

# IRG WMR



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

*Week of 11 June - 17 June, 2006*

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## Weekly Highlights

### International

#### *Internet*

- **The U.S. is No. 1 in having the largest number of Internet Protocol (IP) addresses, according to the National Internet Development Agency of Korea.** The U.S. has 143.1 million IP addresses. It is followed by the European Union, with 75.1 million, and China, with 73.8 million. South Korea ranks ninth in the number of Internet protocol (IP) addresses, with a total of 43.4 million IPv4 addresses, or version 4 of the IP. IPv4 is currently the dominant network layer protocol on the Internet. The report indicated that Germany had the largest number of IPv6 addresses, with 9,308. It is followed by France, with 8,223, and Japan with 7,271. South Korea was ranked No. 5 in terms of the number of registered IPv6 addresses, the second form of Internet protocol to be formally adopted for general use. The report said that the country's Internet industry posted a 13.1 percent growth in 2005.

#### *Hardware*

- **Worldwide PC shipments grew by a strong 12.6 percent in the first quarter, following a three year slow down in growth of sales, according to a study by IDC.** The study includes shipments of desktop, notebook, ultraportable and x86 server PCs, but excludes handhelds. The report ascribed the growth to demand created by markets in Japan and Asia, offsetting weak markets in Western Europe and the US. IDC said the quarterly surge could push worldwide PC sales to grow by 10.8 percent in 2006 as a whole, beating previous estimates of 10.5 percent. That growth is driven by falling prices, adoption of portable PCs and aggressive competition between PC vendors and between component vendors. Amidst this short-term success PC sales are posting slower growth compared to recent years, with 15.1 percent growth in 2004 and 16 percent growth in 2005, IDC said. Records show that PC vendors shipped 179.2 million units in 2004 and 207.9 million units in 2005. They are predicted to ship 230.2 million PCs in 2006, 257.1 million in 2007 and 284.5 million in 2008. The report indicated that the market could hit 333.7 million units by 2010.

### Japan

#### *Internet*

- **Intel disclosed that it is working with Microsoft and Tokyo-based BitWallet in a bid to boost use of Sony's FeliCa contactless IC card technology for Internet transactions.** BitWallet provides the EDY contactless payment system. The aim of the alliance is to increase up to three times the number of PCs fitted with FeliCa-reading functions and double the number of Internet services compatible with the technology. The companies said they also are targeting doubling the number of online payments made using the technology within a year. Earlier, Intel said it had invested some 5 billion yen (US\$43.4 million) in BitWallet and indicated that it would jointly work with the Japanese firm on boosting use of the EDY electronic money system for Internet payments, which allows customers to pay for purchases by waving the card over a reader at the point of sale as well as by way of the Internet. Some 17 million EDY cards are in use, with the e-money service available at more than 31,000 retail shops and 1,400 e-commerce sites in Japan. In fiscal 2005, 110 million transactions were settled via the EDY services.

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- **Invoice Inc., a communications firm, indicated its plan to acquire shares in condominium Dynacity Corp., a condominium developer, from the Livedoor Co. group.** The deal is seen as aiding Livedoor to dispose of its non-core business. This makes Dynacity one of Livedoor's first listed groups to be sold. Under the deal, Invoice would be obtaining some 78 percent of the outstanding shares in Dynacity and transform the company into its subsidiary if it converts the bonds and uses the warrants.
- **Hitachi Ltd., Mizuho Corporate Bank, University of Tokyo and other Japanese business and academic institutions announced the setting up of an agreement to set up a consortium in July to develop a next-generation Internet search engine.** The Ministry of Economy, Trade and Industry stated that it would support research and development for the project. The consortium is looking to commercialize an advanced Japanese-made search tool in three to five years. At present, thirty-eight companies and universities have declared their participation in the consortium--including Nippon Telegraph and Telephone Corp., Sony Corp., Dentsu Inc. and Itochu Corp. Under the agreement, the consortium will focus on developing advanced search and analysis technologies to develop a search engine that can compete with U.S. leaders Google Inc. and Yahoo! Inc.
- **Shares of KDDI Corp., Japan's No. 2 telephone company, dropped after news came out that information about some 4 million customers of its Internet service was obtained by a third party.** The leak is considered the country's second-biggest data leak, after Softbank, which reported in February 2004. In the case of Softbank, information on 4.5 million subscribers and the potential of canceling customers was leaked from the company's Yahoo BB unit. In the present controversy, names, addresses and phone numbers of all 4 million customers of the company's Dion service as of December 18, 2003, were included in the leak, KDDI said. The company declined to name the third party and said the data did not include financial details.

