



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

Week of 4 September - 10 September 2005

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| Equity Market Indicators | | | | | |
|---------------------------|-----------------------------|------------------------|----------------------|----------------------|----------------------|
| Index | Closing Level (9/9/2005) | % Change 1 Week Ago | % Change 1/1/2005 | % Change 1/1/2004 | % Change 2004 Low |
| S&P 500 | 1,241.48 | 1.9% | 2.4% | 11.7% | 16.8% |
| Dow Jones Industrial Avg. | 10,678.56 | 2.2% | -1.0% | 2.1% | 9.5% |
| Dow Jones Tech. Index | 361.34 | 2.2% | 1.7% | 3.9% | 25.1% |
| Dow Jones Telecom. Index | 211.99 | 0.7% | -2.7% | 14.4% | 20.9% |
| NASDAQ Composite | 2,175.51 | 1.6% | 0.0% | 8.6% | 24.1% |
| The Street.com Net | 203.80 | 2.6% | -2.2% | 33.1% | 38.5% |
| Japan Nikkei 225 | 12,692.04 | 0.7% | 10.5% | 18.9% | 22.4% |
| Japan TOPIX | 1,293.35 | 0.8% | 12.5% | 23.9% | 26.5% |
| Korea KOSPI Composite | 1,152.50 | 3.3% | 28.6% | 42.2% | 60.2% |
| Korea Kosdaq | 532.06 | 2.9% | 39.9% | 18.6% | 63.9% |
| Taiwan Stock Exchange | 6,119.06 | 0.0% | -0.3% | 3.9% | 15.1% |
| Singapore Straits Times | 2,301.28 | 0.0% | 11.4% | 30.4% | 35.3% |
| Hong Kong Hang Seng | 15,165.77 | -0.4% | 6.6% | 20.6% | 38.3% |
| Hong Kong GEM | 945.67 | 0.1% | -4.3% | -20.3% | -2.0% |
| China Shanghai (A-Share) | 1,250.15 | 0.1% | -6.0% | -20.3% | -5.4% |
| China Shenzhen (A-Share) | 299.71 | 1.0% | -8.8% | -23.8% | -8.7% |
| China Shanghai (B-Share) | 67.53 | -0.2% | -10.7% | -35.6% | -10.7% |
| China Shenzhen (B-Share) | 224.77 | 0.0% | 2.3% | -17.4% | 6.0% |

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Technology, Media, Telecommunications and Life Sciences Market Activity

NASDAQ/NYSE TMT and Life Sciences IPO Filings

| Filing Date | Issuer | Industry Sector | Size (US\$MM) | Description | Book-Runner | Co-Manager |
|-------------|--|-----------------|---------------|--|-------------------------------------|-------------------------------------|
| 9/9/05 | Predix Pharmaceuticals Inc. [PRDX.US] (NASDAQ) | Biotechnology | US\$70 | Drug discovery and development company that specializes in computational expertise and biological modeling | DB / UBS | CIBC |
| 9/9/05 | Ritz Interactive Inc. [322446Z.US] (NASDAQ) | Internet | NA | Operates a network of interactive websites that offer a range of leisure-time products | Roth Cap Partners / WR Hambrecht | NA |
| 9/9/05 | Voyager Pharmaceutical Co. [617192Z.US] (NASDAQ) | Pharmaceuticals | US\$128.9 | A biopharmaceutical company focused on developing drugs for diseases associated with aging and development | WR Hambrecht | NA |
| 9/8/05 | Myogan Inc. [MYOG.US] (NASDAQ) | Biotechnology | NA | Discovers, develops and commercializes small molecule therapeutics | GS | CIBC /First Albany / Lazard Bank |
| 9/8/05 | NPS Pharmaceutical Co. [NPSP.US] (NASDAQ) | Pharmaceuticals | US\$79.5 | Discovers and develops novel and small molecule drugs | Lehman Brothers | NA |

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

| IPO Date | Issuer (Exchange) | Description | Size (US\$MM) | Offer Price | Price on 9/9/05 | % Change From Offer |
|----------|---|---|---------------|-------------|-----------------|---------------------|
| 9/8/05 | NPS Pharmaceutical Co. [NPSP.US] (NASDAQ) | Discovers and develops novel and small molecule drugs | US\$79.5 | US\$11.35 | US\$11.23 | -1.1% |

