

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



Week of 12 April - 19 April 2003

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Equity Market Indicators					
Index	Closing Level (4/18/2003)	% Change 1 Week Ago	% Change 1/1/2002	% Change 1/1/2003	% Change 2002 Low
S&P 500	893.58	3.2%	-22.6%	1.6%	13.3%
Dow Jones Industrial Avg.	8,337.65	1.7%	-17.2%	0.0%	13.3%
Dow Jones Tech. Index	243.66	6.6%	-27.8%	6.1%	33.9%
Dow Jones Telecom. Index	142.97	1.6%	-31.4%	-3.3%	22.5%
NASDAQ Composite	1,425.50	5.1%	-28.0%	6.7%	25.2%
The Street.com Net	98.24	8.0%	-49.8%	14.7%	53.3%
Japan Nikkei 225	7,874.51	0.7%	-27.6%	-8.2%	-5.8%
Japan TOPIX	790.72	1.1%	-25.0%	-6.2%	-3.2%
Korea KOSPI Composite	624.77	7.2%	-13.8%	-0.4%	4.9%
Korea Kosdaq	44.83	9.1%	-39.8%	1.1%	0.6%
Taiwan Stock Exchange	4,658.30	2.8%	-16.8%	4.6%	18.6%
Singapore Straits Times	1,282.51	-0.8%	-21.1%	-4.4%	-2.9%
Hong Kong Hang Seng	8,579.14	-0.7%	-24.4%	-8.0%	-2.1%
Hong Kong GEM	109.94	1.3%	-47.2%	-0.4%	3.3%
China Shanghai (A-Share)	1,676.88	1.6%	0.0%	18.2%	22.4%
China Shenzhen (A-Share)	467.81	2.2%	-4.5%	14.1%	20.0%
China Shanghai (B-Share)	128.37	3.0%	-24.1%	13.1%	15.0%
China Shenzhen (B-Share)	226.40	4.2%	-13.5%	21.1%	24.1%

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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
N/A						

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

Pricing Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 4/18/03	% 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 4/18/03	% Change From Offer
4/16/03	Tiger Tech Holdings Limited [8046.HK] (HKSE)	Researches, develops, sells and implements enterprise thin client solutions, cable network thin client solutions and customized thin client application solutions	\$3.9	HK\$0.30	HK\$1.23	310%
4/16/03	Jorudan Limited [3710.JP] (Nippon New Market Hercules)	Develops and sells software that provides optimum routes, fares and travel time required for all the railroads and airplanes in Japan	\$3.0	¥440	¥600	50%

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## Weekly Highlights

### International

#### *Hardware*

- **Dell Computer regains its position as the world's largest PC company**, according to IDC and Gartner. Dell eclipsed Hewlett-Packard Co. (HPQ) as the largest PC company with 16.9% of the market worldwide and 30.7% of the market in the U.S., Gartner says. IDC put Dell's market share at 17.3% worldwide and 31.8% in the U.S. The company had lost the title to HP in the fourth quarter.

### Japan

#### *Life Sciences*

- **Affymetrix lowers prices on mainstay products in Japan by as much as 70%**. The U.S. firm aims to make a comeback in the Japanese market, where domestic companies are expanding their own shares, by cutting prices to their levels. Affymetrix Japan KK earlier this month lowered the price of a mainstay DNA chip by about 20% to 260,000 yen.

#### *Telecommunications*

- **KDDI considering possible legal action against a hike in NTT connection fees**. In late March, a telecommunications ministry advisory panel said it approved the ministry's proposal for the rate hike, which will raise access fees at NTT's regional arms by around 5.0% on average over the next two years from April.

#### *Internet*

- **Government to eliminate the license requirement for setting up wireless LAN base stations**, requiring service providers to register the stations instead. By doing so, the Posts and Telecommunications Ministry hopes to make it easier to set up wireless LANs and thereby spread the use of the technology. In addition, it aims to expand the areas serviced by wireless LAN base stations.

#### *Semiconductors*

- **Toshiba to get financial help from Sony to build one of two state-of-the-art microchip plants**. Sony will shoulder part of the cost of building the plant in southern Japan for chip production using 300 millimeter wafers, which are up to 30% cheaper to manufacture than current-generation 200mm wafers. Toshiba announced plans for two new plants costing a total of \$2.92 billion in December 2002.

