

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



Week of 30 January - 5 February, 2005

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## International

### *Internet*

- **More than eight out of ten Japanese households used the Internet in 2004, while the U.S. market, moved out of a two-year plateau by posting a 27 percent online population increase, according to the Ipsos-Insight's Face of the Web study.** The U.S. remains the largest Internet market with 162 million users, which is 42 percent of the Internet population in measured markets, with Japan second with 70 million users. France and urban markets of China and Russia contributed a greater part of the remainder of the growth. The last two countries have only around 10 million online users each but the study show both to have grown by over 50 percent year on year. Internet growth continues to expand in developed markets and reach critical mass in many markets in Europe and Asia, the study said. Users in the East Asian markets of Japan, South Korea, and Urban China most likely to spend a large proportion of their time online. The Face of the Web study, which has been conducted annually since 1999, shows that the proportion of 'past 30 day Internet users' in the East Asian markets spend more than 11 hours online. The 2004 Internet study was conducted in and was composed out of interviews in 12 key global markets.

### *Mobile/Wireless*

- **The worldwide market for handheld devices experienced its third straight year of decline in 2004, according to analyst firm IDC.** Analysis shows that smart phones provided fierce competition drawing consumers people away from investing in handheld devices. In 2004, shipments of handheld devices went down to less than 10 million units for the first time in five years. The shipment of 9.2 million devices that year was a 13 percent decrease from last year's total of 10.6 million devices shipped. IDC said the handheld computer needed to evolve beyond its core functionality. Two top vendors – Sony and Toshiba – bowed out of the handheld market and retained only their Japanese market.

### *Software*

- **The Open Source Development Labs (OSDL) announced that Levanta, considered a leader in Linux configuration management, systems provisioning and software deployment, has joined OSDL and will participate in the Lab's Data Center Linux and Desktop Linux working groups.** OSDL is a global consortium formed to accelerate the adoption of Linux in the enterprise. The Linux market, according to IDC, is going through worldwide dramatic growth. The revenues of the firm are expected to increase 26 percent annually to reach US\$35.7 billion by 2008. The company itself said that the number of Linux deployments in enterprises is growing faster than any other operating system platform.

## Japan

### *Internet*

- **Internet access provider Acca Networks has received approval to list on the JASDAQ Securities Exchange, the Japan Stock Exchange said.** The company will offer 37,000 shares to the public in its initial public offering. Out of those shares, 19,000 are newly issued shares, with 18,000 shares

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currently held in private. The lead underwriter of the IPO Daiwa Securities SMBC said it has an option to offer an additional 5,500 shares held by Acca's shareholders in case of exceptional demand. The company said it expects to raise 8.4 billion yen (US\$80.8 million) from the offering. It plans to use 6.8 billion yen (US\$65.4 million) from this for capital expenditure and the rest for debt repayment. For the current fiscal year through Dec. 31, 2005, the company forecasts a parent pretax profit of 2.5 billion yen (US\$24 million), a net profit of 3.5 billion yen (US\$33.7 million), and revenue of 44.2 billion yen (US\$425 million).

- **Trend Micro announced for the fourth quarter consolidated net sales of 17.7 billion yen (US\$167.9 million) and net income of 4.7 billion yen (US\$45 million).** This marks a 32 percent growth in net sales. The report said this strong global performance in the fourth quarter pushed Trend Micro to set an all-time high in annual net sales. For 2004, the company generated 62 billion yen (US\$594.2 million), a 72 percent growth from 2003. Net income was 15.8 billion yen (US\$150.3 million), up 72 percent from the previous year. The company attributes the strong growth across its various product lines to continued demand for comprehensive protection in the enterprise and consumer environments. The company notes that its worldwide performance was strong throughout the year, highlighted by Japan, Europe and the United States.

