

# IRG WMR



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

***Week of 30 October - 5 November 2005***

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ideas | reach | growth

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| Equity Market Indicators  |                              |                        |                      |                      |                      |
|---------------------------|------------------------------|------------------------|----------------------|----------------------|----------------------|
| Index                     | Closing Level<br>(11/4/2005) | % Change<br>1 Week Ago | % Change<br>1/1/2005 | % Change<br>1/1/2004 | % Change<br>2004 Low |
| S&P 500                   | 1,220.14                     | 1.8%                   | 0.7%                 | 9.7%                 | 14.8%                |
| Dow Jones Industrial Avg. | 10,530.80                    | 1.2%                   | -2.3%                | 0.7%                 | 8.0%                 |
| Dow Jones Tech. Index     | 357.91                       | 4.1%                   | 0.7%                 | 2.9%                 | 23.9%                |
| Dow Jones Telecom. Index  | 203.85                       | 1.0%                   | -6.4%                | 10.0%                | 16.3%                |
| NASDAQ Composite          | 2,169.43                     | 3.8%                   | -0.3%                | 8.3%                 | 23.8%                |
| The Street.com Net        | 206.19                       | 1.7%                   | -1.0%                | 34.7%                | 40.1%                |
| Japan Nikkei 225          | 14,075.96                    | 5.5%                   | 22.5%                | 31.8%                | 35.8%                |
| Japan TOPIX               | 1,494.99                     | 5.3%                   | 30.0%                | 43.2%                | 46.2%                |
| Korea KOSPI Composite     | 1,221.98                     | 7.1%                   | 36.4%                | 50.7%                | 69.8%                |
| Korea Kosdaq              | 617.43                       | 6.3%                   | 62.3%                | 37.6%                | 90.1%                |
| Taiwan Stock Exchange     | 5,911.74                     | 4.9%                   | -3.7%                | 0.4%                 | 11.2%                |
| Singapore Straits Times   | 2,266.52                     | 3.4%                   | 9.7%                 | 28.4%                | 33.3%                |
| Hong Kong Hang Seng       | 14,585.79                    | 2.6%                   | 2.5%                 | 16.0%                | 33.0%                |
| Hong Kong GEM             | 964.18                       | 2.7%                   | -2.5%                | -18.7%               | -0.1%                |
| China Shanghai (A-Share)  | 1,156.45                     | 1.8%                   | -13.1%               | -26.3%               | -12.5%               |
| China Shenzhen (A-Share)  | 279.65                       | 2.2%                   | -14.9%               | -28.9%               | -14.8%               |
| China Shanghai (B-Share)  | 60.33                        | 1.6%                   | -20.3%               | -42.5%               | -20.3%               |
| China Shenzhen (B-Share)  | 192.84                       | 3.4%                   | -12.3%               | -29.1%               | -9.0%                |

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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 |
|-------------|--------|-----------------|---------------|-------------|-------------|------------|
| NA          |        |                 |               |             |             |            |

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

| IPO Date | Issuer (Exchange)                                     | Description  | Size (US\$MM) | Offer Price | Price on 11/4/05 | % Change From Offer |
|----------|---|--|---------------|-------------|------------------|---------------------|
| 11/1/05  | Website Pros, Inc.<br>[WSPI.US]<br>(NASDAQ)           | Provides full-service website solutions to small businesses  | US\$68        | US\$10.00   | US\$10.07        | 0.7%                |
| 11/1/05  | Cbeyond Communications, Inc.<br>[CBEY.US]<br>(NASDAQ) | Offers telecommunications services to small businesses. The company offers local and long distance telephone services, T-1 Internet access and Internet-based applications | US\$73.6      | US\$12.00   | US\$12.00        | 0.0%                |

### Asian Equity Markets: TMT and Life Sciences IPO Pricing

| IPO Date | Issuer (Exchange)                                     | Description  | Size (US\$MM) | Offer Price | Price on 11/4/05 | % Change From Offer |
|----------|---|--|---------------|-------------|------------------|---------------------|
| 11/4/05  | Landwind Medical Holdings, Ltd.<br>[LWMH.SP]<br>(SGX) | Distributes medical diagnostic imaging equipment to healthcare establishments in PRC | US\$15.7      | S\$0.29     | S\$0.36          | 24.1%               |

### 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 |
|---------------|--|---|---------------|---------------|----------------------------|-------------------|
| 10/31/05      | Intus Technologies Inc.<br>[033720.KS] | Develops, sells, and supports computer software for graphics and publishing, and multimedia integration | 10/4/08       | US\$1         | 4                          | 9/27/08           |
| 11/4/05       | Hostech Global Inc.<br>[037020.KS]     | Operates server-hosting business  | 11/11/08      | US\$7         | 2,714                      | 10/28/08          |