## *Mobile/Wireless*

- **NTT DoCoMo, Inc. (DoCoMo) and Research In Motion announced that DoCoMo will start marketing RIM's BlackBerry handheld devices to its corporate customers in autumn of 2006.** Under the agreement, DoCoMo will provide the devices to further meet corporate users' needs for mobile business solutions. The BlackBerry handheld devices to be sold in Japan will operate on both W-CDMA (UMTS) and GSM/GPRS networks and will be functioning around the world for voice and packet (data) communications. The devices will have QWERTY keyboards, similar to those of PCs, for fast and easy thumb typing. In a separate development, NTT DoCoMo is facing a dilemma in finding a partner in its planned rolled out of 3G in China, because the Ministry of Information Industry of China has not granted 3G licenses yet, a company official was quoted as having said. DoCoMo said it could decide only on the kind of strategic alliances it can set up with Chinese partners after it gets an idea of the kind of 3G technology standard the Chinese mobile telecom carriers will adopt. Industry observers said China Mobile, the largest mobile telecom carrier in China, would be the ideal partner of NTT DoCoMo.
- **Hitachi Ltd. announced its plans to launch full-scale wireless tag operations, aiming to cover about 16 percent share of the domestic market in the next four years.** The market is valued at US\$3.5 billion. Hitachi said it is seeking to raise sales in its "traceability" business, including radio frequency identification (RFID) and IC tags, to 80 billion yen (US\$695 million) in the year to March 2011, against an estimated 5 billion yen (US\$43.4 million) in 2006-2007. To achieve this target, Hitachi will be deploying 125 different systems targeting specific industries and purposes. Hitachi said it looks to 9.7 trillion yen (US\$84.2 billion) in consolidated sales in the year to March 2007.

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## *Media, Entertainment and Gaming*

- **CDNetworks announced that its subsidiary in Japan recorded its first quarterly profit in 1Q06. The subsidiary posted 100 million yen (US\$868,000) in total revenue last year.** During the first quarter of 2006, it registered 90 million yen (US\$779,000) in revenue. The company said it looks to its revenue for the first quarter as going beyond 100 million yen (US\$864,000), a growth that is being ascribed by the company to an increase in the number of clients. CDNetworks' counts among its clients South Korean companies such as Nexon Japan and NC Japan as well as local companies that include Oricon, Excite, DeNA, Game On and TechnoBlood.

## *Software*

- **PacketVideo announced its collaboration with NTT DoCoMo to enable advanced mobile music services for the Japanese market using Microsoft Windows Media technology.** PacketVideo has long supported Windows Media in U.S. mobile service launches and has provided i-motion player capabilities for more than 20 of NTT DoCoMo's FOMA handsets. PacketVideo is the leading innovator of multimedia software for the mobile industry, providing embedded multimedia entertainment and communications software for mobile phones with more than 120 design wins for PV-powered handsets. The company's software enables mobile phone users to watch TV, play digital music and videos, take digital pictures, record home movies, and make two-way videophone calls.

## *Semiconductors*

- **U.S.-based Spansion Inc. announced its plans to spend US\$1.2 billion to build a new flash memory production line in Japan, a move that will allow it to compete with larger rivals such as Samsung Electronics Co.** The line, to be located in northern Japan, is expected to start commercial output of microchips with a circuitry width of 45-nanometers by mid-2008. Spansion said it may also make 65-nanometer chips at the new facility. A nanometer is one billionth of a meter. Most of the world's advanced semiconductor factories currently produce chips with a circuitry width of 90 nanometers. Finer circuitry means the chip can be smaller while data can be processed faster, with the process able to cut production costs.
- **SUMCO Corp. said it would acquire rival Komatsu Electronic Metals Co in a deal worth about US\$320 million.** SUMCO revealed that it aims to keep Komatsu Electronic listed after the purchase. Sumco stated with the two companies involved in silicon wafer industry, synergy will be easy to achieve. Komatsu Electronic is the No.1 supplier of 200-mm silicon wafers in Taiwan. SUMCO's acquisition of the chipmaker is seen as strengthening its presence in Taiwan.

## *Telecommunications*

**The country's Ministry of Communications said it is studying to making it mandatory for telecommunications service providers to allow other telecom firms to access to their wireless communications networks in the year to March 2008.** Analysts see the move as allowing more competition in a market that is dominated by NTT DoCoMo Inc, KDDI Corp and the Softbank Corp group. The requirement, once in place, is expected to cover all cell phone networks for 3G services and high-speed wireless communications networks, for which the ministry plans to issue licenses to around three firms next year.

