chinese companies wanting to promote consumer goods and other products over the Internet, which will be done through a partnership with Adways Co.

Mobile/Wireless

- **Cellular phone service firms disclosed plans to broaden their handset lineups in a bid to draw more customers from rivals.** NTT DoCoMo Inc. said it plans to release this spring three design-oriented 3G cell phone models to be developed jointly with NEC Corp., Mitsubishi Electric Corp. and others. Through the new models, DoCoMo said it is planning to compete with KDDI Corp.'s au cell phone service in the market for young people. By next fall, au intends to increase its number of handset suppliers to eight, including Sharp Corp., which supplies popular handsets to DoCoMo and other cell phone service companies. Vodafone KK said it would start buying from South Korea's Samsung Electronics Co. in a bid to boost its 3G-handset offerings. Growth in domestic handset sales appears to have stalled, with sales in 2004 suffering a year-on-year decline. In 2005, DoCoMo, au and Vodafone released 30 percent more new models than a year earlier even as total domestic sales are observed to remain largely unchanged from 2004. New-model releases in 2006 are expected to rise by more than 30 percent because the number portability service will make it easier for service providers to lure customers from rivals.
- **Kyocera Corporation, along with its subsidiary, Kyocera Wireless Corp., and Nokia Corporation, along with its subsidiary Nokia Inc., today announced that they have entered into a patent license agreement.** Under the terms of the agreement, Kyocera is licensed under Nokia's essential patents, and some additional patents, relating to CDMA, PHS and PDC standards. Kyocera will pay royalties to Nokia for all Kyocera CDMA mobile phone and module products. Nokia is licensed under all of Kyocera's essential patents, and some additional patents, relating to all standards and covering all Nokia mobile phone, module and infrastructure products. The parties have been involved since February 2004 in a series of patent disputes relating to mobile phone products. This

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



Week of 8 January - 14 January 2005

license agreement is said to resolve all pending litigation between the parties without contingencies of any kind.

- **NTT DoCoMo Inc. overtook KDDI Corp. as the largest Japanese mobile phone operator in 2005 in terms of net growth in subscriptions, according to the Telecommunications Carriers Association.** The group said the number of subscriptions to NTT DoCoMo increased by about 2.4 million units on a net basis – new subscriptions minus cancellations. KDDI, the operator of "au" phones, fell to second place with 2.3 million units in net increases. The figure takes into account subscriptions to the TU-KA cell phone service group, which was acquired by KDDI last year. Vodafone K.K. ranked third with a net decline of 43,000 units. NTT DoCoMo's return to the top spot came amid the popularity of its new "Push Talk" service, which enables up to five people to talk to each other at the same time. Its "wallet" phone service, which adds an electronic money function to a mobile phone, was also favored by users, the association said. Vodafone saw a net decrease for the first time due to the negative effects of its delayed introduction of third-generation handsets capable of high-speed data transmission. Overall, mobile phone subscription in Japan totaled about 90.1 million units, a growth about 4,745,000 units, which represents the smallest margin of increase since 1996. The result is seen as pointing to the near saturation of the market for mobile phones.

Media, Entertainment and Gaming

- **CinemaNow Inc. announced its support for Intel Viiv-technology-based PCs on a global basis. In 2005, CinemaNow and its partners launched CinemaNow Japan to better serve the expanding Japanese market on a more localized level.** CinemaNow Japan recently became the first online service to offer movie downloads from a major Hollywood studio to the Japanese market via an online subscription over the open Internet with the addition of content from Warner Bros. Throughout 2006 CinemaNow will continue its international expansion into new territories, all of which will make content available for Intel's Viiv technology platform. CinemaNow legally offers content from a library of more than 7,500 new and classic movies, television programs, music concerts and music videos from 20th Century Fox, ABC News, Disney, HDNet, Lions Gate, MGM, Miramax, NBC Universal, Sony, Sundance Channel, Warner Bros. and more than 250 other licensors via downloading or streaming. CinemaNow continues to be an innovator in the video-on-demand industry with the introduction of high-definition content and support for portable media devices. CinemaNow counts Menlo Ventures, Lions Gate Entertainment, Microsoft, Cisco Systems and Blockbuster as investors. CinemaNow Japan as established as a joint venture between US-based CinemaNow, Inc., Tokyo-based transcossmos inc., and US-based Microsoft Corporation to provide broadband video-on-demand services in Japan.
- **Avex Group Holdings Inc. announced its plan to begin the production of CDs of Chinese singers and doing their promotion in China and other Chinese-speaking markets.** The major Japanese music software firm aims to do this by getting into a tie-up with a Shanghai management company for singers, the major Japanese music software firm. Through the linkage the Japanese firm aims to find local talent and help it make it big in Chinese-language music markets. Their CDs will likely use Japanese songs and background tracks recorded in Japan, but lyrics will be written in Chinese under the supervision of a successful music producer in Taiwan to make them appealing to Chinese listeners. Promotional videos will be produced by an Avex group firm. In addition, the group will lend a hand to assist in CD sales in Chinese-speaking markets. The group is also looking into venturing into video production and distribution by joining forces with a management company in Beijing. Avex said it is thinking of setting up a subsidiary in China in a bid to strengthen its entertainment business in East Asia