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## Weekly Highlights

### International

#### *Telecommunications*

- **Gartner predicted that the global telecommunications market would be the single largest segment of the global IT market by revenues, with the research firm forecasting a compounded annualized 5 percent rate between 2004 and 2009.** The research firm said the major contributors to future growth are mobile and broadband services, users making their shift to Internet Protocol (IP) infrastructures, mobile handset sales, and rising rates of demand from emerging economies, particularly within Asia. Gartner says the majority of the coming growth in the telecommunications industry will be in broadband services and mobile services. The research firm anticipates that mobile services will post an 8.5 percent compound annual growth rate (CAGR) by 2009, with an estimated 3 billion global subscribers by 2010. Broadband services are seen as leading the fixed-line segment. Digital subscriber line (DSL) is seen as holding on its position as the preferred medium, although Gartner forecasts the rapid growth of Ethernet, registering a 40 percent CAGR between 2004 and 2009. Revenues in the global telecommunications equipment sector are predicted to climb 41 percent to US\$384 billion in 2009 from US\$272 billion in 2004. The research firm looks to the Asia Pacific region rivaling North America as the world's leading telecom market in 2009, and even overtaking Western Europe as the second-largest market in 2006. The expansion of the region will be due to the strength of emerging markets in China, India, Thailand, Indonesia and the Philippines. Gartner recommends that telecommunication companies pay attention to innovations that are consumer-focused even as it cautions that changing user habits will have an impact on the economics and value of voice connection.

### Japan

#### *Internet*

- **Hudson Soft Co. announced the introduction of a new online system that would allow its entire staff to set up blogs to communicate with each other.** Even before the set-up, teams working on specific projects at the Hudson, a major video-game maker, have used their own web sites, bulletin boards or e-mail to talk with fellow team members. The new set-up, however, has the company integrating them into a single company-wide blog system aimed at streamlining communications and reducing costs. Developed by Kyoto-based IT solutions firm Drecon Co., the system will allow quick access among the most frequently browsed blogs.
- **Usen Corp. and Jupiter Telecommunications Co. announced their plans to boost their network equipment for image transmission.** Under the plans, Usen disclosed its plan to invest some 2.5 billion yen (US\$21.2 million) high-performance routers and other gear, aiming to bring in, with the improvement, 10 million users more to its Gyao broadband broadcasting service. Jupiter said it has adopted optical transmission equipment that will enable it to distribute high-quality images while holding down costs. In its upgrade, Usen will be using Cisco Systems Inc.'s CRS-1 routers as the capacities of the current system are reaching their limits. Jupiter is using Prisma IP optical transmission equipment, which is made by a U.S. company and sold by Sumisho Computer Systems Corp, allowing

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it maximum communication speed of 400 Gbps between content-storing data center facilities and local bases.

## *Media, Entertainment and Gaming*

- **Digital radio broadcast service is slated to be launched in Tokyo and Osaka in fiscal 2006, with private broadcasting stations offering a total of about 20 channels.** The new broadcast network includes three channels that will offer advanced services, such as fee-based music distribution, about 10 channels sending simple videos and text data and five to ten channels offering the same programs as their analog versions. With a limited amount of bandwidth allocation to digital radio stations by the Ministry of Internal Affairs and Communications, five Tokyo-based broadcasters revealed their plan to work on the setting up of a joint venture next spring. The five stations are Tokyo FM Broadcasting Co., TBS Radio and Communications, Inc., Nippon Cultural Broadcasting Inc., Nippon Broadcasting System Inc. and J-Wave Inc. The group is looking to the joint venture to manage the channels.
- **Square Enix Co. disclosed its estimates regarding its group pretax profit for the first half through Sept. 30, posting a 56 percent decline year on year to about 2.7 billion yen (US\$23 million).** The company expects its sales to have an 11 percent growth to about 27 billion yen (US\$229.5 million), up by about 1 billion yen (US\$8.5 million) from earlier estimate. Square Enix said it would likely upgrade its earnings forecast for the full year ending March 31, 2006 to 135 billion yen (US\$1.1 billion) and net profit of about 18 billion yen (US\$153 million). The company ascribes this in part to the contribution coming from Taito Corp., which became its subsidiary in September.

## *Software*

- **NEC Corp. said it has developed Japanese-English interpretation software that can be used in small devices like mobile phones.** The heavy power demand placed on central processing units has limited the design of software to personal computers and PDAs, and not in smaller devices. The software contains a total of 50,000 words and is able to transform Japanese speech into a synthesized English sounds and vice-versa. NEC said it intends to put the software to commercial use as possible.

## *Hardware*

- **Sharp Corp. announced that it has started negotiations with Quanta Display Inc. of Taiwan on the purchase of LCD panels from the company and sell them to television manufacturers in Europe and the U.S.** The move is expected to bolster Sharp's panel exports to these markets after the company completes its new LCD plant by 2006. Sharp already buys LCD panels for personal computers from Quanta Display and has also supplied production technologies to the Taiwanese company. Sharp holds a stake in Quanta Display.

