

IRG WMR



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

Week of 19 March - 25 March, 2006

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Weekly Highlights

International

Hardware

- **2006 is seen as giving another healthy year of profits for Bluetooth vendors, following its massive growth in 2005 that saw the product's market grew more than double, according to ABI Research.** In its new study, the research firm said that the market for Bluetooth radios will grow by 71 percent to a level just over 500 million radio shipments in 2006. An analyst from Wireless Connectivity reported that the growth will be attributed to very robust rate gains in the cellular handset market as well as a continuation of the explosive growth in the headset market. The report forecasts that the market will grow at a compound annual rate of over 40 percent between 2004 and 2011, with equipment shipments expected to break the 1 billion mark by 2009. Several new applications for Bluetooth are likely to be popular in the medium term: most notable among these is the gaming market, which is likely to receive the impact of the releases of the Nintendo Revolution and Sony's Playstation 3.

Japan

Internet

- **OA Corp. said it is seeking to expand sales of its audio adapter devices used for building Internet-based broadcasting networks.** Designed for business use, the equipment sends and receives audio via IP (Internet protocol) networks. Because the company's adapters utilize a compression format that faithfully conveys the original waveforms, they can transmit high-quality audio. The company said it will sell more than 1,000 units in the year ending this month, roughly three times the volume of the year ended March 2004. It aims to double sales for next fiscal year. Prices of the device are placed at about 160,000 yen (US\$1,300) to 200,000 yen (US\$1,700).
- **Tomy Co. and Index Corp. announced their plan to enter a service partnership for the distribution of a video content over the Internet.** The partners said they plan to open a web portal for the service in October. The site will be operated by TakaraIndexeRLab Co., a joint venture between the Tomy group and Index. The two companies said they target at least 1 million members signed up for the service by the end of March 2007. Subscribers will have free access to the site, but those wishing to distribute content will be charged some amount a month. Retailers will also be able to use the site for advertising and direct marketing for a fee. The portal will use software developed by South Korean firm Dideo Net Co. The software will automatically delete content deemed improper by Tomy and Index. The partners will not be alone in offering free Internet-based video distribution services. Cable broadcaster Usen Corp. operates the GyaO service, while Softbank Corp. and its web portal unit, Yahoo Japan Corp., are working together to create such a site. For their service, Softbank and Yahoo Japan are buying videos mainly from domestic and foreign television stations and production firms.
- **eAccess Ltd., a subsidiary of eMobile Ltd., announced that it is set to receive a capital increase by the end of March to about 130 billion yen (US\$1.1 billion) from the current 87.8 billion yen (US\$749.3 million) through a private placement of new shares issued by the subsidiary.** The buyers of the new shares are expected to include Mitsui & Co., a major general

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trading house, which will purchase 5 billion yen (US\$42.6 million) worth of shares. Mitsui and eMobile will also consider joint businesses, including the online sale of products handled by the trader through eMobile cell phone handsets. The source said among other possible buyers of the new issues are home appliance mass retailers, like Bic Camera Co. and Kojima Co., which plan to sell handsets for the eMobile cell phone service, as well as domestic and foreign banks and investment funds. The current shareholders of eMobile include Goldman Sachs Group Inc. of the U.S. and Tokyo Broadcasting System Inc.

- **Moody's Investors Service disclosed its downgrading of its credit rating on Vodafone's Japanese subsidiary after Internet conglomerate Softbank struck a US\$15-billion deal to buy it.** The downgrading of the secured unsecured debt rating on Vodafone K.K. went by three notches to "Baa2" from "A2" citing that the Japanese firm will be unable to enjoy financial and other support from its British parent after the sale to Softbank. A "Baa" rating means the borrower has adequate capacity to meet its financial commitments but shows a deterioration in circumstances or the economy is more likely to lead to a weakened ability to repay its borrowings. Moody's is putting Vodafone on review for possible further downgrade as it observes how Softbank will try to reverse a decline in the company's earnings and subscriber numbers.
- **Yahoo Japan Corp. announced that it has entered an agreement to acquire a 69-percent stake in an information service unit of Toshiba Corp.** The company said it will acquire the stake in information processing and provider service firm News Watch from Toshiba for 1.3 billion yen (US\$11.1 million). The unit reported sales of 1 billion yen (US\$8.5 million) for the year ended March 2005.
- **NEC Corp. revealed its plans to spin off its Biglobe Internet service provider business around July and sell a 30-percent stake in the ISP to Sumitomo Corp. and four other firms.** With the new company's name and capital still to be finalized, NEC said that once the business is set up, it will issue new shares to other firms. The report said that other than Sumitomo, other shareholders will likely include Daiwa Securities Group Inc.. Sumitomo has already been providing online shopping video content to Biglobe. The move to spin off the ISP is expected to produce original content and also secure a wide range of offerings from its shareholders. It will also consider tying up with third-party developers to offer content. Some of the content will be offered to Biglobe subscribers for a fee. The move is seen as NEC's bid to beef up its content distribution business by tapping other firms' capital and know-how. NEC's Internet access operations generate annual sales of around 62 billion yen (US\$531.8 million). Biglobe, the fourth-biggest ISP in Japan after Nifty Corp., Softbank BB Corp. and NTT Communications Corp, has some 4.4 million subscribers. According to NEC, there are no plans to have the new ISP firm go public in the near future.
- **Softbank Corp. announced that its wholly owned subsidiary has sold Yahoo Japan Corp. shares to a financial institution for 23.3 billion yen (US\$199.6 million).** The company said the sale of 173,000 Yahoo Japan shares by BB Technology Corp. generated a 22.5 billion yen (US\$193 million) gain, which will be booked as an extraordinary profit for the fiscal year ending March 31. The proceeds will be applied toward Softbank's purchase of Vodafone KK. Post transaction, the Softbank group owns a 41.3 percent interest in Yahoo Japan, down about 0.6 percent. Softbank says it has no further plans to sell Yahoo Japan.

Mobile/Wireless

- **The country's Ministry of Internal Affairs and Communications announced its plans to make next-generation high-speed wireless communications available to home and corporate users**

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so they can send and receive large amounts of data and sharp images at the same speed presently possible through fiber-optic networks. If the program is achieved, the ministry expects it to improve the communications environment in older condominiums and office buildings that are difficult to link to fiber-optic lines, enabling residents and workers to receive and transmit high-resolution images more easily. The ministry disclosed its program to promote the advanced networking technology – an upgraded version of existing wireless LAN technology – and a UWB (ultra wide band) communications system that can send data and images about five times faster than a fiber-optic network, though the range of data transfer is limited to a single room. The UWB system will be used to connect digital home appliances, personal computers and recording.

