

IRG WMR



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

Week of 29 May - 4 June 2005

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International

Media, Entertainment and Gaming

- **Newspapers in mainland China recorded an impressive growth last year, with sales of 93.5 million copies, beating Japan in having the most publications among the world's top-100 best-selling dailies, according to the World Association of Newspapers (WAN).** In other parts of Asia, the media industry also exhibited high levels of growth last year, with the region now possessing 75 percent of the world's 100 best-selling dailies. These dailies are headed by Japan's Yomiuri Shimbun, with a daily circulation of more than 14 million copies. India and Japan followed China as the world's largest newspaper markets last year. Singapore saw a 3 percent increase in circulation, Malaysia 4 percent and Mongolia 31 percent. Chinese dailies registered annual circulation growth of 3.7 percent, with advertising revenue seeing a 29 percent increase. These performances were not seen though in the world's fourth-largest market, the United States, where circulation saw a 1 percent decline. Global trend, however, remains on the upswing, with circulation seeing a 2.1 percent growth to a record high of 395 million copies sold daily. Newspaper web sites demonstrated strong growth, with traffic having a 32 percent increase and Internet advertising revenues posting a 21 percent growth.
- **A strategic report from Informa Telecoms and Media predicts that there will be 124.8 million broadcast mobile TV users worldwide by 2010.** The next few years will see the market dominated by sales of broadcast devices from South Korea and Japan but, by 2010, the U.S., China and European markets will show significant growth. In terms of devices, the market is predicted to grow from a total of 0.1 million units in 2005 to 83.5 million by 2010. The report also took note of the fact that while the mobile TV industry is becoming the focus of interest of the mobile and broadcast industries, there are still a number of issues and problems that must be addressed. Amongst these issues are those on regulation, capacity and spectrum planning.

Semiconductors

- **The semiconductor market is still facing difficult times, according to Gartner.** Contrary to what many in the industry assume, revenue from integrated circuit (IC) devices used in consumer electronics will remain flat in its 16.5 percent share of the entire market in 2010. The report said unit shipments of devices will increase rapidly as selling prices decrease accordingly. The next five years though will hold many opportunities for semiconductor firms that are able to forecast the market trends. Gartner cites as examples the works of Toshiba and Cannon, two firms that developed surface-conduction electron-emitter (SED) displays that proved to be superior over the plasma display technology. Gartner also forecast that China's high-definition DVD alternative enhanced video disc (EVD) would gain international recognition in India's Bollywood studios even as Chinese electronics companies slowly move production to low-cost areas in Eastern Europe and Mexico, with the aim of avoiding import tariffs.

Japan

Internet

- **Dream Visor.com, an online supplier of stock and financial information, announced its plans to go public on the Tokyo Stock Exchange's Mothers market.** Set up in 1999, the company's aim was to provide information "in a neutral manner." Dream Visor develops investment support software, and provides its services and software exclusively to individual investors. The company distributes 36

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information programs daily. At the end of March, the company had 84,000 subscribers, a 45 percent increase from a year ago, and some 30 partner securities firms as clients. Seeing this increase in subscriber revenue, the company forecasts its pretax profit to climb 60 percent to 130 million yen (US\$1.2 million) for the year through June 2005. Dream Visor plans to use 500 million yen (US\$4.6 million) in proceeds from the initial public offering to upgrade its computer system and widen the data it provides.

- **Yahoo Japan Corp., Japan's top Internet portal, said it would tie up with two of the country's leading brokerages, with the aim of gaining a significant place in the rapidly expanding market for online stock trading.** The two brokerages are the Nikko Cordial Corp., Japan's third-largest, and E*Trade Securities Co., the country's biggest online broker. With the tie-up, Yahoo users will be able to open accounts with the brokers and allow them to order a wide range of financial products. Affordable and easy Internet trading now accounts for about 70-80 percent of total trading in Japan by individual investors, which is seen also by analysts as blow to conventional brokers such as Nomura Holdings. Online trading accounts jumped to about 6.9 million at the end of March, a figure which represents an increase of 1.1 million from about 6 months ago, according to a survey released by the Japan Securities Dealers Association.

