

After a year in Taiwan, what is your understanding of the market? What are Global Tech's plans for Taiwan?

Global Tech entered the Taiwan market in October 2000 with exclusive rights to distribute Samsung mobile phones in that region. The Taiwanese market has a mobile-phone penetration rate of over 80% with mobile phone subscribers totalling more than 20 million people. Similar to Hong Kong, the Taiwanese market is a highly sophisticated market with a large handset replacement market.

After less than a year in Taiwan, I am pleased to report that our newly established distribution network has helped Samsung mobile phone captured a market share of 7%* in terms of market value. What was more pleasing in our performance was that this is despite the Taiwanese economy being in a recession for most of the year. The results in Taiwan show the expertise of our management and the strength of our marketing strategies.

We will continue to expand our distribution business in Taiwan by extending our sales network. We will also be working with Taiwan Teleshop, one of the largest mobile phone operators in Taiwan who will market our mobile phones across the country. In early 2002, we will be opening up our Samsung mobile phone brand shop in Taipei. We will however be cautious of the state of economy in Taiwan and will tailor our marketing strategies to suit the conditions.

* Research conducted by GfK Marketing Services Ltd., August 2001

How will China's recent entry into the WTO affect the retailing and distribution business of mobile phones in China? And how will it benefit Global Tech?

First of all, I must express my joy in seeing China enter the WTO after years of multilateral negotiations.

China's entry into the WTO will mean a gradual removal of the regulations restricting foreign ownership of telecommunications business in China. Ultimately, this means Global Tech can own and operate our own retail network in China. We have been in discussion with several successful mobile-phone chain stores in Mainland China for the setting up of joint ventures for retail business as well as having plans to operate our own retail chain under our own brand.

With the gradual reduction in tariffs, import duties and license fees, we will see improvements in our logistics for the import of mobile phones into China, which will mean faster delivery to our customers and improvement in profit margins. Reduction in tariffs and quotas will also allow foreign firms to compete on a fairer basis with local manufacturers who may be less efficient. We see these as advantages to Global Tech. With our extensive network in China, we will be an even more valuable partner to manufacturers should they want to benefit from the deregulated China market.

We have already been approached by a number of foreign mobile-phone suppliers for China distributorship rights. Negotiations for these rights are well under way.

Are your Samsung Anycall Image Shops in Hong Kong operating at a profit? What are your strategies to achieve outstanding performances in the highly competitive mobile-phone retailing market?

The main purposes for establishing Samsung Anycall Image Shops in Hong Kong are to enhance the image of Samsung mobile phones and to provide another avenue to initiate marketing activities. The two Samsung Anycall Image Shops, in Causeway Bay and Tsim Sha Tsui, have helped us form closer alliance with Samsung. We have launched a number of very successful models, including the SGH-A288 and SGH-N288, during the year. The presence of these two outlets in major shopping districts in Hong Kong has definitely helped boost the image of Samsung mobile phones. These shops are already contributing to the Group's results.

Our Samsung Anycall Image Shop is an example of how we can provide added value to manufacturers and services to customers.

The mobile-phone retail market in Hong Kong is no doubt very competitive. To differentiate ourselves from the rest of the industry, we emphasize high quality customer services. We provide excellent training to shop staff stressing product knowledge and customer service. We also offer first-rate after sales service.



In August 2001, the share subdivision was approved. Since then, has there been any obvious improvement in the trading of the Group's shares?

The proposal to subdivide each ordinary share of HK\$0.10 into 10 shares of HK\$0.01 was made with the intention to improve the liquidity of the trading of the Group's shares and broaden its shareholder base.

The ten-for-one split of ordinary shares resulted in a total of approximately 4,751,567,900 subdivided shares. However, the subdivision did not affect the trading board lot of the Group's shares, which remains at 2,000 in Hong Kong. According to the trading record of the Group's shares, there has been an obvious increase in the volume traded daily. This shows that the share split has benefited average investors who find the adjusted share price more accessible.

The share split also provided strong support during the recent plunge in the Hang Seng Index as a result of September 11 Terrorist Attacks in the United States. Our share price has proved resilient over the last few months.

Your business seems to depend on just a few mobile-phone brands. Don't you think this is unhealthy?

Some may say that this is a risk but for us, it is how we can best serve our suppliers and help achieve the results both parties can be satisfied with.

I think that another way of looking at this is that how much these manufacturers rely on us. Global Tech has an extensive customer base that covers the whole of the Greater China region. We have a track record of delivering sales targets. The success of our past and present suppliers such as Motorola, Nokia and Samsung highlights our strength. I think that any prospective mobile phone manufacturer would be looking into Global Tech's strengths and would want us to lead them to build their brand and maximize profits. Global Tech does not only buy and sell mobile phones, we provide value added contributions to manufacturers in after sales services, marketing, branding and pricing strategies, these contributions are what sets us apart from other mobile phone trading companies.

Our competitors have five or more brands under distribution but when you compare our profitability with theirs, they fall way behind. What we try to do is to commit our resources fully to our partners. We would rather concentrate on serving a few manufacturers than a whole lot of manufacturers. When we choose a manufacturer as a partner, we look to combine their strength with ours and work together closely to generate success for both the manufacturer and ourselves. It has been a philosophy of ours that have proven to be successful in the past.

Are you satisfied with the annual results this year? Which factor do you think is the most important in increasing the Group's profit this year?

I must say that I am extremely pleased with our achievements this year. Despite the global economic downturn, we posted double-digit net operating profits. Although some may put this down to being in the right market at the right time and the right industry, I put it down to being brave enough to make the tough decisions when they needed to be made; instead of following the lead but being a leader in the market. Global Tech had taken a different direction from the majority of those in our industry, a decision taken a few years back, which many people thought was wrong, to concentrate on the mid- to high-end segment of the market when all other players started to play the volume game which was characterized by high volume unit sales with low margins. What we see a few years down the road was that the majority of those who played the volume game got their fingers burnt, some large manufacturers even shut down their operations. We at Global Tech know the China market thoroughly and knew that the volume game would yield lower margins that will ultimately shorten the life of mobile phone models and cause price wars, a direction that would ultimately lead to failure.

What we try to do as a value-added distributor is to market and price mobile phones to the best of our ability and make sure that the profit margins will be sufficient for our customers, the manufacturers and also ourselves. I am pleased with this year's results as it has meant that both our customers and manufacturers have profited from our marketing strategies which will no doubt continue to bring in closer ties for all parties.

