

IRG WMR



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

Week of 11 December - 17 December 2005

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Weekly Highlights

International

Internet

- **About 50 chief executives from nine-member countries of the Pan Asian e-Commerce Alliance stressed the need to develop services that would help countries exchange electronic trade documents more efficiently.** The first regional e-commerce alliance in Asia was formed in 2000. Pan-Asian Alliance projects began to get implemented in 2002. China, Japan and Taiwan are also members. The PAA disclosed that its plans to expand to Europe and North America.
- **After a decade of its launching, the technology of online booking registered some 400 million passengers around the world who rely on the Internet for their flights arrangement, according to Sita Information Networking Computing.** The result is seen in the airline industry now saving an estimated US\$1.2 billion a year by not having to pay flight reservation fees for the tickets sold online. The company said British Midland Airways, now known as bmi, started using its first online booking engine in December 1995. The system allowed passengers to search for low fares across a date range, book two-for-one companion fares and pay online. Sita noted that the technology had extended beyond airlines, with non-airline users like Amtrak, the United States passenger train service.

Japan

Internet

- **The Ministry of Internal Affairs and Communications announced its aims to promote the establishment of Internet-based next-generation communications networks by strengthening collaboration between government and industry.** Under the program, the ministry will team up with major firms such as Nippon Telegraph and Telephone Corp., Dentsu Inc. and Toyota Motor Corp. to engage in joint research and standardization activities. The ministry is hosting a forum to promote next-generation IP networks, with about 100 manufacturers and communications operators, including NTT, KDDI Corp., Japan Telecom Co., Matsushita Electric Industrial Co., Sony Corp. and Japan Broadcasting Corp. (NHK), expected to attend. Communications carriers are increasingly making plans to switch to next-generation networks, with NTT, for example, planning to replace its fixed telephone lines with circuits based on fiber-optic Internet protocols by 2010.

Mobile/Wireless

- **NEC Corp. said it is scaling down its overseas mobile phone equipment business as it seeks to eliminate its operating loss.** In China, the company is halting the development and sales of inexpensive models in order to specialize in high-performance handsets that sell for 30,000 yen (US\$256) or more. It will also cut its lineup to 15 models next fiscal year from 30 models last fiscal year. The firm revealed its plans of reducing its sales network to 2,000 stores from 2,500 by closing unprofitable shops to cut sales and marketing costs. Midrange and low-end models account for 40 percent of NEC's handset sales and are in a popular price range in China. NEC said it is lessening its product offerings in Europe, a move that includes halting new development of 3G handsets for British telecom provider Hutchison 3G UK because of price competition lack of profitability. Worldwide mobile phone demand is growing solidly, but Japanese manufacturers each hold mere 2 percent market shares. NEC expects a 25 billion yen (US\$216.1 million) operating loss this year.

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- **Nippon Telegraph and Telephone Corp. announced its teaming up with Sega Corp., with the aim of initiating a test that will link customers' cellular phones to game-related web sites when they photograph 3-D figures of characters in the games.** Under the partnership, when a person takes a picture of a 3-D Sega game character figure with an NTT DoCoMo Inc. mobile phone incorporating iAppli Java software, the resulting image will be sent to an NTT server and compared with image data already stored on it. The test will use figures of characters from a number of Sega games and will run through the end of March. The technology on which it is based was developed by NTT Cyber Space Laboratories. Sega said it plans to increase the number of games linked to the service aiming for more value to its game offerings. NTT hopes to use this to broaden corporate sales and promotional efforts and is aiming to commercialize it in fiscal 2006.
- **NTT DoCoMo Inc. said it has agreed to buy a 10 percent stake in KTF Co., South Korea's second-largest wireless company, for 564.9 billion won (US\$557 million).** The deal marked NTT DoCoMo's first foreign investment since 2002, when the Japanese company's attempts to ally with mobile operators in Europe and the U.S. for a string of minority investments were halted. Under the agreement, NTT DoCoMo will buy the stake in KTF for 28,000 won (US\$27) a share. KTF said the transaction breaks down into 8.8 percent newly issued shares and 1.2 percent treasury shares. The deal also gives NTT DoCoMo the right to recommend one non-executive director for KTF's board, paving the way for the Japanese company to participate in the Korean partner's management. NTT DoCoMo also stated its intention to invest in Asia's mobile phone operators, which have a wideband code division multiple access (W-CDMA) network. The deal between NTT DoCoMo and KTF also calls for the companies to jointly develop international roaming services for their customers in South Korea and Japan. KTF and NTT DoCoMo agreed to jointly develop handsets for the W-CDMA services and standardize the network.

Media, Entertainment and Gaming

- **Production IG Inc., a maker of animation films, plans to go public on the JASDAQ Securities Exchange.** The company is known for its high-quality movies that are made using proprietary computer graphics (CG) technology. The company makes use of about 90 local animators, a practice that runs counter to an industry-wide trend toward outsourcing production to Chinese and South Korean firms to cut down labor costs. Dentsu Inc. and Nippon Television Network Corp. are major shareholders in Production IG, each holding a 12 percent stake. The company plans to use a portion of the 700 million yen (US\$6 million) in proceeds from the IPO to build a studio in a suburb of Tokyo for the creation of three-dimensional CG-based animation. Group pretax profit is forecast to rise 14 percent to 510 million yen (US\$4.4 million) for the year through May 2006 on sales of 5.8 billion yen (US\$50.1 million), up 3 percent. Production IG also expects higher royalty revenues from granting secondary rights to its animation films, by putting them on DVD, for example, helping to improve its profitability further.
- **Yujin Co., a toy manufacturer, said it plans to go public on the JASDAQ Securities Exchange. The company makes capsule toys for "Gacha" vending machines, commanding about 40 percent of the steadily growing domestic market.** Tomy Co. currently holds more than 80 percent of Yujin's outstanding shares and is expected to maintain its stake in the company at approximately 70 percent after its upcoming IPO. The company's overseas sales increased sharply to 2.4 billion yen (US\$20.7 million) in the year ended March, from 500 million yen (US\$4.3 million) a year earlier, with the company ascribing this performance to strong demand from abroad. With products related to Disney characters comprising 40 percent of its total sales, the company emphasizes development of its own original offerings to enhance profitability. Yujin expects pretax profit to grow by 28 percent to 790

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million yen (US\$6.8 million) for the year through March 2006 on sales of 10.8 billion yen (US\$93.3 million), an increase of 13 percent. The company said it will use the over 1 billion yen (US\$8.6 million) in proceeds from the IPO to renovate its production facilities as well as repay debt. It aims to pay out at least 20 percent of earnings as dividends.

Hardware

- **Sony Corp. announced the suspension of sales of six models in its Cyber-shot line of digital cameras produced in China in response to an order halting sales issued by the government of Zhejiang Province.** In the order, the provincial government cited quality problems in the cameras' automatic exposure correction function and three other mechanisms. Sony will stop selling the six models throughout China and issue a product recall. It will not resume marketing the cameras until it obtains the approval of the provincial authorities.