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



Week of 8 January - 14 January 2005

Hardware

- **Toshiba Corp. looks to grow its consolidated operating profit to approximately 30 percent, a figure that will allow it to hit over 200 billion yen (US\$1.7 billion) in fiscal 2005, a performance seen as beating** its previous estimate by more than 30 billion yen (US\$262.7 million). The major electronics firm projects that booming semiconductor sales as well as strong sales of digital products and medical systems will boost its earnings, marking the first operating profit increase in two years. Group sales are now seen increasing 6 percent to 6.2 trillion yen (US\$54.3 billion), more than 200 billion yen (US\$1.7 billion) greater than its previous estimate. Demand for flash memory chips, which are used in portable digital music players, is growing. Operating profit from the semiconductor segment is now seen surpassing 100 billion yen (US\$875.8 million), compared to the initial estimate of 75 billion yen (US\$656.8 million). As for digital products, personal computer sales are strong, but because they are manufactured at locations such as China and imported into Japan, the impact of the weaker yen has resulted in diminished margins. Consequently, profits from these products are now expected to fall slightly rather than increase as initially projected. Prices for DVD recorders have dropped, and this product segment is expected to lose money. Sales of hard disk drives and mobile phones remain strong, with profit from the entire digital product segment expected to increase. Toshiba's consolidated net profit is now seen rising 41 percent in fiscal 2005 to about 65 billion yen (US\$569.3 million), exceeding the previous estimate by around 10 billion yen (US\$87.5 million).
- **Sharp disclosed a forecast of a record three trillion yen (US\$26.2 billion) in the next business year, a figure it attributed to huge sales of flat-panel televisions.** The firm said it hopes to generate revenue of 980 billion yen (US\$8.5 billion) from its liquid crystal display (LCD) business alone in the financial year to March next year, a figure that is approximately 18 percent more than in the current fiscal year. Flat-panel TVs are proving hot-sellers in Japan as fierce competition drives down prices. It also helps that consumers are becoming less cautious amidst the improving economy. Sharp, Japan's largest maker of LCD panels and televisions, said it plans to sell six million LCD TV sets in the next fiscal year, 50 percent more than in the current term. Sharp has set aside 275 billion yen (US\$2.4 billion) for capital investment next year, up from 220 billion yen (US\$2 billion). For the financial year to March this year, Sharp expects a net profit of 87 billion yen (US\$762 million) on revenue of 2.7 trillion yen (US\$26.6 billion), both of which will be record figures if achieved. In another report, Fujitsu announced plans to invest 120 billion yen (US\$1 billion) over two years to boost production capacity at a semiconductor plant in central Japan.

Ventures/Investments

- **NTT Urban Development Co. announced its plans to increase its group operating profit to revenue ratio to 20 percent by the end of the year through March 2008, from 18 percent in fiscal 2004.** The company said it would do this by expanding its development and subleasing of office buildings in cities other than Tokyo and strengthen its condominium operations, company sources said. The property development unit of Nippon Telegraph and Telephone Corp. is looking to a consolidated operating profit of 22 billion yen (US\$192.6 million) for fiscal 2007, on revenue of 110 billion yen (US\$963.4 million). NTT Urban said it aims to form real estate investment trusts, (REITs) in future.

Information Technology

- **Senior government officials are reportedly talking about administrative realignment, focusing mainly on consolidating government oversight of telecommunications, broadcasting and information technology (IT).** IT strategy is handled by a cabinet panel headed by the prime minister;

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



Week of 8 January - 14 January 2005

supervision and promotion of telecommunications and broadcasting are managed by the Ministry of Internal Affairs and Communications; promotion of IT and high-tech home electronics is handled by the Ministry of Economy, Trade and Industry; and the fostering of copyrights and contents are taken care of by the Education Ministry, Culture, Sports, Science and Technology and the Agency for Cultural Affairs.

Semiconductors

- **IBM Corp., Sony Corp. and Toshiba Corp. announced their joint partnership aimed at the development of production technologies for chips with circuit widths of 32 nanometers, a level of technology beyond the next generation.** The three firms said they are researching basic technologies needed to fabricate 32nm semiconductors by gathering technicians at an IBM research facility and production site in the U.S. state of New York over the next five years. They expect to start fabricating such chips in volume around 2013. Details about funding and human resources were not disclosed. Currently, the most advanced chips in the market are fabricated using 65nm technology, with major chipmakers working on development of next-generation chips with 45nm circuit widths. By beginning development of 32nm chips soon, the three companies hope to gain an edge on rivals with huge development budgets, such as U.S. chipmaker Intel Corp. and Samsung Electronics Co. of South Korea. Since 2001, IBM, Sony and Toshiba have been jointly developing the Cell microprocessor, which will be used in Sony's PlayStation 3 game console due out this year. In addition, Sony and Toshiba are already collaborating on development of 45nm process technologies.

Korea

Internet

- **Intel announced partnerships with South Korean firms SK Telecom and NHN. The two firms will provide music, movie and online game contents to the Viiv home entertainment system.** The new platform is composed of Intel's Centrino dual-core processors, chipsets and network controllers. It can perform as a home entertainment hub, which provides games, music, and movies and e-mail service on TV screens using a remote control. The Viiv PCs will be made by some 30 PC manufacturers, such as Samsung, LG, TriGem and many others. It will use Microsoft's Media Center Edition (MCE) as its operating system. SK Telecom, the nation's largest mobile carrier, is providing its on-demand music and music video download service Melon. The company also plans to launch its famous Internet community service Cyworld for Viiv soon. South Korea's leading Internet company NHN also joined the Intel team. NHN will provide its movie and video file streaming service via Naver, the largest Internet portal in South Korea, as well as its Hangame online game portal.
- **KT announced the construction of what is reputed to be Asia's largest Internet data center (IDC), targeted for completion in April, 2008.** KT already has 13 IDC and data centers in Korea. The IDC newly established for enhancement of Internet business will be set up on the basis of international standards and KT's own standard and experience in construction and operation. It will include a copyright management center, multimedia center, incubating center and IT education center that will conduct necessary functions for the next generation service provider. The center is also expected to function as a "customer-tailored, exclusive center" for large portal business units like NHN Corp., according to KT.
- **Dreamwiz announced the launch of Smart Search, which is the first address bar search service in South Korea.** Address bar search allows users to type in keywords directly to Explorer's web browser address bar to get the search results they need. The offering features information on the

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



Week of 8 January - 14 January 2005

weather, stock prices, and a calculator function. Users would need to download the Smart Search program in order to use the service.

