

# IRG WMR



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

***Week of 21 August - 27 August 2005***

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## International

### *Mobile/Wireless*

- **With a lead over rivals like Samsung Electronics and Siemens widening, Nokia and Motorola posted an increase in their share of the global market in the second quarter, according to Gartner.** Nokia's global share climbed to 31.9 percent in the second quarter from 30.4 percent in the previous quarter. Grabbing the fifth slot for the first time in the second quarter, Ericsson Mobile Communications took the place that was once occupied by Siemens. Compared with its 5.5 percent share in the previous quarter, Sony Ericsson posted this time a 6.2 percent market share. Motorola's market share increased 17.9 percent from 16.8 percent in the first quarter. The share of Samsung declined 13 percent, while that of Siemens registered a less than 5 percent decrease. Mobile-phone unit sales across the globe rose 5.5 percent in the second quarter from the previous three months, Gartner said, with the research firm maintaining its estimate for global sales of 779 million units this year, compared with the 674 million last year.

### *Software*

- **Three firms from Japan, China and South Korea have formed a partnership for the development of a local version of the Linux operating system.** The new software, called Asianux 2.0 was developed by Miracle Linux Corp., which is partly owned by Oracle Corp. and NEC Corp.; Red Flag Software Co., a software developer affiliated with the Chinese government; and Haansoft Inc., a South Korean firm. The partnership comes under one of the projects of the Northeast Asia Open Source Software Promotion Forum. The new operating system has the same basic design as Linux except that it has been made compatible with Asian languages. The developers expect the new product will stimulate widespread use of Linux in e-government and corporate systems.

## Japan

### *Internet*

- **FT Communications Co., a communications equipment vendor, and DeNA Co., an Internet auction site operator, announced their plan to jointly launch an online shopping mall.** Dubbed "allmo", the site is expected to bring in 10 billion yen (US\$90.7 million) in sales in fiscal 2006. The shopping mall will cater to the needs of regional small and midsize retailers and other companies not covered by major online shopping centers operated by Rakuten Inc. and others. Products sold on the mall will be placed simultaneously on the Bidders site as well as on DeNA's affiliated web sites for cellular phone users. The new mall will mainly deal in regional marine and other products and in sundry and apparel goods.
- **Yahoo Japan Corp. announced the expansion of its online music distribution service, a move that would allow its customers to listen to selected songs in full before they decide to make the purchase.** Yahoo Japan is the first company to make the offering. The company said it would launch under the new service about 100,000 songs. Competition in Japan's online music services increased after Apple Computer Inc. launched its iTunes online music store in Japan, a service allowing the availability of more than 1 million songs. Yahoo Japan is expecting to earn advertising revenue and commissions from song sales.
- **Hewlett-Packard Japan Ltd. said it has entered into a partnership with a Japanese Internet services company and its systems integrator and consulting subsidiary to develop new RFID**

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**products and services for the Japanese market.** Under the agreement, the companies would jointly develop and sell RFID platforms and supply chain management services that use RFID. The company said it would conduct joint research on EPC global compliant RFID platforms and infrastructure technologies. HP Japan is owned by Hewlett-Packard Co, Internet Initiative Japan Inc and IJ Technology.

## *Media, Gaming and Entertainment*

- **Takara Co. and Tomy Co., two toy manufacturers that have agreed to merge by March 2006, announced their aim for a group operating profit of 16 billion yen (US\$145.2 million) on sales of 200 billion yen (US\$1.8 billion) for the fiscal year ending March 2009.** The two companies saw a combined operating loss of 7.1 billion yen (US\$64.4 million) for the fiscal year ended March 31 on sales of 180.4 billion yen (US\$1.6 billion). The two companies disclosed their plan to come up with merger synergies, including 19 billion yen (US\$172.4 million) in cost-cutting measures.
- **Impress Corp said it will provide the rights to publish its IT books in Chinese to a Beijing-based company.** Under the tie-up arrangement, the Chinese firm is expected to publish about 10 titles next spring, with the market aimed at midlevel and advanced users. Both publishers will also jointly develop and produce sales promotion booklets for IT product manufacturers. Impress is a subsidiary of Impress Holdings.
- **Sony Corp. announced the addition of an Internet access to its Play Station Portable (PSP), a move aimed at increasing the mobile gaming device's appeal as a handheld entertainment center.** Sony Computer Entertainment America is also offering PSP users a software upgrade that will allow wireless Internet access on the device, plus a new web browser that would connect to news, entertainment content, online searches and e-mail. Sony of Japan said it has sold nearly 2 million units in North America since its launching in March.

