

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



Week of 6 April - 12 April 2003

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Equity Market Indicators					
Index	Closing Level (4/11/2003)	% Change 1 Week Ago	% Change 1/1/2002	% Change 1/1/2003	% Change 2002 Low
S&P 500	868.30	-1.2%	-24.8%	-1.3%	12.2%
Dow Jones Industrial Avg.	8,203.41	-0.9%	-18.6%	-1.7%	12.8%
Dow Jones Tech. Index	216.38	-7.2%	-35.9%	-5.8%	19.3%
Dow Jones Telecom. Index	128.03	-9.2%	-38.6%	-13.4%	9.7%
NASDAQ Composite	1,358.85	-1.8%	-31.3%	1.7%	22.6%
The Street.com Net	92.34	-0.9%	-52.8%	7.8%	47.4%
Japan Nikkei 225	7,816.49	-3.2%	-28.1%	-8.9%	-3.9%
Japan TOPIX	782.25	-1.7%	-25.8%	-7.2%	-2.9%
Korea KOSPI Composite	582.97	4.5%	-19.6%	-7.1%	-1.1%
Korea Kosdaq	41.08	4.2%	-44.8%	-7.4%	-6.5%
Taiwan Stock Exchange	4,530.40	0.7%	-19.1%	1.8%	18.0%
Singapore Straits Times	1,301.02	-1.0%	-20.0%	-3.0%	-2.7%
Hong Kong Hang Seng	8,645.65	-2.0%	-23.8%	-7.2%	-2.6%
Hong Kong GEM	109.94	0.6%	-47.2%	-0.4%	3.3%
China Shanghai (A-Share)	1,649.81	3.7%	-1.6%	16.3%	17.7%
China Shenzhen (A-Share)	457.94	2.0%	-6.5%	11.7%	15.6%
China Shanghai (B-Share)	124.68	0.0%	-26.2%	9.8%	9.1%
China Shenzhen (B-Share)	217.24	2.1%	-17.0%	16.2%	14.2%

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Technology, Media, Telecommunications and Life Sciences Market Activity

NASDAQ/NYSE TMT and Life Sciences IPO Filings

File Date	Issuer	Industry Sector	Size (\$MM)	Description	Book-Runner	Co-Manager
4/10/03	Netgear Inc. [NTGR.us]	Telecom	\$115.0	Provides networking products designed for small businesses and homes	Lehman Bros.	Merrill Lynch, UBS Warburg

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing

Pricing Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 4/11/03	% Change From Offer
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Pricing

Pricing Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 4/11/03	% Change From Offer
4/11/03	Formosa Epitaxy Inc [3061.tt] (Taipei SE)	Manufactures and markets InGaN based high brightness LED epitaxial wafers and chips	\$9.2	NT\$68	NT\$63.5	-6.6%
4/10/03	A&D Co Ltd [7745.jp] (Jasdaq)	Produces and sells measuring equipment, medical and healthcare devices, and testing equipment	\$13.3	¥800	¥1,020	27.5%
4/8/03	Amigo Technology Co Ltd [6241.tt] (Gretai)	Develops, manufactures and sells internal and external modems, ADSL modems and ADSL routers	\$2.1	NT\$40	NT\$30	-25.0%

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Weekly Highlights

International

Telecommunications

- **SARS drives new demand for some telecommunications services in Asia.** PCCW says Internet traffic has jumped 20% since the outbreak began. SingTel says new subscriptions for broadband have doubled in the past week. Chunghwa Telecom Co. says the use of its China-Taiwan videoconferencing service jumped by two-thirds in March, to 2,000 minutes, from about 1,200 minutes.

Internet

- **Asia-Pacific, excluding Japan, to lead the world in terms of broadband subscribers** this year as telecommunications operators lower their toll charges and mobile users increase in number, according to IDC. In particular, developing markets in China and Taiwan are poised to see sharp growth in broadband subscribers.

Japan

Life Sciences

- **Ebara Jitsugyo has developed an air sterilization system for hospitals**, which are preparing for the possible spread of SARS in Japan. The system eliminates airborne bacteria and viruses using ultraviolet rays. While no confirmed case of SARS has been reported in Japan, health care institutions in the country are stepping up efforts to counter a possible outbreak of the disease here.