Media, Entertainment and Gaming

- **Fuji Television Network Inc. revealed that it would start the distribution of its popular news program on professional baseball via the Internet.** The decision follows its agreement on profit sharing with ball clubs, which own the copyrights to related images. The program "Professional Baseball News," which started 30 years ago, has been one of Fuji TV's flagship programs. It will be delivered online immediately after the end of the 11 p.m. program on a communications satellite channel. The monthly charge is placed at 1,050 yen (US\$9). Viewers will have access to news archives dating back one month through the broadcaster's web site offering on-demand services. Fuji TV said it expects more than 10,000 viewers to sign up.
- **Square Enix Co., creator of the blockbuster Final Fantasy game series, plans to co-develop educational content with publisher Gakken Co. in a bid to expand its customer base beyond hard-core gamers.** The two companies said they will set up a company capitalized at 10 million yen (US\$85,000), with Square Enix holding a 60 percent stake and Gakken the remainder. The new firm will use its existing software technology to develop games for use as educational tools. The software will be compatible with personal computers, home game consoles, mobile phones and arcade video game machines. The partners said they will cooperate in areas such as development and sales. In contrast to traditional games, educational software is enjoyed by a wide variety of users, including children, women and the elderly. Marketing efforts will center on built-to-order manufacturing for educational institutions, government and corporations. The venture is aiming for sales of approximately 1 billion yen (US\$8.5 million) in the first fiscal year.

Software

- **J's Communication Co., a Japanese network security solutions company, announced its decision to suspend its plan to list on the Osaka Securities Exchange's Hercules market.** The company said that it needed to let investors know that a company that it had invested in and had business with filed for court-led rehabilitation earlier. The Osaka bourse also confirmed that it has canceled the company's listing plan. The company said it aims to resume its listing procedures as soon as possible.

Hardware

- **Toshiba Corp. said it would start selling the world's first HD DVD player in Japan later this month.** The product is expected to be priced between 95,000 yen (US\$810) and 100,000 yen (US\$850). The next-generation DVD player can also play conventional DVDs. HD DVD software titles are scheduled to become available from mid-April. The company is looking to sales of 4,000-5,000 units in the first month. The company plans to expand its HD DVD product lineup in Japan by releasing an HD DVD recorder with a built-in hard-disk drive around late May. Toshiba initially intended to start selling an HD DVD player in North America ahead of the rest of the world. But it

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has decided to develop the highly competitive domestic market first to establish a lead over the rival Blu-ray Disc next-generation DVD format. The first Blu-ray Disc player is expected to be released by Sony Corp. in North America in July, selling for around US\$1,000.

- **Sharp Corp. and the Japanese unit of Teco Electric & Machinery Co. disclosed that they will bring their court battle over the Taiwanese firm's alleged patent violation to an amicable settlement.** Sharp sued Sankyo Corp. in June 2004, seeking to suspend the importation and sale of Teco 20-inch televisions using LCD panels produced by AU Optronics Corp., also of Taiwan. Sharp had claimed that AUO's products infringed on Sharp's panel-manufacturing technology, which Sankyo denied. Upon settling, Sharp plans to sign a cross-licensing agreement with AUO in LCD-related technology. Sharp already has a similar pact with Chi Mei Optoelectronics Corp., a major Taiwanese LCD manufacturer. Sharp is now focusing its management resources on the production of large LCD panels. Its cross-licensing agreement with AUO is seen as a step to a future deal on panel procurement.

Semiconductors

- **According to the Tokyo Stock Exchange, Noda Screen Co., a maker of print circuit boards used for mobile phone handsets, will list on its second section.** The company currently trades on the Osaka Securities Exchange's Hercules Market. The firm, according to TSE, has no plans to offer shares to the public prior to the share listing.
- **Toshiba disclosed that it won a patent lawsuit against South Korean rival Hynix Semiconductor in a Tokyo court.** The suit involved patents for computer chips widely used in mobile phones, digital cameras and portable music players. The decision favoring Toshiba said Hynix Semiconductor had infringed on Toshiba's patents related to NAND flash memory. The court ordered that sales of Hynix products found to be in violation be halted in Japan and ordered Hynix pay Toshiba 7.8 million yen (US\$66,000) in damages. In Seoul, Hynix said it would take all possible legal action against the Tokyo court's ruling, with the company planning an appeal.

Telecommunications

- **NTT DoCoMo Inc. announced that it would acquire two telecommunications firms in Guam for a combined US\$71.8 million, with the aim to offer wireless network services to Japanese tourists visiting the island.** NTT DoCoMo said it would set up a holding company to acquire a 100 percent stake in Guam Cellular & Paging Inc. The process will then be followed by the acquisition of the business of Guam Wireless Telephone Company LLC through Guam Cellular and the merger of the two firms. NTT DoCoMo said it will provide up to US\$6.5 million to boost the newly merged entity's facilities and infrastructure. The firm said it aims at deploying a WCDMA network for 3G services as it is seen as providing faster and larger data transmission operations by utilizing Guam Cellular's frequency band in the future.

Korea

Internet

- **Bugs, an online music service firm, announced its plans to secure an additional 10 billion won (US\$10.2 million) in capital after it has secured 40.5 billion won (US\$41.5 million) from inside and outside the country through issue of new shares.** The firm said it had collected 20 billion won (US\$20.5 million) from the U.S. and 20.5 billion won (US\$21 million) from the local

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investment companies and will secure additional 10 billion won (US\$10.2 million). Bugs said it is preparing to go into the Taiwan and China markets first followed by the Southeast Asia including Indonesia and Vietnam. To do this, the firm said it is talking with a few Internet sites for takeover in Taiwan and China.

- **The Korea Information Strategy Development Institute (KISDI) said that the key to the success of mobile VoIP is held by mobile operators given the transformation that is happening in the All-IP networks and wireless Internet system.** KISDI predicted that mobile VoIP service would gradually replace current mobile voice services. The report said that mobility, transmission speed and coverage are the factors consisting of seamless mobile VoIP service. It said that WiBro and HSDPA service would be viable options for the service, because HSDPA has strengths in mobility and coverage while WiBro offers good data transmission. Market research firm In-Stat estimated that 66 million mobile VoIP phones would be sold by 2009 and the share of mobile VoIP in the market would increase 2 percent from now to 73 percent by 2009. Infonetics Research also predicted that although two third of WiFi telephone sales in 2005 was WiFi only device and the rest was dual mode, in 2009, dual mode devices would account for three fourth of the sales.