## *Mobile/Wireless*

- **The Japanese and Chinese governments announced the finalization of their plans to cooperate in developing technology for 4G cellular phones.** The agreement is expected to bring together the technical expertise of Japanese manufacturers with the Chinese market, considered as the world's largest cell phone market. Under the agreement, top officials on the ministerial level from the two countries are going to meet periodically. A bilateral forum will also be formed composed of representatives from the industry, the academe and government. Through the partnership, the two countries will aim for the leading role in the development of handset technologies as well as communications infrastructure and data processing systems.
- **Connect Technologies Corp. said it has come up with a computer system that analyzes the causes of failures in delivery of cell phone messages.** The company is targeting companies that have difficulty getting their messages to customers whose phones block important messages. Included in the target companies are those firms putting out advertisements via cell phones and those that need to send urgent messages about product recalls. The new product will be offered through an application server. A dedicated server is priced at 2 million yen (US\$18,000). Another 1 million yen (US\$9,000) is required to purchase additional functions that would automatically send a returned message again.
- **Nippon Telegraph & Telephone Corp. announced its booking of a special profit of 249 billion yen (US\$2.6 billion) this fiscal year.** The profit comes from the sale of its stake in its mobile unit NTT DoCoMo Inc., which brought back its shares. The telecommunications giant also increased its parent net profit estimate for this fiscal year to 394 billion yen (US\$3.5 billion) from 174 billion yen

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(US\$1.5 billion). NTT, however, lowered its parent pretax profit outlook to 174 million yen (US\$1.5 billion) from 177 billion yen (US\$1.6 billion).

- **Cybozu Inc. said it has begun market surveys aimed at getting information needed for entering the market as an MVNO (mobile virtual network operator).** The company also said that before they start operations, it plans to do a subsidiary outsourcing operations for fees and billing of telecommunication service firms. Cybozu has yet to decide on a mobile phone company from which to lease communication infrastructure. The company said it aims to be able to provide communication services as an MVNO within a month from the time their outsourcing application is made.

## *Semiconductors*

- **Mitsui High-tec Inc. announced its plans to build a semiconductor-testing facility at its plant in Fukuoka Prefecture, with the project valued at 400 million yen (US\$3.6 million).** The facility will conduct operations that will allow the monitoring of the performance of chips that have been exposed to high temperatures for an extended period of time. The new operations are expected to reduce the amount of testing needed for chips used by automakers and other manufacturers of durable products.
- **Noah Corp., a dealer of used equipment for semiconductor production, announced its plans to go public on the Nagoya Stock Exchange's Centrex market for start-ups.** The company has tie-ups with about 60 Japanese and U.S. trading and leasing companies, which it uses to obtain used equipment. With the U.S. as its biggest source of supply, Noah said it aims to establish there a local subsidiary. The company is set to expand also its sales to companies in Taiwan and South Korea. In July, Noah has closed an agreement with a Taiwanese chip trading company. Through this Taiwanese firm, Noah is looking to securing an access to the Chinese market. The earnings of the company are affected by the chip market situations; demand, however, for used equipment and the related services surges when the market is down. Noah hopes to raise 150 million yen (US\$1.3 million) from the IPO. It plans to use the fund to improve the capacity of its plant in Yokohama.

## *Hardware*

- **NEC Electronics announced the development of a digital video decoder that can handle two major standards for analog television transmission.** The product has a single chip that accommodates the NTSC and PAL standards. The chip also incorporates a 3-D luminance and color separator for sharp display of color with low noise. PAL is widely used in China while NTSC is the one that is used in Japan and the U.S. The new chip can also be used for SECAM standard, which is commonly used in France.