Mobile/Wireless

- **The government is expected to allow Internet service providers Softbank and eAccess Ltd. into the 3G cell phone market in Japan.** After about 12 years, it is only now that the Japanese mobile phone market is seeing two new entrants, a situation that industry observers are predicting to bring about more intense competition. The ministry also said it plans to release a 1.7 gigahertz frequency band together with a 15 megahertz bandwidth for nationwide mobile phone services. To be allocated to the new two new joiners are 5 megahertz.

Media, Entertainment and Gaming

- **Index Corp. said that it will carry out a capital increase of 20.5 billion yen (US\$190.4 million) through an issuance of new shares via private placement to seven firms, which would include Tokyo-based TV broadcasters.** The company's move is aimed at increasing its target of integrating TV program broadcasts for cell phones and interactive shows where viewers participate by means of their cell phones. Under this program, Sky Perfect will invest the largest amount for the private placement shares at 10 billion yen (US\$92.8 million), with the communications satellite company eventually owning 4.6 percent of Index's outstanding shares. Fuji Television Network will invest 5 billion yen (US\$46.4 million), followed by Tokyo Broadcasting Inc. with 3.6 billion yen (US\$33.4 million), Nippon Television Network Corp. with 1 billion yen (US\$9.2 million), Gentosha Inc. with 500 million yen (US\$4.6 million) and Asahi Broadcasting Corp. with 360 million yen (US\$3.3 million). Index distributes information content for cell phones.
- **Square Enix Co., Namco Ltd. and Capcom Co. announced their posting of higher consolidated pretax profits for the year ended March 31.** Square Enix saw its pretax profit climbed 42 percent to 25.9 billion yen (US\$240.7 million). Its latest release in its "Dragon Quest" series sold 3.6 million units, which contributed to its home game segment's 20 percent increase in operating profit to 19.6 billion yen (US\$182.2 million). Namco's pretax profit increased by 1 percent to 14.5 billion yen (US\$134.8 million), with its home game business posting a 12 percent increase in operating profit to 7.8 billion yen (US\$72.5 million). Capcom's pretax profit had a massive increase to 7.3 billion yen (US\$67.8 million). Its home game segment went back to black with 3.9 billion yen (US\$36.2 million) in operating profit, a surge from its 900 million yen (US\$8.3 million) operating loss from the previous year. Other

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firms were not as lucky, with home game segment of Sega Corp., a unit of Sega Sammy Holdings Inc., with its operating loss of 8.2 billion yen (US\$76.2 million), and Taito Corp.'s home game business showing an operating loss of 600 million yen (US\$5.5 million).

Software

- **System Research Co., a Nagoya-based developer of customer management software and programs used to control machine tools and automatic cranes, announced its plans to go public on the JASDAQ market.** The company responds to the specific needs of corporate clients speedily by modifying on the existing programs, thus enabling the company to develop software quicker in only three months than the usual one year. This approach enables System Research to reduce costs by 80 percent. The company expects to a parent-only pretax profit of about 320 million yen (US\$3 million). The company said it will use the proceeds from the initial public offering as operating funds and to hire systems engineers for its Tokyo office.
- **Works Applications Co. said it is acquiring a majority stake in Dyna-System Corp., a subsidiary of software house E-system Corp., which will enable the company to enter the market for supply-chain management software.** Works Applications will obtain a 67 percent stake in Dyna-System through a third-party allocation of 530 million yen (US\$5 million) in shares. Dyna-System, in turn, will develop software for use in managing production and inventory in cooperation with Works Applications. The software to be produced is expected to cost at least 50 million yen (US\$465,000), with sales projected by the two companies to reach 2 billion yen (US\$18.6 million) in three years. Works Applications aims to market SCM software in two years, with the company aiming to compete against SAP AG and Oracle Corp. The acquisition is valued at about 400 million yen (US\$3.7 million).
- **IBM Corp. announced its plans to establish a specialized unit at its laboratory in Kanagawa Prefecture aimed at developing for other companies control software to be installed in digital home electronics.** The company is entering the digital home electronics market with the aim of making it one of the main operations of the IBM group. The Japanese unit has been selected as the core facility as many global electronics firms are located in the country. Aside from working with the development segments of client firms to create software for digital electronics and other applications, the company is also aiming to test and improve software developed by client firms and improve their developmental efficiency.