- **Cyworld, a leading Internet firm, announced its plan to enter India. Cyworld is South Korea's largest personal homepage services company and has over 17 million users in South Korea alone.** Also known as an Internet-expression company, it recently set up base in China and Japan. The site is also popular for 'Cy-ing', the technology that allows postings or uploading photos onto Cyworld. The company calls its subscribers "Cyholics", or someone who is addicted to Cyworld. The company is still evaluating various options for its India foray. Even though an internet firm does not need physical presence, a base in the country is nonetheless seen as helping it localize content and target the market better, while also increasing the number of internet advertisements, which helps in building a brand image. Cyworld may also offer software development contracts to various companies for its ongoing expansion plans in the country. This raises the number of multinationals looking to foray into India to approximately eight, including Amazon India, Yahoo! India, Google and MSN India, among others.

Mobile/Wireless

- **KTF denied a report that it may double the amount it had planned to spend on its 3G network, following NTT DoCoMo's 10 percent stake acquisition in the company last month.** The company, which reported earlier as having plans to spend 697 billion won (US\$710 million) this year and next on its 3G network, may almost double that amount to expand its network instead of using SKT's 3G network. KTF said the company has no plan to drop its plan to use some of SKT's networks. KTF said that it will spend 350 billion won (US\$356.5 million) this year on infrastructure and has not set spending levels for 2007. KTF also said that the spending amount quoted in some reports was inaccurate.
- **DMB is predicted become a key part of global broadcasters' strategies for future business diversification, and will provide tactical momentum driven by bundling of services.** According to Seoul-based ABI Research analysis, DMB may emerge as a multimedia and broadcasting sub-function for WiBro or WCDMA handsets, similar to the situation that developed with camera- and MP3-equipped phones as they became mainstream. The study said that the long-term value for DMB users will lie in the content and the applications that can deliver differentiated and personalized broadcast media. The study also says that there are two things DMB operators must face: technical integration and provision of sufficient amounts of compelling content. After the commencement of S-DMB and T-DMB commercial services in May and December, 2005, European operators such as TF1 and the BBC are offering T-DMB pilot services with successful deployment experience and proven performance. ABI Research anticipates intense competition in European regions for mobile TV services given the numerous technologies and vendors.
- **Reigncom, popular for iRiver, announced that it has entered into an agreement to cooperate with Posdata, the owner of WiBro's original technology, in WiBro handset business.** Under the agreement, Reigncom will launch mobile WiBro handsets powered by Posdata's WiBro chipset this year. The two companies have decided to share the whole process of the business including planning, development, production, distribution, marketing and after-sales service. The companies will also carry out overseas marketing for turnkey-based provision of system and devices. Showing great enthusiasm for wireless broadband, Reigncom announced the planned development of the mobile device capable of downloading multimedia contents such as online games from KT's WiBro network last year.
- **Mobile TV and WiBro are predicted to be the biggest issues in the Korean mobile industry this year, according to the survey conducted by Korea Mobile Industry Association.** The survey said

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



Week of 8 January - 14 January 2005

24 out of 150 companies or 63.2 percent expected DMB to be the hottest item and 13 companies or 34.2 percent selected WiBro. Regarding the industry outlook, 23.7 percent predicted brisk market growth and 71.1 percent said the market would be the same as the previous year, a response that indicates the overall sense of depression about the market. Meanwhile, 78.9 percent of participants said Asian countries will take the lead in the world mobile industry, outnumbering 15.8 percent and 5.3 percent who anticipated the market leadership to be taken by Europe and North America, respectively. In particular, some respondents named India and Korea as the next generation mobile market leader.

Hardware

- **LG Philips LCD Co, the world's second-largest maker of liquid-crystal displays, reported a surge in its fourth-quarter profit, ascribing the growth to demand for flat-panel televisions.** Net income in the fourth quarter went up to US\$337 million, compared with US\$35.6 million a year earlier, while sales showed a 53 percent rise to US\$3 billion. Shipments rose 74 percent from a year earlier. TVs accounted for 34 percent of sales compared with 15 percent in the fourth quarter of 2004. The company forecast capital spending to decline to US\$4.2 billion this year, from US\$4.4 billion in 2005. LG.Philips had forecast in October that it would spend US\$3.5 billion to US\$4.5 billion during 2006. Global sales of LCDs used in computers and televisions posted a 17 percent climb to US\$42 billion last year and may gain 12 percent growth this year, according to December estimates by ISuppli Corp. The company said there will be a shortage of LCDs for televisions this quarter, while oversupply of screens for computers will worsen. LG.Philips and larger rival Samsung Electronics Co are benefiting as lower prices for flat-screen TVs and sporting events including the soccer World Cup spur demand in the US\$42 billion LCD industry.

Media, Entertainment and Gaming

- **NC Soft revealed last year's big hit Guild Wars is set to for launch in Japan and Taiwan.** In Japan, Guild Wars begins open beta testing soon for the Japanese gamers who have created a PlayNC Japan account. After 2 weeks open beta test, NC Japan, NC Soft's joint venture with Softbank will officially launch Guild Wars. In Taiwan, NC Taiwan, a joint venture with Gamanian, will start open beta test for Guild Wars with fully localized versions of the game. Guild Wars is a competitive online role playing game that rewards player skill more than time played. Players explore a rich fantasy game world, acquire skills, build personalized characters and compete in head-to-head guild battles with players from around the world. Currently, Guild Wars is available in Korea, North America, and Europe.
- **KOG Studio, a game developer, said that it would launch action battle game service 'Grand Chase' in China and Brazil in the first half of this year.** The company recently inked a deal with Japanese game title publisher Sega to introduce its service via Sega China in China. It also formed a contract with Level Up S.A. of the Philippines to kick off service in Brazil. KOG is also in game service deals in Japan, Hong Kong and Taiwan, and it aims to boost sales to 10 billion won for this year. Service is scheduled to kick off in China and Brazil in May this year after test service in late March. Grand Chase is a hit action game that draws some 30,000 simultaneous visitors.