## **Korea**

### *Internet*

- **KT Corp. announced its selection of Siemens Communications and Sycamore Networks to deliver an optical switching solution.** KT will deploy the optical switching solution in order to boost the performance and scalability of its high-speed communications infrastructure. The technology is going to be a part of KT's nationwide backbone network needed for its next-generation voice and data applications. Industry analysts see this development as a significant win for the two companies. The switching solution will come by way of Siemens and Sycamore global strategic alliance, which is part of an agreement between KT and Siemens' partner KDnet.

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## *Hardware*

- **Samsung Electronics Co. posted record revenue from its sales of LCD panels in July, according to DisplaySearch, a U.S.-market research firm.** For July, Samsung's revenue from LCDs went up 9.3 percent from the previous month to US\$916 million. This makes Samsung, the first company to surpass the US\$900 million mark in terms of monthly revenue, the study said. LG. Philips LCD Co., the largest LCD manufacturer in the world from March to May period, is still at No. 2, a position it held since June. Samsung is aiming to meet the growing demand for larger-sized LCDs and raise its revenue by expanding its output of 40-inch LCDs to 150,000 units by the end of the year. The market research, however, indicated that Samsung's record revenue is in part ascribable to larger sales of small-sized LCDs. A separate study made by Tokyo Survey Research showed Samsung getting 10.7 percent of the world's small-sized LCD market last year, putting it at No. 4, behind Sharp, Epson Imaging Devices and Toshiba Matsushita Display.

## **China**

### *Internet*

- **Baidu posted its first earnings report since the company's IPO earlier this month, with its quarterly net profit surging to 12.1 million yuan (US\$1.5 million) from 1.7 million yuan (US\$210,000) in the same quarter last year.** The company reported revenue for the quarter that more than doubled to 69.7 million yuan (US\$8.4 million) from 24.1 million yuan (US\$3 million) in the same quarter last year. Its online marketing revenue went up to 66.7 million yuan (US\$8.2 million), which was nearly three times from the year earlier. Baidu forecasts a third-quarter revenue that would be from 77.4 million yuan (US\$9.5 million) to 81.2 million yuan (US\$10 million).
- **HC International, Inc., a business information service provider, disclosed its sale of 42.5 percent shares from its subsidiary search engine company, Zhongsou.com.** Valued at US\$4.7 million, the shares were sold to Fidelity Investments, IDG Technology Venture Investments, Legend Capital and Global Cyberlinks Holdings Inc. The company said 30 percent of the income from sale of the shares would be used to fund exploration of overseas markets and new product development, with the remaining 70 percent going to fund operating portion of its operating expenses. Before the deal, HC International had 80 percent equity holding in Zhongsou.com.
- **The latest statistics from the China Internet Network Information Center (CNNIC) indicate that about 720,000 web sites under the domain name of "CN" have been registered in China by the end of July 2005.** The numbers show the first time China surpasses Japan in this area, with "CN" making it as the largest in Asia. In July, about 100,000 web sites were registered under the "CN" domain name. With some 100 million netizens and tens of millions of enterprises, industry observers agree on the huge potential for the development of "CN" domain name. The figures are also seen by analysts as marking the "revival" of China's Internet industry.
- **Higher broadband Internet penetration and the new practice of singer-songwriters in China to release original materials directly to the Internet is creating new online music stars – all done without the backing of the traditional record producers.** The practice or fashion has been initiated by Tom Online, which, in partnership with Beijing Online Show Digital Media, owns the rights to more than 60 song titles. The firm also holds the copyright to distribute the songs as ring tones and connecting tones, with the revenues from the offering apportioned among Tom Online, China Mobile



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and Beijing Online Show. The practice also highlights one development in the country, the popularity of online services offering downloads of non-pirated and original music tracks.