#### *Hardware*

- **Toshiba and Mitsubishi Electric creating JV to combine factory electrical equipment business**. The new company, which will start business in October, will combine operations with 2,300 employees and sales of ¥140 billion (\$1.17 billion), and will manufacture a range of equipment, including large-capacity motors and computerized control systems for factories.

#### *Media, Entertainment and Gaming*

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- **Namco proposes merger with rival Sega.** The news adds Namco to a list of potential Sega suitors that includes Microsoft, Electronic Arts and Japanese pinball-machine-maker Sammy. It also makes Namco, creator of the Tekken fighting game, the latest Japanese maker of game software to explore mergers as a way to weather a harsh business environment.

## *Information Technology*

- **Systems developer Nippon Intelligence to insure PCs against viruses and hackers.** The service covers the cost of repairing personal computers damaged by viruses or invaded by hackers, sources close to the matter said Monday. The service will be offered jointly with AIU Insurance Co., the Japanese unit of U.S. insurer American International Group.

## **Korea**

### *Internet*

- **Korea Thrunet to select a financial adviser by mid-May** to move forward with a merger and acquisition plan. The high-speed Internet access provider said it will receive applications through April 28 to select an M&A adviser. KT has said it is reviewing the possibility of purchasing Korea Thrunet while Dacom has also expressed interest.
- **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 (local area network) services.

### *Hardware*

- **Samsung Electronics posts sharper-than-expected drop in first-quarter earnings.** Net income for the quarter ended March 31 declined 41% from a year earlier to \$932 million. Revenue fell by 3.3% from a year earlier, and by 11% from the fourth quarter of 2002, to 9.6 trillion won, amid weak memory-chip prices and fierce competition in the handset market.
- **LG Electronics first-quarter net profit fell 11.6%** as a result of losses from investments in its two joint ventures. Sales surged 17% on robust shipments of mobile handsets overseas and demand for premium home-appliance products. Net profit for the three months ended March 31 fell to 194.4 billion won (\$160.3 million) from 219.8 billion won a year earlier.
- **LG Electronics has developed 50-inch PDP (plasma display panel) TV** that comes with a built-in digital tuner, marking the first of its kind in the fast-evolving high-end display market. LG said the new PDP model allows viewers to get both analogue and digital broadcasting without installing additional set-top box.

## **China**

### *Software*

- **IDC says global companies dominate in China's software market,** holding between 60% and 70% market share. However, selling more complex software systems to corporate customers can still be a

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viable business. A favorite of many analysts is Beijing UFSoft, a maker of accounting software. Hong Kong-listed Kingdee International Software Group also makes accounting software.

## *Internet*

- **Sina.com joins about 200 Internet portals in a government-backed search engine alliance** that challenges global giants such as Google. The search engine - developed by the China Internet Information Center and Chinese firm Sinobet in September last year - links to a database of more than 30,000 mainland portals, including most of China's key official news Web sites.

## **Taiwan**

### *Semiconductors*

- **Chartered Semiconductor reports a narrower loss for the first quarter**, but the chip maker warned that its results could worsen in the current quarter amid a slow recovery in global chip demand. Chartered Semiconductor reported a loss of \$75.7 million, compared with a \$128.4 million net loss a year earlier.

## **Singapore / Malaysia**

### *Venture Capital / Investments*

- **Singapore's two main semiconductor firms are expected to post smaller first-quarter losses** as the chip industry crawls out of a record two-year slump but weak demand means profitability remains a distant hope. Chartered Semiconductor has underperformed the Straits Times Index by 22 per cent in the past six months. ST Assembly has gained about 10 per cent since the start of the year.

## **Hong Kong**

### *Telecommunications*

- **PCCW's undersea cable joint venture Reach offers voluntary redundancy** to more than 500 staff to cut costs. Reach, a 50-50 venture with Australia's Telstra, has offered seven months' wages to employees in Hong Kong, Australia, Singapore, Japan and Britain for early retirement. The staff have been given until next month to respond.
- **PCCW and Australia's Telstra have struck a deal with bankers to delay repayment** of \$1.2 billion in debt from their troubled undersea cable joint venture, Reach, until the end of 2010. Under the new arrangement, Telstra and PCCW will inject US\$286 million in cash into the venture in what amounts to an effective bailout.

### *Mobile / Wireless*

- **Hutchison's Australian subsidiary launched the country's first 3G mobile service**, gambling the company's future on Asia's first 3G launch outside Japan. After soft launches in Britain and Italy, Hutchison Telecommunications (Australia) is committing A\$3 billion to 3G technology that has been delayed by market leaders Telstra and Singapore Telecommunications' Australian unit Optus.