Telecommunications

- **SK Telecom announced the signing of a memorandum of understanding with Intel Korea to provide the whole of its Internet-based contents through the use of Intel Viiv technology.** The contents provided by SK Telecom include the music portal, Melon, Cizle's latest movies, GXG game service and Cyworld mini-homepage service. The two companies plan to maintain partnership for

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



Week of 8 January - 14 January 2005

expanding the MMS or multimedia messaging service and web-to-phone service through diverse formats and devices. Through the alliance with Intel, SK Telecom's contents are expected to extend beyond mobile devices to the PC and TV. In a separate report, SK Telecom is expected to announce its reshuffling plans towards the end of next week. SKT's reshuffling plans are likely to reflect the company's determination to become a global company. For instance, its global business team, currently under the new business division, is likely to become a separate division and a global business support team may be newly formed. SK Telecom is also looking to hire one foreigner for each business division.

Information Technology

- **The Ministry of Information and Communication of Korea announced it would invest 695.4 billion won (US\$706.2 million) for the development of IT components and materials by the year 2010 to promote the IT-SoC (System on Chip) industry and support R&D in related areas.** The investment plan is aimed at relieving heavy dependence on imports caused by lack of original technologies and making IT component industry price-competitive and highly value added. The ministry will set up detailed policies specified for each item and train 1,000 masters and doctorates in IT-SoC design and train an industrial workforce of 5,000. The plan also includes creation of the new market for system and components by advancing the start of new services such as WiBro. The government expects the support will result in import substitution of 1.5 trillion won (\$1.5 billion), reduce independence in IT component supply and increase exports to emerging markets such as China, and push Korea to take the lead in global competition.

Ventures/Investments

- **The Korea Culture and Contents Agency (KOCCA) unveiled a business plan for year 2006, and said that it would spend a total of 47.3 billion won (US\$48.1 million) promoting growth of the culture and content industry this year.** The agency plans to devote resources to helping firms expand into overseas markets; fostering skilled workforce; and developing core culture and content technologies. KOCCA has decided to dispatch a market survey team to such emerging markets as Brazil and India, and draw up a mid-term plan for overseas expansion. It also plans to set up or upgrade export information systems. The agency aims to foster workforce specializing in planning and creation by establishing the culture and content creators' academy with a year-long course. KOCCA also disclosed its plans to continue devoting resources to developing technologies used to produce culture content such as games and animations. The agency said it has decided to provide support for quality culture content used for new digital media such as digital multimedia broadcasting and data broadcasting. It is also seeking to build a culture and content distribution information network, and beef up efforts to protect copyrights of content.

China

Internet

- **Doll Capital Management (DCM), a leading US-based venture capital firm, is strengthening its position in China by bringing in Hurst Lin, co-founder and chief operating officer of Sina Corporation, as a general partner.** Different from other partners who pay more attention to multinational companies, Lin said he is more interested in domestic firms. After entering the Chinese market in 1999, DCM has invested in over 10 companies, including 51job, SMIC (Semiconductor Manufacturing International Corp) and Vimicro. They have already completed successful IPOs in the

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



Week of 8 January - 14 January 2005

U.S. While investing more money into China, DCM has also enhanced its co-operation with local partners. Last April, DCM formed a strategic partnership with Legend Capital, a firm that manages more than US\$100 million and has about 30 investments across two funds. Legend Capital's parent, Legend Holdings, also owns Lenovo Group Ltd, which in late 2004 agreed to purchase the personal computer operations of International Business Machines Corp (IBM). DCM has undertaken four investment projects, two in China and two in U.S., with Legend. Established in 1996, DCM has over US\$1 billion under management and is actively seeking entrepreneurs in the communications and Internet software/services sectors in the U.S., Japan and China.

- **Shanda, China's leading online game developer, has confirmed in the local media that, with the company's focus shifting to digital home entertainment, it is going to relocate many of the services at its Beijing branch office to Shanghai.** The move, which is part of its shifting of focus to digital home entertainment, has been interpreted as a move by the company to lay off a large portion of its employees at its Beijing office and move the remaining staff to Shanghai. A Shanda representative has been quoted as denying this and saying that all the Beijing employees can choose to relocate to the Shanghai office if they like. The representative also says the Beijing office will still remain open, and will be in charge of the company's sales channel, business development and daily server maintenance. Shanda currently has more than 2,500 employees, of which most are working in Shanghai.

Media, Entertainment and Gaming

- **Warner Bros Entertainment revealed its plans to move its cinema construction design center from London to Shanghai.** The move is part of its program of continued expansion into the Asian market and out of Europe. The centre would design and build theatres in China, Italy, Japan, the U.S., and other countries where the company has set its expansion. The company used to have theatres in London, Spain, Holland, Germany and Denmark. The company maintains a Shanghai office that handles cinema construction and also oversees a joint venture to produce Chinese films. As part of its expansion, Warner Bros. signed an agreement to open theatres in malls operated by real estate developer Dalian Wang Group. Currently, Warner Bros. operates 65 multiplexes in Japan, Italy and China, with more than 600 screens. The company operates 16 theatres with 106 screens in the U.S.
- **Xinhua Finance Ltd., China's financial information and media company, announced the completion of its acquisition of Chinese advertising group Ming Shing International Ltd.** Under the deal, Ming Shing will carry the name Xinhua Finance Media Advertising Ltd. The advertising group will specialize in TV, radio and print, which are the same domains that Xinhua Finance is moving into to leverage its content. Its expertise is expected as boosting the media distribution platforms that the company is developing through recent acquisitions including the purchase of Beijing Century Media Culture, which produces television programs in China, and the acquisition of EconWorld, which publishes a financial magazine in China. The new unit is seen generating an estimated US\$25 million of revenue, US\$6 million of EBITDA and US\$5.5 million of ordinary income in 2006, barring unforeseen events to add to Xinhua's performance.
- **BroadRelay, Inc., a technology, media and entertainment company, announced the signing of a three-year agreement with the Silk Road Co., in a bid to get additional programming to its newly launched Chinese-language online entertainment channel, SIVOO Chinese.** The program content includes 8 to 12 hours of television programming from China daily, including news, music, sports, variety shows, children's programs and political news. BroadRelay will have the exclusive international broadband distribution rights for each day's programming for six months. The

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



Week of 8 January - 14 January 2005

introduction of this content makes SIVOO Chinese a “one-of-a-kind TV platform on the Internet.” Silk Road is a distributor of Asian-language programs.