## *Information Technology*

- **NTT Data Corp., the computer systems development unit of Nippon Telegraph & Telephone Corp., announced a 16 percent year-on-year rise in its group net profit for the fiscal first half ended Sept. 30 to 9.7 billion yen (US\$82.4 million) from 8.1 billion yen (US\$68.8 million).** The company attributes the growth to higher revenues and smaller non-operating losses. Its group revenue went up by 2 percent to 389.6 billion yen (US\$3.3 billion) from 381.7 billion yen (US\$3.2 billion), pushed by higher demand for systems development from corporate clients and outsourcing orders from financial institutions. Its higher investments for business improvement and business expansion caused its operating profit to post a 0.4% decline to 16.9 billion yen (US\$143.6 million). NTT Data maintains its forecast of a 34 percent growth in its net profit on year to 27 billion yen (US\$229.4 million), on a 3 percent growth in revenue to 880 billion yen (US\$7.4 billion) and a 15 percent increase

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in operating profit to 45 billion yen (US\$382.4 million). The company did not announce results for the July-September quarter.

## *Semiconductors*

- **Renesas Technology announced that it has obtained licensing related to the HDMI (High Definition Multimedia Interface) digital consumer electronics interface standard from Silicon Image Inc., a U.S. semiconductor developer.** Renesas is planning to introduce, using the licensed technology, in the January-March 2006 period semiconductors for HDMI-compatible digital consumer electronics. HDMI is a standard for connecting the terminals of digital consumer electronics that allow different types of equipment to exchange high-definition signals. The application of the standard is for high-end flat-screen televisions and DVD recorders. The move of Renesas to license the technology is built around the expectations that there will be more demand for HDMI-compatible equipment.

## **Korea**

### *Internet*

- **Korean researchers, through the government-funded Electronics and Telecommunications Research Institute (ETRI), are reportedly in the final stage of developing an intelligent Korean-language search engine.** According to ETRI, the new search engine goes beyond providing the user with related but unfiltered information based on a keyword. The search engine will give or two of or the number of answers that can only directly address a query. The ETRI said the technology would advance enough in three years so it can be applied to all Korean-language web documents. The research institute disclosed that it set to enter an agreement this year with Dongsuh Books for the use of its "Pascal" encyclopedia.
- **South Korea's Ministry of Information and Communication said it would introduce new identification systems for signing onto Internet sites in 2007 in an effort to protect online privacy.** At present, most Internet service companies in the country require new subscribers to submit their real names and "resident registration numbers" to confirm their identity, a system that people fear is prone to being abused. The new system will allow subscribers to create new identities authorized by a government agency.
- **SK C&C, a firm that does IT outsourcing and system integration, said it has acquired a license of an online casual snow board game 'Crystal Boarder' from game developer WRG to publish it at home and abroad.** The move marks the first system integration provider in South Korea to publish a game in the world market. Even as it suspended the game business in one of its affiliate, SK Communications, the SK Group said it has been seeking to expand into online game business. Observers are looking to SK C&C to entering intro contracts for publishing one or two other online games by the end of the year. Already, the company said it is talking with a game developer for licensing right for publishing its online game 'Reel Online' in the world market.
- **The Korean Association of Phonogram Producers said it has won court approval to seize some privately held shares of Soribada, an Internet song-swapping site.** Following the ruling, Soribada's two developers will be banned from selling their 960,000 shares in the unlisted company. The announcement came after Soribada's appeal to continue the third version of its service, which allows users to share songs free of charge, was turned down by the court. Soribada is once South Korea's most visited music-downloading destination.



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## *Telecommunications*

- **KT, the country's largest communication carrier and Internet service provider revealed its plans to construct WiBro infrastructure within the next 6 years.** The plans would involve an investment of about 1.2 trillion won (US\$1.2 billion) by 2011. Out of the fund, KT said it would earmark 49 percent for the setting up of base stations, and 33 percent for the purchase of new repeaters and upgrading of wire and wireless infrastructure (this would include Internet backbone networks, optical cables and connection networks). The company said it would spend about 70 percent of funds next year and in 2007. Together with the investments, KT said it aims to develop a variety of communication equipment and components. In a separate report, KTF is said to be striving to boosting its revenue from global businesses five-fold to 100 billion won (US\$95.9 million) by 2010, with the company looking to global roaming as the source of its revenues in time for the beginning of W-CDMA. To do this, the company has come up with a global business model including that includes the setting up of joint ventures or forging agreements with global partners to make joint investments. The move is reported spurred by a move of its rival SKT to announce its foreign expansion plans.

## *Mobile/Wireless*

- **Nextreaming, a leading provider of mobile multimedia solutions for operators and handset manufacturers, announced that its satellite DMB application, NexTV S-DMB, has been included in Pantech's first S-DMB phone, the PT-S130.** The model is considered to be one of the most advanced Pantech handsets as it supports DMB and provides as well a number of other innovative multimedia features to accelerate the usage of "mobile broadcast TV", in Korea.
- **Pandora TV announced its entering into a partnership with KTF and its initiating of Fimm Pandora TV VOD service.** Through the offering, Pandora TV will enable customers the viewing of 70,000 Internet VOD images on their handset. Users with Fimm phones can conduct real-time search on all of Pandora TV's channels and view VOD images on their phones or send them off to friends. The service will allow users to download images from Pandora's TV website.
- **Industry observers are expecting a slow demand for mobile handsets in South Korea until next March, a situation explained as brought about by the easing of restriction of handset subsidy making people wait for the right time to make the purchase.** The country's Ministry of Information and Communication considers allowing subsidy for those who are subscribers to mobile service for more than three years, or for users buying WiBro phones. SK Telecom, the largest mobile operator, stated that that even if more subsidies are allowed, service providers will tend not to compete strongly to lure in more customers. The numbers of subscribers to mobile service has reached 15.5 million already in July and is expected to hit 17 million in March in 2006. The growth will be composed of 50 percent of all mobile subscribers.