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## Korea

### *Internet*

- **Powercomm Corp., Korea's third-largest broadband Internet operator, announced its decision to change its name to LG Powercomm Corp., a move aimed at boosting its brand recall.** The company's board of directors, which made the decision, will wait for the final approval of the name change from shareholders during a meeting next month. Powercomm, which registered 600,000 subscribers, is one of the three communications affiliates within the LG Group. The other two are LG Telecom Ltd., a wireless carrier, and Dacom Corp., a fixed-line operator. Powercomm said it aims to widen its user base to 1.3 million by the end of this year and grow to 2 million by next year. At the end of March, the total number of subscribers to high-speed Internet service in Korea hit 12.4 million. With 50.1 percent market share, KT Corp. holds the biggest market share of 50.1 percent. In a separate development, Dacom is reportedly considering changing its name to LG Dacom which observers see as fusing LG's communications firms under a single unifying LG name.
- **KT Corp., the country's dominant fixed-line and broadband operator, announced the start of its first commercial "broadband convergence network" service in the southern island of Jeju.** BcN, which is part of the country's Ministry of Information's project aimed at advancing its network infrastructure, is a system that enables the convergence of telecom, broadcast and Internet services via an integrated Internet protocol. The company's BcN is expected to deliver simultaneous voice, data and multimedia service between Jeju and other cities via a single terminal, and will cover some 2 million fixed-line and 500,000 multimedia service subscribers in the area. KT said it is strengthening its pursuit of digital content-associated businesses by acquiring domestic educational content companies. Earlier, the company focused its attention to educational areas and strengthened its learning site called KT Campus. It is making a foray into the e-library and e-book market. The company said it has formed a partnership with Kyobo Bookstore to provide book content online, and decided to co-develop an electronic library system in league with PDF solution vendor Unidocs. The company also plans to provide e-library APS for schools, enterprises and public organizations, and offer book content for individual users via Wi-Bro wireless Internet and IPTV.
- **Electronic Arts' (EA) online soccer game FIFA Online said it has recorded over 100,000 concurrent users.** Game publisher Neowiz announced that in the first twenty days since starting open beta service, the game attracted more than 1.5 million cumulative users and over 100,000 concurrent users. In another development, YNK Korea announced the start of a closed beta service of Rohan this month and open beta in August. The company's partner in Japan is Excite Japan.
- **Omnitel, a wireless Internet provider announced the signing of an agreement with GTV, a cable channel for women, to provide fashion information program to its terrestrial DMB and mobile service.** Omnitel, a Multiple Program Provider (MPP) of Korea DMB, plans to also provide the latest fashion trend to a mobile service in the future.

### *Media, Entertainment and Gaming*

- **Considered as one of Asia's most successful RPG Games, CABAL, said it is launching its English beta across Europe this month.** Industry observers point to CABAL's clever use of combined weaponry action and smooth game play as factors that brought it to the top of the play charts in South Korea and the closed Beta launch in Europe. The game combines the best in console game action moves with online game community features. In addition, unlike many other MMORPGs, it also has an end to the months of battle at which time players can choose where they stand in the world war and mass guild warfare.



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- **Leading P2P service sites such as Soribada, Fileguri, Pruna and Monkey3, disclosed their plans to go into a fee-charging service.** Analysts see the move as the response of companies growing pressure and court cases on free filing-sharing service. The companies are reportedly applying final touches on the installation of filtering technologies, which are essential to block file sharing between users. Fileguri, a P2P service unit of Freechal, said it has also conducted a filtering test for some 650,000 song files with music recognition technology firm Mureka, and is now thinking of the timing for the launch of their new filtering service. Monkey3 has also adopted filtering technology developed Ubaton, and is now in talks with record labels. Other P2P service providers are also either conducting filtering tests or talking with solution vendors for similar tests

## *Mobile/Wireless*

- **KTF announced the start of commercial service of HSDPA in 50 cities in July, with the company deploying two HSDPA handset models - one from Samsung Electronics and another from LG Electronics.** Under the program, KTF said it will be offering a subsidy amount of 200,000 won (US\$209) for HSDPA phones, 100,000 won lower (US\$104) than what SKT is offering. KTF revealed also its plans to introduce three HSDPA tariff plans. The company said it will invest a total of 1 trillion won (US\$1 million) until the end of the year, expanding its coverage to 84 cities. In 2007, KTF said it looks to more expansion aimed at reaching smaller cities at the same time launch SBSM (single band single mode) WCDMA phone. In another development, SKT said it has plans to go on an expansion that will cover some 84 cities by October.
- **Three wireless operators SK Telecom, KTF and LG Telecom, announced their decision to launch the "Mobile Touch" service in the second half of this year.** The mobile payment environment adopting mobile phones will adopt RF (radio frequency) chip cards in partnership with some 150,000 member stores that include E-Mart, Family Mart, Shinsegae Department Store, Mega Mart, Kyobo Bookstore, Marche and Crown Bakery. Under the alliance, ST Telecom and KTF said they plan to link RF features with USIM chip cards installed in WCDMA/HSDPA handsets, delivering the world's first RF in USIM cards mainly used for subscriber identification and global roaming. The two companies are also aiming at increasing the number of RF-enabled mobile phones to 10 million units by late this year. LG Telecom also expects the number of "Bank On" handsets with RF functions to be around 1.4 million by the end of this year.
- **LG Electronics Inc. revealed that it has dropped plans to buy the handset-making unit of KT Freetel Co. after negotiations broke down.** LG Electronics signed a preliminary agreement to buy control of unlisted KTF Technologies Inc., in March. The company said KT Freetel decided to end the talks after they failed to reach an agreement. KTF has a 73.9 percent share of KTFT. The company said it had intended to sell more than 50 percent of KTFT shares to LG Electronics, if the deal had been successful. Analysts are saying this development may cause a decline in the operating profits of LG in the second quarter.