Mobile/Wireless

- **Samsung said it is set to go into the navigation business as it introduces navigators that combine PMP (Portable Multimedia Player) with DMB next month.** Samsung Electronics said it is preparing for a supply agreement with Thinkware, which is producing 'ThinkNavi Star,' a navigation device with PMP. Samsung Electronics targets the mobile handset market providing voice, sound and information with a handset employing PMP, DMB and navigation. The company also disclosed that its Samsung Electronics Information and Communication Group would roll out convergence products, PDA phones with navigation, instead of DMB, that is distinguished with the existing navigation business connected to mobile handset operators. Initially the company has developed them aiming at rolling out them in early March but rearranged the opening time in March or May. LG is likewise considering breaking into the navigation market with its brand at the same time. The domestic navigation market is forecast to increase sales to over 1.6 million units, more than two times of 800,000 units last year. The market that covers PMP and PDA is expected to go beyond 2 trillion won (US\$2 billion).
- **KTF Technologies, a mid-tier Korean cell phone maker, announced the unveiling of a 7.9-millimeter-thick handset, which the company claims is the world's thinnest model.** KTF Technologies, an affiliate of South Korea's No. 2 wireless carrier KTF, plans to market the bar-type EV-K100, codenamed "No. 7," via its parent firm at just below 400,000 won (US\$410). Previously, the 8.8-millimeter phone made by KTF Technologies' local rival VK was recognized as the world's slimmest mobile phone since its debut, when it pointed to 8.8 millimeters as a downward limitation given the present technologies. However, KTF Technologies overcame such a conventional barrier by slashing the thickness of the embedded antenna in a unique way. The firm refused to reveal the precise antenna size. Wafer-thin phones have become the rage across the world with the clamshell-type 14.5-millimeter-thick RAZR phone of Motorola, the second-largest cell maker in the globe, having swept the market over the past few years. KTF presently has no plan to export the phone based on the code division multiple access (CDMA) but brisk local sales might prompt the firm to go global with the model.
- **LG Electronics announced that its Chocolate phone, for the first time among Korean mobile phones, was proved compliant with RoHS (Restriction of Hazardous Substances) set by**

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TUV PS, a German environment institution approved by EU. This is the first for Korean mobile phones. EU is set to enforce RoHS directive that forbids the sales of electronic products containing lead, mercury and cadmium in the economic territory of EU starting July 2006.

Media, Entertainment and Gaming

- **The country's Ministry of Culture and Tourism (MOCT) that it would infuse some 1 billion won (US\$1 million) into building a local video media center in Daegu, which was selected as a candidate city last year.** The media center is set to be open in August this year as a part of a broader initiative aimed at promoting balanced growth of the media industry across the country and fostering video culture in local areas. MOCT plans to spend a total of 30 billion won (US\$31 million) building local media centers through 2008, and three areas have been so far named including Kimhae and Jeju. Kimhae opened a center in November last year, and Jeju is expecting one in May this year. The ministry plans to provide equipment and facilities including education labs, editing rooms and studios for local media centers.
- **OnNet, a pioneer in the field of Internet entertainment, said the company would launch a golf online game, 'Shot-online' into the North America market signing an agreement of package version sales of 'Shot-online'.** In the U.S. it will employ Cynet as distributor. 'Shot-online' is getting highly popular as it records the maximum downloading in the golf sector of 'download.com', the biggest downloading site in U.S. and ranking 1st in the sports game position of 'mmorpg.com'. Under the plan to drive offline sales on the base of the popularity of the online game, the company plans to supply 'Shot-online' to on- and off-line shops such as Amazon.com, WalMart and Best Buy. Onnet said it is trying to find various distribution and service types suitable for customers in U.S.

Software

- **Competition between multinational computing firms and local software companies is heating up in the online security market.** Symantec, the leading security software firm, said it has teamed up with Internet service providers targeting the online security market. It has formed alliance with Hanaro Telecom. The company said it is ready for the next-generation security service code-named "Genesys" for Vista and Windows XP users, which is designed to protect data from new breeds of Internet threats such as spyware, phishing and fraudulent web sites by providing secure online backup. Trendmicro is launching "House Call" service providing virus detection, care and recovery in conjunction with portals and ISPs. Microsoft also plans to unveil "MS Windows Live Safety Center," which provides detection and care of malicious codes for free, in the first half of this year. The company said it is also set to launch "Windows Onecare Live" in the second half, providing Windows patching and PC optimization, as well as curing viruses, worms and spyware. Facing aggressive moves by multinational computing firms, the country's No. 1 security vendor Anhlan is reportedly ready to defend its established position by leveraging its individual customer base reaching some 5 million. The company disclosed its plans to introduce new web-based virus and spyware prevention service for enterprise customers next month.

Telecommunications

- **SK Telecom announced the commencement of its network testing for Samsung Electronics' terrestrial DMB phones.** SKT said it plans to launch an additional one in the second half after further testing in May/June period. Company representative emphasized their existing focus on satellite-DMB, but explained their decision to launch terrestrial DMB phones to avoid accusations of

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customer discrimination regarding SKT subscribers not being able to purchase terrestrial DMB phones. The model will be made available to customers from May.

- **The country's Ministry of Information and Communication announced its decision to introduce a new quality evaluation system for next-generation service including Wi-Bro and WCDMA.** Under the new program set to be launched in the fourth quarter of this year after new service hits the market, evaluation on telecom service will be led by service operators, with the government only setting standards on quality labelling instead. The ministry explains its decision to introduce a new evaluation program as part of its efforts to create a stable environment for quality next-generation telecom service. The new system will be focused on such criteria as connections, interruption during calls and poor quality calls.

China

Internet

- **Tencent Holdings Ltd., a leading provider of Internet and mobile and telecom value-added services (VAS) in China, announced that its revenue for 2005 totaled 1.4 billion yuan (US\$174.3 million), a figure that represents a 24.7 percent growth from the previous year.** Tencent said its net profit for 2005 went up by 10 percent year-on-year to 485.4 million yuan (US\$60.4 million). Tencent's businesses, which are composed of Internet VAS, mobile and telecom VAS, and online advertising, contributed 99.3 percent of Tencent's revenue. In 2005, revenue from Internet VAS reached 787 million yuan (US\$98 million), a figure that stands for a 79.2 percent increase on the previous year. Its mobile and telecom VAS, however, saw a 19.3 percent decline in revenue to 517 million yuan (US\$64.3 million). Online advertising for Tencent registered a massive 105.9 percent growth to 113 million yuan (US\$14 million). The company disclosed that it opted on a share buyback plan valued at US\$30 million with the aim of increasing the share value for its shareholders.
- **IVY Worldwide, Inc. and IVY Luxe, a San Francisco-based luxury company, announced the entry of its WineSpring brand into China.** The product was first launched in December 2005 under WineSpring.org as a showcase for premium California wines for the affluent Chinese marketplace, WineSpring said it will expand its focus to build an exclusive online platform for consumers of luxury lifestyle goods, services and experiences, as well as for its global network of partner companies that cater to the needs of affluent consumers. At present, WineSpring and parent company IVY Luxe are expecting to be in 30 Chinese cities, where they hope to set up their profiles and luxury partner network for the top hotels in China, including the finest restaurants and luxury travel and experience provider partners, both on the West Coast of the U.S. and in China. The new WineSpring luxury platform is expected to be out in May 2006.
- **NetEase.com, Inc., one of China's leading Internet and online game services providers, announced that it would be changing its current American depositary receipt (ADR) ratio, with the firm claiming that its ADR price has increased significantly over the last several years.** NetEase said the ratio would change from the current one ADR for every 100 ordinary shares to one ADR for every 25 ordinary shares. There will be no change to NetEase's underlying ordinary shares. In addition, existing ADRs will continue to be valid and will not have to be exchanged for new ADRs.