Hardware

- **Japanese companies, universities and a government-affiliated research facility are cooperating to create a next-generation supercomputer that is expected to become the world's fastest computer.** Participating in the project are NEC Corp. and Hitachi Ltd., University of Tokyo and Kyushu University, and the Institute of Physical and Chemical Research, known as Riken. Work on basic designs is expected to begin in fiscal 2006, with the computer forecast to be operational by 2011. The total investment in the project is estimated at 100 billion yen (US\$930 million).
- **Pan Communications Inc. said it has created a hands-free device that is compatible with Skype, a software program used for free communication via the Internet.** The device is called Ubiquichat-30, a device equipped with a microphone and speaker. It can be plugged into the Universal Serial Bus port of a personal computer. It can be used like an Internet telephone and does not require headphones. Pan Communications is planning to sell the device through places like Livedoor Co.'s e-commerce site. Livedoor has a business partnership with Skype developer Skype Technologies SA of

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Luxembourg. The device has a tag price of 7,980 yen (US\$74). Pan Communications aims to sell about 50,000 units in its first year of sales.

Semiconductors

- **NEC Corp. disclosed its development of a photoelectric converter said to be smaller than a 1 yen coin, measuring 14mm square and 2mm thick.** Its small size enables it to be integrated on the circuit boards used in routers and servers, and making it possible to interconnect the chips on the boards with optical fibers instead of copper wires. The size also contributes to less cost in manufacturing it. The Japan Printed Circuit Association aims to promote NEC's photoelectric converter as the industrial standard and, later, push it into being the global standard.

Korea

Internet

- **Korean Internet portals are asking customers a large amount of personal information when using their services, without those portals explaining how the data will be used.** The consumer group that conducted the survey said that 13 of the 15 Internet portals involved in the study asked customers to provide their resident registration numbers to subscribe for e-mail services. The consumer group called for regulators to ban Internet portals from collecting what is equivalent to the social security numbers and to compel the companies to erase the personal data they already have. MSN Korea, operated by Microsoft Corp., and Daum, the country's largest e-mail provider, showed the highest levels in privacy protection. The two portals were the only web sites that did not require subscribers to submit their resident registration numbers. Yahoo! Korea and Paran were at the bottom half in privacy protection.
- **Dacom Corp. announced its offering of an English-language version of its 'Webhard' online storage services and announced they will allow subscribers to pay for the services in U.S. dollars.** Webhard is an online storage service that allows customers to store and exchange large-capacity file such as video, music, and digital images. Through the services, the customers are able to exchange files through instant-messaging services like the MSN services. Dacom's Webhard service is facing the competition from free e-mail services offered by Internet portals such as Naver, Daum, Yahoo! Korea and Paran, which provide larger storage capacities to their customers. The company will charge monthly rates of US\$5 for 500-megabyte storages and US\$10 for 1-gigabyte storages.
- **NHN Corp., South Korea's largest Internet company, said it will align with Microsoft Corp. in marketing its online game products in China by means of the U.S. software giant's instant messaging services.** Acquired by NHN last year, the games were developed by Chinese Internet portal Ourgame and will be accessible to Microsoft's China web site and local MSN Messenger subscribers. NHN acquired Ourgame, China's largest online game portal with more than 170 million subscribers, for 120 billion won (US\$119.1 million) last year. The South Korean company is targeting 16 billion won (US\$15.8 million) in revenue through its Chinese venture this year. NHN, which operates the country's largest search engine Naver, is targeting 300 billion won (US\$297.6 million) and 100 billion won (US\$99.2 million) in operating profit this year.