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| Asian Equity Markets: TMT and Life Sciences IPO Pricing | | | | | | |
|---|--|--|---------------|-------------|-----------------|---------------------|
| IPO Date | Issuer (Exchange) | Description | Size (US\$MM) | Offer Price | Price on 9/9/05 | % Change From Offer |
| 9/9/05 | Secom Joshinetsu Corp. Ltd. [4342.JP] (TSE) | Provide comprehensive security services using electronic security devices | US\$18.2 | JPY 2,349 | JPY 2,395 | 2.0% |
| 9/8/05 | Reyoung Pharmaceutical Holdings [RPH.SP] (SGX) | Manufactures pharmaceuticals and personal hygiene products | US\$23.1 | S\$0.31 | S\$0.37 | 17.7% |
| 9/7/05 | Riche Multimedia Holdings [764.HK] (HKSE) | Distributes films, sub-licenses film rights and sells advertising rights for advertisements placing on video products and videos | US\$17.5 | HK\$0.34 | HK\$0.37 | 7.4% |
| 9/6/05 | Ability Opto-electronics Tec [3362.TT] (GSM) | Manufactures and markets lens, filters, scanners and digital still cameras | US\$1.8 | NT\$22 | NT\$28.7 | 30.5% |
| 9/6/05 | Espreon Ltd. [EON.AU] (ASE) | Provides specializes legal, public, business and financial information and ancillary services through Internet and other traditional means | US\$5.9 | A\$0.63 | A\$0.84 | 33.3% |

| Asian Markets: TMT and Life Sciences Convertibles | | | | | | |
|---|---|---|---------------|---------------|----------------------------|-------------------|
| Issuance Date | Issuer [Equity Ticker] | Description of Issuer | Maturity Date | Size (US\$MM) | Per US\$10,000 converts to | Convertible Until |
| 9/9/05 | MPIO Ltd. [066200.KS] | Develops, designs and markets communication software | 9/13/08 | US\$5.0 | 9,179 Shares | 8/13/08 |
| 9/9/05 | Kwang Myung Electronic Engineering Co. Ltd. [017040.KS] | Manufactures electronic transformers, control boards and electronic distribution boards | 9/13/08 | US\$5.0 | 8,778 Shares | 8/13/08 |
| 9/9/05 | Makus Inc. [038530.KS] | Manufactures media products | 9/14/08 | US\$8.0 | 4,402 Shares | 8/14/08 |
| 9/9/05 | Sterling Biotech Limited [SLT.IN] | Manufactures and sells pharma-grade gelatine which is used to manufacture hard and soft gelatine capsules | 10/24/10 | US\$140.0 | 237 Shares | 9/24/10 |

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Weekly Highlights

International

Mobile/Wireless

- **Around the world, SMS has become the cheapest, quickest and easiest mode of peer-to-peer mobile communication and with the technology still evolving in all regions, according to data from Portio Research.** The study predicts that SMS will remain the most widely used messaging format for years to come. Revenues from MMS will reach an estimated US\$50 billion by 2010, a figure that is going to be built upon almost 2.3 trillion messages. The study suggests that the industry must focus on strengthening the use of Premium MMS as a marketing tool and distribution channel. The study also notes that MMS has to become cheap, simple and compelling so that traffic will grow and revenue will necessarily follow and grow. Portio Research said that other messaging technologies like mobile e-mail and mobile instant messaging will continue to gain following. As the large proportion of global mobile subscriber increases in the next year 5 or 6 years will be from low-income per-capita emerging markets, there will be plenty of opportunities for voice as well as SMS as means for mobile communication.

Japan

Internet

- **Sakura Internet Inc. said it has secured approval to list on the Tokyo Stock Exchange's Mother's Market.** The Internet service company said it would offer 4,800 shares currently held in private through a book-building company. The company said it forecasts net proceeds of 284.4 million yen (US\$2.5 million) from the IPO, the proceeds of which would be used to build a new data center. For the current fiscal year through March 31, 2006, the company expects a parent pretax profit of 197 million yen (US\$1.7 million), net profit of 113 million yen (US\$1 million), and revenue of 6.2 billion yen (US\$56.5 million). Nomura Securities is the lead underwriter of the IPO.
- **NTT-Resonant Inc., the operator of the goo portal site, announced the consolidation of its payment system for the site's paid content with that of Plala Networks Inc., an Internet service provider.** A goo portal site enables the users to acquire the desired information more efficiently, and makes it possible to use the ever-increasing information assets on the information more effectively than ever before. Under the new arrangement, subscribers to paid distribution services on the goo portal will be able to settle charges by adding them to their Internet connection fees, instead of paying them by credit as presently required. The new procedure is aimed at increasing user's convenience through cooperation with the NTT group, of which Plala Networks is a member.
- **Rakuten announced a deal it entered into for the acquisition of LinkShare, a New York-based Internet marketing agency.** The deal placed at US\$425 million will link up Rakuten with a U.S. affiliate marketing firm, which promises to increase Internet retailers' sales through links and advertising banners on small web sites. Rakuten revealed that it saw profit in the six months to June following its acquisition of a professional baseball club, which contributed to the Rakuten's brand recognition. LinkShare disclosed that about 2 percent of U.S. retail trading, worth US\$1.4 billion, went through its network last year.