Semiconductors

- **Leading semiconductor wafer manufacturer Shin-Etsu Chemical Co. said that it will conduct a tender offer to acquire shares in Mimasu Semiconductor Industry Co., boosting its current 28.6 percent stake in the silicon wafer processor to 44.9 percent.** In a bid to raise future output and to strengthen ties with Mimasu, Shin-Etsu intends to buy 4.4 million shares for around 10.9 billion yen (US\$94.2 million). The offer comes after Shin-Etsu considerably boosted its stake in Mimasu in August from 3.4 percent through a third-party share allocation. Mimasu will remain an equity-method affiliate rather than a subsidiary. For the fiscal year ended May 31, Mimasu posted sales of 33.1 billion yen (US\$286.1 million), with approximately one-third of this generated by Shin-Etsu. Wafer processing at Mimasu is completely devoted to Shin-Etsu. Shin-Etsu aims to increase monthly production of 300mm silicon wafers from the 400,000-plus as of Sept. 30, to 700,000 in 2007.
- **Fuetrek Co. which designs system chips to process ringer tones for mobile phones, revealed its plan to list on the Tokyo Stock Exchange's Mothers market for emerging companies.** The chip accounts for 70 percent of the firm's total sales. Fuetrek licenses out the specifications of the chips to semiconductor and mobile phone handset manufacturers, charging fees in accordance with the licensee's sales, following a business model that is rare in Japan. Recently, the company began shipping the chips to South Korea, Taiwan and France, with overseas sales making up 25 percent of the aggregate sales of the music chip operation. Twenty percent of the firm's total sales come from conducting mobile device development work for other companies. Fuetrek is now pushing the development of an AD converter to turn analog signals into digital ones, a technology which will make mobile devices smaller. It projects a 96 percent increase in group pretax profit to 160 million yen (US\$1.3 million) on a 37 percent growth in sales to 1.4 billion yen (US\$12.1 million) for the year through next March. The company said it will use the 640 million yen (US\$5.5 million) in proceeds from the initial public offering to open offices in Europe and South Korea and finance the development of the AD converter.

Telecommunications

- **Significant foreign funds went to Japan's leading telecommunications companies during the first six months of the fiscal year, with overseas investors holding record-high percentages in Nippon Telegraph and Telephone Corp., KDDI Corp. and NTT DoCoMo Inc. as of Sept. 30.** The move of foreign investors flocking to these firms are ascribed to such factors as their decision to boost profit-sharing through dividend hikes and stock buybacks despite pricing competition that has cut into profits. And although foreigners' stake in Softbank Corp. is not yet back to its record high, their holdings jumped 10 percent to rise past 25 percent. KDDI showed the largest percentage of

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foreign shareholders among these firms. The rich content available for its au cellular phone service gives KDDI relatively more room for growth in the competitive wireless market, and this encouraged foreign investors to increase their holdings by 2.9 points during the six-month period to 31.7 percent. Foreign funds that invest in undervalued stocks placed money into NTT and DoCoMo in a vote of confidence for their dividend hikes.

- **The Nippon Telegraph and Telephone Corp. group said it aims to reduce its consolidated interest payments by expanding the scope of group cash management to include listed subsidiaries starting in fiscal 2006.** The group's cash balance came to 1.1 trillion yen (US\$9.5 billion) as of Sept. 30 against total interest-bearing debt of 5.6 trillion yen (US\$48.4 billion). By making use of the ample cash at such listed subsidiaries as NTT DoCoMo Inc. to meet fund shortages in land line communications operations, the group intends to reduce short-term borrowings by about 300 billion yen (US\$2.5 billion) and slash interest payments as much as possible from the estimated 76 billion yen (US\$657 million) for fiscal 2005. Under the plan, NTT will take surplus cash from NTT Comware Corp. and others, with NTT Leasing Co. expected to do the same for NTT DoCoMo, NTT Data Corp. and NTT Urban Development Co.

Korea

Internet

- **With communication carriers gearing up to invest in next-generation service such as WiBro and 3G WCDMA, networking gear parts manufacturers are projecting positive outlook for next year. Communication component makers such as Danam Electronic Communication, ACE Technology and KMW are rushing to introduce next-generation products and expand production.** Danam Electronic Communication plans to roll out high-frequency amplifiers used for WiBro equipment next year. The company was also named to provide some 10 billion won-worth (US\$10 million) small WCMA repeaters to KTF. Ace Technology is ready to launch volume production of antennas for WiBro base stations next year. It expects demand for WCDMA and terrestrial digital multimedia broadcasting (DMB) repeaters to pick up in the domestic market, and also plans to expand production facilities for export models. KMW has introduced an antenna-enabled filter, and expects sales to increase by more than 50 percent next year.
- **Naver announced the launching of its new form of search that generates different search results depending on the user's location.** The head of NHN's e-Biz division said that the new service will allow advertisers to better target its potential customers. The new search service is currently available to 65 percent of Internet users in Korea and NHN plans to expand this service going forward through partnering with ISPs.
- **The Korea Internet Corporations Association, in its year-end report, said that the Internet is encroaching on traditional newspaper, magazine and radio-television advertising coverage, accounting for approximately 10 percent of the market.** Online advertising may reach 630 billion won (US\$620.5 million) this year, up from 480 billion (US\$472.8 million) last year, while advertising in traditional print and broadcasting media shows a decline. Newspapers are expected to see an annual decline of 3 to 4 percent in their ad revenues as big companies bring down their television advertisements. The total market for this year's advertising is expected to stay almost unchanged at 6.5 trillion won (US\$6.4 billion). The Internet is the third-largest advertising field in South Korea after TV and newspaper. Last year, TV accounted for 33.5 percent of the total market and newspapers 26.4 percent. Radio and magazines have shares of only around 4.5 percent and 3 percent, respectively, far

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less than the Internet. Web portal operators are raising the price of their banner advertisements. NHN, the operator of leading portal Naver, announced that it increased the price of banners by up to 30 percent this month. The company posted 34 billion won (US\$33.4 million) in sales of the banner ads last year, but it already exceeded the figure this year by selling 39 billion won (US\$38.4 million) in the first three quarters of the year. The online advertisement business has grown by 80 percent annually, according to the association.