## *Hardware*

- **LG Electronics announced the launching of a new notebook that comes with a CDMA EV-DO receiver, the first of its kind in the market.** Called the X Note Express LW20-EV series, the device enables a connection with the Internet in any region where mobile phones are used. It adopts the Intel Sonoma platform, considered to be a power-efficient platform. The product was a joint undertaking of LG with KTF and Intel Korea. In a separate report, LG Telecom announced its revenue for the 3<sup>rd</sup> quarter reaching 883.9 billion won (US\$842.2 million), operating profit at 97.2 billion won (US\$92.6 million), and net profit at 1.5 billion won (US\$1.4 million). LG ascribes the strong showing for the third quarter to its MusicOn revenue.



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## China

### *Internet*

- **SK Communications revealed that registered users of Cyworld in China totaled 700,000 as of the end of October.** Cyworld is considered one of Seoul's most successful Internet companies that count some 13 million residents and visitors. The service, which started in early June this year, is receiving an average of about 15,000 visitors daily, which is similar to the average number of new registered users in Korea from the 1<sup>st</sup> to the 2nd quarter of 2004 in South Korea. Given this rate, the company expects users to grow to 1 million by the end of the year. It has been reported that a significant number of government officials from China are paying SK Communications in Korea a visit to learn from the success of Cyworld.
- **3Com, following the original agreement it had when it formed a joint venture with Huawei called Huawei-3Com Technology, announced the signing of an agreement to purchase another 2 percent of the joint venture, according to the document filed with the U.S. Securities and Exchange Commission.** Valued at US\$28 million, the deal will fulfill 3Com's announcement made earlier this year that it planned to take a majority stake in the company. Under the terms of the original deal, 3Com owns the right to sell Huawei IP switches and routers under the 3Com brand name anywhere in the world except China and Japan, where the products are sold under the Huawei-3Com name. In the joint venture, 3Com put up US\$160 million in cash, while Huawei provided the technology and engineers to build Ethernet switches and Internet Protocol routers designed for the enterprise market. The purchase of the shares is subject to regulatory approval by the Chinese government, which when approved will make 3Com won a majority interest in the joint venture.
- **With the company trying to revive its mobile messaging services business, Sina Corp. saw its third quarter sales and marketing expenses climbed 47 percent from the second quarter to US\$15.7 million.** Sina ascribes the plunge in its profit to US\$9.1 million from US\$14.5 million in the year-earlier period to the increase in sales and marketing expenses. China's top web portal said its revenue went down 5 percent to US\$49.5 million from US\$52.5 million a year earlier. Amidst the decline, Sina forecasts its fourth-quarter revenue to rise slightly between US\$51 million and US\$53 million. The company is reported a trying to lessen its dependence on mobile messaging, a move that is shared by Sina with its rivals NetEase, Tom Online and Sohu.com.

### *Media, Entertainment and Gaming*

- **Focus Media Holding Ltd. announced a significant growth in its sales revenue and net income than what was forecast, with the company attributing this to its network expansion in China's fast-growing media market.** The Shanghai-based electronic billboard-advertising firm posted a 146 percent increase over the same period last year in revenue to US\$19.5 million, or 33.5 percent over the previous quarter. The company said its third-quarter net income went up to US\$7.1 million, compared to a net loss of US\$1 million in the third-quarter of last year and earnings of US\$4.3 million in the previous quarter. Focus Media forecasts fourth-quarter revenues of US\$22 million to US\$23 million and an estimated profit of US\$8.7 million to US\$9.1 million.
- **E-Mobile Information Technologies disclosed that its wholly owned subsidiary CHL Technologies has entered into agreements with Business Watch Magazine (BMW), Chinese Computer World (CCW), and Cell Phone World Magazine.** Under the agreements, the said companies will provide CHL with their contents, and CHL will use its Mobile Book Software

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Technology (MBST) to allow users to download and read their contents through their cell phones anywhere and anytime. Used as reference by Sohu and Sina, BMW is the first commercial news magazine in China published weekly inside and outside China. CCW is a joint venture between the Electronic Science and Technology Information Research Institution, which is a property of the country's Ministry of Information Industry, and IDG, the pioneer for China's IT medium industry. CCW belongs to the top 10 newspapers in China. Cell Phone World is a regional magazine aimed at cell phone users.