Semiconductors

- **Samsung Electronics announced its mass production of four-gigabit flash memory chips using a 70-nanometer technology.** The 4 GB NAND flash device writes data at 16-megabytes per second,

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which is about 50 percent faster than the conventional two-gigabit device. Gartner Dataquest predicts that 4 GB NAND flash products, used for digital cameras and mobile phones, would top 30 percent of this year's total expected sales of US\$8 billion in NAND flash memory chips. Samsung also disclosed that it had launched its new 300mm wafer fabrication line one month ahead of schedule. The new production line would first produce 4,000 wafers per month, with the company aiming to push its production capacity to 15,000 wafers by the end of this year.

China

Internet

- **The government introduced an administrative regulation on copyright protection, which is seen as another way of regulating the use of the Internet.** Under this new rule, people can be fined up to 100,000 yuan (US\$12,100). The new rule, called the Administrative Protection Method for Internet Copyright, also explains the methods that can be used to address infringements of intellectual property rights. The regulation aims to control activities such as uploading, saving and linking of other people's original works, which would include video and audio creations. Under this new rule, the ISPs are not responsible for copyrights violations unless they are made aware of them.
- **Sohu.com, a leading Chinese portal, announced the closing of its acquisition of Go2Map.** The acquisition involves the payment of US\$9.3 million in cash. Of this payment, US\$400,000 was paid on the signing of the purchase agreement, and US\$8.9 million was handed in upon the closing of the acquisition. An additional amount, which the agreement stipulates should not exceed US\$2.5 million, will be paid over two years after the closing of the acquisition, subject to the satisfaction and attainment of certain post closing operating and financial milestones of Go2Map. Already, Sohu's proprietary search engine SoGou has launched its mapping search services in open beta version integrating Go2Map's technology.
- **Info Plant, a Japanese market researcher announced the results of its survey of Internet users aged 10 or older in China on their experience with online music.** The survey said 96.4 percent have downloaded music from the Internet, with 79.6 percent saying they did so with free download service. Of the users, 92.4 percent expressed their satisfaction with music download services, and 87.1 percent said that they record music on a PC hard drive. Of the respondents, 24.3 percent use downloaded tunes for cell phone ring tones. Usage fees were cited as the main impediment to widespread paid services by 72.5 percent of the respondents, followed by sound quality (65 percent) and download speed (62.6 percent).
- **The Chinese government is set to forward new rules and regulations that would govern the kind of online games citizens will be able to play, according to a report issued by the country's Ministry of Culture.** The rules are meant to respond to the "harmful" effects of online games such as MMORPGs. It appears that the Chinese government is seeing these games as too addictive. To replace the effect of these games, the Chinese government plans to release "healthy" online games. According to the ministry, players of online games are mostly people under 35 years of age.
- **eLong, Inc., a leading online travel service provider, and Sina Corporation, a leading Chinese portal, announced their definitive agreement that will have eLong acquiring Shanghai Xinwang Computer Technology Co., Ltd. and its affiliate Bravado Investment Limited.** The two companies to be acquired operate as one under the name Fortune Trip, and are into the business of providing online and offline hotel booking services in China. eLong and Sina, in separate reports,

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stated that they have entered into a strategic advertising cooperative agreement that will make eLong the exclusive hotel booking partner of Sina upon closing of the Fortune Trip agreement. Under the agreement, Sina and eLong will operate a co-branded online hotel booking channel. The agreement will also allow eLong to receive advertising placements on Sina's web site.