Mobile/Wireless

- **SK Telecom, the nation's largest mobile carrier announced its offering PAN (Personal (or Private) Area Network) service.** It is available on SCH-M600, a smart phone released by Samsung Electronics. Through the service, SKT aims to make mobile handset as the hub for devices like MP3 player or headset. PAN is a technology to offer services connecting devices in a five-meter area. The devices can communicate with each other by Bluetooth. SK said it would introduce "Miniphone" service that enables users to make voice calls not only with their handset but also with MP3 player if it is located in PAN. Along with the launch of service, Altgen, a Korean venture start-up, announced the release of PAN-300VT, an MP3 player that receives mobile phone signals from a Bluetooth phone, allowing users to talk via the MP3 player's speaker and a headset connected to it. It can connect at maximum of four mobile phones so that the users can play network games. Users can also access to FTP server and download files.
- **LG Telecom, Korea's smallest mobile operator, presented the nation's first waterproof mobile phone, canU 502S, developed in partnership with Japanese firm Casio Computer.** Aside from being water-proof, the model can endure shocks in case of accidental drops because materials such as urethane and glass were employed that are resistant to such shocks. LG will start marketing the watertight phone, which is also armed with an MP3 player and a mega-pixel camera, today with a price tag of 550,000 won (US\$542).
- **Samsung, the world's third-largest cell phone manufacturer, said it released this year's 100-millionth phone at the Kumi plant in North Kyongang Province.** Samsung ventured into the mobile phone industry in 1988 and its annual output reached 1 million units in 1996 before topping the 10 million and 50 million plateaus in 1999 and in 2003, respectively. Currently, approximately 85 percent of its production is made in the Kumi plant while maintaining three overseas bases at Tianjin and Shenzhen in China and Campinas in Brazil. A new Samsung plant that will produce 1 million units annually beginning next year is being done in India.
- **Major Korean handset makers including Samsung Electronics, LG Electronics and Pantech Group are actively developing handsets for Nokia's DVB-H and Qualcomm's MediaFLO.** First, Samsung and LG are developing handsets for MediaFLO to be released in October 2006 through Verizon Wireless. DVB-H attracts the interest of Korean handset makers. A Qualcomm official said that although the Ministry of Information and Communication encourages Korean handset makers to focus on T-DMB as a strategic industry, it is the market demand that moves the phone makers. The government should come up with policies to foster not only technologies but also the industry. The Korea Electronics Technology Institute (KETI) under the Ministry of Commerce, Industry and Energy (MOCIE) backs up phone makers' efforts to develop DVB-H devices. In a separate report, the Korea Electronics Technology Institute (KETI) announced the development of a chipset that supports both WiBro and wireless LAN.

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Media, Entertainment and Gaming

- **Daum announced the start of its beta version of its Video Search business. Daum plans to present a variety of multimedia contents including TV news and UCC (User Created Contents) through partnerships with related contents providers.** Users will also be able to search pay contents from Daum's existing multimedia database such as Daum Movies and Daum Cube. During the beta service, there will be 300,000 video clips available. Daum plans to expand the database to 700,000-800,000 when it launches the full service in January.
- **Increasing number of domestic companies, including KDC Corp., POS Data, Syswill and Solid Technologies, are participating in new communication and broadcasting equipment installation projects in China, as the Chinese government adopts next-generation communication and broadcasting systems in preparation for the Olympics in 2008.** Solid Technologies signed an exclusive contract with Welung Digital Media Technology of China to supply Korean TV drama content for terrestrial digital multimedia broadcasting (DMB) service in Beijing. Welung Digital Media plans to open 12 video and audio channels in April next year. Based on the deal with Welung Digital Media, Solid Technologies also intends to make inroads into markets for DMB repeaters and handsets in China. POS Data is expected to exchange a memorandum of understanding (MOU) with Chinese government organizations to join in development of Chinese version of WiBro DMB technology standards. Having exchanged an MOU with organizations under the China's State Administration of Radio, Film and Television, and the Ministry of Information Industry for commercialization of DMB service, KDC Corp. received an order for a project of installing relay networks for pilot service. Syswill is set to enter a contract with a communication carrier early next year to supply set-top boxes, as well as VoIP servers and handsets.

Telecommunications

- **Telecom operators and their subsidiaries working together or getting into related technology ventures is the latest trend in the nation's telecom sector, with KTF showing this trend.** The company held an event with 160 senior decision makers of venture technology companies who have provided IT solutions to the nation's second-largest mobile operator. KTF said it will award venture companies whose yearly performances are good. Five venture companies, including KB Technologies Co. which has provided smart card chip technologies for KTF's mobile stocks and securities/banking services, were awarded for their contributions in mobile handset technologies.
- **User of KTF and LGT can buy T-DMB phone starting from January next year, with LGT making an agreement with 4 T-DMB broadcasting companies such as MBC, YTN, Korea DMB, Yuwon Media.** The Telecom companies argued before they will only sell T-DMB phones if they come up with a profit model because from T-DMB service they will lose customers using phone for conversation with other people. Call center operation expenses were telecom operators concern as well. If LGT and KTF sells T-DMB phones it is expected that SKT will sell T-DMB phones to prevent losing subscribers.
- **SK Communications said it will start the service of Cyworld in Europe in time for the 2006 Germany World Cup.** A company official stated that SK plans to set up an office in Germany or France in February next year. The European office is expected to be a joint venture with a local company. SK Communications is currently in talks with various global Internet and media companies. A trial service of Cyworld is expected to start in the U.S. and Taiwan before starting in Europe. With recorded annual revenue of 110 billion won (US\$108.7 million) last year and expects to reach 170 billion won (US\$167.4 million) in revenue this year, the company recorded huge growth in online

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advertising revenue this year. He expected future growth from online advertising and other business models to continue. In another report, an official of SK Communications said that the company has IPO plans in 2007. He said that the listing, if it took place, would not be limited to KOSDAQ but could list on NASDAQ or JASDAQ as well. However, he said that the company's IPO plans will depend on how the company does in terms of business until second half next year. The top official said that there is a possibility that Cyworld shares may currently trade in the OTC markets.

Information Technology

- **Malaysia and South Korea announced entering an agreement to form a working group on information communication technology (ICT), with the aim of further enhancing cooperation and collaboration initiatives.** The Korean official said Malaysia could be the platform for South Korea to move into other Islamic countries particularly in online games or the contents, and technological cooperation in the near future.
- **KTF and LG Telecom disclosed that they have been in final negotiations with the land-based Digital Multimedia Broadcasting (DMB) service operators to retail the handsets capable of allowing customers to watch the TV programs on their mobile phones.** Wireless operators are reluctant to sell handsets for the land-based mobile TV operators because they have already sold similar multimedia data services. Wireless companies also complain that there are no incentives to pay for the service. The terrestrial DMB service is considered one of the South Korean government's ambitious projects to promote growth in the nation's information technology industry.

China

Internet

- **Baidu.com Inc., the leading Chinese language Internet search provider, announced that Goldman Sachs (Asia) L.L.C. and Credit Suisse First Boston LLC, co-lead underwriters for Baidu's IPO in August, have decided to release a total of up to three million outstanding ordinary shares from lock-up restrictions.** This early partial release will allow each shareholder who is subject to lock-up restrictions to sell, transfer or dispose of part of their shares on a pro rata basis as determined based on the number of shares held by shareholder and the total number of shares held by all the shareholders subject to lock-up restrictions as of Dec. 2. For shareholders who are currently subject to the standard 180-day lock-up restrictions, all of their remaining shares will be released upon expiration of the 180-day lock-up period. In addition, the co-lead underwriters have agreed to release from the lock-up restrictions 25 percent of the shares held by each shareholder who is currently subject to the extended lock-up restrictions beyond the standard 180-day period.
- **YeePay, an online payment company, announced its official launching of a telephone payment service.** The telephone payment service will allow consumers to make transactions over the phone using their bank cards. Unlike in many other countries with a much higher credit card adoption rate, most of the consumers in China use debit cards protected by a password. This prevents them from using the cards directly over the phone. By integrating with the banks' existing IVR (Interactive Voice Response) telephone banking system users can now enter their authentication information over a trusted channel. YeePay's partners for this service include three major banks in China – Industrial and Commercial Bank of China, China Merchant Bank and China Minsheng Bank. Its current customers include Baidu.com, Sohu.com, Tom.com, DangDang, eLong, JRJ.com (China Finance Online) and China Unicom.