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Media, Gaming and Entertainment

- **Ifis Japan Ltd., a Japanese financial information service company, said it has received approval to list on the Tokyo Exchange's Mothers Market.** The company will offer 1,500 shares to the public in its IPO through the book-building method. Ifis said it expects to net 587.6 million yen (US\$5.3 million) from the IPO. From the proceeds, the company said it plans to use 356.5 million yen (US\$3.2 million) for capital expenditures, with the remaining 231 million yen (US\$2.1 million) earmarked as working capital. For the current fiscal year through December 31, the company predicts a parent pretax profit of 273 million yen (US\$2.4 million), net profit of 157 million yen (US\$1.4 million), and revenue of 1.8 billion yen (US\$16.4 million).
- **MCJ Co., a personal computer manufacturer, announced its plans to turn Shuwa System Co., a publisher specializing in books on PCs, into a wholly owned subsidiary via a share purchase and equity swap.** The takeover is valued at about 4 billion yen (US\$36.4 million), with the equity swap costing 3 billion yen (US\$27.3 million). The remainder of the deal will be in cash. MCJ will issue about 12,000 new shares in order to have enough stock to complete the deal. Shuwa System posted sales of slightly less than 2.2 billion yen (US\$20 million) in the year through July. With the takeover, it is expected that MCJ's consolidated sales would climb to just about 34 billion yen (US\$309.8 million) in the year ending next March. It plans to sell Shuwa System publication through its web site.
- **Toei Animation Co. announced the recovery of its stock price to its post-listing high trading range, news that divides the analysts on whether the company has regained its growth potential expected by investors in 2002.** The animation firm was strong from fiscal 2000 to fiscal 2002, a performance it ascribed to brisk sales in the U.S. of its cartoon and the sales of character goods. The company said it expects a pretax profit of 2.8 billion yen (US\$25.5 million), which is a 7 percent increase on the year, marking the first year-on-year increase growth in three years. Toei Animation set up a local unit in the U.S. last year to manage the broadcasting of its works and sales of character goods.
- **Mitsui & Co., Ltd. and Dentsu announced the financial deals they entered into with the U.S. media and advertising sectors.** Mitsui, which owns businesses ranging from iron mining and steel production to consumer products and services revealed its investment in Feedster, a developer and distributor of RSS platform, a San Francisco-based firm that has an index of over 13 million RSS feeds and blogs. Dentsu, an advertising firm, disclosed its strategic partnership with 24/7 Real Media, a search engine marketing firm that will provide sponsored search services to Dentsu's client base. The Tokyo-based Dentsu Group is considered a major player in the global advertising market. It has some 6,000 clients and annual revenues reaching US\$3 billion.

Mobile/Wireless

- **KDDI R&D Laboratories Inc. announced its development of a system that combines wireless communications with television broadcasting.** The system is aimed at delivering efficiently large numbers of mobile terminals using radio waves from TV broadcast stations to transmit data to multiple terminals. The system reverts to the bandwidth used for cellular phones to deliver any data failing to reach terminals. The research arm of KDDI Corp. has already produced a prototype of a car navigation system that receives information this way. KDDI R&D plans to conduct trials of the system and hopes to have the product ready in three to four years.
- **Softbank Corp. said it has sought approval from the government to enter the mobile phone service business, making Softbank the first company to apply for a license since the**

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government since it would grant permission for newcomers to enter the mobile phone market. If it is allowed to operate, Softbank's mobile phone unit will aim to initiate mobile data-communications services in part of Japan. The company did not reveal the amount it would use for the investment. In a separate report, Softbank said it would become in Japan the first Internet group to take bets on horseracing, a move that the company said is aimed at diversifying its online business. Softbank, which runs the Yahoo broadband service, disclosed its plans to set up an Internet portal to provide information on the races, take bets from punters and broadcast races in a deal with Iwate Prefecture Horse Racing Association.

Software

- **Sanyo Electric Co. said it would begin selling its portable DVD car navigation system, a hit product, in China, with the company targeting wealthy consumers in metropolitan areas.** With the company taking note of the surging demand for new cars in the country, it has a sales goal of 100,000 units for 30 billion yen (US\$273.4 million) in fiscal 2007. The model is named Gorilla and is to be sold for about 300,000 yen (US\$2,700). The model is fitted with DVD software that allows a map display on the screen. The company forecasts a demand for car navigation system as rising to 600,000 units in fiscal 2007 and aims to take approximately 15 percent market share of the market. The product is going to be marketed through its sales arm in Shanghai, with its sales network of about 200 new car dealerships and Japanese-affiliated automotive volume sales. With their widespread car use, the cities of Shanghai, Beijing and Guangzhou will be the focus of the marketing campaign.
- **Azia Co., a Japanese software developer, said it has secured approval to list on the Tokyo Exchange's Mother's Market.** The company will offer 2,450 shares to the public in its initial public offering through a book-building method. The company said it expects to net 487 million yen (US\$4.4 million) from the IPO. For the current fiscal year through March 31, 2006, the company predicts a parent pretax profit of 189 million yen (US\$1.7 million), a net profit of 104 million yen (US\$948,000), and sales of 716 million yen (US\$6.5 million). Mizuho Investors Securities is the lead underwriter of the offer.
- **Access Co., a Japanese information equipment software developer, announced that it would buy PalmSource Inc., a move that is part of its 35.8 billion yen (US\$326.2 million) bid to expand its mobile device software line.** The Japanese firm plans to merge the U.S. mobile-device software with its U.S. unit as both companies' boards have already approved the merger. Access Co. develops and sells software under consignment for NTT DoCoMo Inc.'s 3G FOMA handsets. The deal is expected to close by the end of the year.