Telecommunications

- **Fujitsu Social Science Laboratory develops a fax system** that employs optical communications for faster transmissions, halving the phone line charges associated with faxing using conventional analog lines. The company anticipates demand from mail order firms, travel agencies and other users that fax in large volumes in the course of making reservations as well as sending and receiving orders.
- **NTT DoCoMo to extend a £200 million loan to Hutchison 3 UK.** The loan is part of a plan by 3's three parents - DoCoMo, Hong Kong conglomerate Hutchison Whampoa and KPN Telecom of the Netherlands - to inject up to £1 billion into it to convince banks to alter a key loan. The 65 per cent Hutchison-owned 3 last month started Europe's first 3G mobile-phone service in Britain.

Mobile / Wireless

- **Subscribers to mobile phone services in Japan exceeded 80 million** at the end of March, with the penetration rate among households reaching 63.7%. NTT DoCoMo had 57.9% share in the mobile phone service market, while KDDI took 18.5% and J-Phone Co. 18.4%. The Tu-Ka group's share was 5%.
- **Lens makers boost production to meet surge in demand for digital cameras and mobile phones** that take photographs. Firms, such as Konica, Fuji Photo, Nikon, Matsushita and Tamron, are investing more in this field as they expect its popularity to continue to rise.

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- **KDDI subscriptions for 3G CDMA2000 1x telephones top 7 million.** This means that half of KDDI's mobile phone subscriptions, which totaled 14.05 million at the end of March, are 3G subscriptions. This transformation has occurred in the one year since the company launched the service in April 2002.

Internet

- **ADSL subscribers reached 7.02 million at the end of March,** exceeding the 7 million mark for the first time, the Telecommunications Ministry said. But net monthly growth, which once topped 500,000, slipped to 430,000 in March, indicating growing saturation of the market and competition from fiber-optic Internet services.

Hardware

- **NEC forecasts second straight full-year loss** amid a steep slide in the valuation of its stock portfolio. The Japanese computer giant said it now expects to post a group net loss of ¥25 billion (\$208.4 million) for the fiscal year ended March 31, in stark contrast to its forecast group net profit of ¥10 billion, which NEC had reconfirmed three months ago, citing benefits from aggressive restructuring.
- **IBM Japan and H-P to lower their prices on Unix servers.** IBM Japan will reduce the prices for both its p630 and p650 series of Unix servers by an average 40-50%. The price for its inexpensive p630 models will be cut in half to 2.61 million yen. Hewlett-Packard Japan is also considering reducing the price of products like its rp4705 midsize server by about 20%.

Venture Capital / Investments

- **The Ministry of Finance to sell this fiscal year shares in NTT and Japan Tobacco** that it decided not to sell in fiscal 2002 due to the weakness in the stock market. Of the slightly more than 7 million NTT shares it now owns, the MOF plans to sell up to 1 million shares in fiscal 2003 in what will be the seventh round of its sale of the telephone giant's stock.
- **Canon passes Sony in market capitalization** to become Japan's largest electronic equipment company. Canon's market capitalization, as calculated by multiplying its stock price by the number of its outstanding shares, came to 3.74 trillion yen last Wednesday, unchanged from Tuesday. But a decline in Sony's stock price last Wednesday pushed its market capitalization down to 3.72 trillion yen.

Media, Entertainment and Gaming

- **Nintendo slashes earnings forecast for the year** after worldwide sales of Gamecube consoles and software were hit by the popularity of rival PlayStation 2. The firm slashed its expected group net profit by 17.5 per cent to 66 billion yen (about \$550 million) with its recurring profit seen 13.6 per cent below previous expectations at 95 billion yen. Its sales are expected to decline 16.7 per cent to 500 billion yen.

Software

- **Computer Associates to increase by more than 400% server administration marketing staff.** By increasing the marketing force, which helps the unit's sales agents in Japan sell the software, the subsidiary will aim to nurture the products into another major revenue source alongside computer network administration software products.

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Korea

Telecommunications

- **Major telecom operators likely to see lackluster earnings in the first three months of this year.** LG Telecom, a major mobile carrier, is set to unveil its first-quarter earnings later this month, while KTF and SK Telecom will follow suit around the end of the month. Fixed-line telecom giant KT Corp. plans to reveal its first-quarter earnings in late April or early May through a conference call.