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- **Dangdang.com, a mainland online bookstore, disclosed its plans to bring in venture capital investors next year before it works on its NASDAQ listing by 2007.** Dangdang said it looks to generating revenue of 600 million yuan (US\$74.3 million) by next year, even as it faces competition from foreign-backed online auction portal operators such as eBay and Taobao. The two firms are recognized as controlling about 90 percent of the consumer-to-consumer electronic sector in China. The company said it is aiming for sales of 1.5 billion yuan (US\$185.8 million) and be valued at US\$1 billion by the time of its planned NASDAQ flotation. To do this, Dangdang said it will put up a 10-person trading office in Hong Kong and organize a large-scale trade exhibition in the city next year with the aim of attracting 30,000 small and medium-sized European and Hong Kong traders on to its online shopping site. Dangdang started as an online bookstore and branched out later into cosmetics, fashion and electronic appliances. The company has 15.6 million registered users. U.S. venture capitalists IDG Ventures and Tiger Management have invested in the company. It aims to increase its logistics and procurement network to cover 100 cities in May next year from 75 cities now. Dangdang said it aims to become China's largest online shop.
- **99Bill, an online payment provider, said it has signed an agreement with Beijing Blog Times Information & Technology, which operates the Bokee Web log service, to provide a payment platform for the service.** Web logs, or blogs, are popular among Chinese Internet users and the number of new blogs has grown quickly. Bokee is one of the biggest blog services in China and offers a range of related services including social networking and mobile blogging, among others. Under terms of the agreement between 99Bill and Bokee, Bokee will use 99Bill to accept payment for its premium services, such as buying the virtual currency that Bokee provides. This relationship could expand and bloggers that use the Bokee service may have the option of charging a subscription fee from readers according to 99Bill. Financial terms of the deal between Bokee and 99Bill were not disclosed.
- **The9 Limited, a leading online game operator in China, announced that it has entered into an agreement with Webzen, Inc, a leading game developer and operator in Korea.** The agreement carries a three-year exclusive license (from commercialization) to operate the Soul of The Ultimate Nation ("SUN") game, a 3D massively multiplayer online role playing game in China.

Media, Entertainment and Gaming

- **Hurray! Holding Co. Ltd., a leader in advanced wireless value-added services in China, announced the signing of definitive agreements to make a strategic investment in Huayi Brothers Music Co. Ltd.** Under the agreement, Hurray! would invest a total of US\$4.3 million cash for a 51 percent share of Huayi Brothers Music. The transaction is expected to be accretive to Hurray!'s earnings per share. Hurray! expects the transaction to close before Jan. 31, 2006, subject to the required approval from China's regulatory bodies and other customary closing conditions. Upon closing, Hurray! will distribute Huayi Brothers Music's music via wireless and Internet platforms, and Huayi Brothers Music will continue to distribute such music via offline channels, such as music stores. Huayi Brothers Music is the subsidiary of Huayi Brother Group, a firm which focuses on artist development, music production and offline distribution of music in China.
- **China Digital Media Corp. (CDGT) announced that its affiliate company, Guangdong M-Rider Media Company Ltd. (Guangdong M-Rider), has signed an advertising distribution agreement to exclusively manage advertising slots of a television channel in Southern China.** Following the advertising distribution agreement, Guangdong M-Rider will pay approximately US\$6 million to acquire wholesale rights to manage and operate television commercial airtime for one year.

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The rights can be extended for an additional year. Digimedia will provide funding and marketing support to Guangdong M-Rider for this operation.

- **Shanda Interactive Entertainment Ltd. announced that more than 150,000 EZ Pods have been pre-ordered from Shanda's own distribution channel.** The EZ Pod includes EZ Center software and a remote control that come together to upgrade the standard PC platform to an interactive entertainment platform. The offering enables users to browse full-screen applications on a PC through a new user interface with simple menus, large text and clear graphics. The EZ Pod is part of Shanda's EZ entertainment platform, which provides users access to interactive content, including TV programs, movies, music, games and news.
- **China Media Group Corp., the largest media group in China, has announced that it has entered into a cooperation agreement with Dalian Goal Media Ltd., publisher of Vogue, a Chinese magazine distributed to selected Bank of China credit card holders and other selected individuals.** The company said that this is China Media Group's first attempt to enter print media. Observers say the alliance will allow China Media Group's customers to tap into an existing target market to promote, enhance and increase brand awareness of their companies or products.
- **From Global Sources, a leading business-to-business (B2B) media company and a facilitator of two-way trade with Greater China, comes a survey showing that Chinese electronic engineers are currently earning higher salaries.** The Salary & Career Development Survey shows that electronic engineers in mainland China receive annual salaries of US\$7,708 on average. The study shows that about 75 percent of China's electronic engineers recently received pay increments averaging 11 percent; and 59 percent of them received performance-based bonuses averaging US\$1,724. A total of 2,682 Chinese electronic engineers responded to the survey conducted by Global Sources' publication, Electronic Engineering Times-China (EE Times-China).
- **Xinhua PR (Public Relations) Newswire (XPRN) announced yesterday that it had launched "XPRN Investor Wire", a capital markets-intensive distribution channel for Chinese companies.** According to the firm, XPRN's Investor Wire (IW) is derived from a global database of investment professionals developed by Taylor Rafferty, a subsidiary of Xinhua Finance and a leading investor relations and financial communications advisory firm. XPRN serves 100 percent of the Chinese companies listed on the U.S.-based NASDAQ stock market as well as a growing number of companies listed in the Hong Kong Stock Exchange, the Shanghai and Shenzhen exchanges, the Toronto and London exchanges and the New York Stock Exchange.

Mobile/Wireless

- **SmartPay Jieyin Ltd., a leading mobile payment service provider in China, and Shanghai Pudong Development Bank (SPDB) announced that SPDB's customers can now enjoy mobile payment services through SmartPay.** SmartPay allows Chinese mobile phone users to pay for goods and services through their phone. They can use this service for payment of phone bills. Upon registering for the service, users will be alerted when their prepaid account is low, or when their post-paid account is due. They can then make payments via SMS (Short Message Service). In addition to offering convenient payment of mobile phones bills, SmartPay also processes payments for online gaming cards and utility bills. SmartPay said it intends offer customers the option to pay for lottery tickets, airline tickets via users' mobile devices.
- **Kongzhong Corp, a wireless value-added service provider, said it expects mobile Java gaming and multimedia message services to stimulate industry growth next year.** The company said it predicts strong growth potential in Java-based gaming, which generated US\$1 million in the third

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quarter. With more than 100 titles available for download, the company said it plans to enter into partnership with international game companies and brand holders for licensing agreements to launch localized versions. Kongzhong generated more than 80 percent of its revenue from mobile internet and multimedia message services. It has developed multimedia content, offering a mobile newspaper that attracted a large base of subscribers. It is working with cable sports channel ESPN to launch the largest wireless sports information platform in the mainland. The company posted revenue of US\$20 million in the third quarter. Its net profit had a 48 percent decline over the June quarter to US\$3.4 million due to a US\$3.5 million provision on a lawsuit.