- **The number of Chinese online gamers sustained strong growth in the past year, with the figure almost double the growth of overall Internet users, according to a report released by the General Administration of Press and Publication (GAPP) and US research house International Data Corporation (IDC).** The report said a total of 26.3 million people played online games last year, which represents a 30 percent increase than in the previous year. The rapid growth of online gamers generated 3.7 billion yuan (US\$468 million) last year, compared with 2.4 billion yuan (US\$305 million) in 2004. A top official of NetEase.com, a top Chinese online game provider, said the revenue from massive multiplayer online role-play games is expected to go beyond 1 billion yuan (US\$120 million) once the 2005 figures are validated. Other industries also benefited from the increase in gamers: telecom and information technology industries have received revenues of 24.5 billion yuan (US\$3 billion) and press and publication industries recorded 3.7 billion yuan (US\$460 million) as a result of online games. In 2005, domestic games companies gained a lot of ground, with their market share exceeding 60 per cent. In a separate report, China’s online game market is forecast to bring in 8 billion yuan (US\$995 million) this year, according to the Chinese Academy of Social Sciences. The paper said global sales of computer games will grow 71 percent in five years to US\$86 billion. Online games are predicted to assume a significant part in this sector, which is expected to generate US\$5.6 billion this year. The paper said China must encourage home-designed online games and strengthen the supervision of this market.

Mobile/Wireless

- **Cgogo Technology Co. Ltd., a Beijing-based wireless search engine developer, stated that prospects for the Chinese mobile search market are good.** The company said that Chinese mobile subscribers are gradually becoming more aware of the mobile search concept, in which mobile phone users can use their phones to search for information online. Cgogo estimates that the launch of the 3G network in China in 2006 and the increase in competition in the market will lead to a gradual decline in payment rates and a corresponding increase in data flow. Cgogo is currently promoting and marketing its mobile wireless search engine, while at the same time, developing services such as mobile shopping malls and mobile WAP yellow pages.

Hardware

- **China’s television makers disclosed their plan to go into strong export drives this year in a bid to offset thin profit margins by boosting volume and selling more high-end models.** Sichuan Changhong Electric Appliance, the mainland's No. 2 TV maker, aims to recover from its performance last year, when its exports plunged after it dropped a major U.S. customer over a business dispute. Shenzhen Konka Group, the nation's number three TV maker, is targeting a 60 percent growth, a target that accompanies its move to specialize in manufacturing TVs for other companies' brands. Changhong saw its exports decline to US\$200 million last year from US\$700 million in 2004, a result ascribed mainly to lost business from Apex Digital. Changhong, which posted a 3.6 billion yuan loss in 2004 as a result of the dispute. Analysts say the firm is now expected to posting growth, with an export target of US\$500 million. Konka said it predicts its exports to rise to US\$400 million this year from US\$250 million in 2004.
- **An official at Best Buy’s Asian headquarters was quoted as saying that, when they open their store on China mainland, it will be in Shanghai.** Best Buy Co Inc is the largest U.S. consumer electronics retailer. Local sources are saying that it is likely to choose Shanghai as a location after losing

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



Week of 8 January - 14 January 2005

out to a Chinese rival to rent a Beijing commercial building. The plan of the electronics giant to occupy a commercial space in Beijing was stalled when Pengrun Electronics, a subsidiary of China's top electronics retailer Gome, secured the lease contract with the owner of the commercial building at 20 million yuan (US\$2.5 million) a year to open its first Beijing store. Pengrun, which sells only high-end electronic appliances, is reported to have set up several big stores in Beijing and has plans to bring its stores to Tianjin, Shanghai, Guangzhou and Shenzhen this year.

- **Corning Inc announced that it will build its first LCD glass substrate manufacturing plant on the Chinese mainland this spring.** The US-based technology giant said the investment in the liquid-crystal display project will surpass US\$1 billion, adding that the plant's location has not been decided. The company has focused on two locations, with the plant to be located either in the Yangtze River Delta, where SVA NEC is located, or in North China, near BOE Technologies. Shanghai-based SVA and Beijing-based BOE are China's top two LCD panel makers. Both are clients for Corning's glass substrates. China's demand for LCD panels is forecast to climb in the next few years because of the number of large LCD TVs, laptop computers and mobile phones. In a separate report, Corning said it has opened a US\$1.5 billion LCD glass substrate plant in Taiwan, which is Corning's biggest capital investment for a single manufacturing facility worldwide. LCD TV sales in China are expected to reach 3 million units this year, according to the State Information Center. In the global market, LCD TV sales are forecast to hit more than 17 million units in 2009 from 8.9 million units in 2004, according to iSuppli Corp, a US-based consulting firm.

Software

- **Comtech Group, Inc., a leading provider of customized module design and subsystem solutions for technology product manufacturing companies, announced its acquisition of a 51 percent majority interest in Huameng Engineering Service Ltd., a provider of technology, engineering and business services for established telecom equipment vendors in China.** Under the deal, additional subsidiaries are expected to be opened in Hong Kong, Thailand, and Malaysia during this calendar year. The agreement has Comtech paying US\$2.5 million in cash to acquire a majority interest in Huameng Engineering Service Ltd. with the potential to acquire the remaining interest at a future date. The total amount of US\$2.5 million will be invested solely into the company for expansion of the business both in China as well as international markets.
- **In a bid to promote Linux education and awareness among Chinese IT companies, Beijing announced the setting up of the world's second Linux international standard testing lab in the capital.** The move has the full sponsorship of China's Ministry of Information Industry, with the lab being jointly established by China Electronics Standardization Institute and Intel Corporation. The presence of the lab is seen as helping the cost cutting that homemade Linux Operating System will bring. The Beijing laboratory is mainly responsible to set up a unified standard for Chinese software developers. Linux is a free computer operating system which supports multiple users, tasks and processes.