## *Software*

- **The Tokyo District Court ordered Justsystem Corp. to discontinue the production and sale of its Ichitaro word-processing software and Hanako graphics software pointing to their function that infringes on a Matsushita Electric Industrial Co. patent.** Matsushita applied for a patent on the function in 1989 and received it in 1998. Justsystem said it would release its latest version of the software Ichitaro 2005 equipped with the function even as it said would appeal the ruling.
- **Computer Associates said it would begin marketing a Japanese version of software that can automatically manage settings and operation status of networked personal computers.** The software not only detects personal computers connected to a company network but also provides computer information that includes equipment names, installed software and security measure status. The software, when it detects a failure, can also provide a solution from a remote location to the problem. It also updates software or other business-use software. Computer Associates is a unit of Computer Associates International.

## *Information Technology*

- **Digitalscape announced that it would go public on the Hercules market of the Osaka Securities Exchange.** The company, a temporary staff agency specializing in information technology, also contracts for IT-related development with experience in web site creation and game development. Digitalscape expects parent-only pretax profit of 200 million yen (US\$1.9 million) for the current fiscal year through March 2005. It plans to use the money to be raised from the public offering mainly to enhance training facilities and establish offices.

## *Hardware*

- **Mitsubishi Electric announced its net profit more than doubling in the nine months to December, with a 144 percent net profit growth from year earlier to 36.3 billion yen (US\$349.3 million).** The company also said its pretax profit was up 47 percent to 58.3 billion yen (US\$561.1 million) with sales growth of up to 2 percent to 2.3 trillion yen (US\$22.1 billion). In a statement, the company noted a visible slowdown in the United States and Chinese economies and Japanese

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economic conditions showing a slight downward trend with signs of slowdown in production and capital investment. For the year to March, Mitsubishi Electric did not change its forecasts of net profit of 70 billion yen (US\$673.5 million) on sales of 3.4 trillion yen (US\$32.7 billion).

- **Hitachi said its net profit rose from a year earlier to 67.8 billion yen (US\$652.8 million) while pretax profit was up 51.4 percent to 206.9 billion yen (US\$2 billion) on sales of 6.4 trillion yen (US\$61.6 billion).** The company noted weaker demand to factors like weaker demand for digital products, rise in the price of oil and other raw materials. The Japanese electronics giant announced it would also raise its stake in its plasma-display panel (PDP) venture with rival Fujitsu from 50 percent to 80.1%. The deal includes a transfer of the basic patents from Fujitsu to Hitachi. The terms of the deal, which will be completed in April, were not disclosed. The joint venture, which was set up in 1999 with current capital of 30 billion yen (US\$288.8 million), will become a consolidated subsidiary of Hitachi.
- **Victor Co. of Japan, also known as JVC, posted a group net profit of 4.7 billion yen (US\$45.2 million) for the three months ended Dec. 31, which is down from a year-earlier profit of 6.8 billion yen (US\$65.4 million).** The Japanese consumer electronics maker said its group operating profit slipped down to 26 percent to 7.4 billion yen (US\$71.2 million), with its group revenue falling 8.5 percent to 239.1 billion yen (US\$2.3 billion) from 261.3 billion yen (US\$2.5 billion). The company pointed to falling prices of digital goods and lower sales of music software for the slump. JVC is a subsidiary of Matsushita Electric Industrial Co., which markets Panasonic-brand audiovisual products. For the fiscal year ending March 31, JVC continues to project a group net profit of 4 billion yen (US\$38.4 million) on group revenue of 905 billion yen (US\$8.7 billion).

## *Mobile/Wireless*

- **NTT DoCoMo has entered into an agreement with StarHub, Singapore's fastest growing mobile operator.** Under the agreement, Starhub will offer i-mode services over both its 2.5G and 3.5G networks with DoCoMo providing its expertise in patents, branding, marketing, knowledge and technology. Already the world's leading mobile Internet service since its introduction in Japan in 1999, i-mode today offers 6,700 official sites worldwide with thousands of applications for over 46 million users worldwide. Japan has more than 80,000 independent i-mode sites in addition to official sites. This agreement will enable Starhub to exploit the i-mode alliance's international experience to bring one of the world's leading mobile Internet services to consumers in Singapore. In another development, NTT DoCoMo said that it would begin releasing 3G cellular phone models in February that will be priced about 10,000 yen (US\$96.2) less than current models. By offering 3G handsets for about the same price as 2G handsets, NTT DoCoMo aims to attract new users and convince existing customers to upgrade. The company is also asking other handset manufacturers to cut their delivery prices.