Mobile / Wireless

- **KT and Intel to provide broadband services in more than 350 Lotteria fast-food restaurants** across the nation. KT will provide the wireless LAN service, or Wi-Fi network, called Nespot. The business partners said that the launch of Nespot was completed at the end of March and will transform over 350 Lotteria restaurants into the fast-food industry's first Nespot zones.
- **Samsung, LG and a Motorola unit halt shipments of mobile-phone handsets to SK** out of concern they won't be paid in the wake of an accounting scandal at affiliate SK Global. SK Telecom receives handsets distributed by SK Global, a trading company under the country's third largest conglomerate, SK Group.

Internet

- **Dacom's online-storage service growing faster than expected.** Its most promising business item named "Webhard" (www.webhard.co.kr) is the country's No. 1 online-storage service. The company started offering virtual data-storage service for mostly business users in March 2000. One gigabyte (GB) of Webhard space - today's top-rated hard disk drive is usually 60GB - costs 13,000 won per month.
- **Dacom to launch a new wireless Internet service called "AirLAN"** using the broadband infrastructure of Powercomm. The company said the new service, based on 2.4GHz range, has a coverage of 50 meters, allowing subscribers to access the broadband Internet freely compared with existing wireless LAN services.

Semiconductors

- **South Korea to propose suspension on deposit payable on a possible duty for Hynix** Semiconductor's memory chips, the Ministry of Commerce, Industry and Energy said. In a preliminary ruling last week, the U.S. Commerce Department required Hynix to post bonds to cover potential tariffs to be decided in a final ruling.

Hardware

- **LG.Philips to invest more than 3 trillion won to produce large LCD panels.** LG.Philips LCD intends to build a sixth plant at its Gumi manufacturing site in South Korea and aims to start operating it in early 2005. The panels produced there will be shipped out mainly for use in large televisions. The glass substrates will be 1,500 x 1,850mm, or about one size larger than current products.

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China

Telecommunications

- **China Unicom offering prepaid mobile-phone services on its CDMA network** at seven of its provincial branches, a move that could help drive subscriber growth. China's No. 2 mobile operator said the prepaid service became available on a trial basis Thursday at its units in Guangdong, Heilongjiang, Chongqing, Guangxi, Jiangxi, Shanxi and Hunan.

Mobile / Wireless

- **Nokia in talks with China United Telecommunications to produce high-speed CDMA handsets** for the low-end mainland market, posing a threat to existing manufacturers. The Finnish company would make handsets for China United's CDMA 1X network that could be priced as low as 1,000 yuan. The lowest-priced CDMA 1X handsets are made by LG and TCL, and cost about 1,500 yuan.

Semiconductors

- **China market helped chipmaker Intel avoid a decline in revenues last year**, with the mainland's contribution jumping 37 per cent year on year to \$3.2 billion. The company's global revenues rose 0.8 per cent to \$26.8 billion, after a 21 per cent decline in 2001. It is the first time that Intel has broken out its China results.

Taiwan

Semiconductors

- **TSMC and United Microelectronics post strong sales for March**, bolstering first-quarter revenue, and gave an upbeat outlook for the next quarter. However, the world's two biggest chip foundries didn't mention the probable impact from the war in Iraq and the outbreak of severe acute respiratory syndrome.
- **Intel and Via Technologies settle a long-running legal battle** that spawned 11 cases in five countries. Under the settlement, which includes a 10-year patent cross license, Intel agreed not to sue Via for three years for emulating its connection scheme in selling microprocessors, and for five years with chip sets. Via agreed to pay Intel unspecified royalties.
- **Nanya Technology shows a first-quarter net loss** in a sign that the chip industry likely fared poorly. Nanya, considered among the healthiest companies in the \$16 billion DRAM industry, reported a loss of 927 million New Taiwan dollars (\$26.7 million), compared with net profit of NT\$1.5 billion a year earlier. Revenue fell 25% to NT\$5.83 billion from NT\$7.77 billion.

Singapore / Malaysia

Media, Entertainment and Gaming

- **MediaCorp donates S\$100,000 towards a fund set up for SARS stricken families.** The Courage Fund is named in honor of Singapore's healthcare workers who have been at the frontline of the SARS battle. MediaCorp says the donation expresses the group's deep appreciation for the healthcare workers, and it honors their courage and tireless commitment.

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Hong Kong

Software

- **ShaoLin Microsystems launches a high-availability (HA) clustering system.** The ShaoLin HA Cluster can connect large numbers of computers as if they were a single unit. ShaoLin works with most of the Linux distributions available, such as Red Hat, SuSE, Mandrake and others. The system requires kernel 2.4 and glibc 2.2. ShaoLin also works with companies such as IBM, H-P and Intel.