- **About 10 percent of companies and 20 percent of individuals in China's ten major cities are using online banking services, according to a survey made by the China Financial Certification Authority (CFCA).** The survey results indicate that 19.4 percent of individuals are using online banking services, with 35.8 percent of individuals intending to use online banking services for the next year. Enterprises that use online banking services make up for 10 percent of the total number of enterprises surveyed, while 25.5 percent of the companies asked said they may use said services in the future. The study revealed that the two main reasons for not getting into online banking services were a lack of knowledge about the services and concerns over the security over the Internet.
- **Tencent Holdings Ltd., an Internet media company, announced a 67 percent increase in its second quarter profit to 186 million yuan (US\$23 million) from 111 million yuan (US\$13.7 million) a year ago.** The company, which provides games, news and the popular "QQ" instant messaging service in China, explained the result as due to a one-off deferred tax gain. Its revenue in the second quarter saw a 23 percent rise to 333 million yuan (US\$41.1 million). The firm's Internet value added services posted a 70 percent revenue gain to 170 million yuan (US\$21 million) in the second quarter. Tencent's online advertising revenue surged 95.9 percent year on year to 25.2 million yuan (US\$3.1 million).

## *Mobile/Wireless*

- **The latest report from the Ministry of Information Industry shows China's domestic mobile phone makers regaining market share placed at 46.1 percent in the first half.** The report says of the 62.8 million handsets sold in the first half, 28.9 million were manufactured by domestic producers. With combined sales of 10.4 million units in the first half, Ningbo Bird Co., TCL Group and Haier Group are still the top 3 domestic players. Domestic producers had been facing consistent declines in market share over recent years because of increasing competition from foreign producers and the flooding of the market with imitation products.
- **Monstermob Group announced its acquisition of China-based Atop Century, a move that is seen as a way of widening its client base in the mainland.** A British firm that develops mobile-phone products, Monstermob will pay 50 percent in cash and the rest in the form of ordinary Monstermob shares. The company values the deal at about US\$100 million. The acquisition is Monstermob's largest to date. The company as well as industry observers think the purchase creates a great entry point for the British group into the Chinese mobile content market.
- **China Unicom announced its plans to utilize 1.8 billion yuan (US\$222.3 million) this year to raising its GSM network to 2.5G standard, a move that is viewed by industry analysts as "coming too late."** The announcement came as Unicom disclosed a 19.4 percent decline in its first-half profit to 2.3 billion yuan (US\$284 million) a year earlier, a decline the company ascribed to losses in its CDMA business and the slower growth in its subscription. The company said its operating revenue went up 10.1 percent to 43.2 billion yuan (US\$5.3 billion) from 39.4 billion yuan (US\$4.8 billion). Its GSM operating profit was reported to have remained flat at 3.8 billion yuan (US\$469.3 million), with the company saying that it added 5.3 million GSM customers for the first half. It has been reported that the company's restructuring, its two networks will be split between the two fixed-line operators, China Telecom and China Netcom.

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## *Media, Gaming and Entertainment*

- **A system called “Anti-Online Game Addiction System” has been introduced by the Chinese General Administration of Press and Publication (GAPP), with the aim of restricting the time of regulating the time gamers spend online.** Defining playing an online game for less than three hours as healthy, the system will begin to restrict players once the players spend more than five consecutive hours in online games. The system, which works like an addiction prevention system cuts certain in-game benefits to players after three hours. The cuts are translated to fewer “experience points” to the players’ online characters, with virtual goods acquired (i.e. weapons) given less value. The players will also be warned every 15 minutes after a consecutive five hours of online games. The system, according to GAPP, will be tested on seven Internet companies, which include Shanda Interactive Entertainment Ltd., Netease.com Inc., The9 Ltd., Sina.com and Sohu.com Inc.
- **State-run China Communication said it plans to file a suit against Shanda for allegedly using “Warcraft III” in a national tournament without proper authorization.** China Communication owns a majority stake in Aomeisoft, a game developer, which holds the mainland license for the game. China Communication disclosed that it consulted government agencies and international as well as local legal advice for its plan to bring Shanda to court. Under mainland law, the distribution and release of any personal computer software for profit without the permission of the copyright owner is considered an infringement. Shanda launched its online tournament in seven cities, which include Beijing, Shanghai and Guangzhou, with some 3,000 gamers said to be participating in the games.
- **The9 Ltd. announced a net loss of 23 million yuan (US\$2.8 million) in the second quarter, compared with a net loss of 105 million yuan (US\$13 million) in the first quarter.** China’s leading online game operator and developer disclosed that its revenue in the second quarter increased by 354.5 percent from the previous quarter to 55.7 million yuan (US\$6.8 million). The company ascribed the revenue growth to the operations of the online game “World of Warcraft”. The game posted 52.3 million yuan (US\$6.4 million) in sales.
- **China’s TV advertisement revenue reached 30.9 billion yuan (US\$3.8 billion) in 2004, a figure that represents a 15.3 percent increase on the revenue of the previous year, according to data from the Chinese Television Artists Association.** The revenue of China Central Television (CCTV) was placed at 8 billion yuan (US\$988.1 million), which stands for 25.9 percent of the total TV advertising revenue in China. In 2004, the report noted the revenue of TV stations in the provinces posting 15.6 billion yuan (US\$2 billion), which represents 50.5 of the total advertising revenue in China. At the end of 2004, there were some 2,300 TV channels in China, 60 of which were satellite TV channels and 86 paid TV channels, all of which sent total broadcast hours of 11 million via TV programs. The report expects the TV ad sector to post 35 billion yuan (US\$4.3 billion) revenue in 2005.
- **China’s magazine advertisement revenue in 2004 posted a 16.5 percent decline to 2 billion yuan (US\$247 million) from the year earlier, according to reports from the 2005 Magazine Advertisement Seminar.** A top official of the China Magazine Association said that magazine advertisements currently account for just 1.6 percent of China’s total media advertisement revenue, compared to the 5 to 6 percent market share percentage level in other Asian countries.