## *Telecommunications*

- **SK Telecom announced that it is set to establish a telecom joint venture in Vietnam for the first time, with the South Korean company stating the Vietnamese government promised to work on the flexibility of the country's business cooperation contract (BCC).** The report said that the government of Vietnam is working to revise relevant laws that are expected to assist the commercial viability of mobile business in the country. BCC refers to a partnership signed by multiple parties in Vietnam, typically by a foreign investor and a local company, with the objective of jointly conducting business operations. Observers say a BCC is unfavorable to overseas investors because it limits

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decision-making independence and management flexibility, compared to joint ventures, which are seen as providing more independence when making decisions. In Vietnam, inbound investors can select whether they operate under a BCC or a joint venture. They can even set up an entity 100 percent owned by them.

## China

### *Internet*

- **Zaobao.com and China's Information Office of the Chongqing Municipal Government announced the launching of the Zaobao.com Chongqing Channel.** Zaobao.com is the Internet portal of Singapore Press Holdings' (SPH) Chinese-language newspaper, Lianhe Zaobao. The move marks Chongqing's first cooperation with a foreign news media company and the Zaobao.com Chongqing Channel is also the first foreign web site to feature Chinese news specially approved by the Information Office State Council, China. The Chongqing government sees this cooperation as a way to better promote the city to foreigners.
- **Tom Online disclosed that it will acquire Infomax, a wireless entertainment company, in a deal valued up to US\$75 million.** Tom Online said in a statement that the acquisition would give the company access to hundreds of millions of Chinese households via Infomax's television network, strengthening its presence in the country's wireless Internet market. The acquisition is expected to provide opportunities for product diversification, operational efficiencies and content sharing. Under the acquisition, TOM Online said it would acquire 100 percent of Infomax with the maximum valuation placed at 600 million yuan (US\$75 million).
- **Sohu.com Inc. announced that it has entered into a multi-year advertising agreement with Joyo.com, leading online retailer.** Under the agreement, Sohu said it will place Joyo.com advertisements throughout certain Sohu web sites in China. Earlier, Sohu said it would discontinue its own e-commerce platform of physical consumer goods. Additional terms of the contract were not disclosed. Joyo.com sells books, music, movies, wireless and electronic products, small home appliances, toys, gifts, health and personal care products, jewelry, watches, and mother/baby products with delivery and shipping services.

### *Mobile/Wireless*

- **EQO Communications and Tom Online Inc. announced their forging a partnership on the joint marketing of the EQO Mobile for Skype in China.** EQO Mobile allows users to make and receive calls and exchange instant messages over the Skype network with a mobile phone. Skype has more than 94 million registered users worldwide. Since announcing an agreement with Skype to market the peer-to-peer calling service in China in October 2004, the TOM-Skype service has grown to more than 13 million users, making Tom Online the largest Skype partner in Asia. EQO is creating a localized version of its web site and handset software specifically for Tom customers and both companies will market the service via Tom's web portal and the Tom-Skype service.
- **eBay's China-based subsidiary, eBay Eachnet, announced its launching of a WAP-based mobile shopping platform in cooperation with Tom Online.** Under the agreement, Tom Online said it will provide wireless technology for eBay Eachnet to allow users to do their shopping through WAP-enabled mobile phones. Aside from Tom Online, eBay Eachnet said it will also seek more partners in wireless value-added operators. eBay Eachnet is lagging behind local frontrunner Taobao.com, a unit of Alibaba.com, the premier business-to-business site in China. According to Chinese market research firm



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Analysys International, Tabao.com had a 57.7 percent market share compared with eBay Eachnet's 31.5 percent in 2005.

- **ChinaMobile said it has made price cuts for its international roaming calls in Sichuan and Zhejiang province, a move that is seen as having a significant effect on the market share of fixed-line operators in the country.** The cuts follow the flat-rate discounts made earlier on its local voice tariff. Analysts note that even as revenue from international roaming calls account for less than 5 percent of China Mobile's top products in 2005, the slashing of prices would still put pressure on China Telecom and China Netcom as more mainland users would be encouraged to call home from abroad via cell phones. The plan will have China Mobile charging its premium brand "Go Tone" customers a fixed 5.9 yuan (US\$0.7) per minute rate for calls back to China from about 167 regions and countries. The fixed rate plan does not cover travelers to Hong Kong. In 2005, China Telecom's long-distance revenue posted a 2.1 percent decline to 29.4 billion yuan (US\$3.6 billion), while China Netcom's long-distance sales went down by 8.5 percent last year to 11.4 billion yuan (US\$1.4 billion).
- **China Television Media, a unit of CCTV, announced its plans to launch a mobile TV service with its sister companies.** Under the offering, the company said it will combine related HDTV service sales operations under CCTV to form a complete industry chain covering HDTV program production, integration, promotion, sales and service. CCTV, for its part, revealed that is set to strengthen research and development of mobile TV service. A top official said China Television Media has joined forces with sister companies to develop the service and offer a better operating model.