Telecommunications

- **PacificNet Inc. announced that its Linkhead subsidiary has been selected by Eastcom-BUPT (Beijing University of Posts and Telecommunications) for the deployment of the Color Ring Back Tone (CRBT) system for value-added telecoms services.** CRBT, also called "Cai-Ling", enables users to customize their ring tones from commercial music, personalized messages, celebrity greetings, or voice advertisements. PacificNet is a leading provider of customer relationship management (CRM) and services in areas of call center, Direct Response Television (DRTV) and

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



Week of 8 January - 14 January 2005

Interactive Voice Response (IVR) in China. It also provides Value-Added Services (VAS) for Chinese consumers. Eastcom-BUPT is one of the leading telecom system providers and integrators offering CRBT systems with commercial deployment in seven provinces including Zhejiang, Jiangxi, Tianjin, Gansu, Ningxia, Sichuan, and Hainan, with a total capacity of 30 million users.

Semiconductors

- **Observers note that Intel Corp and Advanced Micro Devices Inc (AMD) are locked again in a competition to get more Chinese partners.** The rivalry between the two giant firms is expected to affect their market share in China. Already, Intel has established an industry alliance in Beijing with 22 home-grown personal computer makers, home-appliance vendors, software providers and multimedia and entertainment content providers. The alliance's members include Beijing-based computer maker Founder, home-appliance giant TCL and cyber game firms, the 9Com and Shanda Entertainment. Intel said the aim of the alliance is to provide users with multiple applications, such as digital video playing and playing interactive games. AMD, Intel's arch rival, also unveiled its entertainment brand "AMD Live" and has partnered computer makers like Acer, ASUS, Tingshua Tongfang and Lenovo. AMD has been in control for a long duration some 15 percent of the Chinese CPU market compared with Intel's 80 percent, according to Beijing-based CCID Consulting, a research firm under the Ministry of Information Industry. AMD says its market share will reach about 30 percent in the next one or two years compared with only 18 percent in 2005.

Information Technology

- **The Export and Import Bank of China announced that it will provide US\$200 million by way of preferential buyer's credit for Nigeria's first communications satellite project.** Under the agreement signed by the bank with the Ministry of Finance of Nigeria, China Great Wall Industry Corp will work with the African state on the building and launching of a Chinese-made satellite, called NIGCOMSAT-1, which will be based on China's latest model of satellite platform.

Taiwan

Mobile/Wireless

- **Accton Technology Corp. announced its plans to launch two wireless handsets by the middle of February.** The product will enable users to place calls over the Internet at little or no cost using Wi-Fi. When launched, it has chances of beating U.S. rival Netgear Inc. to market the first Wi-Fi phones designed for VOIP. Existing phones designed for Skype and other VOIP services must be connected to a computer. Accton's phones need not have such connection although they would still be requiring a Wi-Fi signal, which is not always readily available. Both Accton handsets allow users to make calls wherever they are connected to a wireless Internet access point, whether they are at home, at a coffee shop or some other public Wi-Fi hotspot. Costing around US\$100 to US\$150 each, the phones are planned to be deployed in the U.S. and Europe first, then in Asia. The company said the phones work with the Wi-Fi standards and boast 4 hours of talk time before needing a recharge, which is equivalent to 80 hours of standby time.

Information Technology

- **Taiwan's export growth accelerated last month as a weaker currency and rising global demand for electronics fueled purchases of personal computers and semiconductors, according to the country's Ministry of Finance.** Its overseas sales posted a 15.4 percent growth from a year earlier to US\$17.1 billion following a 10.7 percent gain in November. Companies such as Acer Inc, the world's

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



Week of 8 January - 14 January 2005

fourth-biggest maker of PCs, are benefiting from a weaker currency and a rebound in demand for electronics. Rising exports, which account for about half of the nation's US\$305 billion economy, helped drive the fastest economic expansion in a year in the third quarter. Taiwan's exports of computer chips and other electronic parts rose 34.3 percent to US\$4.5 billion after registering a 19.5 percent climb in November. Exports of information technology and telecommunications products posted a 15.8 percent decline to US\$919.4 million. Acer said it expects fourth-quarter sales to show as much as 20 percent growth from the previous three months. About 90 percent of Acer's revenue comes from overseas markets.

Hardware

- **AU Optronics Corp. (AU) announced the signing of an agreement with South Korea's Samsung Electronics Co. to share panel technology patents.** Companies go into deals like this in a bid to improve competitiveness and avoid patent disputes. In July, AU, Taiwan's largest manufacturer of thin-film-transistor liquid-crystal-display panels by revenue, signed a similar agreement with Japan's Sharp Corp. The agreement covers patents in TFT-LCD and organic light-emitting diodes, especially those technologies used in LCD televisions. AU said cross-licensing is one of the company's strategies in technological development, even as it claims that the agreement will benefit both AU and Samsung, especially in technologies involving advanced consumer electronics.

Semiconductors

- **United Microelectronics Corp (UMC), the world's second-biggest supplier of made-to-order chips, may be fined as much as NT\$25 million (US\$763,000) for helping He Jian Technology (Suzhou) Co set up a plant in China, a government source said.** The chipmaker is being penalized by the Ministry of Economic Affairs for violating the nation's laws restricting investments in China and technology transfer. This problem follows UMC's move last month to leave Taiwan's stock exchange in protest over a fine for delays in the disclosure of accounting errors. UMC's rival Taiwan Semiconductor Manufacturing Co is the nation's only company to have secured government approval to manufacture chips in mainland China.

Hong Kong

Ventures/Investments

- **Hutchison Whampoa announced plan to bring its Chinese herbal medicine business to the Alternative Investment Market (AIM) of the London Stock Exchange.** According to observers, the move is not happening soon and is not expected to have an impact on the group's asset value. No comment was immediately available from the Hutchison. Most of the firm's Chinese medicine operations come under the umbrella of Hutchison China, the conglomerate's investment subsidiary in the mainland, which is active in the manufacture and distribution of health-care, personal care and traditional Chinese medicine products. It is the second time the group has spun off its biotechnology ventures. CK Life, the biotechnology unit controlled by Cheung Kong (Holdings), drew a strong market response to its initial public offering in 2002.