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- **CCID Consulting predicted China's online gaming market to hit 22.7 billion yuan (US\$2.8 billion).** The report said that the value of China's online gaming market surpassed 4 billion yuan (US\$498.2 million) in 2005, registering a 50.6 percent increase over the previous year. Online gaming revenue accounted for more than 30 percent of China's total Internet revenue and was higher than the revenue from search, instant messaging, e-mail, online advertising and e-commerce platforms.
- **Tom Group announced that its net profit for 2005 went down by 66 percent to HK\$259 million (US\$33.3 million), while its revenue climbed 20 percent to HK\$3.1 billion (US\$399.5 million) over the previous year.** The company attributed the fall in net profit to the lack of one-off gain. Tom Group revealed that its spin-off of Tom Online contributed HK\$730 million (US\$94 million) to its net profit in 2004. The group said its earnings for the Mainland Internet business as well as its publishing businesses in Taiwan and the Mainland posted a 39 percent and 14 percent growth, respectively, in 2005. Tom Group. It reported operating loss of HK\$54 million (US\$7 million) at Chinese Entertainment Television (CETV). Newly-appointed Tom Group chief executive Tommei Tong Mei-kuen, the new chief executive of the Tom Group disclosed that, at her helm, the company will work on business consolidation this year. Over the five years, the company had been on aggressive acquisitions. She revealed that Tom Group would not prioritize acquisitions this year as they aim to setting up partnership with international media companies who would want to expand to the Mainland. Even for its outdoor media business, Tom Group said it would work on consolidation. In another development, Tom Group said it has agreed to swap its 50 percent stake in the loss-making Chinese news weekly Yazhou Zhoukan for a stake in newspaper publisher Ming Pao Enterprise. Under the deal, Tom will hold a 2.9 percent stake in Ming Pao.

Mobile/Wireless

- **DT Mobile, a Chinese mobile service provider holding TD-SCDMA patent, announced its decision to adopt a wireless Internet solution developed in South Korea.** It is expected to lay the foundation for South Korean-made contents to penetrate into China more easily. DT Mobile said it signed up a contract with XCE, a South Korean contents provider. XCE said that the contract enabled it to realize mobile contents based on mobile platform SK-VM and Wipi Java platform in China without having to modify them. About 10,000 mobile contents had been produced on SK-VM and WIPI Java platform. XCE provides Java virtual machine software for TD-SCDMA and all necessary technical assistance in TD-SCDMA single and dual/multi devices. DT mobile plans to equip XVM on its devices to commercialize TD-SCDMA technologies and increase the supply of the devices.
- **eChina Digital Communication Group announced that it has entered into an agreement for the acquisition of Galaxy View International Ltd., a firm that operates through its wholly owned subsidiary, Sono Digital, a leading supplier of 3G communications technology and equipment in China.** The transaction in cash and stock was valued at about US\$8 million. Under the agreement, China Digital will acquire all of the outstanding shares of privately held Galaxy View for total consideration of approximately US\$8 million, which is comprised of US\$3 million in cash and 7.5 million unregistered shares of China Digital preferred stock valued at approximately US\$5 million. The shareholders of Galaxy View have agreed to a lock- up provision restricting the resale of the shares for a period of five years. In 2005, Galaxy View reported unaudited revenues of US\$6 million and a net income of US\$2 million. China Digital Communication Group is considered one of the fastest growing battery components manufacturers in China.

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- **China Unicom, China's second largest wireless carrier, announced that the number of its global system for mobile (GSM) subscribers increased to 96.9 million at the end of February from 96 million registered in January.** China Unicom said its CDMA subscribers reached 33.3 million, compared with 33 million at the end of January.
- **Baidu.com Inc. announced entering into an agreement with Nokia Corp. to offer a mobile search service on several high-end Nokia cell phone models.** The application will be available on the Nokia N70, Nokia N90 and other select Nokia devices. It will include news search, image search and the Baidu Post Bar, an online community developed by Baidu. The pilot application is currently downloadable for certain devices in Mainland China. Baidu stated that it considers Nokia as one of its most important collaborators in mobile search.
- **Through its Motorola Ventures, Motorola announced that it has invested in three technology companies based in China.** The companies are Shanghai NewMargin Venture Capital Enterprise, Shenzhen Shenxun Information Technology Development, and Legend Silicon. Motorola said China continues to be of strategic importance to the company as it disclosed that other than boosting its strength in mobile devices and network infrastructure, the company is going into new businesses aimed at providing seamless mobility solutions to its customers in China. With the deal, Motorola has become one of the largest investors of Shanghai NewMargin Venture Capital Enterprise, originally established with a US\$35-million private equity fund. Motorola said the venture company said it will continue to focus on high-tech companies, high-growth or high-potential companies in China. Details of the investments were not reported.

Media, Entertainment and Gaming

- **Broadbus, the leading provider of technology solutions for Television on Demand, announced its plan to join the Chinese market.** Under this plan, Broadbus said it would offer Chinese cable and telecom providers a carrier-class video on-demand (VOD) solution that will serve as a platform for the next-generation of advanced video services. These services include Time-Shifting live television, On-Demand Ad Insertion, Network PVR (nPVR) and full-scale Television On-Demand. Broadbus' existing offices in Beijing will serve as headquarters for marketing, sales, customer support and business development in the Asia Pacific region. According to analyst firm Informa Telecoms & Media, VOD will generate more than US\$10.7 billion by 2010, more than triple the 2005 total.
- **Navstar Media Holdings, Inc., a leading provider of television content in China, announced its acquisition of a 70-percent ownership of Beijing Broadcasting and Television Media Co. Ltd. (Beijing Media), a leading content and production company in China.** Under the deal, Navstar will issue 2.4 million shares of its common stock to the existing shareholders of Beijing Media, including 1.5 million shares to complete the acquisition and 900,000 shares to secure a pre-Olympics 2008 Beijing Games sports mini-series featuring top Chinese athletes. The 900,000 shares will be returned to Navstar if the show cannot be secured. Together with this, Navstar said it will consolidate its television content production capabilities under the umbrella of Beijing Media to streamline and more effectively manage its operations. Aside from a record 10,000 hours of television programming, including TV series, movies and specials in the past five years, Beijing Media currently produces approximately 500 hours of programming per year for CCTV, the major broadcast television network in Mainland China.
- **CDC Games announced that it will acquire a total of 52 percent of 17game, in the form of 27 percent cash and 73 percent restricted shares of China.com.** The deal is valued at US\$18

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million. Under the agreement, the founders of 17game will remain with the company and will continue to work with China.com's management team to expand the online game business and create synergy between 17game and China.com's other operating units. 17game is a leading MMORPG provider with a robust track record in launching and distributing successful online games for the China market. Its latest online game, Yulgang, was one of the fastest-growing MMORPGs in China in 2005. The game was noted by 17173.com as the second most popular MMORPG among over 50 new online games launched in China in 2005 and also named by China e-Game Industry Association as the most innovative game of 2005. Yulgang pioneered the "free-to-play and pay-for-virtual merchandise" business model for MMORPGs in China and set the trend for the move to this business model by other leading online games companies in China. Since its commercial launch in July 2005, Yulgang's subscribers have increased to approximately 15 million as at the end of Q4 2005. Yulgang posted net revenues of approximately 14.6 million (US\$1.8 million), representing an increase of 43 percent over the previous month. The average amount of virtual merchandises sold per day was approximately 516,000 (US\$63,700), up 54 percent over the previous month. As of early March 2006, Yulgang recorded over 300,000 peak concurrent users representing a 15.4 percent increase from 260,000 in Q4 2005 and 19 million registered users up 26.7 percent from 15 million as at the end of Q4 2005. The increase of China.com's ownership in 17game to 100 percent is seen as an indication of a successful partnership the two companies have forged to deliver the best online gaming experience to their customers. The acquisition is expected to facilitate China.com's integration of its online game business with the existing portal and MVAS units, and solidify China.com's position as one of the leading MMORPG operators in China.