- **Shanda Interactive Entertainment Limited is launching its first self-developed online instant messaging (IM) tool.** The firm said it has already completed research and development of the new IM tool that it will dub "Quan Quan." Shanda revealed that it is working to develop a number of online software application for its existing online gaming platform. It reported that it is developing a new audiovisual software that would enable users to listen to music and watch movies while playing online games at the same time. Shanda said it is talking with a number of movie studios to create partnerships that would give it films to offer its online game players via this new audiovisual software.
- **Skype Technologies said it is developing interactive voice response with Tom Online.** Skype has 38 million global users of its free Internet telephony voice service but it is hoping to gain more profit by selling add-on services such as voice mail. Under the partnership, Skype could provide for Tom Online a platform for its fast-growing services such as interactive voice response content. Voice services contributed US\$11 million of Tom Online's US\$35.2 million revenue for the first quarter. Skype disclosed that it plans to incorporate video-conferencing capability this year, a move that will enable Tom Online to offer video-based entertainment. Skype's venture into the hardware business is positively affecting manufacturers like VTech Holdings, which produces cordless telephone that works with Skype. VTech Holdings takes care of the distribution of the devices, while Skype provides marketing support and certifies the device as "Skype."

Mobile/Wireless

- **China's Jiangsu Mobile Communication Co. Ltd. (JSMCC) is deploying the Datastream 7i Asset Performance Management Solution in order to reduce operation costs and improve efficiency of its wireless network infrastructure.** JSMCC with its more than 14 million subscribers is dominant mobile service provider in China's Jiangsu province. The company selected the Web-architected Datastream 7i after an extensive evaluation of asset management solutions. JSMCC is integrating Datastream 7i with its existing financial application using Databridge, an advanced module that simplifies application integration. Datastream was founded in 1986 and has customers in more than 140 countries.
- **China TechFaith Wireless Communication Technology Limited, a leading independent mobile handset design house, announced its unaudited financial results for the first quarter of 2005, with the company posting a 138 percent increase year-on-year and 47 percent quarter-on-quarter to US\$21.5 million.** It reported a net income of US\$8.3 million, a 115 percent increase year-on-year and 24 percent quarter on quarter. Income from operations hit US\$11 million in the first quarter of 2005, up 190 percent year-on-year and 56 percent quarter on quarter. TechFaith provides complete design services covering the entire handset design cycle.

Semiconductors

- **Semiconductor equipment maker Applied Materials disclosed its application for holding company status in China.** If the application is approved, the company, which was the first semiconductor equipment company to establish a presence in China in 1984, will be able to function as a Chinese company when restructuring its business, forming joint ventures. It will also have the capacity to offer a wider array of services. While waiting for the approval of its application for Applied Materials (China) Holdings, Ltd., the company is planning to open a Global Development Capability

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center in Xi'an that would provide engineering and software support services to other location around the world.

Software

- **Beijing is recognized as one of the homes for software businesses in the world with the government disclosing that it will pay more attention to the software industry from 2005 and make Beijing a “hub of software” in the world.** There are currently 2,300 registered businesses in Beijing. These companies have spent a total of some 9.6 billion yuan (US\$1.1 billion) on research and development in 2004, which resulted in 1,238 new products recognized by the government. The software industry, according to government data, generated 52 million yuan (US\$6.2 billion) in 2004, which represents a year-on-year increase of 35 percent and accounts for 34 percent of the total revenue of the software industry in the whole country.
- **EMC Corporation, the leader in information storage and management, and Oracle, the leading enterprise software company, announced the establishment of a joint technology development center by EMC China and Oracle China in Beijing.** The company, registered as Beijing Oracle Systems Co. Ltd. will be operated at the Oracle China Technology Development Center. The center aims to develop and showcase leading joint solutions to customers in Asia Pacific. It is the first such center outside the U.S. and Europe for both companies.