Mobile/Wireless

- **PCCW, announced its re-entry into the industry with its offering of a branded 3G service, with the company looking to deploy the offering by the middle of the year.** The product will use the network of listed subsidiary Sunday Communications. To attract customers, the company is offering six month free trials and free handsets for its "PCCW mobile" service. For the trial, PCCW mobile will be

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



Week of 8 January - 14 January 2005

using existing content from its Now Broadband TV platform. Under the present program, Sunday would now only sell a 2G service, while retaining the 3G license and network. PCCW will resell Sunday's 3G service, making it off-limits to the subsidiary it failed to privatize last month. Sunday will still sell 3G handsets. The free trial is open to the public until the middle of next month, and each participant will get a free 3G handset made by Sunday shareholder Huawei Technologies, the key network equipment vendor for Sunday's 3G network. Hutchison Telecom, which claimed 383,000 3G subscribers as at August, said it would introduce two more 3G tariff plans with free handsets by LG and Sony-Ericsson. SmarTone Vodafone and CSL, the other two 3G players, were unavailable for comment.

- **In what is considered its first acquisition outside the Chinese mainland, China Mobile (Hong Kong) Ltd, the world's largest cell phone company by users, announced that it is taking over Hong Kong-based China Resources Peoples Telephone Co.** Under the deal, all shareholders are required to sell to China Mobile after the acceptance of the takeover is manifested. The acquisition places China Mobile against five other cellular operators in Hong Kong, where competitors are undergoing consolidation. According to China mobile, the takeover is seen as providing the company an opportunity to work with the neighboring overseas market, one that is appraised as similar to that of the Chinese mainland.

Information Technology

- **Under the plan of the Chinese government in Hong Kong to follow a stronger and definite new outsourcing plan, Hewlett-Packard Hong Kong, Automated Systems and Unisys China/Hong Kong were some of those companies signed on to participate in all four outsourcing categories under the government's new Standing Offer Agreement for Quality Professional Services (SOA-QPS) program.** The Office of the Government Chief Information Officer (OGCIO), the agency overseeing IT policy and development in Hong Kong, awarded 40 standing offer deals to 22 companies for government IT projects for a contract period of 42 months. IBM China/Hong Kong was among the firms included in the SOA-QPS deal. But only HP, Automated and Unisys can bid for a range of IT services projects that can cost more than US\$10 million or as little as US\$260,000. The SOA-QPS was set up to take the place of the previous scheme dubbed the Information Technology Professional Services Arrangement. According to Gartner forecast, Hong Kong's IT services market can be valued at about US\$1.4 billion this year, up about 4 percent from US\$1.3 billion last year.

Singapore/Malaysia/Philippines/Indonesia

Mobile/Wireless

- **NasionCom Holdings Bhd said it looks to its mobile phone business to be its leading growth driver within the next three years.** It has allocated from US\$2.6 million to US\$5.3 million as its 2006 capital expenditure (capex) for this business segment. With the launch of its new product, the voice over Internet protocol (VoIP) mobile phone, the company expects to take advantage of the growing mobile market that includes 15 million prepaid users. Malaysia-based NasionCom, a broadband telephony services and discounted calls provider, predicts the mobile market to overtake its core businesses as a leading earnings contributor. Currently, its core businesses contribute some 80 percent to 85 percent to its earnings. With this new product, users can make VoIP calls on the move when before it could be only accessed through the Internet via a computer. Recently, NasionCom signed a deal valued at US\$31.2 million with SIS Distributor Sdn Bhd, a wholly-owned unit of SIS Distribution

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



Week of 8 January - 14 January 2005

Ltd and part of the Hong-Kong Exchange-listed SIS International Ltd Group. Under the agreement, SIS will make an initial purchase of NasionCom's mobile phones for distribution. For the nine months ended Sept 30, 2005, NasionCom posted revenue of US\$41.6 million, with net profit of US\$2 million.

Ventures/Investments

- **eSys Technologies, a Singapore-based technology distribution and PC manufacturing firm, announced its plans to set up a global integrated manufacturing, logistics, R&D and services hub and functional global headquarter to manage eSys global business from manufacturing, distribution and services.** The company intends to invest US\$230 million in India in a phased manner by the year 2010. Already, it has made US\$50 million investment in India and plans to double this investment by end 2006. According to eSys the hub apart from manufacturing products would also undertake assembling, SCM (manage inventories), R&D and would also act as a global sales and marketing hub.

United States/Canada

Internet

- **digital-telepathy said it is one of the 600 advertisers and agencies that have been selected to pilot Microsoft's new MSN adCenter PPC management system.** The system now open to testing within the U.S. announced that it has already successfully completed six months of testing in Singapore and France. The sponsored search results at MSN.com and MSN Search will continue to be split between MSN adCenter and Yahoo! Search Marketing until their contract with Yahoo expires in June 2006. Though there is a high demand for the new service, the number of users is limited and participation is still only available by invitation from Microsoft. digital-telepathy, Inc. said it recognizes this unique opportunity offered in the system to create inaugural campaigns for their clients, thus solidifying their clients' positioning within the new ad serving platform. MSN adCenter's behavioral and demographic targeting features are the main differentiators between MSN and both Google and Yahoo's paid search programs. digital-telepathy, Inc. is an Internet design and marketing agency.

Mobile/Wireless

- **ENCIRQ Corporation, the leading provider of data management solutions for embedded systems, announced that it has raised US\$14 million in Series B funding.** Menlo Ventures led the financing, joining existing investors JPMorgan Chase, Geneva Venture Partners and Novus Ventures. Japan-based Sunbridge Corporation and Itochu Technology Ventures also participated in the financing. ENCIRQ said it will use the funds to accelerate international growth, expand marketing and sales, strengthen its presence in Japan, and continue evolving its flagship product, the ENCIRQ Data Foundation. ENCIRQ Corporation is a firm that enables a new era of data-driven capabilities and services for modern intelligent devices. Menlo Ventures has helped leaders turn technical innovations into world-class companies.
- **In 2006, U.S. businesses of all sizes will spend more on wireless voice services than on wireline, according to In-Stat.** The report said wireless data services will post significant gains as well over the next several years. Expenditures by enterprise firms on wireless data are forecast to increase an average of 18 percent per year through 2009. Mid-sized firms accounted for 12.4 percent, or US\$24 billion, of total U.S. business telecom spending in 2005, with these numbers seen as hitting \$33 billion, which represents 13 percent of the total U.S. business market by 2009. Small business spending on Internet access will grow to US\$8.2 billion by 2009, up from US\$4.4 billion in 2005, largely due to adoption of

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



Week of 8 January - 14 January 2005

DSL and higher bandwidth services. Spending on wireless data services will outpace all other categories in the SOHO segment, growing to nearly US\$2.2 billion in 2009 from US\$0.4 billion in 2005.

