

VOL. X1

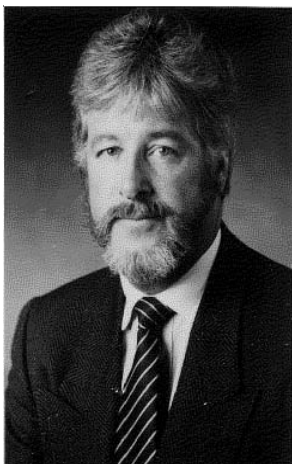
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No. 5

PACIFIC BASIN

Singapore's Hub for Life Science Business:

Biopolis is a seven building development being built in one-north near the National University of Singapore and the Singapore Science Parks. This biomedical science research and development hub should be completed this year. They are hoping multinational companies will open facilities at *Biopolis*.



Daniel W. Roberts
President

There has been a lot of investments coming from the Singapore government. *Biopolis* was allotted \$288 million to build this modern structure. *Biopolis* will house publicly funded research institutes, Research and Development (R&D) labs, bio tech companies, pharmaceutical companies and many key government agencies.

This complex is 430,600 square feet with many amenities. These include parking, office space, commercial space and

laboratory space. Commercial opportunities include restaurants, pubs, fitness center, childcare center, business service centers, retail shops, beverage outlets, cafes, a 300 seater food court, a 500 seater auditorium and a 250 seater lecture theater.

Currently at *Biopolis*, you will see many faces of individuals from Europe and North America. There are not many senior scientists from Singapore however. One positive factor Singapore has in their favor is that they are open to stem cell research.

The Bay Area has many top universities and venture capital firms available. There is no real reason why companies would step foot in Singapore for the life sciences. People are skeptical about Singapore's *Biopolis* and whether there is a purpose for this facility when there are many other locations around the world where it is a less risky investment. We will just have to see as time will tell.

Expands Shanghai offices

Synopsys Inc. is a semiconductor design software maker from Mountain View which has many offices in China. Their first office in China was opened in 1995 and they have an annual growth rate in revenue around seventy percent in the recent years. *Synopsys* has just opened a new office in Shanghai that includes *Synopsys*'s Chinese R&D center, two hundred sales and technical support employees. This new office is to assist the team to work on design challenges. Other offices of *Synopsys* in China include Beijing, Hong Kong and Shenzhen.

Singapore attracting many valley tech companies

Singapore has been an attractive hub for Silicon Valley technology companies to start their businesses in the Asian market. Some of the reasons why many companies have started operations there are because of location, advanced infrastructure, skilled workers and a government that is business friendly. Intellectual property laws are also more stringent in Singapore compared to locations such as China and Malaysia. One negative aspect is that labor is still very costly in Singapore.

Singapore was one of the first Asian countries to welcome foreign investment and making them the first for offshore outsourcing of technology manufacturing, which resulted in rising wages for the country. The country is now one of the wealthiest nations in Southeast Asia on a per capita basis. With this success, many companies have gone to China and Malaysia for cheaper labor. Another attractive asset is the corporate tax rate which is currently at 20 percent, compared to 25 percent last year.

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A Service Disabled Veteran Enterprise

Solectron, Flextronics International Ltd., GlobalWare and *Xilinx* are some companies who have opened facilities or are investing in Singapore.

Solectron is a contract manufacturer based in Milpitas. They migrated from Singapore to China, Mexico and other lower cost labor markets. However, *Solectron* still has facilities in Singapore for the chip making sector. *Flextronics International Ltd.* based in Singapore is one of *Solectron's* competitors. *Flextronics* has a major presence in San Jose, but they may also follow *Solectron's* path.

GlobalWare has facilities in a few locations: one in Singapore, two in China and one in Malaysia. *GlobalWare* feels having facilities in these locations will allow them to be closer to their customers. This company packages and manufactures software to deliver the products. The cheap labor in places such as China helps the company with their growth, and Singapore allows them to get products from other parts of the world to China.

Xilinx Inc. is a chip maker that recently opened offices in Singapore for research and development, logistics, testing and regional marketing. *Xilinx* opened offices in Singapore to also get a part in the growing Asian marketplace.

Two companies plan on investing in Singapore over the next five years. HP will invest \$2 billion for higher end products such as printers and servers. They will continue their lower end production in China. *Mercury Interactive Corp.* expanded to Singapore recently and plans to invest \$35 to \$40 million.

Overall, many companies feel Singapore as a good place to enter into the growing Asian market. For quality in production, they would choose Singapore. For cheap labor, China, Malaysia and India would be the options. Assembly workers in China make around \$75 a month. The average salary in Singapore is between \$27,000 to \$34,000.

CHINA

Low cost wireless phones

UTStarcom has been providing the common people in China with affordable cell phones. Other than making and selling cell phone handsets, they also sell wireless, optical and switching systems to phone companies. This Chinese company is based in Alameda, California. The Chief Executive Officer of *UTStarcom*, Hong Lu started the company in 1991 under the name Unitech Telecom. In 1995, it merged with Starcom

Networks to form *UTStarcom*.

UTStarcom launched its initial public offering in 2000 and is currently one of the few United States companies with their main market in China. Since 2000, they currently have 26 million customers, with an expected growth to go up to 30 million subscribers for this year. *UTStarcom* is currently available in 800 cities. 2003 profits were at \$202 million with sales doubling to \$1.96 billion. The company forecast sales for 2004 at \$2.75 billion. China has the world's largest market for wireless phones; so *UTStarcom's* market is still small compared to its potential.

Hong Lu started *UTStarcom* because of his own experience with using cell phones in China. He wanted to improve the wireless phone system there. He would also like to expand his services to other countries with poor services such as Southeast Asia and Latin America. Hong Lu grew up in Japan and studied civil engineering at the University of Berkeley.

UTStarcom uses a system called Personal Access System (PAS), which sends phone calls over the internet. The PAS service costs \$4 a month with incoming calls for free. Regular cell phone calls would cost users five to ten times more with both the caller and receiver having to pay. *UTStarcom* also offers more advanced IP wireless access technology services in Europe and Japan.

UTStarcom is a company based in the United States with its main market in China. They have around 5,500 employees worldwide with 4,600 of them in China and 500 employees in the United States. *UTStarcom* has offices in Alameda, Beijing and Hangzhou near Shanghai. Hangzhou offices have facilities for research, development, sales, testing and some manufacturing. High level development also takes place in California, New Jersey, China and India.



This is a timely newsletter for our institutional clients. The information herein has been assembled with the utmost attention to details, however, as with all research, the accuracy cannot be guaranteed.

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