## **Korea**

### *Internet*

- **KT Corporation said it posted a net income of 396.2 billion won (US\$385.5 million), from 81.6 billion won (US\$79.7 million), for the fourth quarter of 2004.** The increase is nearly five-fold. The country's biggest fixed-line telephone and broadband Internet operator also announced its fourth-quarter operating profit as down from 389.1 billion won (US\$380.1 million) a year to 287.2 billion won (US\$280.6 million).

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- **Hanarotelecom Inc. said it has lowered its proposed price to buy rival Thrunet Co. by 5 percent to 471.4 billion won (US\$460.5 million).** Thrunet has been under a court receivership for about two years now and has some 1.2 million broadband subscribers. The deal, once approved by the court, leading to the acquisition is seen as reshaping South Korea's broadband Internet competition making the race two-way between Hanarotelecom and KT. Corp. KT Corp. controls 51 percent of the market with some 5.5 million broadband customers. Hanarotelecom, owned by U.S. investors American International Group and private equity firm Newbridge Capital, once offered to buy Thrunet for 496.2 billion won (US\$484.8 million).
- **NHN Corp. said its fourth-quarter net income fell 5.6 percent to 10.4 billion won (US\$10.1 million) from 11 billion won (US\$10.7 million) during the same period the previous year.** The company, however, said its fourth-quarter operating profit rose 41.8 percent annually to 19.2 billion won (US\$18.7 million), with sales rising 37.9 percent to 229.3 billion won (US\$224 million). The company, considered to be South Korea's biggest Internet company by market capitalization, said that it posted a net profit of 49.8 billion won (US\$48.6 million), which is 10.3 percent down from the preceding year. The company explains the decline in net profit as attributable mainly to huge investment costs. Last year, NHN had 37.3 percent of its full-year revenues from its search engine business while 37.9 percent was derived from its online gaming.

## *Mobile/Wireless*

- **Agilent and Wavics, a Korean designer and manufacturer of power amplifier modules for the worldwide mobile handset market, have announced the completion of Agilent's acquisition of the fabless IC firm based in Seoul.** Wavics has for its customers the leading handset manufacturers in Korea, Japan, Germany and the United States. The acquisition is seen as further extending Agilent's market leadership in market amplifiers. Financial details of the agreement were not disclosed. In another development, Agilent announced the setting up of the Agilent Asia Mobile Development Center in Seoul, another move of the company's business expansion into the mobile handset market. The Agilent Asia Mobile Development Center has the purpose of providing a new base for R&D, marketing and applications support close to Agilent's growing number of Asian customers.
- **SK Telecom announced its signing of a deal to acquire a substantial stake in the entertainment company IHQ.** In a move to strengthen its mobile content business, the company said it will buy 8 million new shares IHQ for 14.4 billion won (US\$14 million) by April. The said move will enable South Korea's biggest mobile phone operator to become the second-largest shareholder in the entertainment company. IHQ makes movies and television soap operas.

## *Media, Entertainment and Gaming*

- **LG Home Shopping was reported to have agreed to form a partnership with Chongqing TV to use its two channels in Sichuan Province, China.** The move would allow the Korean company to enter China's home shopping market. Earlier, Korea's largest shopping network company had a memorandum of understanding with Beijing TV for business cooperation. Nothing came out of these negotiations. In a similar development, Hyundai Home Shopping has started its broadcast of home shopping program in major cities in Guangdong Province after taking over Guangzhou-based Hongya Shopping in 2003. All this is being interpreted as the reality of Korean home shopping companies making inroads into Chinese-speaking markets.