Hardware

- **In what industry observers as their bid to address the high concentration of their manufacturing bases in China, Japanese electronic parts manufacturers are seen to be expanding their operations in Vietnam.** The Japanese manufacturers are said to be concerned about their heavy reliance on China and how that poses business risks with the assumption that the yuan would undergo further revaluation, the labor costs would go up and the power shortages would worsen further. For the Japanese, Vietnam offers high-quality labor and lower employment costs. Nidec Corp., in particular, intends to make Vietnam its largest overseas production base after China. The company has plans to investing by 2010 an investment totaling US\$1 billion. The company said it plans to start building two factories, one of which will be used by Nidec to build motors for use in personal computers. Nitto Denko Corp. said it plans to initiate this fall a start-to-finish production of flexible

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printed circuit boards for cellular production. Japanese companies' direct investment in Vietnam went up 50 percent on the year to about US\$100 million in fiscal 2004.

- **Fujitsu Frontech said it would start shipment of core parts for the processing of paper in cash machines directly from its production site in the Philippines to foreign makers of finished ATMs.** These core parts contain components that receive and dispense money, leading to the currency storage in inner boxes. The parts are sent from the Philippines to the firm's plant in northern Japan for quality control and inspection. Under the new system, Fujitsu Frontech will now be able to provide the core parts to overseas customers in about two months from the time the order is made.
- **D&M Holdings Inc. announced its entry into the video equipment market in China, with its recent launching of Chinese sales of liquid crystal televisions.** The products were developed and manufactured by way of an outsourcing to a local firm in Amoy. The company has a sales goal of 100 to 1,000 units a month, with the TVs being marketed under the Marantz brand, sold through Marantz shops and cooperating stores in Beijing, Shanghai and other major cities. D&M announced also that will enter the home-use projector market in China. The projectors will be made in Japan and will be sold through Marantz.
- **Nomura Research Institute Ltd. said it has reached an agreement to acquire a 14 percent stake worth 300 billion yen (US\$2.7 billion) in a systems subsidiary of President Chain Store Corp of Taiwan.** Nomura said it would slowly increase the stake to 50 percent in the subsidiary, which is called PIC. Nomura will handle the assembly of computer systems for the Seven-Eleven convenience store chain and other shops operated in Taiwan by PIC, which is the country's largest retailer. The company said it will establish first its presence in Taiwan, it will try to go into other Asian markets, including China and the Philippines.

Telecommunications

- **Nippon Telegraph & Telephone Corp. said its has purchased back 7 percent of its outstanding shares, which are valued at 539.3 billion yen (US\$5 billion) through the Tokyo Stock Exchange's ToSTNeT-2 off-hours trading system.** An NTT spokesperson said the company would hold the shares it bought back as treasury stocks for a period. The company announced its share buyback plan at the same time the government's Ministry of Finance announce that it will sell 1.1 million shares of NTT to complete the privatization of the telecommunications giant. Under the current law governing NTT's privatization, the government must hold at least one-third of issued NTT shares. The sale is expected to lower the government's stake to 33.7 percent.

Korea

Internet

- **SK Telecom Corp. and Hanaro Telecom Inc. initiated the testing of a next-generation Internet infrastructure, which they called the broadband convergence network (BcN).** The Internet protocol will enable people to access the network from a huge range of terminals from nearly everywhere. BcN is expected to help develop a range of features like VoIP, T-commerce, IPTV and video on demand. The trial is part of the government's efforts by to link 10 million homes with fast broadband networks by 2007. The trial is the second time such a trial was held, with a consortium headed by Dacom running the first trial of the network in July. The consortium includes 25 local partners including Samsung Electronics Co. and Skylife Co., South Korea's sole only satellite-based digital TV broadcaster. SK Telecom remains the nation's No. 1 mobile operator with more than 19

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million subscribers. Hanaro Telecom is the second-largest fixed line broadband Internet company with more than 4 million subscribers.