Software

- **Coretrust, a digital broadcasting solution company disclosed its signing of a contract with Beijing Jolon, a Beijing local terrestrial DMB provider exclusively to distribute a CAS (Content-Addressable Storage) solution.** Beijing Gupin, a CAS solution subsidiary of Beijing Jolon plans to supply CAS to some areas such as Shanghai and Canton with exclusive distributorship of CAS in China via this agreement. Under the deal, Coretrust is supposed exclusively to provide CAS to DMB terminals when Beijing Jolon starts to broadcast in May. Beijing Jolon forecasts that the demand of terrestrial DMB terminals including DMB phones will sharply grow through the 2008 Beijing Olympic Game. Coretrust expects to gain revenues of more than 8 billion won (US\$8.2 million), which would be coming from licenses proportional to the number of subscribers and terminal sales.

Hardware

- **Dell Inc. announced its decision to expand its design center in Shanghai in order to be more competitive.** The company said it would hire some 200 people for the expanded center, which is an increase of 70 percent of its staff. Set up in 2003, the design center in Shanghai focuses on developing desktop PCs and software. According to industry sources, Dell has been concentrating on competing in the PC market in China, as the country became its third largest market last year. Dell's market share in China in 2005 went up by 0.6 percent to 7.8 percent, even as its competitor Lenovo still dominates the market with a 33.3 percent market share.
- **China is looking to producing 98 million desktop and laptop computers this year, with most of these products made mostly for overseas markets, according to the Ministry of Information Industry (MII).** China said it aimed to export 58 million computers, or 59 percent of the total output forecast for this year. The average export price for a desktop in 2005 was placed at

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US\$617, down from US\$644 at the end of 2004. The drop in the prices is ascribed to the massive exports from the country that has forced computer firms to slash down their prices to be competitive. Leading the industry's export program is Lenovo, the nation's largest computer maker.

- **GOME Electrical Appliances Holding Ltd., a Chinese household appliance retailer, announced a slight increase in its 2005 net profit from a year earlier because of fierce competition in China's electrical appliances retail market.** GOME said its net profit last year was 499 million yuan (US\$62.1 million), up 2.7 percent from 487 million yuan (US\$60.6 million) the previous year. The company said its 2005 revenue went up by 42 percent to 17.9 billion yuan (US\$2.7 billion) from 12.6 billion yuan (US\$1.5 billion), helped by the addition of 143 outlets in China last year. GOME had 259 outlets across 69 cities in China as at the end of last year, compared with 116 outlets at the end of 2004. The company said it plans to add 120-150 outlets and three megastores in 2006. Gome's online sales account for 1 percent of its total sales.

Telecommunications

- **China Telecom announced a slight 0.4 percent year-on-year decline to 27.9 billion yuan (US\$3.4 billion) in its net profit – including initial installation charges – by the end of 2005.** The company, however, said its operating income went up by 6.4 percent year-on-year to 169.3 billion yuan (US\$21 billion). Excluding initial installation charges, China Telecom said its net profit reached 21.1 billion yuan (US\$2.6 billion), which represented an 8 percent increase year-on-year, with the initial installation charges bringing in 6.7 billion yuan (US\$834.6 million) in 2005. Its income from voice services posted a 1.7 percent increase to 123.1 billion yuan (US\$15.3 billion) in 2005. Its capital expenditure was reported to be 53.8 billion yuan (US\$6.7 billion) in 2005, a 4.3 percent decline from the previous year. China Telecom estimates the 2006 figure to reach 51 billion yuan (US\$6.3 billion), a figure that represents a 5.3 percent year-on-year decline. In another report, China Telecom said it added 1.4 million customers for its local-access lines in February. The increase brings the total number of local-access subscribers to 213 million. In January, China Telecom said it added 1.4 million subscribers.
- **China Netcom Group (Hong Kong) Corp. Ltd. announced a significant increase in its net profit, a performance that the company ascribed to a robust subscriber growth and stricter cost controls.** China Netcom said its net profit went up to 13.9 billion yuan (US\$1.7 billion) in 2005, compared to the 2.7 billion yuan (US\$336.3 million) in 2004. The company disclosed annual revenue of 87.2 billion yuan (US\$10.8 billion) for 2005, up from 83.4 billion yuan (US\$10.3 billion) in 2004. The company expects the 3G licensing situation to be resolved this year, with it expecting to receive one of the 3G mobile phone licenses to be awarded. Listed in Hong Kong and New York in 2004, China Netcom Group (Hong Kong) Corp. Ltd. is the Mainland's second largest fixed-line phone operator. In a separate report, China Netcom Group Corp (Hong Kong) said it will focus on generating growth from its broadband business and the quasi-mobile phone service, which is based on the personal handyphone system (PHS), this year before it gets approval as a 3G operator. The company also admitted for the first time that it would be setting up a venture capital fund in the amount of US\$150 million. The fund targeting mainland broadband businesses would be supported not only by the China Netcom Group but also by PCCW and two prominent individuals – Rupert Murdoch and Jiang Mianheng, a son of the former president. The company said it will shell out 273 billion yuan (US\$34 billion) for the expansion of its fixed-line network this year.
- **Asia Netcom, a wholly-owned subsidiary of Chinese incumbent telecommunications service provider China Netcom, announced the completion of a major network upgrade that is**

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expected to bring a 50-percent increase in capacity to its pan-Asia submarine cable systems. The company said the capacity upgrade is important in serving the expected demand for connectivity between China to North Asia and the U.S. Asia Netcom reported that part of the upgrade was the addition of 40 Gbps of new bandwidth to EAC's existing 80 Gbps capacity. The EAC system spans 19,500 kilometers within Asia connecting Korea, Japan, Taiwan, Philippines, Singapore, Hong Kong and soon, China. The company said the additional capacity will support Asia Netcom's extensive service and product portfolio, which includes leading MPLS-based transport and network solutions, a Tier 1 Internet backbone, as well as traditional connectivity solutions such as international private lines and ATM and Frame Relay.