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## China

### *Internet*

- **Baidu.com, China's largest Internet search engine, is preparing to issue shares in New York, with the aim of raising more than US\$200 million, according to a report.** The Beijing-based firm would not comment on the report even as the report identified Credit Suisse First Boston and Goldman Sachs as the investment banks that will manage the initial public offering. Earlier reports from industry analysts and Chinese media said mentioned that Baidu was planning to list its shares on the NASDAQ. Google, another web search giant, has a minority stake in Baidu, which is noted for its highly popular music tool.
- **Netcom officials were quoted saying a joint venture would be set up within six to 12 months between PCCW and China Network Communications Group (Netcom).** The joint venture will involve the supplying of programming to providers of Internet-protocol television (IPTV) services, the very first projects since Netcom announced last month its acquisition of 20 percent of PCCW's share capital of HK\$7.9 billion (US\$1 billion) in cash. The joint venture is aimed at Netcom's broadband subscribers, and would include as well offering services to China Telecom's customers.
- **China Telecom, preparing to launch a broadband television platform, has teamed up with Shanghai Cultural and Broadcasting Media Group, one of the three companies with a license to provide Internet protocol television (IPTV).** The two companies will develop services across the 21 provinces in which China Telecom operates. According to China Telecom official, viewing habits have been fostered in Shanghai, Guangzhou and Shenzhen, which involve about 10,000 subscribers. A larger audience for Internet television are forecast if services are marketed directly to set owners. The official said that, with 13.7 million broadband users, transforming 20 percent of China's 300 million TV homes into broadband TV users would already be a significant business for them.
- **Monster Worldwide, Inc. announced its acquisition of a 40 percent stake in ChinaHR.com Holdings Ltd. (ChinaHR) for US\$50,000,000.** ChinaHR is the owner of ChinaHR.com, which is one of China's leading recruitment web sites. A pioneer in China's online recruitment industry having been in existence since 2000, ChinaHR.com has approximately 3.2 million registered users and more than 280,000 corporate clients. It maintains operations in 10 major Chinese cities and has plans to tap additional markets. With the acquisition, Monster Worldwide will have certain rights and obligations to acquire a 51 percent or more interest in ChinaHR in the event of an IPO or in 3 years, whichever comes first. Monster Worldwide, Inc. is the parent company of Monster, the leading global online careers property.

### *Media, Entertainment and Gaming*

- **Shanda, the largest operator of online games in China, announced its unaudited financial results for the fourth quarter and for the full year ended December 31, 2004, with revenues for the fourth quarter registering an increase of 133.3 percent year-over-year, and 21.9 percent quarter-over-quarter to 453.1 million yuan (US\$54.7 million).** Shanda said its net revenues increased 134.2 percent year-over-year and 22 percent quarter-over-quarter to 430.9 million yuan (US\$52.1 million). Online games revenues posted an increase of 118.6 percent year-over-year and 20.7 percent quarter-over-quarter to 411.8 million yuan (US\$49.8 million). In particular, MMORPG had an 11.7 percent growth quarter-over-quarter to 316.9 million yuan (US\$38.3 million), with casual game

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revenues growing 64.9 percent to 94.9 million yuan (US\$11.5 million). Revenues from online advertising and other value-added services and products, accounting for 9.1 percent of the total revenues, had an increase of 35.5 percent to 41.3 million yuan (US\$5 million).