## *Hardware*

- **China’s network equipment market is forecast to reach 6.2 billion yuan (US\$765 million) in the second quarter of this year, according to market research company Analysys.** The figure represents a 4.1 percent increase quarter on quarter and 8.1 percent year on year. Routers and switches



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continue to be the major movers in the network equipment market in the second quarter, the study shows. Grabbing a market share of 57.7 percent, LAN switches made up the 31 percent, routers 18.7 percent and ATM switches getting 8 percent.

## *Telecommunications*

- **ZTE Corp. posted net profit of 660.4 million yuan (US\$81.5 million) in the first half, a decline from the 724.1 million yuan (US\$89.4 million) it had in the same period last year.** The company saw its sales revenue went up to 10.3 billion yuan (US\$1.3 billion) from 10.1 billion yuan (US\$1.2 billion) in the first half. Its operating expenses climbed to 3.1 billion yuan (US\$383 million) from 3 billion yuan (US\$370 million) while its financing costs increased to 74.8 million yuan (US\$9.2 million) from 58.9 million yuan (US\$7.2 million). The country's second-largest telecom equipment manufacturer explained its weaker profits as the result of its expanded investments in the international market in the first half. The investments have yet to produce high returns.

## *Information Technology*

- **China's IT market was valued at 60.5 billion yuan (US\$7.4 billion) in the second quarter, a figure that is 4.6 percent higher than the previous quarter, according to market research company Analysys.** The IT hardware market posted a 3.6 percent growth quarter-on-quarter and 6.3 percent year-on-year to 45.5 billion yuan (US\$5.6 billion). Software market saw its market value go up 10.2 percent quarter-on-quarter and 21.2 percent year-on-year to 6.7 billion (US\$8.2 billion). The market value of IT services in the country went up 11.2 percent from the quarter to 8.2 billion yuan (US\$1 billion).
- **China Enterprise, the information technology service business of Sino-I Technology, may be spun off in the United States or the mainland.** Considered as the second-largest IT service provider in China by revenue, according to IDC China, China Enterprise has a customer base of some 200,000 small and medium-sized enterprises availing of services like web hosting and e-mail server management. The company posted about HK\$60 million (US\$7.7 million) in profit last year from revenue of more than HK\$100 million (US\$12.8 million). China Enterprise saw IT business moving from web-based application providers to credit card payment systems, web site domain names sales and VoIP services for corporate use. China Advertising, in a separate report, announced that it was given rights to sell online advertising on the mainland for Google.

## **Taiwan**

### *Semiconductors*

- **United Microelectronics Corp (UMC) of Taiwan announced the expansion of its licensing agreement with Rambus, a U.S. technology licensing company focused on high-speed chip interfaces.** The agreement will allow UMC clients to have access to the U.S. company's broad portfolio of PCI (Peripheral Component Interconnect) Express-based Interfaces. The PCI Express Interface standard is considered one of the industry's most successful for chip-to-chip interconnects and can be found in system applications that are used in supercomputers as well as PCs and digital TVs.