Taiwan

Hardware

- **Acer disclosed its target of earning US\$20 million net profit from the U.S. market alone this year, marking the first time that the PC vendor has set a profit target for the U.S. market.** Observers say the move is part of Acer's strategy to diminish its heavy reliance on the European market. Acer is No. 4 PC vendor worldwide by shipments. It follows Dell, Hewlett-Packard and Lenovo in overall PC shipments. In the U.S., Acer has about 3 percent share of the U.S., grabbing sales of about US\$1 billion in 2005. The company is aiming for sales of US\$2 billion this year, which would be 16 percent of Acer's global sales target for this 2006. The company is working with national distributors such as Circuit City Stores, an approach that enables Acer to sell computers at actual shops, rather than on the Internet, a strategy preferred by some of its competitors. Although consumers could buy Acer-branded computers through the Internet, with most of its distributors also offering online shopping services, the company relies hundred percent on distributors to market its computers. Acer has a target shipment of 15 million to 16 million computers worldwide this year and 25 millions units next year, figures that represent increases from 9 million to 10 million last year.

Hong Kong

Mobile/Wireless

- **Starwave Mobile announced a mobile licensing agreement with Hong Kong-based Artificial Life, Inc., a leading provider of award-winning mobile technology and applications, to exclusively publish localized versions of Artificial Life's famous 3G games, V-girl - your Virtual Girlfriend and V-boy - Your Virtual Boyfriend, in the U.S., Canada and the U.K.** The V-girl and V-boy applications are role-playing mobile games. Players begin by choosing a potential virtual girlfriend or boyfriend among several available candidates before initiating a virtual courtship. Starwave Mobile is the unit of the Walt Disney Internet Group that licenses and publishes content from third-party companies and non-Disney brands from within The Walt Disney Company. It also develops original, non-Disney branded properties. Starwave Mobile maintains key relationships with major carriers in the U.S. and internationally. Artificial Life, Inc. is a public U.S. Corporation headquartered in Hong Kong and a leading global provider of award-winning mobile technology, content, games and applications
- **Hutchison Whampoa disclosed that its global US\$22 billion 3G- investment would break even.** Observers recall that the company said its 3G businesses in nine international markets would achieve break-even before interest, taxes, depreciation and amortization (EBITDA) by last year, and

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on earnings before interest and taxes (EBIT) level by this year, compared to what the management saying now that it expected to break even on the EBIT level by 2007. Analysts, however remain enthusiastic about the prospects for the 3G business of the company, claiming increasingly stable average revenue per user (ARPU) and a critical mass of 11.9 million for its global 3G customers, which makes the break-even target realistic. The group reported an 11 percent growth in its net profit to HK\$14.3 billion (US\$1.8 billion), a performance that the company ascribed to exceptional gains from asset sales, revaluation of properties and windfalls from buying back assets at a lower price than their original cost. Due to accounting changes, the company restated its net profit for 2004 to HK\$12.9 billion (US\$1.6 billion), from the reported HK\$16.1 billion (US\$2 billion), due to accounting changes. Hutchison Whampoa said that using original accounting standards, last year's net profit would be HK\$18.1 billion (US\$2.3 billion), a 12.2 percent growth from the figure a year ago. Since 2004, the company said its 3G operating losses could be fully covered by an operating profit of HK\$38.5 billion (US\$5 billion) on its established businesses which straddle ports, retail, infrastructure and energy, property and hotel operations.

Software

- **Tradelink Electronic Commerce, a software developer, said it is considering bidding for the right to manage the government's loss-making electronic certification service after refining its existing trading software.** The company earlier announced a 45 percent gain in its net profits in 2005 to HK\$91.3 million (US\$11.7 million), a figure that went beyond its forecast of HK\$80 million (US\$10.3 million) forecast. Enduring losses of almost HK\$90 million (US\$11.5 million) in losses in the past five years, Hong Kong Post's e-cert services will be tendered to the private sector this year. The winning bidder will run the service between 2007 and 2011 with Hong Kong Post Certification Authority. Reports show that only 10 percent of the 1.2 million people who had their personal e-Certs embedded into their smart ID cards between 2003 and 2004 had used the service. The digital certificates are accepted for about 70 types of e-government services, including tax returns, and about 20 types of e-commerce activities, such as banking and online betting. Tradelink Electronic Commerce said it had made more than HK\$10 million (US\$1.2 million) in investment in 2005 for the further development of its existing software used to facilitate trading. The company said it would begin marketing the Digital Trade and Transportation Network (DTTN), which was developed with the government. Investment in DTTN was HK\$150 million (US\$19.3 million), with Tradelink taking a 51 percent stake.

Media, Entertainment and Gaming

- **Television Broadcasts (TVB), Hong Kong's largest free-to-air television broadcaster expects its advertising revenue this year to post from 3 to 5 percent growth over last year, as it takes note of the intense rivalry competition from other media groups.** TVB announced a 64 percent rise in its net profit to HK\$1.1 billion (US\$141.7 million), on a 9.4 percent growth in revenue to HK\$4.1 billion (US\$528.3 million). The company attributes its good results to the disposal of its 51 percent stake in its pay-television operation for HK\$149 million (US\$19.2 million) to media arm See Corp. TVB said its group advertising income went up by 3.2 percent to HK\$2.6 billion (US\$335 million), accounting for 64 percent of turnover. The local terrestrial television broadcasting business generated HK\$2.2 billion (US\$283.5 million) last year, with an operating profit of HK\$859 million (US\$110.7 million)
- **Sony Computer Entertainment and PCCW announced a partnership that will allow the offering of a wireless video gaming and video entertainment for PlayStation Portable (PSP)**

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users in Hong Kong. The two companies said their alliance will offer films, music, TV programs, exclusive web dramas, video-game trailers and video-game demos to PSP users at more than 300 Wi-fi hot spots operated by PCCW. The partners are offering the service free until the end of next month. To use the service, PSP users must have their service warranty registered in Hong Kong. Consoles bought in the United States, Europe and Japan will not allow the offering. A network utility disc is needed under this offering aside from the usual signing up requirement.

Internet

- **A study conducted by the Hong Kong Federation of Youth Groups and the Office of the Privacy Commissioner for Personal Data disclosed that more than 60 percent of young Internet users do not read privacy policy statements when surfing web sites.** This runs counter to their demonstrated high awareness of guarding their personal information. The study showed that 95 percent of the respondents used the Internet but that only 27 percent of them were willing to provide personal data, and only 12 percent giving out their identity card number. More than half of those surveyed said they had never entered into an online transaction, while 77 percent of those who had made online transactions said they were concerned about the misuse of their personal data. A significant 65 percent of all the Internet users said they did not read the statements concerning private policy, with 31 percent of them saying they found such statements lengthy and 26 percent revealing that they did not notice those statements.