## *Mobile/Wireless*

- **T3G Technology has added Motorola as a key investor to the development of 3G mobile phone standard.** The investment comes amidst the skepticism regarding the commercial viability of China's homegrown TD-SCDMA 3G mobile phone standard. Until the investment, Philips and Datang each had held 40.4 percent and Samsung 19.2 percent. Motorola, according to T3G, would hold the smallest stake following the investment. Rival technologies W-CDMA and CDMA2000 are said to have gained a commanding lead as operators around the world roll out 3G networks based on those standards. The licenses for TD-SCDMA were delayed after the government officials expressed their disappointment over the performance of the technology in field trials last year and about the lack of compatible handsets. Analysys International, in fact, has predicted the technology will fail by 2009.
- **Cisco Systems with partners Acer Capital and VenGlobal announced their US\$5 million investment in FoneNet, a Beijing-based provider of video content for mobile phones.** This investment of Cisco is its fifth in the mainland and is seen as part of a wave of venture capital and private equity investment swamping in China. An official of Cisco said the company was keen on focusing on China's key trends, which included broadband, mobile wireless applications, data access and Internet technology. Already, Cisco has made direct investments in Beijing's Roxus Technologies, an Internet protocol television firm; Shenzhen's Mobi Antennae Technologies, Fiberzon, a maker of optical components with factories in the mainland, and Shanghai-based chip designer Alchip Technologies. Zero2IPO said venture capital investments last year exceeded for the first time US\$1 billion, with a significant sum going into semiconductors, Internet and telecommunications. As an example of the swamping, United States-based Internet job-search firm Monster Worldwide announced it was establishing a mainland foothold by buying 40 percent of ChinaHR.com for US\$50 million.
- **Techfaith Wireless Communication Technology announced its plan for a NASDAQ listing in April.** Backed by Qualcomm Ventures and Intel Capital, the company plans to raise about US\$175 million out of a sale of 20 percent to 25 percent of the company to fund its expansion plans, according to market sources. The largest independent mobile-phone design house in the mainland, Techfaith is expected in the deal to have a value of about US\$700 million to US\$875 million. Rumored to be the sole bookrunner for Techfaith's NASDAQ plan was U.S. brokerage Merrill Lynch. Techfaith is expecting this year's net profit to more than double last year's estimated US\$15 million to US\$20 million. The independent mobile design industry has been growing rapidly for the past two years in China due to leading phone makers outsourcing to mainland instead of South Korea, according to Gartner Asia-Pacific wireless and mobile principal analyst. Market sources said other players such as Yuhua TelTech (Shanghai) and Shanghai Longcheer Telecommunications were also considering overseas listing plans.
- **KongZhong, a leading provider of advanced second generation wireless value-added services, announced a 329 percent growth year-over-year of its revenue to US\$16.4 million when it gave the results for the last quarter of 2004.** The company said its 2G revenue had a growth of 127 percent year-over-year but declined 6 percent sequentially to US\$1.7 million. A KongZhong official was quoted as saying that the company is pleased with the performance in the fourth quarter revenue as

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the Chinese market continues to migrate from 2G to 2.5G mobile phones, and as the market experiences the continuing transition of SMS services to Mobile Information Services Center (MISC) service management platform. In a separate development, Telecom Communications, Inc. announced that its subsidiary IC Star MMS Ltd. has entered into a cooperation with the wireless business division of KongZhong Corporation. Under the agreement, IC Star MMS will utilize its pool of celebrity and artistic resources, in cooperation with Kong's development of Multimedia Messaging Service (MMS) and wireless interactive entertainment. KongZhong will provide the technical platform and promote these new services to consumers.

## *Software*

- **Ninetowns Digital World Trade Holdings Limited has announced signing of a 5.6 million yuan (US\$680,000) contract that will allow it to develop an internal decision and support system for the State Administration.** The system will be used for quality supervision and inspection and quarantine of the PRC (The PRC Inspections Administration). Ninetowns, a software company that enables enterprises and trade government agencies to streamline the import/export process in the country, expects to complete the contract in 2005.
- **AsiaInfo Holdings Inc. reported its fourth-quarter income of US\$10,000.** The Beijing-based communications software supplier said its revenue rose to US\$23 million from US\$16.2 million, with the increase attributed to acquisitions. Its profit on higher sales was explained by the company as brought about its diversification into computer technology services. In October last year, AsiaInfo made a forecast of a fourth-quarter revenue of US\$21 million, with one third of this revenue, or US\$7 million, assumed to be derived from its acquisition of Lenovo computer services business.
- **Hurray! Holdings Co. makes it to the record as the first China IPO for the 2005, with a plan to raise US\$70.5 million.** The Beijing-based company is a provider of advanced wireless value-added services and mobile telecommunication network software in China. In addition to providing these services, the company also designs, develops, sells and supports a service provisioning and management software that is used by China Unicom, one of the two principal mobile operators in China. The company announced that its IPO of 6,888,000 American Depositary Shares (ADSs) has been priced at US\$10.25 per ADS. Citigroup Global Markets Inc., was the global coordinator and bookrunning manager for the offering, with Piper Jaffray & Co. and ThinkEquity Partners LLC acting as co-managers.