### *Software*

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- **The share price of server-based solutions provider Tiger Tech triples on its GEM trading debut** on Wednesday. Tiger Tech is a vendor of thin-client solutions, which allow companies to run applications from a server, rather than the traditional fat-client computing or mainframe model that requires devices with high processing power.
- **Technology may help to contain future virus outbreaks.** State-of-the-art computer-simulated epidemics used by the US military in defence program against biological warfare may prove useful in halting the spread of the virus, according to Hong Kong-based Artificial Life Inc. The company develops applications using advanced mathematical and computer theories for hi-tech industries.

## United States / Canada

### *Life Sciences*

- **GlaxoSmithKline and Pentech Pharmaceuticals to settle their patent litigation** over Pentech's proposed generic capsule version of Glaxo's antidepressant drug Paxil. The settlement will allow Par Pharmaceutical, a subsidiary of Pharmaceutical Resources, to distribute in Puerto Rico a generic form of Paxil immediate-release tablets licensed from Glaxo.

### *Software*

- **SAP first-quarter earnings rose strongly despite an 8% drop in revenue**, as the big German software maker has been focusing on cost controls. For the first quarter, SAP reported net income of €186 million (\$203 million), or 60 European cents a share, up sharply from €65 million, or 21 cents a share, in the same period of 2002. Analysts had forecast a profit of €151 million for the latest quarter.
- **Sun Microsystems posts fiscal-third-quarter profit**, but a 10% drop in revenue indicated that industry trends still seem to be working against the computer maker. The company has been suffering from tepid demand by corporate users as competitors assault the high and low ends of its product line. Sun reported net income of \$4 million. Revenue fell 10% to \$2.79 billion from \$3.11 billion.

### *Internet*

- **Sabre posts 26% decline in first-quarter net income**, as revenue fell amid the continuing travel slowdown. The company warned the weakness might continue through the rest of the year. The travel-services provider, which operates the Travelocity Web site ([www.travelocity.com](http://www.travelocity.com)), reported net income of \$64.9 million, or 45 cents a share, compared with \$87.4 million, or 64 cents a share, a year earlier.
- **DoubleClick reports first-quarter net income \$1.4 million**, or a penny a share, compared with a loss of \$6 million, or four cents a share, a year earlier. Revenue fell 28% to \$60 million from \$83.7 million a year ago, hurt by the divestitures of the company's Media, DoubleClick Japan and Research businesses. Shares of DoubleClick got a boost last week after Yahoo said ad revenue grew during its first quarter.
- **Hilton Hotels signs two-year partnership with Expedia** aimed at eliminating deeply discounted Hilton hotel rooms on the Web. In return for being named a preferred vendor, Expedia has pledged not to undercut Hilton's own prices and agreed to significantly cut its commissions to the hotelier. Loyal Hilton guests also will be steered away from all outside Web sites, including Expedia.

### *Venture Capital / Investments*



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- **The percentage of venture capital earmarked for semiconductor start-ups has doubled**, reaching 5.6% of such investments last year after accounting for a mere 2.8% from 1995 through 2000. The trend can be attributed largely to underlying confidence in the chip sector as venture investors regroup in the aftermath of the dot-com crash.

## *Hardware*

- **Apple second quarter net profit fell by more than half from a year earlier**, but the earnings report was overshadowed by continued questions over whether the computer maker intends to pursue an acquisition of all or part of Vivendi's Universal Music Group. However the computer company didn't say outright that Apple wasn't in negotiations with Universal Music about a potential bid.
- **EMC swings to a profit in the first quarter**, bolstered by cost cutting and sales of a new, high-end storage device aimed at taking back market share. The company said it earned \$35 million, or about two cents a share. In the first quarter of 2002, it had a loss of \$77 million, or three cents a share. Revenue rose 6% to \$1.38 billion from \$1.30 billion.

## *Media, Entertainment and Gaming*

- **University of California files lawsuit against AOL Time Warner**, claiming their stakes have lost more than \$500 million in value because the media company allegedly lied about its financial condition. The University of California, which dropped out of a federal class-action suit against AOL earlier this month, filed its own suit Monday in the Superior Court of California in Los Angeles.
- **NovaLogic's "Delta Force: Black Hawk Down,"** sold 11,000 units in its first four days of release, and was the No. 1 selling PC game for that week, the company says. It remains a strong seller, recently at No. 15 on Amazon.com Inc.'s list of bestselling PC games. Based on the bloody 1993 U.S. military incident in Somalia, the game was released March 25, days after the start of the recent Iraq campaign.