Singapore/Malaysia/Philippines/Indonesia

Internet

- **The Internet arm of Globe Telecom unveiled in the Philippines a new product solution dubbed the GlobeQuest Web Phone, said to be the country's first PC-based VoIP (Voice over Internet Protocol) service that utilizes traditional prepaid cards.** To avail of the service, a PC user, preferably with a broadband connection, must go to the GlobeQuest website and click the Web phone icon to launch the service. Only those with a Globe1 prepaid cards can make calls on the Web phone. According to GlobeQuest, the quality may not be that good yet but the service will enable users to save as much as 78 percent in international calls. The offering can also be used to call a landline and mobile anywhere in the country and abroad at a lesser rate. The company underscores one point about the Web phone as unique in the sense that although the underlying technology behind the service is VoIP, the business model employs the use of widely circulated prepaid cards.
- **Yahoo Inc. announced the launching of three new localized home pages for Indonesia, the Philippines and Vietnam as part of a strategy to tap rapid growth in the number of Southeast Asian Internet users.** The company said it plans to further increase its investment in regional operations. Currently, Yahoo has localized home pages for five markets in the region. Singapore and Malaysia were the first two countries in the region to get localized Yahoo sites. The company plans to roll out a Yahoo site for Thailand within the next six months. According to Yahoo Southeast Asia, which is headquartered in Singapore, the number of Internet users in Southeast Asia is expected to rise by 83 percent to 100 million by 2008 from 54.7 million current users. Yahoo said the region's Internet penetration rate is projected to rise to about 20 percent over the same period from 11.3 percent, noting that Southeast Asia has become one of the fastest-growing markets in the world. Singapore and Malaysia account for more than 50 percent of Yahoo Southeast Asia's revenue, with about 10 percent of Yahoo's 429 million Internet users a month located in Southeast Asia. The company said it aims to use Singapore as a "test bed" for new services for the rest of the region.

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Software

- **According to AMI-Partners, IT security is uppermost in the mind among small and medium businesses (SMBs) in Singapore this year, with the trend seen their 2006 IT security spending.** AMI forecasts the Singapore SMB IT security market to hit US\$46 million this year. The report said that 96 percent of Singapore SMBs have access to the Internet and they are highly exposed to security attacks from using emails, instant messengers, webcasting, online procurement and VoIP calls. The AMI study reveals that among all strategic IT initiatives, the need to enhance security infrastructure is a priority for Singapore SMBs, with 68 percent of respondents to the survey viewing data and privacy enhancements as "important" and "very important". Firewall/VPN spending will dominate spending, accounting for almost a quarter of the revenues. Intrusion detection will post the highest rate of growth. To help SMBs in their security initiatives, the report states that IT vendors can work with them to provide value-added advisory services. This will be particularly helpful to small businesses (SBs), since AMI-Partners' survey found that only 12 percent of SBs have full-time employees dedicated to technology management, and over a fourth of SBs have no one tasked to look at IT security matters.

Telecommunications

- **The Singapore government publicized a request for concepts from the private sector regarding ideas for the city-state's planned national wired broadband network, which will be part of the Singapore Next Generation National Infocomm Infrastructure, or Next Gen NII, that will also include a wireless network.** The Infocomm Development Authority (IDA) said the government will open the bid for the construction, deployment and operation of the wired broadband network later this year. Singapore's plan to build an advanced national broadband infrastructure is expected to create more competition in the local market dominated by Singapore Telecommunications Ltd. and StarHub Ltd. All three of Singapore's mobile phone operators, SingTel, StarHub and MobileOne Ltd., had earlier expressed interest in working with the government on the project. The wired broadband network is expected to have ultrahigh access speeds of beyond 1 gigabit per second. Analysts estimate that such a network could cost as much as US\$1.2 billion. IDA had earlier said the government was prepared to give some funding to kick-start this project, but no details were released about this plan. Singapore has a broadband penetration rate of just above 50 percent. The IDA said submissions must reach it by the end of June 15.

United States/Canada

Internet

- **Google announced a new offering in the form of a financial news, stock quote and chat service. The Internet giant said they want to use the offering to make a difference in the online finance information market.** Google initiated a trial version of the service called Google Finance that uses a keyword search system to help consumers target information on public and private companies and mutual funds. The offering provides financial news, stock quotes, charts and data. In its trial form, observers find the site far less comprehensive than established financial sites such as those from Yahoo, Microsoft's MSN, America Online's Money & Finance and TheStreet.com. The new Google site relies on information from a variety of financial publishers and data providers including Reuters Group, Hoover's, Morningstar, Interactive Data Corp and Revere Data. Eventually, Google said it plans to introduce advertising. A major difference between this site

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and that of Yahoo is that while Yahoo was the first to put blogs beside its news, Google Finance is the first to run blogs together with the financial news.

- **Fidelity Investments announced its plan to sponsor an online financial services "store" on Amazon.com's web site, marking the company's first deal with a leading online retail distributor.** Fidelity did not disclose terms of its agreement to become the premier sponsor of a new section of Amazon's web site. The section provides financial planning information and links customers to offerings from Fidelity's retirement, mutual fund, brokerage, trading and university savings products. It also features tax tip products and financial advice books. The deal would allow Amazon to promote financial products from Fidelity rivals, even as Fidelity remains the premier sponsor of the site and, as such, will be given the more prominent position for its services. Under the deal, the main page of Amazon's site also includes a link that takes visitors directly to Fidelity's own site. Amazon said the deal was part of its plan to open into new product segments. For Fidelity, the deal was a way of diversifying by adding new products beyond its core mutual funds.
- **Paypal, the online payment service owned by eBay, announced that it has begun testing a new offering to allow people to make and receive payments using mobile phones and other mobile devices.** The service would allow users to make person-to-person payments, purchase items and even make charitable contributions using mobile devices. The offering would also enable customers to buy CDs, DVDs, and other items by sending product codes as text messages. To avail of the offering, users need to register first their mobile devices with Paypal's web site and select a code that would protect them from unauthorized users. The service would be available to the public in the U.S., Canada and Britain soon. Users will first have to register their mobile devices with Paypal's website and select a code to protect them against unauthorized users.

Mobile/Wireless

- **VeriSign announced that it has agreed to the acquisition of M-Qube for US\$250 million in cash in a bid to use the company's technology to expand VeriSign's platform for delivering content to any mobile device.** M-Qube's technology is used by companies to help deliver and bill for mobile content, applications and messaging services. Customers of M-Qube include Sony Pictures, CBS, Major League Baseball Advanced Media, Warner Music Group, Reuters, GQ, Virgin Mobile Canada and Telus Mobility. With the US\$250 million acquisition set to close in the second quarter, the acquisition is being accounted for as a purchase transaction. The company will consider it as neutral to its earnings this year. Buying M-Qube is expected to complement VeriSign's recent acquisitions of 3united and Kontiki, a strategy seen as extending the company's digital content platform to enable carriers, Internet portals, media companies and consumer brands to deliver content and services to any mobile device. VeriSign acquired 3united, a wireless applications service provider, in February. Its customers include SingTel, Hutchinson3G and Mobikom/Vodafone. Verisign bought Kontiki, which provides managed delivery systems for video and digital content, this month. America Online, BskyB and Verizon use the Kontiki platform to distribute multimedia services to PCs.