## *Media, Entertainment and Gaming*

- **Meredith Corp., one of the U.S.'s leading magazine publishers, and SEEC Media Group Ltd. announced the launching the first Chinese-language edition of Better Homes and Gardens magazine.** SEEC Media is a Hong Kong-listed leading print media advertising company in China that publishes the Chinese financial magazine Caijing, the New Real Estate Magazine and Securities Market Weekly. The company said it has expanded into non-financial publications and is seeking partnerships with non-Chinese magazine brands. The Chinese edition of Better Homes and Gardens, now available in mainland China, Hong Kong, Taiwan and Singapore, delivers more than 300 pages of content. Better Homes and Gardens said that it has nearly 40 million monthly readers in the U.S.
- **Viral Xmedia announced that it is in the final stages of developing a new reality TV show for the mainland market, which has the objective of discovering the country's young people.** The show is dubbed "Project BeCool" and will be composed of 18 episodes showing contestants in various competitions. Taobao, the online auction portal, has signed on as the sponsor. The show will first air nationally via satellite TV. A number of magazines have joined as partners and producers are saying they are in talks with international networks about bringing the show in overseas markets that have a broad Chinese community.

## *Software*

- **The Palm Commerce Information Technology (China) Co. Ltd announced its relocation to the Tianjin Economic-Technological Development Area (TEDA) stating its initial investment of the company as US\$30 million.** The amount is projected to reach US\$150 million in the next five years, making it potentially the biggest software enterprise in Tianjin. Presently, the business scope of the company is development and provision of lottery-related software, packaging technical solutions, and offering integrated online transaction disposal solutions, products and services for government lottery authorities and companies with relevant authorization. The company has developed software suitable for computer and mobile phone terminals of the National Computer Welfare Lottery system

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and has provided complete software, systems, terminals and mobile solutions to more than 13 provinces and municipalities directly under the central government and autonomous regions.

- **SAP revealed that it paid more than 10 million euros (US\$12.6 million) for a minority stake in Neusoft, one of China's leading IT services and training firms with more than 8,000 staff and sales of 2.8 billion yuan (US\$350 million) last year.** A top company official said China's demand for business management software - including enterprise resource planning, customer relationship management and supply-chain management applications - would continue to grow over the next few years with much of it driven by SMEs. The Neusoft deal and other local partner investments are expected to help SAP reach more potential customers through known market specialists. SAP has about 30 local partners on the mainland. Analysts estimate the mainland ERP market to be worth about US\$200 million, with aggressive local players such as Kingdee International Software Group and Ufida dominating the SME segment. SAP has prospered by focusing on large domestic enterprises and other multinationals. With a compound annual growth rate of 70 per cent over the past nine years, SAP is one of the most profitable foreign companies in China.

## *Hardware*

- **TC Interconnect, one of the leading manufacturers of printed circuit boards in China (PCB), announced its plans to raise up to HK\$60 million (US\$7.7 million) in its Hong Kong IPO this month.** Without divulging details, the company said it has received positive reception to the institutional portion of its offering with a prominent strategic investor already on board. Kingboard Chemical, one of the world's largest makers of laminated and printed circuit boards will be holding a 9.9 percent interest in the company with a lock-up period of six months after the listing. The company has one production plant in Guangdong province with an annual production rate of about 36.6 million sq ft worth of PCBs. It plans to construct a new plant in the same province in August this year, with the aim of completing it before the end of the year. The company reported for the year ended Dec. 31, 2005 profit of HK\$37.2 million (US\$4.7 million) on the back of revenue of HK\$495.6 million (US\$63.8 million). CAF Securities is sponsoring the listing.
- **TecnoConcepts Inc. announced the completion of its acquisition of the set-top box business from Shanghai Jinshilin Technologies Development Company, Ltd. (Jinshilin).** Terms of the acquisition were not disclosed, pending approval by the PRC government. TechnoConcepts' Shanghai subsidiary, China Jinshilin Techno Ltd., said it has recently received conditional approval from the Chinese Government for its formation. This subsidiary will provide marketing, sales and technical support for TechnoConcepts' True Software Radio technology in China. China Jinshilin Techno will also design, market, distribute and provide technical support for Internet Protocol TV set-top boxes (IPTV-STB), and anticipates shipping more than 100,000 units by the end of this calendar year, forecasting revenue in excess of US\$15 million.

## *Information Technology*

- **Veritec Inc., a U.S. barcode technology company, announced its signing of a distribution deal with Shanghai Fang Lai Information Technology Co., a Chinese verification technology company.** The agreement will enable Shanghai Fang Lai to market and sell Veritec products in China. Under the deal, the Chinese company will translate Veritec software products for use in China. The Chinese company will also source for the manufacturing, packaging and shipment of hardware containing Veritec software for global sales, and develop and implement new Veritec products for the U.S. and worldwide use. Details of the financial terms were not revealed.