## *Mobile/Wireless*

- **TCL Communications Holding Technology Holdings said it is aiming to make the wholly owned TCL-Alcatel Mobile Phones (T&A) profitable, as it prepares to revamp the Alcatel mobile handset brand name internationally.** The company said it would use to its advantage the low production cost in the mainland. For the first nine months of the year, TCL posted a net loss of HK\$1.3 billion (US\$167.6 million). In the third quarter, the company gained 70 percent of its sales from overseas markets, compared with just 31 percent a year ago. On the mainland, TCL posted an operating loss of HK\$500 million (US\$64.4 million) in the first half. TCL said it is targeting sale of 14 million handsets globally next year, with 10 million in overseas markets that would include as outlets Telefonica Moviles and America Movil, South America's two largest mobile network operators.
- **Trimble said it supplied Global Positioning System (GPS) reference stations and Trimble VRS (Virtual Reference Station) software to be used in setting up five new infrastructure networks throughout China.** The networks are expected to supply fast and accurate GPS positioning for different applications, which include surveying, urban planning, disaster prevention and relief, precision agriculture, transportation management and various scientific researches. The new installations follow the Shenzhen and Chengdu networks already at work in China. Trimble is a leading innovator of GPS technology. The multi-purpose networks are located in Shanghai, Wuhan, DongGuan, Tianjin and Beijing.

## *Hardware*

- **Lenovo Group disclosed its plans of speeding up the expansion of its product line and coverage of emerging markets, explaining the move as pushed by rising profits and steady market gains brought about after the company has integrated IBM's personal computing division.** Data coming from IDC showed Lenovo as shipping about 4 million computers in the third quarter, with only Dell and Hewlett-Packard selling more units worldwide. Outside the mainland, Lenovo said it be expanding its distribution in Brazil, Mexico, Russia, the Middle East and India. The world's third-largest computer supplier reported a 22 percent growth year on year in its net profit in the quarter to September to HK\$354 million (US\$45 million), on a 404 percent growth in its revenue to HK\$28.5 billion (US\$3.6 billion).
- **China's import and export of electromechanical products posted a 22.6 percent year-on-year increase in the first three quarters of 2005 to US\$547.5 billion.** The exports of electromechanical products went up 32.9 percent to US\$299 billion, which account for a 54.7 percent of the total value of China exports; the imports rose 12.1 percent to US\$248.5 billion, contributing 52 percent of the total value of China's imports. The major five electromechanical products exported are: computer equipment and spare parts (US\$73.2 billion); household electrical appliances and electronic products (US\$37.9 billion); communications equipment and components (US\$32.3 billion); electronic components (US\$27.7 billion); and electric equipment (US\$18.3 billion). The major five electromechanical products imported are: electronics components (US\$93.8 billion); computer

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equipment and spare parts (US\$25.7 billion); electrical equipment (US\$19.3 billion); communications equipment and components (US\$12.3 billion); and automobiles and key spare parts (US\$9.5 billion).

- **Chinese and Taiwanese manufacturers produced 94 million digital cameras in 2004, with 82 million of them exported, according to Global Sources, a China-based market research firm.** Global Sources is expecting exports to grow between 10 and 20 percent in the current year. The report indicated that in flash memory, the manufacturers are shifting production to miniSD (mini Secure Digital) cards and Reduced-Size MultimediaCards (RS-MMC). The market research firm noted that Mainland China makers of flash memory cards are looking for a hundred percent growth this year, with flashcard exports expected to go beyond the US\$300 million mark this year. It sees the manufacture of PC topping US\$583 million this year, which represents a 97 percent growth over the previous year, with most of that number – US\$49 million – earmarked for export.

## Taiwan

### *Media, Entertainment and Gaming*

- **The Government Information Office (GIO) was criticized for threatening to shut down TVBS for being 100 percent owned by Hong Kong's TVB media group.** GIO ordered that TVBS resubmit its shareholding papers and other necessary documents to show that it was not fully owned by the Hong Kong broadcaster. According to TVBS, TVB owns only a 47 percent stake in its operations, with the rest held by a Taiwanese firm. GIO countered by saying that it suspects TVBS to be just a shell company. Under the law of the country, no foreign firm can hold more than 50 percent of any media outlet in Taiwan. TVBS invokes another law, which says that as long as the media outlet is not directly owned by foreign firms, it could be still be recognized as Taiwanese.
- **China Times Group announced the closure of its evening daily China Times Express, with the group shifting to television.** The group's interest in television media was seen with its investment gave it a majority stake in CtiTV, a cable-television operator in Taiwan. Observers point to the television-driven media market of Taiwan as the reason why media groups have been fighting for TV market share at the expense of other media channels, like newspaper.

## Hong Kong

### *Media, Entertainment and Gaming*

- **Asia Television said it would offer advertisers a rating guarantee plan next year, which projects an average 5 percent increase in rates for the new year.** The rates match the increases proposed by its rival, Television Broadcasts. In Hong Kong, television ratings are issued by third-party media research group CSM. Polls are conducted to gauge the number of watchers viewing specific programs. Advertisers use the information to gauge the number of people that will be watching their advertisements.

### *Software*

- **Computer Associates International (CA) announced its decision to pick Hong Kong as the site for its Asia Pacific and Japan headquarters.** The world's fifth-largest software company, CA has a market capitalization of about US\$16 billion and annual revenue of US\$3.5 billion. CA has ventured to set up its regional offices at Three Pacific Place 20 years after it set up business in Hong Kong.