- **iPackets International Inc. (iPackets), a global developer and provider of wireless and communications solutions, announced that it had signed an exclusive distribution agreement for its iPMine mine-safety product for China and Mongolia.** The agreement brings together a consortium of mainland Chinese businessmen to set up a Beijing-based company that will operate under the name iPackets International (China) Inc. (iPackets-China), the firm that will be exclusively responsible for selling, marketing, and deploying the iPMine product. The agreement provides iPackets with a multi-million dollar revenue commitment over a three-year period.
- **NTT DoCoMo announced its plans to invest US\$6 million in Just In Mobile International, a Chinese provider of cell phone payment services.** Japan's largest cellular carrier, aims to boost the services offered by Just In Mobile through the know-how it has acquired from running its own payment services. It will make the investment in January 2006. In Japan, NTT DoCoMo works with electronic payment providers for its cell phone wallet service. In China it expects Just In Mobile to offer services where people can make payments in shops using their cell phones and have the charge appeal later on their phone bill.

Software

- **PacificNet Inc., a provider of information technology and call center services in China, announced that its subsidiary, Guangzhou 3G, was named the "2005 Distinguished Software Enterprise" by the Guangdong Software Industry Association.** Guangzhou 3G's award winning products include Multimedia Messaging Services (MMS), Video On-Demand (VOD), Interactive TV-SMS system for TV stations and an SMS alert dispatch system for the transportation industry.
- **Oracle announced the deployment of an Enterprise Resource Planning (ERP) system at Sinosteel Corp., a State-owned Chinese trade company specializing in steel related products.** Han Consulting, an Oracle certified partner in the Oracle Partner Network, is leading the implementation. The launch of the ERP system is expected to boost Sinosteel's management efficiency by consolidating the management of its operations, optimizing core business processes and enhancing online interactions with external partners. The ERP project involves deployment of key modules of Oracle applications in Sinosteel's headquarters and eight subsidiary companies located in Beijing. The Oracle application modules will drive key business processes including financial management, procurement, inventory management, sales management, project management, human resources management and customer relationship management.

Hardware

- **Lenovo disclosed that it would sell its one millionth ThinkPad notebook with an integrated fingerprint reader next month, a move that would make it the largest provider of biometric-enabled PCs in the world.** The ThinkPads with integrated fingerprint readers simplify security, allowing users to access password-protected personal and financial information, web sites, documents and e-mail by tying passwords to the user's fingerprint, thereby making PC security simple and

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effective. Lenovo estimates that password resets account for 35 percent to 50 percent of all helpdesk calls and claims that by automating and securing the password reset process through Lenovo's password manager software and integrated fingerprint reader, users can do away with long and costly calls.

- **Siemens Automation and Drives (A&D) and Jiangsu Beide Electrical Machinery Corp. announced their signing of a contract establishing a new joint venture, Siemens Standard Motor Ltd. (SSML) in Yangzhou, China.** With an expected workforce of 1,500 employees, SSML will focus on the development and manufacturing of a comprehensive range of small and medium size low-voltage motors. The new joint venture will combine the advanced technology of A&D's comprehensive product, system and solutions offering and the established product lines and extensive local sales network of Jiangsu Beide Co. Ltd. The joint-venture is subject to approval by the relevant authorities.

Information Technology

- **Iridium Satellite LLC, a global supplier of mobile satellite services, has signed an agreement with China Space Mobile Satellite Telecommunications Co. Ltd. (China Spacecom) to provide Iridium services and products.** China Spacecom will be responsible for the establishment, development, provisioning and management of Iridium services throughout China for both domestic and international use. Under the agreement, China Spacecom will develop satellite communication packages to address voice, data and asset tracking applications in maritime, aeronautical and land-based sectors.
- **Dragon Capital Group Corp., formerly Dragon Venture, a leading holding company of emerging high-tech companies in China, announced its finalization of the acquisition of Shanghai Zhaoli Technology Development Company Ltd.** The acquisition has received shareholder approval as well as the unanimous consent of the board of directors. Following the acquisition, Dragon Capital Group Corp. owns an 80 percent interest in Zhaoli, an information technology enterprise providing innovative technology solutions to enhance its customer's businesses. The company generated approximately US\$20 million in sales in 2004, and approximately US\$26 million in sales in 2005. With customers including financial institutions, telecoms companies, hospitals, supermarkets, airports, railway stations, and various government agencies. Zhaoli is an authorized dealer for Epson, Canon, Hewlett-Packard and OKI products. Dragon Capital Group Corp. was established to serve as a conduit between Chinese high-growth companies and Western investors. The company provides services for Western investors seeking to gain access to the Chinese high-tech economy and also functions as an incubator of high-tech companies in China.

Semiconductors

- **Meiko Electronics Co. disclosed that by early fiscal 2007, it will invest 4 billion yen (US\$34.5 million) to double the production capacity at its high-density printed circuit board plant in Guangzhou, China.** Capacity will be expanded to 250,000 sq. meters a month, enabling increased output of build-up printed circuit boards. These circuit boards are used in automobiles, digital cameras and mobile phones, and orders are growing. Sales at the Guangzhou plant are projected to rise 20 percent to 2.5 billion yen (US\$21.6 million) a month. Production of mass-produced items with relatively simple structures, such as double-sided circuit boards, will be relocated to a new plant under construction in Wuhan, Hubei Province. The freed-up space at the Guangzhou facility will house new production lines. A third building will also be constructed at the plant, with completion slated for early

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2007. The Guangzhou factory will specialize in small-lot production of multiple products, such as high-density circuit boards.

- **Semiconductor Manufacturing International Corp (SMIC) said it is looking to produce 90 nanometer chips by the first quarter of next year, which when achieved would narrow down the technology gap with its Taiwanese counterparts.** At present, the Shanghai-based chipmaker currently produces the wider 0.35 to 0.13 micron chips. Taiwan is the global leader in contract chipmaking and Taiwan Semiconductor Manufacturing Co (TSMC), the world largest foundry, and United Microelectronics Corp (UMC) have been producing 90 nanometer chips for more than a year. To secure better prices for its products, mainland contract chipmakers such as SMIC are developing more advanced technology to attract high-end customers. SMIC is being cautious about spending on expansion, preferring to continue to outsource its chip-manufacturing process to maintain a low-cost base. SMIC has obtained an €85 million (US\$102.1 million), seven-year credit facility from the Dutch Export Credit Agency to buy equipment from Dutch-based ASML Holdings.

Telecommunications

- **Qiao Xing Universal Telephone Inc. (XING), a manufacturer and distributor of telecoms products in China, presented its forecast of the financial performance of its operations for 2005.** Sales revenue is expected to be over US\$300 million for 2005, a figure representing a growth of 23 percent from last year's US\$244 million. From January to September, 2005, XING achieved sales revenue of US\$210.8 million, with a quarterly average of US\$70.3 million. XING forecasts about US\$90 million for the final quarter, an increase of about 27 percent from the quarterly average of the first nine months. XING anticipates a gross profit margin of 15 percent for the whole year of 2005, compared with 11.1 percent for 2004. This translates to a forecast gross profit of US\$45 million for 2005 compared with US\$27 million for last year.
- **China Telecom, the larger of China's two fixed-line telephone operator, has announced that it will shift its business focus.** The company says it will attach more importance to the broadband value-added services. China Telecom is targeting broadband value added business including broadband Internet browsing, voice services, ring-tone downloads, and IPTV. China Telecom's transition aims to reduce risks brought by the decline of traditional business, as the expansion of mobile and IP telephone businesses are luring away the company's subscribers. The number of China Telecom's broadband users has exceeded 20 million, but value added services only account for 23 percent of its total revenue. The company plans to lift the proportion to 35 percent before 2007.