- **Lucent Technologies said its 2006 revenues will fall short of prior predictions, with the company ascribing the performance to weakening of sales in the U.S. and China.** Revenues for the first quarter of fiscal 2006, which ended Dec. 31, are expected to be about US\$2 billion, compared with US\$2.4 billion in the prior quarter. Analysts attributed part of the weakened U.S. sales to slowdowns in buying by Lucent's big wireless customers, Verizon Wireless and Sprint-Nextel. Others believe Lucent's China trouble stems from slower sales to China Unicom.

Media, Entertainment and Gaming

- **News Corporation said it will start offering video downloads on its recently acquired myspace.com as it focuses on creating "more content and better content".** The media firm forecasts revenues of US\$350-400 million by 2007. myspace has around 47 million users and is growing at an estimated 1 million a week, and will form one of the most important parts of News Corp's online activity. The company, however, clarified that it would not follow the path of, but added it would not be like, Yahoo! or MSN, based on the perception that the portals did not reach much of the under-25 users. News Corp also said its US satellite TV business DirecTV would be making an investment of up to US\$1 billion as it gains entry into the high-speed wireless broadband market.

Telecommunications

- **Broadwing Communications, LLC (Broadwing), a consolidated subsidiary of Broadwing Corporation and Hutchison Global Communications Limited (HGC), a wholly-owned subsidiary of Hutchison Telecommunications International Limited, announced the joint establishment of a new inter-carrier international Ethernet network.** Following the success of its inter-carrier Ethernet expansion in South Korea and Taiwan, HGC has established interconnections with Broadwing to extend the reach of this Pan Asian VPLS network into the U.S. via Broadwing's new Converged Services Network. The reciprocal relationship enables international customers to connect multipoint Ethernet services from locations served in Asia by HGC, its Asian partners and others, with multipoint Ethernet circuits in the U.S. The network, driven by Virtual Private LAN Service (VPLS) technology, offers users multipoint international Ethernet services and enables enterprises to create a global Ethernet network in a simple, flexible and cost-effective manner. Broadwing Corporation, through its consolidated subsidiary Broadwing Communications, LLC (Broadwing), delivers innovative data, voice, and media solutions to enterprises and service providers. Hutchison Global Communications Limited (HGC) owns the largest fiber-to-the-building telecommunications network in Hong Kong.

Software

- **As part of its expansion, Oracle, a software maker, announced its plan to hire 1,400 people in India, a move seen as part of its plans to expand its operations to nine more cities in the South Asian nation.** Oracle already had about 8,600 employees in India and operated in six cities. The company already operates research and development centers in Bangalore and Hyderabad. Over the past five years, Oracle had invested more than US\$2 billion in India and was one of the first international software companies to set up a development centre in India in 1994. According to the firm, 80 percent of Indian banks ran their business on Oracle software and 90 percent of Indian telecommunications companies used Oracle software. The company did not mention details about the types of operation to be set up in the new cities where the additional staff would be placed

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



Week of 8 January - 14 January 2005

Hardware

- **Apple Computer announced its new product in the form of computers based on Intel's chips.** The device is the first to be fitted with the technology since Apple and Intel two announced a strategic tie-up last year. The announcement means that immediately, all iMac computers and the soon to be released Apple laptop- the Macbook Pro- will use the new Intel Core Duo processor. The iMac now features Intel's processors, as well as a built-in video camera and Apple remote control system to access music, videos and photos from across a room. Its prices in the US market start from US\$1,299. The machines are reportedly up to two times faster than older iMacs running the G5 chip.

Semiconductors

- **Texas Instruments announced that it is selling its sensors and controls division for US\$3 billion to private-equity firm Bain Capital, as part of its move to invest in the production of chips for wireless phones and electronic devices.** The chip maker said it is giving up short-term profit in the sale of the unit, which makes engineered sensors and controls for manufacturers in the automotive, aircraft and other industries. Boston-based Bain is among the largest private buyout firms with more than US\$27 billion in assets under management. The deal follows US\$21 billion of technology-related acquisitions by private-equity companies last year, compared with US\$5.7 billion in 2004. Analysts say the sensors and control unit is profitable and steady, with annual sales topping US\$1 billion, about 8 percent of Texas Instruments' total sales. Gross profit margins are higher in semiconductors, however.

Europe

Internet

- **Quaero, which means "to search" in Latin, is announced as billed as Europe's answer to Google, even as analysts say it has yet to make an impact in the industry.** With a consortium of European companies and public agencies hatching Quaero, designers insist that Quaero will not just be a search engine but a set of tools for translating, identifying and indexing images, sound and text. The technology would work with all platform and be sold to television companies, filmmakers, post-production facilities and anyone who creates or uses audiovisual content, according to France's electronics giant Thomson. No details have yet been released with major firms like Thomson, France Telecom and Deutsche Telekom not giving comment on even the cost of the offering. Industry observers note that Quaero is the latest in a string of efforts to face up to America's run of the global marketplace. There is the move of the French broadcasters who are planning an international television network aimed at presenting a more French view of world events than CNN and the British Broadcasting Corp. The network, CFII, will broadcast in French and English to Europe, the Middle East and Africa beginning sometime in the next year. Europe deployed a satellite last month in a bid to compete with the U.S. Global Positioning System. France has also launched an effort to put libraries online, a move similar to an ambitious book-scanning project initiated by Google.

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