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According to the New York-based firm, the move to Hong Kong is a strategic “multi-million dollar investment” that the firm sees as helping it post double-digit growth in the region for many years to come. A CA official indicated that the Asia Pacific and Japan accounted for about US\$400 million to the firm’s annual revenue. CA develops, markets and sells network management, security and storage software.

## Singapore/Malaysia/Philippines/Indonesia

### *Media, Entertainment and Gaming*

- **Amaru Inc. and its subsidiary M2B Game World Pte Ltd (M2B Game World) announced the launching of their online gaming channel, enabling users to access the content through a micro-payment system called “MOLePoints”.** The system uses virtual tokens to allow gamers to purchase gaming access as well as other offerings on the channel. M2B Game World holds the rights to operate the MOLePoints platform in six countries including Singapore, Indonesia, Thailand, Australia, New Zealand and China through the branding of Magic Overload. The channel will allow users the ability to secure subscriptions to popular titles such as World of Warcraft, Helbreath and Gundound, as well as movies, merchandize and more. Also available are Chinese-themed games such as World of Qin, Fun Wang Online, O2Jam, Game Myth, Fairyland and Laghaim. MOLePoints can be bought online as well as at locations like cybercafes and local electronic payment gateways. They may be used for an array of M2B online services including broadband streaming entertainment under “Stay@Home Theatre.”

### *Internet*

- **The Infocomm Development Authority of Singapore (IDA) announced the signing of a three-year Memorandum of Intent (MOI) with Cisco Systems.** Valued at US\$18 million, the agreement will allow investments that focus on three areas: the development of next-generation networking technologies, the development of skilled infocomm network professionals, and the establishment of a Singapore Solutions Center in Singapore. The establishment of a Singapore Solutions Center is expected to help Singapore-based enterprises to develop, test, showcase and market their products and solutions.

### *Hardware*

- **Cadmus Technology, Eftpos (Electronic Funds Transfer At Point-Of-Sale) manufacturer and distributor announced a deal with Network for Electronic Transfers (Singapore) Pte Ltd (NETS), the electronic banking services and financial payments firms that manages Singapore’s debit network.** Under the agreement, Cadmus will supply NETS with special pin pad terminals that the firm is expecting to become the default standard for vending machines in Singapore and other Asian markets. NETS is present in several Asian countries including Mainland China where it produces and supplies smart chip cards for major Shanghai department stores, supermarkets and shopping centers.

### *Mobile/Wireless*

- **According to Nokia, it would take time before 3G mobile-phone technologies could gain mass market following in the Philippines but the technology would definitely come.** The current 2G networks are expected to stay for a long time and the overlap of 2G and 3G mobile-phone technologies would happen for quite a while. Nokia said the more than 8 million Filipinos abroad could

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provide a take-off point for 3G, with the technology allowing them to see each other while talking on the phone. The country's National Telecommunications Commission (NTC) is expected to award five 3G frequencies by the end of the year to operators that are deemed most qualified to initiate the investment. NTC has already received applications for 3G licenses from licensed firms like Globe Telecom Inc., Smart Communications Inc., Digitel Mobile Phils. Inc and Bayan Telecommunications. Other smaller companies like NextMobile Inc., Connectivity Unlimited Resources Inc., AZ Communications Network Inc. and Multimedia Telephony Inc. also applied.

## *Telecommunications*

- **Telular Corporation announced a US\$5.5 million contract with one of Indonesia's largest distributors of fixed and mobile wireless communication products in Jakarta.** The contract will allow Telular to deploy its recently introduced CDMA desk phone and marks the first time Telular had entered the Indonesian market. Telular's fixed cellular products are used throughout the world primarily for basic wireless communications services, often referred to as Wireless Local Loop (WLL).

## **United States/Canada**

### *Internet*

- **Apple Computer announced that it has sold more than 1 million videos from its online iTunes music store since the launching of the service some weeks ago.** Under the offering, Video iPod owners can download and buy about 2,000 music videos, short films from Pixar Animation Studios and popular TV programs. The availability of films is made possible under a tie-up with Walt Disney. Already a leader in digital music players, Apple's addition of video to its product and the enabling of video content download are seen as innovations in terms of technology and content distribution deals.
- **NCSoft America announced that City of Villains, the stand-alone sequel to the hit massively multiplayer online PC Game City of Heroes, is live in North America.** The game is developed by Cryptic Studios and published by NCSoft. It is available in North America at an anticipated price of US\$49.9 for its standard edition and US\$69.9 for the feature-packed collector's DVD edition. Both editions include the first month of online game play. After the first month, the players will be charged a monthly subscription fee of US\$14.9.
- **Amazon announced the launching of its new Amazon Pages service, an offering that allows customer to purchase portions of a book for online viewing.** The offering comes with another program called Amazon Upgrade, which will offer online access when a traditional text is purchased. For Amazon Pages, the firm said the cost for most books would be a few cents per page, with readers to be charged for more specialized reference works. Under the offering, copyright holders would determine whether the pages could be printed or downloaded. The announcement from Amazon followed Google's announcement that it will begin serving up entire contents of books and government documents that are not caught in any copyright issues.

