

Market Overview

Third-generation ("3G") mobile communication network has been launched in Hong Kong for more than one year and its development is still in progress. Certain key 3G features have not been fully utilised, for example, network operators have not yet agreed on cross platform video call arrangements. Moreover, there has been significantly lesser than expected content of infotainment provided by the 3G network operators. These have impacted the reception of 3G services by the public. Hong Kong has failed to see 3G spur demand for new handsets significantly.

Despite the general economic recovery in Hong Kong together with the China's relaxation of mainland residents to visit Hong Kong on an individual capacity, sustainable rapid growth in sales in the existing market appears to be over optimistic.

As the product life cycle of mobile handsets is getting shorter and shorter and second- and third-tier manufacturers continue to increase their presence, these have caused the already keen competition in the Hong Kong market to further intensify. Protection of existing market share is expected to be the key theme for coming years.

While the Group focuses on consolidating its existing business and improving operational effectiveness and efficiencies, management will exercise additional caution in identifying and evaluating new business opportunities.