Taiwan

Media, Entertainment and Gaming

- **ERA Digital Media, a provider of interactive TV, VoD (video on demand) and e-learning services in Taiwan, as well as Hewlett-Packard (HP) Taiwan and Microsoft Taiwan announced their cooperation to offer IPTV (Internet Protocol television) for commercial use in Taiwan.** ERA Digital Media has invested more than NT\$400 million (US\$11.9 million) in setting up "I'm TV," a real-time interactive solution/platform for delivering audio, video and data contents in an Internet-based environment. Under the agreement, HP is responsible for system integration and marketing and Microsoft the provision of management software for logistics and copyrights of contents. IPTV is intended for use by enterprises in internal administration, advertising, marketing and CRM (customer relation management) through dedicated channels. Beginning at the end of this month,

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ERA Digital Media said it will deploy the IPTV platform for business use first and then B2C, C2C, government and organizational users.

Mobile/Wireless

- **BenQ Mobile revealed its plans to launch three new mobile phones in January that will use for the first time the new BenQ-Siemens brand.** The new mobile phone company born from Taiwanese electronics maker BenQ's acquisition of Siemens' mobile phone division earlier this year plans to hold launch events for the handsets in two locations, Germany and Shanghai, a BenQ official said on condition of anonymity. In June, BenQ agreed to take over Siemens' loss-making handset division in return for a payment from Siemens of €250 million (US\$295 million). Siemens also agreed to purchase a €50 million (US\$60 million) stake in BenQ. The deal was closed in the fourth quarter. The company aims to double its global share of the mobile phone market to 10 percent within two or three years, turn profitable by the end of 2006 and reduce costs by €500 million (US\$600 million) without laying off a single worker.

Hong Kong

Mobile/Wireless

- **PCCW failed once more to realize its privatization bid with Sunday Communications shareholders selling the stock.** Analysts are saying that PCCW given the present situation needs to maintain the 25 percent minimum public float requirement for Sunday, after having acquired 79.5 percent of the mobile operator since September. Still, analysts remained bullish on the outlook for the mobile operator as they cite PCCW's track record of good management, and the prospect of it bundling its fixed-line service with Sunday's mobile service, a move expected to turn Sunday into a leading mobile operator from a loss-making one. Sunday lost HK\$61.8 million (US\$8 million) in the first half of this year. CSFB rated Sunday as "outperform", while Macquarie recommended a "buy" for PCCW.
- **New World Mobile Holdings (NWM) denied reports it would slash one-third of its 662 staff, a concern raised in connection with its merger with CSL.** The company also said it had no plans to ask its senior executives to resign from the company. The statement came after Telstra Corp announced details of its impending merger with NWM to create a combined entity called Telstra CSL, owned 76.4 percent by Telstra and 23.6 percent by NWM. The merged entity would create the city's largest mobile operator with 2.6 million subscribers. It would also result to a large workforce numbering 1,762, fuelling speculation that staff cuts would be inevitable in order to achieve the new company's savings target. Hutchison Telecom, which has about 2.1 million subscribers, has been outsourcing its mobile network operations to equipment vendors. The outsourcing deals were followed by a slashing in the number of its staff.

Information Technology

- **Citic 21CN, an integrated telecom service company, announced its plan to raise US\$70 million through a five-year convertible bond for the establishment of a centralized nationwide database for product identification.** The bond will be in two tranches - US\$55 million and US\$15 million. The database provides a platform for manufacturers to label their goods and for consumers to authenticate the goods they intend to buy. A joint venture set up in January with the Information Centre of General Administration of Quality Supervision, Inspection and Quarantine and China Telecom, levies an annual fee of 100 yuan (US\$12) to 1 million yuan (US\$124,000) on manufacturers.

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The product identification service dubbed "Piats" was launched within the province of Hebei and is scheduled for a further rollout early next year. Some 1,730 manufacturers in Hebei have hooked up with the database and about 20,000 terminals have been installed in the province. The company is Citic Group's information technology and telecommunications services provider.

Singapore/Malaysia/Philippines/Indonesia

Internet

- **NCS Pte. Ltd. announced its winning of a US\$45 million contract to manage and operate the national servicemen's web site known as My Internet World (MIW).** The five-year contract includes the provision and enhancements of the portal's infrastructure, data centre and call centre services and e-services operations and delivery. Under the agreement, the company will take over the full management and operations from the incumbent operator by the second quarter of next year. The new portal aims to provide a friendlier and more personalized portal and aims to integrate with other commercial and public offerings to provide a wider variety of services to include lifestyle services to the national servicemen community.

Media, Entertainment and Gaming

- **IPVG Corp. (IPVG.PH) announced the signing of an agreement with iGames Asia Pte. Ltd. for a joint venture to sell and distribute the products of the Singapore company in the Philippines.** IPVG, a provider of Internet, extranet and other services to information technology users in the Philippines, said iGames' products include computer game titles from Vivendi Universal Games such as Warcraft, Starcraft, and F.E.A.R. iGames is engaged in game publishing and distribution. It is the exclusive distributor of Vivendi Games' titles for Singapore and Malaysia in 2005, and in other countries in Southeast Asian starting 2006. iGames also publishes and operates massive multiplayer online games in the region. Financial details of the deal were not disclosed. The online gaming business is a fast-growing segment of the information and communications technology industry in the Philippines, with the number of online gamers expected to reach 4 million at the end of this year from around 2.9 million in 2004.

Semiconductors

- **JAM Technologies, a U.S.-based fabless semiconductor company, announced the opening its first office outside of the U.S. in Singapore.** The company said the headquarters in Singapore will support increasing demand for its new true fidelity digital Class D amplifiers. The location is seen as strategic as it puts JAM in the heart of its Asian customers and partners to meet their time-to-market and margin requirements. JAM Singapore will be fully staffed for integrated circuit design, manufacturing operations, applications engineering and sales. JAM said it will address the needs of the consumer electronics market for low-cost, high-quality audio with the efficiencies of Class D amplification.

Telecommunications

- **Philippine regulator expects to start issuing licenses for 3G services by the last week of December notwithstanding positioning by prospective players.** Incumbent telecom operators want the National Telecommunications Commission (NTC) to halt its 3G hearings and accommodate their petition to deny the applications of non-telcos to offer the service. The NTC has been conducting hearings since October 2005 to evaluate the applications of companies that want to secure 3G licenses.

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These companies include industry leaders Smart Communications, Globe, Digital Mobile Philippines, and BayanTel.