Mobile/Wireless

- **The competition between South Korea's two major mobile service providers, KT and SK Telecom, is expected to get stronger even as convergence between telecommunication and broadcasting services is seen as happening soon.** KT Corp., the country's largest fixed-line telephone and high-speed Internet operator, announced that it has bought 51 percent of Sidus FNH, South Korea's biggest filmmaker. The acquisition was valued at 28 billion won (US\$27.2 million). By 2010, the company said it predicts its total investment to reach 10.4 trillion won (US\$10.1 billion), with 7.8 trillion won (US\$7.5 billion) put into boosting South Korea's telecommunications infrastructure and 2.6 trillion won (US\$2.5 billion) into setting up bases for new growth engines. KT is expected to evolve into a multimedia industry group, using as its conduit for transformation its affiliate companies KT Freetel Co. and KTH, also known as Paran. KT is presently in a talk with Walt Disney on digital content supply. SK Telecom Co., the country's largest mobile operator, is going into the digital content market by increasing its mergers and acquisitions with entertainment and broadcasting companies. Already, the company has invested 14.4 billion won (US\$14 million) into IHQ, Korea's largest music record company. It has also set up 29.7 billion (US\$28.8 million) worth of music fund and 20 billion won (US\$19.4 million) worth of movie fund. The company also revealed its interest in acquiring YTN Star, an affiliate of the broadcaster YTN.

China

Internet

- **Allyes Information Technology, Shanghai-based provider of online marketing services and technology, said it has received an investment worth US\$30 million.** The investment came from a venture capital from IDG Technology Venture Investment, Inc. (IDGVC) and Oak Investment Partners. IDGVC has invested more than US\$200 million in over 100 companies, which include online companies Baidu.com and Ctrip. The company said it would use the investment, said to be one of the largest venture capital investment in China's Internet industry, to boost its participation in the Internet advertising market.
- **Dangdang.com said it would launch its consumer-to-consumer (C2C) trading platform in the middle of October this year.** The company, which is one of China's biggest book, movie and music online retailer, explains its move as a response to the competition posed by two other online auction portals in China – Taobao.com and EachNet. Dangdang.com says its portal has 20 million hits per day, with visits from some 1.2 million people each day. The company currently offers 300,000 books, audio and video products on its online portal.
- **Tom Online Inc. announced the setting up of a joint venture with Luxembourg-based Skype, an Internet telephony provider.** The aim of the venture is the promotion of the Chinese-version of Skype services in China. Under the joint venture, Tom Online will have a 51 percent stake with Skype taking the remainder. Skype, which distributes free software that allows calls between computer users with broadband access for free, has 3.1 million registered users in China. For Skype, China is its third-largest market after the U.S. and Taiwan.
- **Google announced the launching of a beta version of a local search engine, Bendi.Google.com together with China's Mapabc.com.** Bendi.Google.com will be providing local information about

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businesses in over 170 cities in China, and enable users to search for local facilities and services. This is the first time that Google is promoting localized version of its search engine in China, making the country the fifth in which Google has provided a localized search service. Beijing-based Mapabc.com provides web-based mapping services while serving as the map-resource provider for China's Sina.com.

- **Sohu.com Inc., a leading Chinese online media, communications, commerce and mobile value-added services company, announced that it has been ranked among the “Top 10 Chinese Global Corporate Brands” by the Financial Times, a noted UK-based international business and financial publication.** Sohu.com was also ranked among the Top 10 for innovation, credibility, quality of management and operations as well as quality of products and services, with other well-established Chinese corporations. McKinsey & Company, covering more than 3,500 respondents from over 70 countries, conducted the survey.

Mobile/Wireless

- **Ericsson AB disclosed its expectations about its venture in eastern China as doubling this year, with local sales going up.** Ericsson, the world's biggest manufacturer of mobile-phone networks, and Nokia, the world's No. 2 maker, are looking to the demand for 3G networks in order to push up orders and maintain their market share over rivals like Huawei Technologies, which offer products at lower prices. Ericsson revealed that China would be spending from US\$10 billion to US\$12 billion on 3G networks within three years of issuing licenses in early 2006. The company further said it has plans to invest US\$1 billion on research and manufacturing in China within the coming five years so as to make use of lower costs and respond to the demand for high-speed mobile-phone services. In a separate report, Ericsson said it plans to use its venture with ZTE Corp. to develop home-grown high-speed wireless standard in China.

Media, Gaming and Entertainment

- **China Digital Media Corporation said it is jointly working with Nanhai Radio and Television Network Company on the launching of a high definition broadcast television trial (the “HDTV”) program in Nanhai, Guangdong Province, one of the pilot cities to provide the HDTV service in China.** The service has three hours of HDTV currently available for clients daily, and eight hours more will be provided to viewers in 2006. The offering will have value-added packages where the company shares the majority portion of subscription fees under a 20-year agreement. China Digital Media Corporation has its businesses in three main areas: Cable Television Operations, Programs Production and Advertising Sales.
- **Huaxi Metropolitan News announced its joint activity with China Mobile to develop the first SMS newspaper subscription service.** The offering is called the Huaxi mobile phone newspaper. Residents of Sichuan, where Huaxi Metropolitan News is a main metropolitan newspaper, were able to subscribe to the SMS newspaper service.
- **Focus Media Holdings Ltd. announced that it would buy a 70 percent stake in Shenyang Focus Media Advertising.** Under the deal, the key management staff together with its founders will get to keep the 30 percent share in the company and will manage the operations in Shenyang. When completed, Shenyang will be the 23rd city in China where Focus Media directly operates its outdoor advertising network. Shenyang Focus Media serves as Focus Media's regional distributor in the city of Shenyang.
- **China Electronic Information Industry Group (CEC) disclosed that it has made a 300 million yuan (US\$37 million) investment in a unit of Chongqing Broadcast and Television Group**

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(CBTG). The deal was for a 45 percent stake CBTG, making CEC the second-largest shareholder of CBTG. The joint venture will not be tasked with the hastening of the upgrading of the cable-television network to a digital system. Under the deal, CBTG's existing 4.2 million cable-television subscribers will be transferred to the joint venture, which aims to complete the coverage of digital television in major cities by 2007, and extending the reach to 40 counties by 2010.