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## Taiwan

### *Mobile/Wireless*

- **Far EasTone Telecommunications (FET), a mobile carrier, announced the launching of a marketing activity aimed at Taiwan's youth market.** The offering will allow FET subscribers who call the "616-6" voice service of KGT Telecom between now and August the chance to chat with their favorite Taiwanese pop icons. Users will also be given the chance to join FET's trips to northern, central, southern, and eastern Taiwan. Membership to KGT's voice service is free. Presently, more than 300,000 people make up "616's" customer base. FET, which acquired KGT three years ago, is counting on some star power to draw mobile phone subscribers to its voice services.
- **High Tech Computer (HTC) announced its unveiling of its first two self-branded smartphones, including a Windows Mobile product that is loaded with Microsoft's Office applications.** The device offers push e-mail capabilities and operates on the latest 3G wireless networks. HTC, a company based in Taiwan, makes mobile phones that are sold by most of the major wireless operators around the world. The two new handsets represent the first time the manufacturer will put its own name on a line of products.

### *Media, Entertainment and Gaming*

- **The Cable and Satellite Broadcasting Association of Asia (CASBAA) has welcomed steps by Taiwan's new pay-TV regulator, the National Communications Commission (NCC), to relax regulations that are seen as giving hindrances further development of the pay-TV market.** In its 2006 policy agenda, NCC included measures to liberalize pay-TV services in Taiwan. The policy is seen as relaxing the tight regulation of the industry and contains the encouragement for players to enter the competition in the market.

### *Hardware*

- **Hon Hai Precision Industry Co., maker of electronics components, plans to offer up to US\$1.8 billion in shares overseas.** The move, according to analysts, is the latest of a series of Taiwan technology firms to tap global capital markets to raise funds. The company disclosed that it is planning to issue up to 300 million new shares for the issue of GDRs. The planned issue follows the same moves by Powerchip Semiconductor Corp. and Nanya Technology Corp., two Taiwan-based manufacturers of memory chips that announced earlier this year their plans to issue shares overseas in a bid to raise funds for the building of new factories. Hon Hai counts among its clients Dell Inc. and Hewlett-Packard. It looks to earn a net profit of around NT\$54 billion (US\$1.6 billion) in 2006.

## Hong Kong

### *Mobile/Wireless*

- **The launching of the i-mode data platform and the first "super 3G service" is putting Hong Kong's mobile operators back in the limelight, analysts are saying.** Observers note that the launch of the two services are highlighting the failed expectations regarding the present 3G services, the consumers gave better appraisals of i-mode as providing better access to the Internet. i-mode is talked about as giving more ease of use for developers as well as users. With its open platform based on regular Internet standards, content developers are having ease in creating mobile applications at a lower cost. The slow download speeds demonstrated by 3G since its deployments have also prompted Hong Kong's 3G operators to launch HSDPA services before the end of the year.

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- **CSL of Hong Kong announced the launching of an online printing service based on Nokia technology, making the company the first to use Nokia's print mobile imaging solution.** The technology is seen as making orders of photo prints taken from camera phones easier. With the solution, camera-phone users will be able to access the service immediately with no need for a personal computer or a separate photo printer, as they select the images they want printed, insert an address and order prints. CSL is a pioneer in the mobile communications market in Hong Kong and now operates a world-class GSM / WCDMA network.

## *Hardware*

- **Entropic Communications, a U.S.-based developer of LAN and WAX coaxial networking for home digital entertainment, announced the opening of an office in Hong Kong.** The company said the office will provide sales, customer and technical support services, especially of its cLink chipset, to customers in the region. The c Link, already in use by JCom of Japan and Hanaro Telecom of South Korea, is used in consumer electronics devices such as set-top boxes, digital video recorders, broadband home routers and media gateways to enable whole-home access to multimedia and video content over the existing coaxial cable infrastructure. The chipset also has applications in high speed network access applications. Entropic is a founding member of the Multimedia over Coax Alliance (MOCA), an open industry consortium dedicated to spreading the standard for delivering video over coax, and ensuring interoperability with member products.

## *Ventures/Investments*

- **Hutchison Whampoa Ltd. said it has bought an additional stake in its Indian GSM mobile business for at least US\$550 million.** The acquisition would bring Hutchison Telecommunications International Ltd.'s direct holdings to 47.4 percent in Hutchison Essar, which would bring the value of the Indian firm at US\$10.7 billion. Hutchison Essar is India's No. 3 mobile operator on the basis of its 18 million GSM customers.

## **Singapore/Malaysia/Philippines/Indonesia**

### *Mobile/Wireless*

- **U.S.-based Memory Link and Singapore's smartBridges Pte Ltd. announced the formation of a technology alliance aimed specifically at addressing growing worldwide demand for a highly reliable, low-cost wireless E1/T1 solution.** The alliance, a collaboration focused on MemoryLink's TDM over IP multiplexer expertise and smartBridges' Nexus series of intelligent wireless radios, is expected to provide major cost-cutting opportunities for telecoms, cellular operators and enterprises all over the world.
- **The country's National Telecommunications Commission (NTC) said the wireless market in the Philippines is expected to peak soon to about 50 percent of the population.** The report said the Philippines would see wireless subscriptions posting a growth to about 7.5 million. At present, the country has 40-percent penetration. At 50 percent, the country would be well behind South Korea and even Taiwan but will be almost in the same league as Japan and ahead of Thailand.
- **Celcom, a subsidiary of the Telekom Malaysia group, announced the launching of its high speed downlink packet access (HSDPA) services in Malaysia with Nokia's HSDPA solution.** Celcom is also deploying three 3G services, namely: Xpax Legenda, Marvel Mobile and Disney. Under the agreement, Nokia is supplying the Nokia HSDPA solution with 3.6Mbps capability, a radio access

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network and transmission from its radio network portfolio. From its unified core networks portfolio, Nokia is providing its MSC Server mobile softswitch, IP multimedia subsystem (IMS) and flexi intelligent service node (ISN). The deal will also see Nokia providing systems integration, network planning, deployment, project management and care services, and service for first-line maintenance.