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## Hong Kong

### *Internet*

- **China.com was reported to be applying for a listing on the NASDAQ Stock Market with the aim in mind to increasing its investor base.** The company is the owner and operator of Internet portal China.com, a mobile-value-added service and an online game provider in China. CDC Corp., its NASDAQ-listed parent has an 81.3 percent stake in the firm. Formerly known as Hongkong.com Corp, the company was listed on Hong Kong's Growth Enterprise Market in 2000.

### *Media, Gaming and Entertainment*

- **Tom Group Ltd., a media conglomerate, announced an 18 percent increase in its revenue to HK\$1.4 billion (US\$180.3 million) in the first half of 2005.** The group said its profit for the first half of this year was HK\$169 million (US\$21.7 million), compared to HK\$683 million (US\$88 million) in the same period of last year. The company ascribes this profit in the first half of 2004 to the spin-off of its Internet business, Tom Online. Businesses of the conglomerate cover the provision of Internet portal and wireless Internet services, publishing, sports event and marketing, television, and outdoor media. In a separate report, the company disclosed that it is reviewing its partnership with Beijing Media Corp over the loss-making China Open tennis tournament. Beijing Media had announced in its 2004 results announcement that last year's China Open tournament brought them a HK\$40.3 million (US\$5.1 million) loss even with a HK\$21.5 million (US\$2.7 million) subsidy from the government. Tom and Beijing Media forged a 10-year joint venture, which is called China Open Promotion, last year to co-organize the tournament with the Beijing government.

### *Mobile/Wireless*

- **Sim Technology Group revealed its deal with British operator Vodafone Group on the development of made-to-order 2.5G and 3G handsets.** The company expects to export from 200,000 to 300,000 2.75G handsets to Europe this year. Total shipment of Sim Technology handsets is forecast to double this year to 4 million. The company, a mobile phone design firm, said it received its first European order this year from TIM, an Italian mobile operator. The company sold almost all of its phones to Lenovo and Ningbo Bird, both mainland vendors, in the first half. Sim Technology, which outsources the manufacture of its products to mainland firms, posted a net profit of HK\$109.5 million (US\$14 million), a big increase from HK\$48.6 million (US\$6.2 million) a year earlier. Its revenue went up 60 percent to HK\$926.7 million (US\$119.2 million).

## Singapore/Malaysia/Philippines/Indonesia

### *Media, Gaming and Entertainment*

- **Autodesk announced that Playware Studios Asia, a Singapore-based gaming studio, has bought multiple sets of Autodesk 3ds Max animation software.** The purchase of the product is aimed at pushing the firm's growth into the 3D games market and to prepare its team for the development of the company's first Massively Multiplayer Online Adventure (MMOAG). Playware is targeting a growth that would bring it into the realm of 3D gaming, a project that is supported by the Media Development Authority in Singapore. Autodesk is the world's leading software and services company for the building, manufacturing, infrastructure, media and entertainment and wireless data services fields. Its 3ds Max software is reputed to be the most popular 3D tool for game development.

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## *Hardware*

- **Inter-Active Media said it will begin the distribution in Europe of its PhoneDrives, a device that enables users to make telephone calls with a personal computer.** The Singapore-based firm is targeting for its product and technology the Middle East market and those in the other parts of Asia. Already, Inter-Active Media has signed a partnership with Plant Pharama of Hungary, which will allow the European firm to sell the device in countries such as Austria, Slovakia, Romania, Germany, Serbia and Slovenia. When plugged into any laptop or PC with an Internet connection, the PhoneDrive would allow users to place cheaper local and long-distance calls. The device functions also as a flash-memory data storage device. It works with Microsoft's operating system.