Hardware

- **China's major color television makers had established an alliance to develop and manage core technologies and intellectual property rights (IPR).** The new alliance, which forms the IPR Coordinating Committee of the China Video Professional Association (CVA), will be engaged in the establishment of a patent pool for Chinese television makers and be in charge of negotiation with international players. Alliance members include Sichuan Changhong Electric Co. Ltd., Skyworth Digital Holdings Ltd., HiSense Electric Co. Ltd., Qingdao Haier Co. Ltd., Xiamen Overseas Chinese Electronic Co. Ltd., Nanjing Panda Electronics Co. Ltd., SVA Information Industry Co. Ltd. and TCL Corp. The nine television makers have a combined annual production capacity of 60 million units, which makes almost half of the world's market demand.

Media, Gaming and Entertainment

- **HC International, parent company of Chinese B2B portal HC360, announced the signing of an agreement to sell its TV advertising subsidiary China Media Networks to Metaphor Corporation.** Under the deal, HC International will receive a 28.8 percent stake in Metaphor, a share which is valued at US\$3.6 million along with US\$3.7 million in cash to acquire China Media Networks. HC International disclosed that it will use 60 percent of the net cash proceeds of US\$3.3 million to push the company's HC360 B2B portal into the overseas markets as well as for mergers and acquisitions to boost its business. The sale of China Media Networks is part of HC International's restructuring measures that include moving into other communication channels such as print or Internet media.

Telecommunications

- **Revenues for China's communication industry will be 635 billion yuan (US\$76.8 billion) at the end of 2005, which represents an 80 percent increase compared to year 2000, according to the Ministry of Information Industry.** At the end of 2005, the total number of users in China, to include both mobile and fixed-line, will hit 750 million, a 230 percent increase compared to 2000. The number

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of mobile users will be about 393 million and the number of fixed-line users will be 357 million. The number of Internet users is expected to increase over 100 million, three times more than in 2000.

Taiwan

Mobile/Wireless

- **BenQ said it is targeting 10 percent of China's mobile phone handset market in three years, a decision reached after the company secured a permission to sell its products on its own on the mainland.** The goal of the company for this year is the selling of more than 1 million BenQ branded handsets on the mainland, which represents a 2 percent share of the market. BenQ, however, said it is not altering its target for handset sales this year even in the face of the newly acquired permit from China. To date, the company has used the joint-venture agreement it has with China-based CEC Telecom when selling its handsets under a dual-brand strategy on the mainland.

Hong Kong

Media, Gaming and Entertainment

- **Xinhua Finance announced its purchase of a majority stake in the Hong Kong company EconWorld Media, a media company in financial publishing.** EconWorld puts out a variety of Chinese-language publications, 15 in Hong Kong and 10 in China. It also publishes a magazine, with a monthly circulation of 70,000, on China's financial markets, personal finance and wealth management. Under the acquisition agreement, Xinhua now gains ownership of a successful Greater China publishing business. Nothing was disclosed about the specific financial terms.

Internet

- **Users of Internet banking will have to face more security measures when carrying out online transactions next month, according to the Monetary Authority.** Customers changing items in their personal data or doing online banking transactions that are defined as "high-risk" will be required to use one three new methods of identification. This identification will be given to users in the form of a one-time password via mobile phone SMS messaging or they can secure a one-off password through a security device to be supplied by their banks. A third method is through the use by the clients of e-certificate technology in their Hong Kong identity cards. The devices will be given for free although customers will be required to pay for their replacement. By the end of last year, Hong Kong registered 2.7 million personal Internet banking accounts, which is a 23 percent increase on the previous year.

Mobile/Wireless

- **A decision by SmarTone Telecommunications to restructure the prices of its 3G mobile phones is seen by industry watchers as a move by the company to face the market realities.** SmarTone has been at the high-end of the market, technically leaving the low and middle parts of the market to Hutchison. As the company tries to carve a subscriber's base, SmarTone saw the need to form a critical mass, which it cannot achieve given its present focus on high-end customers. The results are so-called handset subsidies, where a handset is now being offered for HK\$3,190 (US\$410) from HK\$4,380 (US\$560) to customers who agree to an 18-month contract. SmarTone has about 17,000 subscribers as against the more than 300,000 attributed to Hutchison, which has gained customers by giving away LG and NEC 3G phones.