## *Telecommunications*

- **Avaya Inc., a provider of business communications applications, systems and services, announced signing of a Collaboration Agreement with Singapore based Temasek Polytechnic.** Under the terms of the deal Temasek Polytechnic becomes an Innovator Partner member of the Avaya DeveloperConnection (DevConnect) Program. The company said the terms of the agreement includes joint development of IP Telephony applications and setting up of a competency center and training of TP students. Avaya said TP-Avaya Competency Center would be used to provide an environment for students to develop IP Telephony applications that are of industry standard. The students will also be exposed to a hybrid IP-PBX deployment within the laboratory environment.

## **United States/Canada**

### *Internet*

- **AOL announced the revamping of its Netscape.com web portal in a bid to enable users greater access to a bigger role in choosing the news articles that can be displayed for others.** Under the offering, visitors will be able to vote on the articles they like most. Data from comScore Media Matrix showed Netscape registering 12.3 million U.S. visitors in April, compared with Yahoo portal (128 million), Microsoft's MSN (102 million), and AOL.com (87 million). The first since 2005, the redesign will have some items selected with original reporting by AOL staff. The portal will also add social networking features.
- **Google revealed its objective to be the top source of information from the federal government, with the company announcing a new product that will serve as one-stop site for surfing the web sites of U.S. government agencies.** Google said the product is to be called "Google U.S. Government Search", and it targets federal employees who are heavy users of government web sites. The search engine will be culling information from sources such as The Washington Post and CNN. Observers are saying that this site could compete against the government-sponsored site FirstGov.gov. Google believes its site will complement FirstGov.
- **ebay announced the addition of a "Skype Me" button to certain categories of listings, a device that would enable buyers to contact sellers directly through the Internet phone service it acquired last year for US\$2.6 billion.** Under the offering, consumers who push the on-screen button will be able to contact sellers by voice, text message or both.
- **Google announced that it is purchasing its Silicon Valley headquarters for US\$319 million in a deal that covers a series of structures composing what is called the "Googleplex."** The move to acquire the building has been prompted by the massive growth of the company, with the nearly 90,000 square-meter headquarters housing some 7,000 employees. Google said the deal would need the approval from the city of Mountain View, as it holds the ground leases on the land.
- **A top official of the News Corp revealed that the company is considering letting one of the larger search engines, like Google, Yahoo or Microsoft's MSN, take over the search function on popular social networking site MySpace.com.** The move is explained by the official as one way of making MySpace earn money for the company. News Corp acquired MySpace in 2005 in a deal



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valued at US\$580 million and has become hugely popular among young users, registering more 75 million members. Since then News Corp has been trying to come up with ways to derive profit from its many users.

## *Mobile/Wireless*

- **Qualcomm, in its latest legal battle Nokia, said it has filed a complaint with the US International Trade Commission alleging that the Finnish wireless manufacturer infringed on six Qualcomm patents.** Observers note that lawsuits have periodically attended the relationship between Qualcomm and Nokia despite having a licensing agreement between them. Under the complaint, Qualcomm, the manufacturer of chips for mobile phones, is seeking to block the importation and sale of some Nokia handsets. At the center of the conflict is the use of wireless technology called global standard for mobile communications. Dubbed GSM, the dominant technology in Europe and Asia is also used in the U.S. by carriers by Cingular Wireless, owned by AT&T Inc, and BellSouth Corp., and T-Mobile USA, a unit of Deutsche Telekom AG. Nokia said it is looking into the complaint and will be making the necessary response. Qualcomm has patents for 2G- cell-phone technology and generates revenues from licensing agreements.
- **Motorola Inc., the world's second-largest mobile-phone maker, announced that it has formed an alliance with carriers to develop phone software that will compete with Microsoft Corp.'s Windows and a system backed by larger rival Nokia Oyj.** The company said the software will be based on the Linux operating system. The group includes Vodafone Group Plc and NTT DoCoMo Inc. as well as Matsushita Electric Industrial Co., Samsung Electronics Co. and NEC Corp. The group revealed its plans to challenge mobile operating system maker Symbian Ltd., which is 47.9 percent controlled by Nokia. Microsoft is also increasing efforts to promote its Windows Mobile platform. Motorola's new Q e-mail phone runs on an operating system from Microsoft. London-based Symbian has made software for 100 handset models and more than 250 phone companies. Motorola and the other companies in the alliance said they will seek more members. Symbian has several of the industry's main companies as shareholders.