## **United States/Canada**

### *Internet*

- **The New Jersey-based Vonage Holdings, a company that provides VoIP service, announced its plan to go public.** On its own, Vonage has already raised some US\$380 million from venture capital firms that include NEA Enterprise Associates, Meritech Capital Partners, and 3i Technologies. It was also the recipient of private financing from Bain Capital. The company was reported to be planning to raise US\$400-600 million. Vonage serves about 800,000 consumers and smaller businesses using the VoIP technology.
- **Google disclosed that it plans to launch a service that would enable its clients to do text instant messaging and computer-to-computer voice chat.** Dubbed "Google Talk", the program is seen as competing against similar free services offered for years now by America Online, Microsoft and Yahoo. Google is using software based on open standards that will allow the product to function with smaller networks based on the same technology. The text messages in the new offering can be exchanged with users of iChat of Apple Computer and with the open-source Gaim program, among others. With the new offering, Google is also asking programmers to build its technology into their software.
- **Verizon and Yahoo announced their new offering of a discounted high-speed Internet service.** The reason for the offer is twofold: for Yahoo, it is a bid to get the dialup clients to convert; for Verizon, it is aimed at cable-industry rivals. The two firms are planning to sell DSL at an introductory rate of US\$15 a month, an offering that comes with a one-year commitment in the Verizon region that covers the District of Columbia and 28 other states. The deal is similar to the DSL offer from SBC Communications, which also forged a partnership with Yahoo. Verizon's change of perspective indicates a changing attitude on the part of phone companies to see DSL as the product they have to develop in place of the current local-phone service.
- **Amazon.com has started selling short stories and single chapters from novels or long works for US\$49 cents each.** The products are called "Amazon Shorts" and are delivered digitally and do not come in printed forms. With the new offering, clients can buy products in various genres and formats, including alternate chapters and scenes from long pieces. Digital rights management software is not required for the downloading of the products. Customers can either read them online or print them from the screen. Amazon Shorts can be downloaded also as PDF files and sent as plain-text messages.
- **According to World Trade Organization, the United States has until April 2006 to comply with its ruling affecting U.S. restrictions on cross-border Internet gaming.** The arbitration decision

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was handed down after the Caribbean state of Antigua and Barbuda brought the U.S. before the WTO. Antigua, in its complaint, said that U.S. prohibitions were harming its online gaming business. Antigua is a center for offshore Internet gaming operations, drawing in a large number of U.S. residents.

## *Media, Gaming and Entertainment*

- **AT&T revealed that it has been selected by Konami Digital Entertainment Inc., a developer and publisher of computer and video games, to provide a managed hosting solution for the company's online gaming platform in North America.** The multi-year agreement will allow AT&T to host and provide monitoring of Konami's online gaming platform that enables multiple users to play against each other in real time over the Internet. The AT&T solution also supports Konami's business continuity plan by providing automatic data backup and rerouting for the company's primary data center in Tokyo. The company will host Konami's gaming platform at its Bay Area Internet Data Center (IDC), one of the 26 IDCs of the company around the world.
- **Lucasfilm announced its partnership with Hewlett-Packard that would enable Lucasfilm to use HP technology to create visual effects, video games and animation.** HP said some one thousand high-powered computers will be delivered to Lucasfilm's Letterman Digital Arts Center in San Francisco and the company's office in Singapore. Even as HP mentioned that the deal was worth millions, the companies did not disclose any specific amount. The agreement is good for three years.

## **Europe**

### *Internet*

- **Skype said it will allow instant messaging to be integrated into its web sites and software applications.** Skype has some 51 million registered users of its free software that allow users to make telephone calls via broadband Internet connections. Skype has clients all over the world: 44 percent in Europe, 29 percent in Asia, 13 percent in North America and 10 percent in South America. The announcement from Skype was made after Google said it aims to be the competitor of the Luxembourg-based firm.
- **Nokia announced its winning of a US\$125 million deal in India that would allow the world's leading mobile phone maker to expand the network of Bharti Televentures.** A statement from the two companies said that Nokia would help the Indian company in the expansion of its mobile networks within three years. Under the deal, Nokia is tasked with the delivery of radio and network management systems that are necessary to service the rural regions and customers of Bharti. The Indian company reported a twofold increase in its net profit to 4.7 billion rupees (US\$107.7 million) in the quarter to June. Statistics show there are 20 million mobile phone users in India, with the mobile market posting an additional of 1.7 million customers every month. The market is expected to have a 15 to 20 percent growth every year for the next five years. Bharti is the country's largest private phone company.

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