United States/Canada

Internet

- **Telephia, a mobile market analyst, issued report showing Jamdat at the top of the table of mobile game publishers.** According to the market analyst, Jamdat secured nearly 31 percent revenue share for mobile game purchases and claimed a 27 percent share of all mobile game downloads during Q3 2005. Three of the top five mobile games for the quarter (Tetris, Bejewled and Texas Hold 'Em) were published by Jamdat. Jamdat's rival, Namco, secured a 9.2 percent share of revenue, followed by Mforma and Gameloft with 5.9 percent and 5.7 percent respectively. Glu Mobile had a 5.2 percent share, while I-Play took 3.8 percent; Sony Pictures Mobile secured 3.3 percent and Mobliss 2.8 percent. THQ was placed at the bottom of the table with 2.3 percent. EA Mobile, which recently acquired Jamdat in a US\$680-million deal, secured a revenue share of 2.5 percent and download share of 1.4 percent. The merger between Jamdat and EA Mobile creates a solid position for the two companies in the growing mobile games market, according to Telephia.
- **The online advertising market in the U.S. is estimated to have grown 28 percent last year to \$11.9 billion this year, and \$13.6 billion next year, according to research firm Jupiter Research.** In a survey by a global brokerage firm, about 45 percent of chief marketing officers in U.S. firms said they are intending to increase their budgets on Internet advertising by an average of 30 percent next year. Leading the trend is Google, which dominates the fast-growing market for online search advertising, a market that grows by around 100 percent a year. Google is expected to draw in huge profit next year in South Korea when it expands its business by opening a subsidiary in Seoul. Along with the astonishing growth in online advertising, Internet firms responded, in the survey that 2005 was a milestone year for them in overseas sales. According to the association, more than 50 percent of Chinese online gamers are playing Korean-made computer games. Japan's Web game market is also dominated by Korean firms. NHN's Hangame Japan, and CJ Internet's Net Marble Japan were ranked the first and second most visited game portals in the country.
- **Yahoo announced its partnership with Seven Network of Australia allowing it to compete in the online market in Australia.** Under the partnership, Seven Network Limited and Yahoo Inc. will be equal partners in a holding company called Yahoo! Australia and New Zealand. The companies will combine their online teams and expect to launch on the date to coincide with Seven's coverage of the Australian Open and the winter Olympic Games in Italy. Under the partnership, Yahoo will bring Internet search portal power while Seven contributes magazine and television content along with online capabilities. Under the deal, Seven will contribute US\$7.5 million in investment capital, promote the enterprise, and give Yahoo a 33 percent stake in mobile solutions provider m.Net Corporation Ltd.
- **Experian, a financial services company announced its acquisition of PriceGrabber.com LLC, a popular online comparison shopping site based in Los Angeles.** Experian's parent company, London-based Gus PLC, said it paid US\$485 million for PriceGrabber.com. PriceGrabber.com, which searches a database with products from around 9,000 merchants, competes with many similar sites including eBay Inc.'s Shopping.com, Shopzilla.com, Google Inc.'s Froogle and Yahoo Inc.'s Yahoo Shopping. In addition to operating its own destination site, PriceGrabber.com provides the engine that powers comparison searches on 300 other sites, including Microsoft Corp.'s MSN Shopping, About.com and Ask Jeeves. PriceGrabber.com is based in Los Angeles. Privately-held

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PriceGrabber.com estimates its sales over the past 12 months at US\$60 million. Experian hopes to use its Internet marketing data and analytics technologies to boost PriceGrabber.com's services. Best known for its credit reporting and analysis services, Experian also operates a group of consumer-focused Internet financial and marketing web sites, including LowerMyBills.com (acquired in May), education portal ClassesUSA.com (acquired in July) and affiliate marketing network operator Affiliate Fuel (acquired in April).

- **MCI has announced that it has expanded its global IP network to deliver more bandwidth to Southeast Asia, the Middle East and western Europe (SEA-ME-WE).** Under the plan, MCI said customer traffic will be transmitted on the new SEA-ME-WE4 submarine network cable system. The next-generation undersea cable spans 20,000 kilometers and links France to Singapore via the Middle East and Indian sub-continent. MCI is the only US-based service provider participating as an initial member in the SEA-ME-WE4 cable system.
- **Broadband provider iPass is set to acquire GoRemote Internet Communications for about \$76.5 million in cash,** the two companies announced. While iPass primarily serves roaming mobile users for salespeople and business travelers, GoRemote is a major player in market segments that iPass does not already serve directly, which include teleworkers and employees in home offices, branch offices and retail locations.

Media, Entertainment and Gaming

- **Marvel Entertainment, Inc., NCsoft(R) Corporation, NC Interactive, Inc. and Cryptic Studios, Inc. announced their reaching of an amicable settlement that put to rest all claims brought by Marvel and all claims brought by NCsoft, NC Interactive, Inc. and Cryptic Studios, Inc.** The parties' settlement allows them all to continue to develop and sell innovative products, but does not reduce the players' ability to express their creativity in making and playing original and exciting characters. No changes to City of Heroes or City of Villains' character creation engine are part of the settlement. The parties have agreed that protecting intellectual property rights is critically important and each will continue to protect such rights in accordance with all applicable laws. While the terms of the settlement were not disclosed, all parties agree that this case was never about monetary issues, citing the fans of their respective products and characters as the winners in this settlement.
- **MTV Networks announced its partnership with Microsoft to develop an online music service to launch early next year.** Called URGE, the service would be integrated into the next version of the software maker's Windows Media Player. It is expected to offer more than two million tracks for sale individually or as part of a subscription package. The service will also offer music over online radio. Under the partnership, Microsoft will build the technology behind URGE, which Viacom's MTV Networks will own and operate. No details on the pricing of the offering were offered by MTV Networks. The current version of Microsoft's Media Player has built-in links to several music services, including MusicNow and Napster. Microsoft already sells song downloads on its MSN Music Internet site. One of the things that have to be faced by the companies is the fact that URGE would not be compatible with Apple Computer's Macintosh computers or its popular iPod digital music player. iPods represented about 75 percent of the digital player market, and Apple's iTunes Music Store accounted for about 80 percent of the licensed music download market, according to an analyst with Inside Digital Media. In a separate report MTV announced plans to become an investor in privately held start-up Amp'd Mobile. The investment is rumored to be in the region of close to US\$50 million. Amp'd has now rented space on the Verizon Wireless network and they would be selling mobile phone

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service aimed at young adults. The company would be starting to sell their phones and service plans on its web site.

- **MTV announced plans to become an investor in privately held start-up Amp'd Mobile.** The investment is rumored to be in the region of close to \$50 million. Amp'd has now rented space on the Verizon Wireless network and they would be selling mobile phone service aimed at young adults. The company would be starting to sell their phones and service plans on its Web site www.ampd.com on December 15. A wider launch is expected sometime next month.