- **Real estate, retail and services and automobiles were the three largest newspaper advertisers in China, according to Chinese market research firm CTR.** The same study showed that advertisers of bath and cosmetics-related products, automobiles and computer-related products were the three largest magazine advertisers. The real estate industry made up 26 percent of total newspaper advertising revenue. Advertisers for bath and cosmetics-related products accounted for 30 percent of total magazine advertisement revenue.
- **Guang Yuan Media Co. Ltd. said it has cooperated with China's Ministry of Railways to offer advertising on the China Train TV (CTTV), the country's railway TV network.** As of July 2005, Guang Yuan Media has already installed 20,000 TV displays in some 100 trains, using wireless network and multimedia capabilities, with the investment reaching 200 million yuan (US\$24.7 million). For the second half this year, the media company has plans to increase the number of trains fitted with CTTV to 160, a network that would cover major metropolitan areas all over China. Guang Yuan secured investment through venture capital from Legend Capital, Shandong Juli Company Co. Ltd., Beijing Shebang Investment Co. Ltd. and Fujian Start Media Computer Group.

Software

- **Microsoft Asia Engineering Center announced the opening of its Shanghai branch, disclosing that it would be recruiting software talents into research and development from around China.** In its 2005 financial year, Microsoft China was one of the company's fastest-growing subsidiaries. The company said it intends to establish more R&D centers and offices in China in the future. A human resource expert noted that Microsoft's recruitment plan is intended to compete with Google in terms of recruiting the industry's talents that will result to a restriction in the growth of Google in China. In a separate report, MSN China Technology Center, set up in July this year, is also expected to recruit hundreds of software engineers within the next few years.

Telecommunications

- **China Netcom Group Corp. (Hong Kong) Ltd. has been reported as getting ready to announce its acquisition of networks in four provinces.** Excluding debts, the four networks are said to be valued from between 11.7 billion yuan (US\$1.4 billion) and 16.4 billion yuan (US\$2 billion), following a report from a research released by China International Capital Corp., one of the financial advisers on the deal. The report said China Netcom plans to finance the acquisition from parent with internal cash resources and borrowings.

Taiwan

Semiconductors

- **Taiwan Semiconductor Manufacturing Co (TSMC) posted for its sales in August an 11.2 percent month-on-month increase to NT\$23.1 billion (US\$705.7 million).** TSMC sales in the eight months to August, however, declined 1 percent to NT\$158.2 billion (US\$4.8 billion) from NT\$168.9 billion (US\$20.8 billion). TSMC is the world's leading contract microchip maker. United

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Microelectronics Corp (UMC), announced sales climbing up to NT\$8 billion (US\$244.4 million) in August from NT\$7 billion (US\$864.7 million) in July. Its sales in the eight months to August declined from NT\$77.2 billion (US\$2.3 billion) to NT\$54.8 billion (US\$1.6 billion). UMC, the world's No. 2 contract chipmaker, stated in July that it forecast wafer shipments in the third quarter to September to go up.

Hardware

- **Completing the US\$358 million acquisition, TPV Technology disclosed its plan to spend from US\$5 million to US\$10 million for the restructuring of its newly acquired Royal Philips Electronics Monitor business.** The company is now responsible for the manufacture of Philips brand flat panel LCD monitors and televisions for the Asian market and the low-priced LCD televisions for the U.S. market. With the total shipment of monitors and televisions reaching this year to 36 million units, the company said it aims to increase shipment by some 40 percent to 50 million units by 2010. TVP said its net earnings for the six months to June went up 5.3 percent to US\$64.8 million. Its revenue posted a 1.8 percent growth to US\$1.8 billion.

Hong Kong

Media, Gaming and Entertainment

- **With the government ordering an independent look at their investment plans, the digitalization of Hong Kong's terrestrial television broadcasts may be in for a delay.** Two stations, Television Broadcasts and Asia Television, presented their plans to the Broadcasting Authority in July and August to demonstrate their new programming. Having committed more than HK\$100 million (US\$12.8 million) each, the two stations had been expecting the signal to go ahead since last month. The two stations are required to start digital broadcasting in 2007, with a simulcast with the existing analog signal. The government requires the two broadcasters' digital signals to cover 75 percent of households by 2008. The two broadcasters are still awaiting a decision on the standard of digitalization, with the two preferring the Chinese standard to the European standard for compatibility in broadcasting to southern China.