## *Media, Entertainment and Gaming*

- **Reuters announced its acquisition of risk management software provider Application Networks for US\$41 million.** The purchase of the Application Networks is expected to build on the group's trade and risk management business. Following completion of the acquisition, Reuters said that it would create a new derivatives trading platform called Kondor+ 4.0. Current clients of Application Networks' trading platform included leading banks such as JPMorgan Chase, Societe Generale, UBS and Wachovia. Reuters disclosed that its current trade and risk management unit, which provides traders and operations managers with software to assess risk, reported revenues of US\$151.7 million in 2005.

## *Software*

- **Sonic Solutions, a digital media software maker, announced the launching of its Roxio Labs web site, which allows consumers to try new software and cutting-edge technologies.** The company said some of the software will be free even as it relayed that paid versions will be marketed later. Part of the first batch of program is MyTV ToGo, which allows consumers to transfer TV shows recorded on TiVo digital video recorders. Another program included in the initial batch is a video conferencing and video mail application called SightSpeed. U.S.-based Sonic said that products that are received well will be able to utilize Sonic's marketing channels.



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- **Adobe Systems disclosed a decline in its second-quarter profit to US\$123.1 million from US\$149.8 million in the same quarter last year.** The company, which is behind the software used for creating digital documents, explained the drop as brought about by acquisition costs negating higher sales.
- **Oracle said that its fiscal fourth-quarter results will be better than analysts anticipated, a development that was said to have pushed up Oracle's stock price by 6 percent.** Observers are saying that the predicted growth is a proof that the acquisitions totaling some US\$20 billion made by Oracle are paying off. In 2005, Oracle spent some US\$11.1 billion to acquire PeopleSoft Inc. and another US\$6.1 billion with the aim of getting a larger share of business applications software. The company said it is looking to a 25 percent rise in its revenue to some US\$4.8 billion. Analysts were looking to revenue of less than US\$4.6 billion, according to Thomson Financial. Oracle said its sales of new software licenses went up by 32 percent to US\$2.1 billion in the fourth quarter. Software licenses often generate steady future profits as customers pay more money for technology maintenance and support.

## *Hardware*

- **Blonder Tongue Laboratories Inc. disclosed that it has terminated its joint venture agreement with Master Gain International Industrial Ltd., citing the Hong Kong-based firm's failure to contribute the US\$5.8 million of capital to the venture.** Blonder Tongue, a supplier of broadband systems equipment and engineering services added that the Hong Kong company also failed to obtain certain governmental approvals and licenses. Blonder Tongue and its wholly-owned subsidiary, Blonder Tongue Far East said that the termination of the joint venture is expected to contribute to the delay in its plan to directly manufacture products in China. The company, however, revealed that it is looking for other alternative programs either singly or in partnership with others.
- **Hewlett-Packard announced the unveiling of a line of servers that is seen as reducing by half the cost of maintaining corporate data centers.** Top company officials said the device is easier to set up and maintain than its previous models or those offered by competitors. HP said the blades, which are self-contained servers that are used to serve up web pages and handle other chores, are valued at some US\$10 billion and is part of the fastest growing segment of the server business. Blades are slimmed-down, self-contained servers that administrators can plug into a network as needed. The machines, which are used to serve up web pages and handle other computing chores, are a US\$10 billion per year market and make up the fastest-growing segment of the server business. The company said the latest offering is part of what HP called its "adaptive infrastructure."

## **Europe**

### *Mobile/Wireless*

- **A report quoted Hutchison Whampoa saying that its mobile phone unit 3 Italia SpA is unlikely to proceed with its long-awaited IPO plans this year.** A survey of the public sentiment in Italy pushed the company to postpone its market launch that was supposed to be Italy's largest last year and insiders claim that the IPO is becoming even less likely. Hutchison had originally planned for a US\$15 billion valuation and was planning to sell between 20 percent and 25 percent of the company. No large IPO have taken place on the Milan exchange this year.

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## *Semiconductors*

- **Qimonda, the memory chip arm of German semi-conductors giant Infineon, a German semiconductor firm, announced that it has secured a contract allowing the German semiconductor giant to supply graphic RAM (random access memory) chips to Microsoft.** Qimonda said it is going to be floated on the New York Stock Exchange. Qimonda reported annual sales of about 2.8 billion euros (US\$3.5 billion). Financial details of the deal were not stated.

## *Telecommunications*

- **Deutsche Bahn, a German railway operator, and Deutsche Bank are rumored to have plans to sell their stakes in fixed-line telecoms specialist Arcor to majority shareholder Vodafone.** Deutsche Bahn and Deutsche Bank, which hold 18 and 8 percent respectively of Arcor, have declined to comment. Vodafone, which holds 74 percent of Arcor, denied the information. Industry sources, however are putting forth the value of the two stakes around 600 million euros (US\$758.5 million).

## *Internet*

- **A top official of Telecom Italia said it is looking for acquisition opportunities in Germany, with the goal not only to remain in the area but also to expand.** The official said Germany has big potential in high-speed Internet services. Telecom Italia acquired the German Internet access provider Hansenet in 2003 and also launched its own brand, Alice. Rumored to be the targets of the acquisition are AOL Germany and Versatel German.

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