Software

- **Adobe Systems posted profit for the three months ended on December 2, US\$156.3 million, compared with a profit of US\$113.5 million, in the same period a year earlier.** Sales jumped 18.8 percent to US\$510.4 million from US\$429.5 million last year. The company ascribed the higher profit and record revenue in the fourth quarter to strong demand for its photo editing, publishing and document management software. Excluding special items, the company said it earned US\$151.5 million, compared to US\$110.4 million in the year-earlier period. However, the latest results do not reflect Adobe's purchase of rival Macromedia. In late October, Adobe said it expected earnings to come at the high end of US\$490 million to US\$510 million in sales. Analysts expected the company to earn revenue of US\$507 million, according to a survey by Thomson Financial. The company said it continued to see strong demand for its Acrobat digital document management software as well as its design tools. For the year, Adobe earned US\$602.8 million on sales of US\$1.9 billion. In the previous year, it posted profits of US\$450.4 million on sales of US\$1.6 billion.
- **For its quarterly earnings, Oracle said it earned US\$798 million during the three months to November 30.** The figure is a 2 percent decrease from US\$815 million at the same time last year. Its revenue for fiscal second quarter was US\$3.2 billion, a 19 percent increase from US\$2.7 billion at the same time last year. The difference represents gains from several acquisitions that Oracle completed during the past year, which include its US\$11.1 billion takeover of PeopleSoft. If not for accounting charges related to its acquisition of PeopleSoft, Oracle would have earned 19 cents per share, matching the average estimate among analysts surveyed by Thomson Financial. The earnings marked the third consecutive quarter since the PeopleSoft acquisition that the company had met or surpassed analyst expectations. Aside from acquiring PeopleSoft, Oracle already has completed a series of smaller acquisitions so far this year. It is preparing to take over Siebel Systems in a US\$5.8 billion deal. These expansions are boosting the company's chance to pump up its profits by lowering expenses and win over more corporate customers as it attempts to mount a more serious challenge to Germany-based SAP, the longtime leader in business applications software. Oracle's sales of new product licenses increased to US\$1 billion, a 9 percent increase from the same time last year.
- **Google Inc., Microsoft Corp. and Sun Microsystems Inc. announced their entering a partnership that will enable them to jointly create an Internet services lab along with researchers at the University of California, Berkeley.** The Reliable, Adaptive and Distributed systems lab, or RAD Lab, will focus on developing technology for small teams or individuals to create Internet services, according to a press release issued Thursday. The three companies will provide US\$7.5 million in funding over five years. Industry, including the three founding members as well as other companies making smaller contributions, will provide 80 percent of the funding, the statement said. Other funding will come from the U.S. National Science Foundation and from the University of California's Discover and Microelectronics Innovation and Computer Research Opportunities grant programs. The RAD Lab will explore alternatives to the traditional software development model. Any

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software emerging from the RAD Lab will be free and open, with the source code distributed using the Berkeley Software Distribution license.

- **Microsoft Corp. said it has filed seven lawsuits against partners for allegedly violating their Microsoft Action Pack Subscriptions (MAPS) contracts by reselling software meant for internal use only and for other activities.** This is the first time the vendor has taken legal action against MAPS partners, who are permitted by Microsoft to obtain software at a discounted price for internal use only. The software company also filed three other suits against system builders for allegedly selling PCs with counterfeit Microsoft software installed on them. Microsoft said it has filed the various complaints in an effort to protect Microsoft partners that are abiding by the rules of their contracts and doing business fairly. The lawsuits mark the latest of Microsoft's continued efforts to stop companies and individuals from pirating and counterfeiting its software products. In September the company filed eight anti-piracy lawsuits against companies for allegedly distributing counterfeit software or copies that infringe on Microsoft trademarks or copyrights.

Hardware

- **An official of the Massachusetts Institute of Technology announced the selection of Taiwan's Quanta Computer as the firm to manufacture a US\$100 laptop computer developed at the MIT laboratory for distribution to millions of children in developing countries.** The computers are expected to be available for distribution in the fourth quarter of next year. Between five million and 15 million units are expected to be provided to children in China, India, Brazil, Argentina, Egypt, Nigeria, and Thailand, and possibly other countries. Distribution in the targeted developing countries will be financed by donors or national governments, and channeled through the networks that supply school textbooks. The computers will use the Linux operating system and can be powered by a hand crank. The program is composed of Advanced Micro Devices, Brightstar, Google, News Corp, Nortel and Red Hat.

Europe

Internet

- **Google announced the expansion of its European headquarters in Ireland.** The firm said it plans to hire more than 600 people over the next two to three years to work at its Dublin office, which provides support to its European, Middle Eastern and African activities and is Google's largest base outside the U.S. About 800 people already work there and have been recruited from throughout the 25-member European Union. Google credited the high caliber of European university graduates available as well as Ireland's unusually low corporate tax rate as the factors influencing its decision. Hundreds of hi-tech businesses from North America and continental Europe have established operations in Ireland over the past decade.
- **MCI, a firm that provides voice, data and Internet solutions, announced the signing of a contract valued at €500 million (US\$593 million) over five years to provide managed IT services for ABN Amro Bank.** Under the deal, MCI will manage the Dutch bank's WANs and LANs in 25 countries and provide firewall services in 60 countries. Those services are currently managed in part by the bank and partly through 380 contracts with other providers. The MCI deal will consolidate those contracts. The transition will occur over the next six months to two years. This deal is separate from the one that ABN Amro announced in September, when it said it would spend €1.8 billion (US\$2.1

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billion) over the next five years to outsource its IT operations worldwide. MCI said it would lay off about 1,500 employees over 18 months as a result of the changes.

Media, Entertainment and Gaming

- **In a decision that ends period of speculation about its future, broadcasting group ITV said it would close its 24-hour news channel at the end of January this coming year.** The decision is attributed to the difficulty of the service to compete for viewers against the more popular offerings from BBC News 24 and Sky News, part of British Sky Broadcasting Group, a satellite broadcaster part-owned by Rupert Murdoch's News Corp. ITV said that the closure of the 24-hour channel would allow ITV to invest an extra US\$3.4 million to create news bulletins for its ITV2 and ITV3 channels. The funding would also cover the opening of a news bureau in Beijing, expanded news coverage from the north of Britain, strengthened regional news teams and improved new media news coverage.

Hardware

- **Philips Electronics announced its decision to create a separate legal structure for its semiconductor unit.** This is a move that could see the Dutch electronics giant either merge or sell its chip manufacturing business. Philips said the move is seen necessary to compete in an industry in which "scale matters." Operating income at the company's chip unit went down to €90 million (US\$107 million) in the third quarter, from €179 million (US\$215 million) in the year-earlier period. The current development is expected to bring the company away from lower profit margin businesses such as chips to those offering higher margins, like lighting, appliances and medical systems. The latter is an area where Philips is increasing its investment.

Semiconductors

- **Nvidia, a graphics chip firm, said it will acquire Taiwanese core logic chip set developer ULi Electronics.** In a cash deal valued at US\$52 million, the acquisition is viewed as boosting Nvidia's ability to get its graphics and other chip technology into computer chip sets, which are taking on a bigger role inside computers. Chip sets normally act as traffic regulators for the flow of data between a microprocessor and other chips inside a computer. Graphics functions have been embedded in chip sets for years, a market Nvidia and rival ATI Technologies have both worked to gain market share. The acquisition is expected to be completed early next year and is subject to regulatory approval and other customary closing conditions. Nvidia will continue to supply ULi customers with existing products for the foreseeable future.

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