Singapore/Malaysia/Philippines/Indonesia

Mobile/Wireless

- **The Singapore Infocomm Development Authority is proposing a centralized database that will enable mobile and fixed-line customers to take their numbers with them when they shift to another telephone company.** The present portability system makes use of a call forwarding solution that requires users who switch operators to get new numbers. If the ministry's proposal is followed, churn, which is the rate at which customers can change operators, is expected to go up. Analysts are saying that proposed improvements to phone number portability in Singapore would likely boost the customer turnover rate in the mobile market. StarHub, which has a 32 percent share of the city-state's mobile market, is seen as benefiting the most from the enacted proposal. Improvements to the existing number portability system are placed at S\$10 million (US\$6 million).

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Media, Gaming and Entertainment

- **Singapore Telecommunications Limited (SingTel) and Nickelodeon, a channel for children, announced that they are jointly setting up a multiple media platform that would address the media interests of Singaporean kids.** The platform would include specially produced television shorts, on-the-ground events, online and mobile games and downloads, and exclusive use of Nickelodeon property. Under a one-year partnership agreement, Nickelodeon will specially produce for SingTel the exclusive use of Jimmy Internet Jargon Vignettes, where the meaning of words such as “broadband” and “blog” will be explained to children. SingTel will also be entitled to use Jimmy Neutron exclusively on their premiums as giveaways and on pre-paid phone cards for retail sale within the period covered by the deal.

United States/Canada

Internet

- **News Corp. announced its latest acquisition in the Internet sector when it agreed to pay US\$650 million in cash for IGN Entertainment Inc., an online video-game company.** Earlier, News Corp. disclosed its plan to building up the company’s Internet presence when it made its statement that online businesses would be a major part of the future growth of the media conglomerate, which includes the Fox broadcast network, the Twentieth Century Fox movie studios and DirecTV. The acquisition follows News Corp.’s US\$580 million deal to buy InterMix Media Inc., which owns the social networking site MySpace.com. The purchase of IGN, according to News Corp., means traffic of nearly 70 million unique monthly users. IGN is a network of online video games and game-related web sites that includes IGN.com, GameSpy, File Planet, TeamXbox, 3D Gamers, Direct2Drive, and GameStats.com. IGN is also the owner of two movie-related sites and a male lifestyle site.

Mobile/Wireless

- **Sun Microsystems is looking to Java technology a push for its move to expand overseas, with China as the world’s largest mobile communications market providing the impetus.** Sun counts about 200,000 Java developers in the mainland and more than 4.5 million Java programmers worldwide. Web-based products, like Yahoo Games and Electronic Arts, use Java technology in order to provide greater interactivity for the users. Java is also fitted into handsets assembled on the mainland. Research company ARC Group said that the worldwide market for Java-related products and services could bring wireless network operators some US\$15.5 billion in revenue by 2008 from US\$1.4 billion in 2003.

Media, Gaming and Entertainment

- **Eastman Kodak said it would invest up to US\$100 million to build a computer-to-plate plant at its office in Xiamen in order to respond to the fast-growing commercial printing industry.** The company said it would register a company in Xiamen-Kodak Graphic Communications (China) Co. Ltd., with the construction of the new facility to start immediately after project approvals are secured. Before the completion of the new plant in Xiamen, Kodak will be supplying customers from its Kodak Polychrome Graphics (KPG) plant in Tianjin. The company’s sales volume worldwide was US\$13.5 billion last year. More than half of its revenues were coming from its digital business.
- **Verint Systems announced its signing of an agreement acquiring the networked video security business of Multivision Intelligent Surveillance for US\$48 million.** The company said it is making the operations via the acquisition of MultiVision’s Hong Kong-based subsidiary MultiVision Holdings,

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which will then provide Verint with networked video solutions and a research and development and management team for the Asia Pacific region. Verint, a company that develops software enabling the collection, transmission and analysis of voice, fax, video, e-mail, Internet and data transmissions, posted for the fiscal second-quarter a net profit of US\$7.1 million from US\$5.6 million. The company said its sales went up to US\$74.7 million from US\$60.1 million.

Hardware

- **Apple has introduced the much-awaited mobile phone that is loaded with iTunes software, has storage for as many as 100 songs, and is fitted with a color display screen and built-in camera.** Made by Motorola, the product called ROKR is Apples' s first incursion into the mobile telephony market. The machine allows transfer of songs from computers, and not from music files over mobile networks. Together with the phone, Apple has also introduced the new iPod, called the Nano. The new product relies on flash memory, which makes it lighter, pencil-thin and more efficient. It can store up to 1,000 songs or 25,000 photos. It features games, photo storage and a calendar. A 4-gigabyte Nano will sell for US\$249. Cingular Wireless will offer the ROKR in the U.S.