## **Europe**

### *Telecommunications*

- **Deutsche Telekom forecast significant improvement in its full-year net results**, after posting Germany's largest-ever corporate loss for 2002. Deutsche Telekom posted a net loss of \$26.5 billion last year after writing down the value of assets bought during the technology boom. The company said lower interest charges on its debt and a drive to bring its divisions into profit will help this year's results.
- **Telecom Italia approves a merger with parent company Olivetti SpA**, but dissatisfied investors stepped up their revolt by writing an angry letter to Telecom Italia's board. The merger, announced last month by Telecom Italia Chairman Marco Tronchetti Provera, is intended to simplify the ownership structure of Italy's biggest telecommunications firm.

### *Mobile / Wireless*

- **Nokia reports sharp increase in earnings in the first quarter** despite a drop in sales amid anemic demand for mobile-phone network equipment. The world's largest maker of mobile phones posted a better-than-expected 13% rise in net income to €977 million, reflecting high profit margins in its handset division and a €226 million reduction in an earlier bad-debt provision.

### *Software*



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## *Hardware*

- **Philips posts a €69 million (\$74.4 million) net loss for the quarter**, compared to a profit of €9 million for the same period a year earlier. Sales fell 14% to €6.5 billion from €7.6 billion. The loss -- the company's fourth consecutive quarterly loss -- was smaller than expected. A survey of six analysts produced a forecast of a net loss of €114 million, on sales of €7.2 billion.

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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 4/18/03)	% Change 1 Week Ago	% Change 1/1/2002	% Change 1/1/ 2003	% Change Last 12 Mth.
Japanese yen	¥/US\$	119.7700	0.7%	-9.0%	-0.8%	8.8%
Hong Kong dollar	HK\$/ US\$	7.8000	0.0%	0.0%	0.0%	0.0%
Chinese renmenbi	RMB/ US\$	8.2770	0.0%	0.0%	0.0%	0.0%
Singapore dollar	S\$/ US\$	1.7680	0.8%	-4.3%	-1.9%	3.0%
South Korean won	KRW/ US\$	1203.9000	2.1%	-8.3%	-1.5%	9.0%
New Taiwan dollar	NT\$/ US\$	34.7850	0.0%	-0.6%	-0.4%	0.3%
Australian dollar	US\$/A\$	0.6147	1.6%	20.6%	9.5%	13.7%
New Zealand dollar	US\$/NZ\$	0.5568	2.1%	33.8%	6.2%	24.3%
Philippine peso	PHP/ US\$	52.3050	1.3%	1.3%	2.5%	-2.8%
Euro	US\$/€	1.0877	1.2%	22.3%	3.7%	21.9%
British pound	US\$/£	1.5711	0.0%	8.1%	-2.4%	8.5%

## Fixed Income Prices and Yields

Note	Currency	Current (on 4/18/03)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	107.3281	4.89%	106.5469	4.94%	106.7656	4.93%
Japan 30-year	¥	127.8580	0.94%	124.1670	1.08%	121.3250	1.19%
Hong Kong 10-year	HK\$	122.1873	3.70%	121.8812	3.76%	121.6416	3.82%
China (10/2027)	US\$	139.3406	4.76%	139.6772	4.75%	106.2326	6.97%
Singapore 10-year	S\$	118.6500	1.84%	118.6711	1.85%	116.9606	2.10%
South Korea 10-year	US\$	121.5452	4.05%	120.8561	4.20%	119.1087	4.60%
Australia 15-year	A\$	109.4955	5.27%	109.7010	5.25%	107.9610	5.47%
New Zealand (07/2009)	NZ\$	106.3211	5.77%	106.5524	5.74%	105.6198	5.92%
Philippines 20-year	PHP	131.9731	13.65%	133.2032	13.51%	131.8713	13.66%
India 20-year	INR	145.3455	6.31%	144.9992	6.34%	138.2308	6.81%
UK 30-year	£	94.2690	4.61%	94.1902	4.61%	93.6683	4.65%
Germany 30-year	€	109.1150	4.89%	109.5369	4.87%	108.4747	4.93%

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