## *Telecommunications*

- **Huawei Technologies, China's largest telecommunications equipment maker, has formed a partnership with Marconi Corp. of Britain that will allow both companies to form a distribution alliance.** In a memorandum of agreement entered by the two, Marconi will distribute certain Huawei carrier-grade data products while Huawei will distribute Marconi's next-generation radio access products to each other's customers. The two companies are also discussing regarding an agreement to go into joint product development that will allow the two companies to derive benefits from the sharing of R&D resources and technologies. Marconi and Huawei are expected to sign a more definite agreement before Marconi's financial year's end.

## *Semiconductors*

- **Semiconductor Manufacturing International Corporation (SMIC) announced that, in the three months ended December, it had a 6.2 percent increase in sales to US\$291.8 million from**

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**US\$274.9 million in the prior quarter.** The company, considered one of the leading semiconductor foundries in the world, said that during the fourth quarter it had engaged 19 new customers, 12 of which are China fabless companies. A company official was quoted as saying that, while there is a softening of the global semiconductor industry, the Greater China region continues to exhibit strength, as it accounts for more than 10 percent of total revenues. New customers and existing customer commitments contributed to its fourth quarter fab utilization of 95 percent.

## Taiwan

### *Semiconductors*

- **Taiwan Semiconductor Manufacturing Co (TSMC), the world's largest supplier of custom-made chips, said that China's Semiconductor Manufacturing International Corp entered into an agreement to pay US\$175 million over six years to settle pending patent and trade secrets litigation.** According to TSMC, the two companies had agreed to cross-license each other's patent portfolio through 2010, with TSMC saying that it would not sue Shanghai-based SMIC for acts of alleged trade secret misappropriation. The settlement, however, did not grant SMIC the license to use any of TSMC's trade secrets. With other details of the settlement kept confidential, TSMC said it had agreed to dismiss all pending legal actions without prejudice between the two chip giants in the United States and Taiwanese courts and at the U.S. International Trade Commission.

### *Hardware*

- **AU Optronics and Acer reported profits for the fourth quarter falling short of their forecasts.** AU Optronics said its net profit for last year was NT\$27.9 billion (US\$884.3 million), compared with a forecast of NT\$29.1 billion (US\$922.3 million). Sales for AU Optronics were NT\$164.6 billion (US\$5.2 billion) against a projection of NT\$162.4 billion (US\$5.1 billion). Acer, meanwhile, said its last year net profit was NT\$7 billion (US\$221.8 million), which fell short of its original forecast of NT\$7.3 billion (US\$231.3 million). Sales for Acer last year were much higher than forecast at NT\$129.1 billion (US\$4 billion) compared with NT\$110 billion (US\$3.4 billion) AU Optronics is Taiwan's leading manufacturer of TFT liquid crystal display screens; Acer is the world's fifth-largest brand-name personal computer vendor.

## Hong Kong

### *Internet*

- **Hong Kong Broadband Network Limited (HKBN) has launched 100 Mbps broadband service based on Cisco Metro Ethernet Internet Protocol (IP) and optical network solution.** Cisco Systems, which announced the launch, said that this is the first enterprise-class broadband access service for the mass residential market in Hong Kong. HKBN, a leading fixed-telecommunications network service (FTNS) provider in Hong Kong, announced also its plans to deploy the world's fastest residential 1 Gbps (1,000 Mbps) service by June 2005, a service that will be built on the existing Cisco IP infrastructure. HKBN is a wholly owned subsidiary of City Telecom Limited; Cisco Systems, Inc. is considered to be the worldwide leader in networking for the Internet.