Europe

Mobile

- **Telefon AB LM Ericsson (ERICY), a Swedish telecommunications equipment maker, announced that it has received a contract to expand and upgrade the network of Maxis Communications BHD, a Malaysian operator.** Under the agreement, Ericsson will provide Maxis with an upgrade that will allow the Malaysian firm to offer more advanced mobile broadband services. The contract covers an extension of Maxis and Ericsson's managed services contract that was signed early this year. The contract puts Ericsson responsible for the entire operation and management of the 3G-radio network.

Telecommunications

- **Telefonica of Spain announced that it has raised its stake in China Netcom Group in a deal worth 178 million euros (US\$221.2 million).** From its initial stake in June worth 240 million euros (US\$298.2 million), the Spanish telecommunications giant increased it to a 5 percent capital stake, which represents an investment of 418.3 million euros (US\$519.8 million). Telefonica said it saw an immense potential in the Chinese market. Its presence in the country makes Telefonica the bridge between China and Latin America, another region where the Spanish group also has key interests.

Hardware

- **LG.Philips LCD announced its plans of setting up a back-end module production plant in Poland, a move that will make the company the first LCD manufacturer to set up such production in Europe.** The company said it is investing a total of 429 million euros (US\$532 million) in the plant by 2011. By that time, the plant is expected to reach its design capacity of 11 million units. LG.Philips said it is looking to the signing of an investment agreement for the plant to be signed with the government of Poland soon.

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Other Economic Data

| Currency Exchange Rates | | | | | | |
|-------------------------|------------|-----------------------------|------------------------|----------------------|-----------------------|--------------------------|
| Currency | Units | Current Rate (on 9/9/05) | % Change 1 Week Ago | % Change 1/1/2005 | % Change 1/1/ 2004 | % Change Last 12 Mth. |
| Japanese yen | ¥/US\$ | 109.6800 | -0.1% | 6.9% | 2.3% | 0.0% |
| Hong Kong dollar | HK\$/ US\$ | 7.7634 | 0.0% | -0.1% | 0.0% | -0.4% |
| Chinese renmenbi | RMB/ US\$ | 8.0956 | 0.0% | -2.2% | -2.2% | -2.2% |
| Singapore dollar | S\$/ US\$ | 1.6740 | 0.1% | 2.6% | -1.5% | -1.5% |
| South Korean won | KRW/ US\$ | 1025.3500 | -0.1% | -0.9% | -14.0% | -10.5% |
| New Taiwan dollar | NT\$/ US\$ | 32.6550 | 0.4% | 2.9% | -3.8% | -3.7% |
| Australian dollar | US\$/A\$ | 0.7750 | 1.3% | -0.7% | 3.1% | 12.6% |
| New Zealand dollar | US\$/NZ\$ | 0.7078 | 0.2% | -1.4% | 8.0% | 8.5% |
| Philippine peso | PHP/ US\$ | 56.0750 | 0.0% | -0.3% | 1.0% | 0.0% |
| Euro | US\$/€ | 1.2410 | -1.0% | -8.4% | -1.5% | 1.6% |
| British pound | US\$/£ | 1.8391 | -0.1% | -4.1% | 3.0% | 3.0% |

| Fixed Income Prices and Yields | | | | | | | |
|--------------------------------|----------|---------------------|--------|------------|--------|-------------|--------|
| Note | Currency | Current (on 9/9/05) | | 1 Week Ago | | 4 Weeks Ago | |
| | | Price | Yield | Price | Yield | Price | Yield |
| US 30-year | US\$ | 114.8125 | 4.40% | 116.5625 | 4.30% | 114.0313 | 4.45% |
| Japan 30-year | ¥ | 98.4010 | 2.30% | 98.9440 | 2.27% | 97.4520 | 2.36% |
| Hong Kong 10-year | HK\$ | 114.0380 | 3.89% | 114.7680 | 3.72% | 114.3940 | 3.86% |
| China (10/27) | US\$ | 122.5250 | 5.70% | 123.6350 | 5.62% | 120.7990 | 5.82% |
| Singapore 10-year | S\$ | 96.4650 | 2.77% | 96.9120 | 2.69% | 96.8490 | 2.70% |
| South Korea 10-year | US\$ | 111.6070 | 4.10% | 111.9640 | 3.99% | 111.3830 | 4.30% |
| Australia 15-year | A\$ | 108.5210 | 5.14% | 109.6350 | 4.98% | 107.5510 | 5.30% |
| New Zealand (07/09) | NZ\$ | 104.4380 | 5.69% | 104.9940 | 5.54% | 104.0090 | 5.84% |
| Philippines 20-year | PHP | 141.7960 | 12.52% | 142.7070 | 12.43% | 142.9650 | 12.40% |
| India 20-year | INR | 130.2100 | 7.30% | 129.7700 | 7.34% | 129.7700 | 7.35% |
| UK 30-year | £ | 101.2060 | 4.17% | 101.3850 | 4.16% | 98.9335 | 4.32% |
| Germany 30-year | € | 132.8470 | 3.52% | 132.4470 | 3.54% | 128.3880 | 3.75% |

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