Venture Capital / Investments

- **Hongkong.com shares soared 46 per cent on Monday** after the company announced it had completed the purchase of a mainland mobile application service provider. The stock was heavily traded with 36.9 million shares changing hands - 9.2 times more than the firm's average daily turnover for the past month.

United States / Canada

Life Sciences

- **Chairman and founder of Quintiles wins auction** for the company after raising his bid to \$1.7 billion. Dennis Gillings, who founded Quintiles more than 20 years ago when he was a professor at the University of North Carolina in Chapel Hill, teamed up with Bank One Corp.'s private-equity arm in the management-buyout deal that values Quintiles at \$14.50 a share.

Software

- **Sun Microsystems mounts campaign to sell software customarily sold to the military** and intelligence agencies. The computer maker plans to push commercial sales of Trusted Solaris, which protects against external attacks and can restrict access to sensitive files by users inside an organization. Trusted Solaris has been marketed to government agencies for about 10 years.
- **Microsoft to loosen its licensing rules for software used to control electronic gadgets.** The new licensing initiative will open the door for makers of chips and electronic devices to change Microsoft's Windows CE software embedded in the circuitry of handheld devices like personal digital assistants and mobile phones, as well as cash registers and automated teller machines.
- **Kana Software names Tom Doyle, 52, president.** Mr. Doyle has been the chief operating officer for KANA for the past two years, a position that is now nonexistent at KANA. The president's title was previously held by the company's CEO Chuck Bay. KANA, Menlo Park, CA is a maker of customer-service software.

Internet

- **E*Trade Group adding four independent directors to its board**, and ousting two others. Vaughn Clarke, executive vice president of Freddie Mac; Michael Parks, managing director of TCW's leveraged-finance group; Cathleen Raffaeli of Hamilton White Group; and Donna Weaver, chairman of Mx Secure are joining the board.
- **Google under pressure from Yahoo and Microsoft** as they announce new features. Executives at Microsoft's MSN Internet services division said that Microsoft is increasing its investments in search

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tools. Yahoo will combine results licensed from Google's index combined with information drawn from Yahoo's potpourri of customized services.

- **USA Interactive to acquire the shares of Hotels.com it doesn't already own** in a stock transaction valued at about \$1.1 billion. USA Chief Executive Barry Diller has been looking to build the company into an e-commerce powerhouse comparable to eBay or Amazon.com. Last year, USA Interactive began streamlining its business by selling its film, TV and cable assets to Vivendi and buying a majority stake in Expedia.
- **Yahoo posts unexpectedly large first-quarter profit on a 47% leap in revenue.** The company raised its revenue forecast for the year to between \$1.22 billion and \$1.28 billion, indicating growth over 2002 of as much as 34%. Yahoo had previously forecast that revenue would be between \$1.145 billion and \$1.215 billion. Yahoo also predicted that 2003 EBITDA would be \$350 million to \$380 million.

Semiconductors

- **Applied Micro Circuits to reduce headcount by 31% by the end of the year,** to 626 employees, as part of realignment efforts to address the industry downturn. As of Jan. 1, the San Diego company had 912 workers world-wide. The integrated-circuits maker said it hasn't yet determined the amount of costs and charges in connection with the restructuring.

Venture Capital / Investments

- **U.S. venture capitalists favored software and health-care companies** in 2002, according to VentureOne and Ernst & Young. Of the 510 new venture-backed companies, 54 were in the connectivity and communications software area and 37 in the business applications software field. Health-care companies as a group came second to software, securing 29% of the total initial financing.

Hardware

- **Dell board director Michael H. Jordan resigns** because of demands of his new position as chairman of the board and chief executive officer of EDS. Dell said there was no immediate plan to replace Mr. Jordan, who has been on the board for 10 years. He took the job at EDS last month.

Media, Entertainment and Gaming

- **AOL Time Warner in talks with several potential buyers of its sports teams,** including former Madison Square Garden President David Checketts. AOL has been looking to sell baseball's Atlanta Braves, basketball's Atlanta Hawks and hockey's Atlanta Thrashers for several months as part of a debt-reduction initiative.
- **AOL Time Warner's IPO of Time Warner Cable likely won't occur until September,** increasing the pressure on the debt-laden media giant to put other assets on the auction block. One possibility is for AOL Time Warner to sell Warner/Chappell Music, the music-publishing arm of the Warner Music Group, which could fetch more than \$1 billion.