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## *Information Technology*

- **A letter of intent with Tradelink will be signed by the government paving the way for the company to build and operate Hong Kong's digital trade transport network (DTTN).** The agreement was reached 8 months after an e-logistics team under the Logistics Development Council recommended Tradelink's bid over two other rivals. Even as the trade community is expected to benefit from the network, small and medium-sized enterprises may receive the biggest boost after gaining access to an advanced trade management portal from an ordinary personal computer. According to the Accenture Report commissioned by the government in 2002, the HK\$90 million (US\$11.5 million) annual cost of running the trade transport network could be recovered by charging multinationals about HK\$1,000 (US\$128.2) a month for the service and the smaller firms about HK\$200 (US\$25.6).

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

### *Mobile/Wireless*

- **Singapore Telecommunications' regional mobile subscriber additions posted a record 5.2 million figure in the December quarter.** This brings the group's mobile user number total to almost 62 million. The growth is the largest increase for the quarter in the number of mobile phone subscribers posted by SingTel. The growth in new users came mostly from four regional associates, which are Thailand's Advanced Info Service, India's Bharti, the Philippines' Globe and Indonesia's Telkomsel. The subscriber increases in the four areas ranged from 15 to 79 percent on an annual basis. Australian unit Optus, which is wholly owned by SingTel, brought in an additional 283,000 mobile users in December. In Singapore, a market where mobile penetration rate already registered 90 percent, SingTel signed up an additional 23,000 users in December quarter, which enables the telecom firm to maintain its market dominance. In a separate report, SingTel announced its net income in the three months ended Dec. 31 at S\$760 million (US\$464 million), down from S\$854 million (US\$523.7 million) a year earlier. Sales were reported as having grown to S\$3.3 billion (US\$2 billion) from S\$3 billion (US\$1.8 billion)
- **SingTel EXPAN announced that it has improved its data network center service using routing and security solutions from Cisco Systems.** EXPAN is a pan-Asian chain of data network centers that are built on SingTel's network infrastructure. This infrastructure provides a highly secure hosting environment that will allow customers to host their application and network systems and, at the same time, have access to high-end technologies and data center resources. EXPAN services include the provision of co-location, bandwidth, IT-related operations, and storage and workroom recovery facilities. It is available from data centers in Australia, Hong Kong, Japan, Korea, Singapore and Taiwan. SingTel also offers hosting services through marketing alliances with partners in China, India, Indonesia, Malaysia, the Philippines, Thailand and the U.S.

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## United States/Canada

### *Software*

- **CEVA Inc., the leading licensor of digital signal processor (DSP) cores and communications solutions to the semiconductor industry, announced total revenue for the 2004 fourth quarter was US\$10 million, compared to US\$9.7 million reported in the third quarter of 2004 and US\$9.6 million in the year ago quarter.** The company said its fourth quarter licensing revenue was US\$6.7 million compared to US\$6.9 million in the third quarter of 2004. The company completed seven license agreements during the fourth quarter, which included major multi-use agreements for CEVA-X DSP and SATA technologies serving the wireless and consumer multimedia markets.
- **IBM has announced the purchase of order-to-cash outsourcer Equitant, with the aim of expanding its financial services and consulting engagements for business transformation.** The software is called O2C Direct that Equitant, as an outsourcer and consultant, uses after it has assessed a company's financial processes. Equitant also provides software and services to handle activities like order capture, dispute resolutions, billing, collections and financial reporting and analysis. The Equitant deal is the latest in the moves of IBM as it builds its business performance transformation services (BPTS) offerings.