### *Media, Entertainment and Gaming*

- **Electronic Arts disclosed a smaller profit in the second quarter from a year earlier when its posted earnings of US\$51 million, a decline from a profit of US\$97 million a year earlier.** The company said its revenue saw a 6 percent decline to US\$675 million from US\$716 million in the prior year. The sales were driven mainly by the releases of several sports titles, which includes NBA Live, and



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FIFA. The company ascribed the previously unforecast earnings to the early release of FIFA soccer title.

- **A new company is introducing an innovation by attaching advertising to the video and sharing with the creators the profits.** The service is attractive to major media companies, which are just beginning to experiment with offering TV shows and movies online, and are looking for ways to distribute across peer-to-peer networks while dealing with piracy concerns. Under the offering, consumers who want to use Revver upload their videos free to the company's web servers. The company then attaches a static ad to the end of the video. A "Rev Tag" is also fitted to the video that would enable the company to keep track of how often the video is viewed. Industry experts say the real application of the technology could materialize as major media companies search for ways to take advantage of the nature of the Internet even as they try to hold on to their copyrights.
- **NBC News announced that it would be making its NBC Nightly News broadcast available for free on the Internet.** The network said its past broadcasts would be archived at its website. The network said the service does not make it news on demand.
- **Sprint Nextel announced the launching of a downloadable music service, making the offering the first to deliver songs over a U.S. cellular network.** Dubbed the Sprint Music Store, it is being launched in tandem with the rollout of a faster wireless technology that Sprint is deploying. Observers say this is a move on the part of Sprint to compete in a market dominated by mobile Internet services and to face the competition from the broadband offerings of Verizon Wireless and Cingular Wireless. The offering from Sprint is initially accessible on two new handsets from Samsung and Sanyo, with the phones able to hold up to 1,000 songs with an optional 1-gigabyte memory card. The mobile phone industry is looking to mobile music as new source of revenue although it is not clear whether consumers would want to buy music through their wireless operators.
- **Time Warner revealed an 80 percent surge in its third-quarter profit to US\$897 million, a growth that the world's largest media company attributed to the sales of its cable-television services.** The company said its sales went up 6 percent to US\$10.5 billion. It is looking to improving AOL, with the expectation that it would help lift the shares at Time Warner. Time Warner Cable announced that it is adding subscribers to its digital phone and Internet services by selling packages of cable television, telephone and Internet access.

## *Software*

- **Sun Microsystems disclosed a slight narrowing of its loss in the first quarter, with sales posting 3.7 percent growth.** The company reported a loss of US\$123 million, compared with a loss of US\$133 million. Excluding special items, the company reported a loss of US\$68 million, compared with a profit of US\$68 million. Sun said its revenue went up to US\$2.7 billion from US\$2.6 billion in the first quarter of 2005.

## *Telecommunications*

- **SBC Communications' takeover of AT&T and Verizon Communications' acquisition of MCI were given approval by the federal regulators.** The acquisition by SBC Communications of AT&T is valued at US\$16 billion, while the deal with Verizon Communications and MCI is said to be worth US\$8.5 billion. When SBC completes its merger, the company said it plans to change its corporate name to AT&T, chosen for its recognizable name. Verizon will keep its corporate name. Federal regulators required that SBC and Verizon freeze the wholesale prices they charge their competitors in leasing high-capacity business lines. The companies were also asked to guarantee that they would sell

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their Internet access as a stand-alone service. In a separate report, MCI posted earnings of US\$271 million in the third quarter, a growth that industry experts attribute to the new services and the absence of large impairment charges that caused it to post losses a year earlier. MCI said it registered operating income of US\$159 million in the latest quarter, compared with US\$61 million in the second quarter this year. Its revenues went down 5 percent to US\$4.4 billion from US\$5 billion a year earlier.

- **KVH Co., the telecommunications arm of Fidelity Group, a U.S. investment service firm, announced its offering of a full-scale support services in the construction and management of communication networks for Japanese businesses operating abroad.** Under the offering, KVH will build networks that will team up with local communications companies, with the company overseeing the entire process that involves design, operation and management. KVD said it aims to offer the services to businesses in the manufacturing, retail and other sectors for the design, management and monitoring of foreign data communications networks linked with Japanese sites. Already, the company said it has formed partnerships with three firms in Japan engaged in telecommunications and data center operations. In preparation for the start of the new services, the company opened bases in Shanghai and New York. Noting the differences in quality and cost from country to country, KVH sees the need to provide foreign services by way of a centralized structure.
- **Lucent Technologies, a U.S.-based telecom equipment manufacturer, disclosed its winning of a contract allowing it to provide Internet-based telephony equipment to KT Corp.** Under the contract, Lucent will supply VoIP equipment to KT. No financial details of the transaction were revealed.

## Europe

### *Mobile/Wireless*

- **Telefonica said it has agreed to buy mobile telephone operator O2 in a deal that is valued at 17.7 billion pounds (US\$31.3 billion).** In what is considered to be the largest acquisition in the European telecommunications industry for five years, the deal is seen by Telefonica, Spain's biggest telephone company, as boosting the company's growth profile. Britain's O2, Europe's sixth-largest mobile-phone company with assets in Britain, Ireland and Germany, is expected to give Telefonica 25 million more customers from the three countries. This figure would bring the total number of Telefonica customers to about 170 million.