Information Technology

- **Microsoft files suit seeking to invalidate 13 Lucent patents,** which address technologies that include audio and video coding, video displays and a touch-screen system for filling out forms. Lucent Technologies has already sued two of Microsoft's biggest customers and privately warned Microsoft that it may be infringing on Lucent patents.

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- **HP lands three-year contract to manage and revamp Cathay Pacific Airways Web services** infrastructure. This deal breaks ground for HP's services business in Asia since Cathay Pacific has long been an IBM Global Services customer. The airline has large outsourcing projects with IBM's services units in Hong Kong and Australia.

Europe

Life Sciences

- **Oxford GlycoSciences to be snapped up by Celltech** for around £100 million (\$157.3 million) in cash after other potential bidders pulled out of talks Friday. Oxford Glyco put itself up for sale earlier this year, but its board rejected first an all-share offer from Cambridge Antibody Technology Group and then a higher cash offer of £101.4 million from Celltech, saying both were too low.

Mobile / Wireless

- **Nokia to cut more than 10% of the work force at its networks unit** and streamline its research-and-development spending as it seeks to return the division to profitability amid continued soft demand from telephone operators. The world's largest mobile-phone maker warned in March that its networks unit would report a substantial loss for the first quarter.

Media, Entertainment and Gaming

- **Microsoft will cut the price of its Xbox video game system by up to 20% in Europe** -- its third price reduction in 13 months. Microsoft, which introduced Xbox in Europe in March 2002, will lower the product's price to €199.99 (\$215) from €249.99 in continental Europe, and to £129.99 (\$203) from £159.99 in the U.K.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 4/11/03)	% Change 1 Week Ago	% Change 1/1/2002	% Change 1/1/ 2003	% Change Last 12 Mth.
Japanese yen	¥/US\$	120.5400	-0.4%	-8.4%	-1.5%	9.6%
Hong Kong dollar	HK\$/ US\$	7.7996	0.0%	0.0%	0.0%	0.0%
Chinese renmenbi	RMB/ US\$	8.2772	0.0%	0.0%	0.0%	0.0%
Singapore dollar	S\$/ US\$	1.7813	-0.3%	-3.6%	-2.6%	3.0%
South Korean won	KRW/ US\$	1242.0250	1.3%	-5.4%	-4.5%	6.9%
New Taiwan dollar	NT\$/ US\$	34.7925	0.1%	-0.6%	-0.5%	0.6%
Australian dollar	US\$/A\$	0.6051	0.7%	18.7%	7.7%	13.9%
New Zealand dollar	US\$/NZ\$	0.5457	0.9%	31.1%	4.0%	24.3%
Philippine peso	PHP/ US\$	52.9900	0.8%	2.6%	1.2%	-3.8%
Euro	US\$/€	1.0752	0.2%	20.9%	2.5%	22.3%
British pound	US\$/£	1.5705	0.6%	8.1%	-2.5%	9.3%

Fixed Income Prices and Yields							
Note	Currency	Current (on 4/11/03)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	106.4063	4.95%	106.1406	4.97%	109.6719	4.75%
Japan 30-year	¥	124.1635	1.08%	123.7790	1.09%	120.2950	1.23%
Hong Kong 10-year	HK\$	121.6625	3.79%	121.6187	3.81%	122.9583	3.63%
China (10/2027)	US\$	107.8333	6.84%	115.9600	6.22%	107.8333	6.84%
Singapore 10-year	S\$	118.3800	1.88%	118.1189	1.93%	118.7936	1.86%
South Korea 10-year	US\$	120.8561	4.20%	120.8738	4.22%	119.9072	4.45%
Australia 15-year	A\$	109.3305	5.29%	108.2760	5.42%	109.7290	5.25%
New Zealand (07/2009)	NZ\$	106.4260	5.76%	105.9307	5.85%	106.9876	5.67%
Philippines 20-year	PHP	133.1419	13.52%	133.8272	13.44%	131.4703	13.70%
India 20-year	INR	145.6386	6.29%	144.2992	6.40%	139.6472	6.76%
UK 30-year	£	93.4140	4.66%	94.1465	4.62%	97.6329	4.39%
Germany 30-year	€	108.7310	4.91%	108.7388	4.92%	111.4915	4.75%

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