### *Internet*

- **Time Warner announced that though its cable unit it plans to offer America Online accounts to its Internet subscribers with no extra charge.** The move is intended to boost both Time Warner Cable's Internet business and AOL's advertising sales. The growth rate of Time Warner's Cable's sales has dropped by about half as it continues to face increasing competition from telephone companies offering less expensive high-speed Internet service using the DSL technology. AOL, for its part, has seen its subscribers moving away from dial-up access. Under the new agreement, AOL will sell ads on the Time Warner-operated Road Runner service, which nearly has 4 million subscribers. AOL will share the advertising revenue with Time Warner Cable. AOL's agreement with Time Warner Cable follows another big change, one of which is the offering for free some of its features.
- **Nortel Networks a new contract in Taiwan to provide its police agency with a new telecommunications system.** The Canadian telecommunications equipment maker said it was chosen by Taiwan's Ministry of Interior to provide a broadband and multimedia platform for the country's police. The telecommunications firm was responding to the government's initiative to set up an advanced communications infrastructure for a security information network and private police intranet. The news comes after the Canadian firm has released its financial reports for the first half of 2004, which showed earnings of US\$75 million over that period. The filing of these reports has been delayed after the company's board discovered errors during the auditing process. A "financial scandal" ensued which lasted through most of last year. Nortel remains under investigation by the U.S. Securities and Exchange Commission, the Ontario Securities Commission, among other groups.
- **Amazon.com reported that its net income rose to US\$346.7 million, from US\$73.2 million, with its fourth-quarter earning more than quadrupled brought about by discounts and free shipping during the holiday season.** The world's No.1 Internet retailer said its revenue surged 31 percent to US\$2.4 billion. International sales have also jumped 43 percent to US\$1.1 billion, pushing profit to its sixth-straight quarterly increase. Amazon, according to Munder Capital Management, which manages

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US\$37 billion and owns 933,000 Amazon.com shares, has for two year been averaging about 25 percent sales growth year over year.

- **Travelzoo Inc. announced that its monthly web site traffic was more than 21 million pages views in January 2005, a 175 percent increase versus the same period last year.** The company, the Internet's largest publisher of outstanding travel, ascribes the significant growth to consumers increase in the use of Internet for researching and booking travel with their increasing reliance on Travelzoo's expertise, the firm's growing subscriber base of more than 8 million, and the Travelzoo's newest product, Supersearch. Travelzoo's homepage received an average of 115,000 visits per day.
- **Sprint announced its fourth quarter and full-year 2004 financial results, with total consolidated revenues for 2004 having a 5 percent increase from last year to US\$27.4 billion.** Consolidated Adjusted Operating Income in the quarter was US\$1 billion, a 32 percent increase from the year-ago period and a 20 percent sequential improvement. Sprint reported a double-digit year-over-year increase in wireless revenues. The fourth quarter saw an addition of 1.5 million net wireless subscribers. At the end of the year, wireless was serving a total of 24.8 million customers, an increase of 4.4 million, or 22 percent from a year ago. Local gave 60,000 DSL subscribers and ended the year with nearly 500,000 customers, which was an increase of more than 60 percent from a year ago.

## Europe

### *Telecommunications*

- **French telecommunications equipment vendor Alcatel SA reported a fourth-quarter net income of US\$55 million as of December 31, 2004, up from a loss of US\$686.5 million in the same period a year earlier.** The company posted net sales of US\$4.8 billion, compared to US\$ 4.3 billion in the year-earlier quarter. Alcatel said sales of its fixed communications equipment declined slightly. Sales, however of its mobile equipment rose. Alcatel's business in Western Europe accounted for 45 percent of its revenue during the quarter. Other European countries accounted for 7 percent, North America 11 percent, Asia 14 percent and the rest of the world 23 percent.

### *Internet*

- **Verisign, Inc. said that it has extended its e-mail security service to provide support for European businesses.** The service would allow, the company said, to combat threats posed to e-mail infrastructure by spam and e-mail-borne viruses. Verisign, Inc. is considered to be the leading provider of intelligent infrastructure services for the Internet and telecommunications network.

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