### *Information Technology*

- **Gemplus announced that a net profit of 20.9 million pounds (US\$37.1 million) in the third quarter, a result that reverses the 8.5 million pounds (US\$15.1 million) loss incurred in the same period last year.** The company, which is considered the biggest smartcard maker in the world, said it expects its sales growth this year would go beyond 10 percent but would be lower than initially expected because of a decline in sales of telephone and pre-paid mobile phone cards. Operating profit in the three months to September was placed at 21.3 million pounds (US\$37.8 million) from a loss of 200,000 pounds (US\$355,640). The company said sales in the third quarter posted a 15.5 percent increase to 247.9 million pounds (US\$440.8 million).



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| Other Economic Data     |            |                              |                        |                      |                       |                          |
|-------------------------|------------|------------------------------|------------------------|----------------------|-----------------------|--------------------------|
| Currency Exchange Rates |            |                              |                        |                      |                       |                          |
| Currency                | Units      | Current Rate<br>(on 11/4/05) | % Change<br>1 Week Ago | % Change<br>1/1/2005 | % Change<br>1/1/ 2004 | % Change<br>Last 12 Mth. |
| Japanese yen            | ¥/US\$     | 118.3400                     | 2.3%                   | 15.3%                | 10.4%                 | 11.6%                    |
| Hong Kong dollar        | HK\$/ US\$ | 7.7533                       | 0.0%                   | -0.2%                | -0.1%                 | -0.3%                    |
| Chinese renmenbi        | RMB/ US\$  | 8.0856                       | 0.0%                   | -2.3%                | -2.3%                 | -2.3%                    |
| Singapore dollar        | S\$/ US\$  | 1.7017                       | 0.7%                   | 4.3%                 | 0.1%                  | 2.8%                     |
| South Korean won        | KRW/ US\$  | 1,047.5000                   | 0.4%                   | 1.2%                 | -12.1%                | -5.9%                    |
| New Taiwan dollar       | NT\$/ US\$ | 33.6550                      | 0.2%                   | 6.0%                 | -0.9%                 | 1.3%                     |
| Australian dollar       | US\$/A\$   | 0.7332                       | -2.1%                  | -6.0%                | -2.5%                 | -3.2%                    |
| New Zealand dollar      | US\$/NZ\$  | 0.6831                       | -2.9%                  | -4.9%                | 4.2%                  | -1.1%                    |
| Philippine peso         | PHP/ US\$  | 55.0900                      | 0.2%                   | -2.0%                | -0.8%                 | -2.3%                    |
| Euro                    | US\$/€     | 1.1813                       | -2.1%                  | -12.8%               | -6.2%                 | -8.2%                    |
| British pound           | US\$/£     | 1.7497                       | -1.4%                  | -8.8%                | -2.0%                 | -5.1%                    |

| Fixed Income Prices and Yields |          |                      |        |            |        |             |          |
|--------------------------------|----------|----------------------|--------|------------|--------|-------------|----------|
| Note                           | Currency | Current (on 11/4/05) |        | 1 Week Ago |        | 4 Weeks Ago |          |
|                                |          | Price                | Yield  | Price      | Yield  | Price       | Yield    |
| US 30-year                     | US\$     | 107.4688             | 4.86%  | 108.7813   | 4.77%  | 112.0625    | 112.0625 |
| Japan 30-year                  | ¥        | 98.8050              | 2.27%  | 97.8560    | 2.33%  | 97.9150     | 97.9150  |
| Hong Kong 10-year              | HK\$     | 111.1810             | 4.50%  | 111.9830   | 4.30%  | 112.9950    | 112.9950 |
| China (10/27)                  | US\$     | 116.6600             | 6.11%  | 117.5600   | 6.05%  | 119.6580    | 119.6580 |
| Singapore 10-year              | S\$      | 93.8260              | 3.17%  | 95.6050    | 2.89%  | 96.0410     | 96.0410  |
| South Korea 10-year            | US\$     | 109.5950             | 4.66%  | 110.4390   | 4.34%  | 110.7130    | 110.7130 |
| Australia 15-year              | A\$      | 105.7690             | 5.55%  | 106.6000   | 5.42%  | 107.1380    | 107.1380 |
| New Zealand (07/09)            | NZ\$     | 102.5240             | 6.22%  | 103.0550   | 6.06%  | 103.4660    | 103.4660 |
| Philippines 20-year            | PHP      | 142.3200             | 12.46% | 141.9370   | 12.50% | 148.2900    | 148.2900 |
| India 20-year                  | INR      | 129.3200             | 7.37%  | 129.3300   | 7.37%  | 128.9000    | 128.9000 |
| UK 30-year                     | £        | 99.2146              | 4.30%  | 99.6228    | 4.27%  | 99.9498     | 99.9498  |
| Germany 30-year                | €        | 126.3090             | 3.85%  | 127.1730   | 3.80%  | 131.1970    | 131.1970 |

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