Media, Entertainment and Gaming

- **A survey by the Pew Research Center showed that the Internet is increasingly becoming a primary source of news for Americans with high-speed broadband connections in their homes.** The study revealed that the Internet had outpaced traditional and local and national newspapers, a result indicating a change in the U.S. news industry. The study done by the Pew Internet and American Life Project, found 70 percent of adult Americans had access to the Internet,

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and half of those, about 74 million people, had a home broadband connection. TV was still ranked as the primary source of news among broadband users even as the Internet was shows as catching up. Some 57 percent of the 3,011 respondents cited local television among their sources of news, 49 percent included national television, 49 percent included radio and 43 percent included the Internet. About 38 percent said they had read a local newspaper, and 17 percent, a national paper. The study noted that broadband users aged less than 36 were somewhat more likely than older web surfers to use their home Internet for news but that, for people over 50, as many as 43 percent were going online for news. More than half of home broadband users and 46 percent of both broadband and slower dial-up users mentioned these web sites of CNN and MSNBC as key news sources. The study pointed out the increase of foreign and non-traditional news sources for high-speed home web users.

Software

- **Microsoft Corp. said that it would delay the release of its Windows Vista operating system, marking the second time the software giant has delayed the release of the product.** The Windows Vista is the first update to its core software program since 2001. The delay means that Windows Vista will miss the year-end selling season for consumers. Microsoft said the delay is to give Microsoft more time to improve the "quality" of the Windows Vista. Microsoft said it needs a few more weeks to test the security and other quality aspects of the product. The company said that because of the needed extra time, certain partners asked that the consumer version of the product to be delayed until January and not sold in December. The identity of the partners were not revealed but their reason was that they needed more time to manage overseas manufacturing of their PCs. Observers said that any delay that affects the crucial fall selling season will have a negative impact on the company and the numerous hardware and software companies that follow Microsoft's lead.
- **Oracle announced a 42-percent rise in its quarterly profit to US\$765 million, compared with a net income of US\$540 million at the same time last year.** This growth is Oracle's biggest gain since it launched a series of acquisitions more than a year ago. The firm said its revenue for the third quarter was US\$3.4 billion, an 18 percent rise from US\$2.9 billion it posted a year ago. The performance represented Oracle's highest quarterly profit increase after its acquisition of rival PeopleSoft in a deal valued at US\$11.1 billion. Since then, Oracle has taken over Siebel Systems, Retek and several other smaller software makers, raising the total price of its acquisitions to nearly US\$20 billion. The aggressive move to acquire was seen by analysts as a way for Oracle to face the competition posed by SAP, the Germany-based leader in business applications software. SAP has been reporting good business while it is only presently that Oracle is gaining market momentum. Oracle reported its sales of new software licenses in the quarter as hitting US\$1.1 billion, which represents an increase of 16 percent.
- **Claria Corp, a pioneer of software that delivers pop-up ads based on web sites that Internet users browse announced that it was phasing out its adware business in favor of new personalization services.** It did not state when it would drop such ads completely. The company had been a target of persistent criticism from online publishers, consumer groups and privacy advocates. Claria disclosed that it had secured the services of Deutsche Bank Securities to help sell its adware assets. Critics say adware has become one of the major problems of Internet use because it often degrades computer performance, tracks a user's browsing habits and is installed without permission. Claria's software typically came bundled with free products such as its own eWallet password-storage program and file-sharing software like Kazaa. Despite the announcement, many are wary of Claria. The company, which previously was known as Gator Corp, generated more than US\$149 million from 1999 to 2003.

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Hardware

- **Palm announced a huge rise in its profits surged in its fiscal third quarter, a good performance ascribed to big shipments of its Treo smart phones.** The company posted earnings of US\$29.9 million, in the three months to March 3, up from US\$4.4 million a year earlier. Palm said its revenue rose by 36 percent to US\$388.5 million from US\$285.3 million. The company said it shipped 564,000 Treos to carriers in the quarter, more than double the 279,000 units shipped in the year-earlier period. For the current quarter, Palm also said it expected revenue to climb, forecasting a figure in the range of US\$400 million to US\$405 million.

Europe

Media, Entertainment and Gaming

- **The lower house of the French legislature passed a bill that would force Apple to make its download work on all digital music players and not just on its hugely popular iPod.** There are only two ways to interpret this, analysts are saying: either Apple opens all access to its exclusive online music technology or it terminates the marketing of music downloads in France. Apple said if they pull out of France, this would diminish the consumer's choices. Apple hinted that it would rather remove iTunes from the French market than sit back and encourage other countries to pass similar bills. Supporters of the French legislation argue it would better protect the rights of musicians and other artists whose work was sold online. The law would require all firms that sold music online to make available the software codes that protect copyrighted material.

Mobile/Wireless

- **Germany said it would launch terrestrial digital multimedia broadcasting in May, making it the first country to adopt South Korea's DMB platform, which is competing with DVB-H, a format developed by Nokia.** The trial service will begin in eight German cities including Berlin, Munich, Cologne and Stuttgart. According to South Korea's Ministry of Information and Communication, it should expand to 12 cities within the year, and nationwide service will be available next year. Debitel, the third-largest mobile service carrier in the country, will operate the DMB service, while T-Systems, an information technology solution provider, will be responsible for broadcasting. Germany will offer four TV channels including public broadcaster ZDF, and two audio channels through the service. The audio channels will also have a video element. The German DMB service will be free, as it is in Korea, but there are plans to initiate various fee-based services such as an electronic program guide and mutual data transmission broadcasting that enables interactive functions.
- **Lucent and Alcatel released a joint statement saying they are discussing a merger of equals, with the statement indicating that Alcatel may buy Lucent Technologies.** The result would be a communications equipment company with combined sales of more than US\$25 billion. French group Alcatel has a market value of US\$21.9 billion, compared with US\$12.6 billion for Lucent, the largest U.S. maker of telephone equipment. The two companies were previously engaged in talks but these did not prosper after Lucent refused to give up control of the combined entity. Reports show that shares of Alcatel and Lucent are trading at less than they did a decade ago as the companies fell behind competitors such as Cisco Systems and Ericsson of Sweden. The merger of Alcatel and Lucent are seen as challenging Cisco, with sales of US\$26.2 billion in 2005, for the top spot and even topping those of the No. 1 Ericsson, the world's largest maker of wireless networks with sales of US\$19.4 billion last year.

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Software

- **The Deutsche Telekom Group announced an agreement that will allow it to use Microsoft's technology to deliver interactive television service in leading German cities.** The deal, which is considered the biggest for Microsoft's IPTV, will see its software being used to deliver programs to the German firm's high-speed Internet or VDSL subscribers beginning in mid-this year. Telekom will use Microsoft IPTV Edition software to provide the service via its VDSL broadband networks in Berlin, Munich, Hamburg, Cologne and six other German cities. Under the offering, subscribers will have access to regular and high-definition television programs as well as interactive TV, digital video recording and video on demand, according to the companies. Presently, Microsoft has IPTV software deals with telephone companies in countries including France, Italy, South Africa, Switzerland, Denmark, India and Britain.

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