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Singapore/Malaysia/Philippines/Indonesia

Information Technology

- **Datacraft, the region's leading independent IT services company, has secured a one-year contract worth US\$2 million for the maintenance of hanarotelecom's nationwide IP network structure.** The relationship of the two companies goes back six years ago when Datacraft started building more of hanarotelecom's IP backbone and significant portions of its ADSL distribution nationwide. With more than 2.7 million broadband customers, hanarotelecom has about 23 percent of Korea's broadband services market. Datacraft is a member of the Dimension Data Group, and is listed on the main board of the Singapore Exchange. Headquartered in Singapore, Datacraft is a component company of the Strait Times Index.

United States/Canada

Internet

- **Ameritrade and TD Warehouse confirmed reports that they are talking about merging their online brokerages.** Ameritrade disclosed that talks were under way with Toronto Dominion Bank, the parent of TD Waterhouse about a possible merger. The confirmation from the two companies by triggered by reports that the two were close to a deal and that the deal could have a value of as much as US\$3 billion. Ameritrade, however, would not disclose details of the discussion and further stated that the talks could still end without the two companies coming to an agreement.
- **eBay announced that is acquiring Shopping.com, a comparison shopping and consumer review site, for about US\$620 million in cash.** The purchase, which is expected to be completed in the third quarter of 2005, will open to eBay sellers a new domain of potential buyers and increase the number of fixed-price sales listings that are getting to be more popular with online shoppers. The deal is also expected to boost the auctioneer's capability to provide more reviews and customer feedback about the products listed on the site. Shopping.com controls Epinions, a site containing more than 400,000 amateur reviews on a wide range of items. The acquisition is also seen by industry experts as an indicator that the company is still keen on expanding its presence in the U.S., a market not considered high-growth but remains as the world's largest for both online and traditional retailers.
- **McAfee confirmed its acquisition of Wireless Security, a maker of Wi-Fi protection product for consumers and small businesses.** The acquisition is expected to help security giant McAfee in the growing consumer Wi-Fi market with the additional service and products it derives from the deal. The deal is also viewed as giving McAfee a launching pad to approach Internet service providers with a premium service that the ISPs could in turn offer to their customers. Under this agreement, McAfee acquired all of Wireless Security outstanding stocks, technologies and assets. Financial terms of the deal were not disclosed.

Media, Gaming and Entertainment

- **Intel said it is setting aside some of its Digital Home money to help fund a Japanese company that specializes in distributing movies and music online.** Intel revealed that Bellrock Media will get an undisclosed portion of Intel Capital's US\$200 million business development fund. Bellrock said it will use the money so that it can expand its business of making and shipping original digital video content online as well as distribute popular music CD and DVD titles. The deal also covers an

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agreement between Intel and Yoshimoto Kogyo, which is one of the largest talent agencies in Japan representing about 700 talents. Bellrock was established in the U.S. as a strategic company for Yoshimoto Kogyo's group of companies and Japan's Faith, Inc., a firm whose content distribution service is aimed at PCs and mobile phones.

Europe

Mobile/Wireless

- **Nokia, with the support of the mobile phone industry's largest developer community called Forum Nokia PRO, is spearheading the creation of consumer and enterprise applications for the mainland's future 3G cellular market.** The company said more advanced research and development work would be initiated in Hong Kong. Nokia has about 140,000 mobile application developer partners on mainland China and about 80 in Hong Kong. This community has more than 2 million members, with about one in five partners coming from Asia. Among its members, 66 percent are engaged in developing music and media applications, 64 percent in personal productivity, 55 percent in enterprise programs and 54 percent in games. Nokia said mainland application developers KongZhong Corp. and Magus Soft were among the most active Forum Nokia partners that have built programs for Nokia-platform handsets.

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