

Portable Digital Devices



March 2009 US\$495



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China manufacturer profiles

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Product & price trends

Prices and specifications of 86 top-selling export products

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PORTABLE DIGITAL DEVICES

Supplier capability in China

EXECUTIVE SUMMARY

China suppliers of portable digital devices are optimistic that strong demand for mobile entertainment and communication products will sustain the line despite the economic slowdown. In anticipation of weak sales, however, many are projecting moderate growth, especially in the US, which is a key market for most makers.

Suppliers are developing high-value products with expanded functionality to stimulate demand and penetrate new markets. As the convergence trend yields more devices with similar features and functions, many companies are strengthening core competency in their main product lines to differentiate themselves. Makers of digital voice recorders, for instance, focus on comparative advantage in recording and playback technologies to position products against MP3 players, portable media players or PMPs and even digital cameras with recorders.

In the video segment, the worldwide switch to digital broadcasting is expected to spur demand for digital handheld TVs and DVB receivers. Continued reductions in LCD panel cost will drive portable DVD player production. At the same time, makers are preparing for a rise in production outlay because of high licensing fees. Many are negotiating for lower charges and strengthening core R&D capability to develop key technologies.

The following are some of the key trends we see in China's portable digital device industry:

- Makers across the different product segments are planning to reduce prices to increase demand and sales. Some suppliers of digital photo frames, especially small companies, are reducing quotes almost to cost levels.
- Continued decline in the cost of key components such as NAND flash memory and LCD panels will help reduce production outlay and price. Suppliers of digital voice recorders

project up to a 10 percent price slide in coming months due mainly to cost reduction for NAND flash memory. Quotes for digital photo frames are projected to dip by 5 to 10 percent.

- Product differentiation remains a top priority, especially in highly competitive lines such as PMPs. Trends for converged, multifunction devices are flooding the market with new releases featuring the same designs and functions, thereby exerting pressure on suppliers to develop models that stand out.

- Increased focus on high-value products will fuel the development of portable digital devices with multiple functions. Upcoming models will have touchscreens, mobile TV, GPS, Bluetooth and Wi-Fi.

- Suppliers project that sales growth will be driven by rising demand in new markets in the Middle East, the Asia-Pacific region and Africa.

This report covers portable video products, recording devices, media players and digital photo frames. Portable video devices include handheld TVs, DVD players and DVB-T receivers. Media players encompass MP3/MP4 products and PMPs. Portable recording devices consist of digital voice recorders and video cameras.

The supplier survey was conducted on manufacturers and traders of these products. The Industry Overview section discusses developments in China's supply market and suppliers' strategies to survive the global financial crunch. Trends in the different product categories are also discussed in the product modules.

The majority of suppliers are based in Guangdong province, mainly in Shenzhen, Dongguan, Guangzhou, Huizhou, Zhongshan and Zhuhai. The other key production centers are the provinces of Fujian, Jiangsu, Sichuan and Zhejiang, and the cities of Beijing and Shanghai.

In this report

- 26 in-depth company profiles
- 31 additional suppliers
- 86 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics & charts

METHODOLOGY

To produce this report, Global Sources surveyed a wide range of suppliers. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that may or may not be clients of Global Sources.

The selection of suppliers is designed to reflect the composition of the industry in China in terms of geographic spread, business type and company ownership.

For in-depth company profiles, our research teams interviewed senior executives and export managers who discussed their recent performance and provided price, R&D, production and export forecasts for the next 12 months. The interviews were done in person, by phone or e-mail.

In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials, including their production and export statistics, and a breakdown of exports by product type and market. Our production checklist details the product-specific manufacturing capability of each supplier.

All profiled suppliers participated in a survey designed to provide insight into product and price trends, and challenges facing the industry in the next 12 months. All survey questions are single choice. Results were calculated based on the actual number of valid responses to each question.

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INDUSTRY OVERVIEW

Strong demand for mobile entertainment and communications will continue to fuel China's supply market for portable digital devices. Makers are optimistic high-value products with expanded functionality will stimulate demand, especially in less-developed markets where penetration remains low.

Suppliers, however, are projecting moderate growth this year in light of the global financial crisis. Some expect a 5 to 20 percent drop in output and export volumes in response to slowing sales, especially in the US, which is a key export market for many companies.

In addition to the weak economy, market maturity and increased competition from handheld, converged multimedia products will also contribute to a slowdown in many segments. Estimates from In-Stat indicate that growth in the portable media player or PMP market dipped below 10 percent in 2008, the first time since market inception. In-Stat projects the line will take a downward trend in the next five years, with global shipments at 245 million units by 2012.

To offset slumping sales in North America, makers are boosting shipments to new markets in the Middle East, the Asia-Pacific region, Eastern Europe, Africa, and Central and South America. Many suppliers are sustaining efforts to stimulate demand through product development and repositioning.

In the video segment, companies expect the switch to digital broadcasting will spur demand for digital handheld TVs and DVB receivers. Suppliers of portable DVD players are hoping the continued reduction in LCD panel costs will boost production.

To survive tight competition resulting from companies releasing devices with similar features, applications and form factors, suppliers leverage core competency in main product lines.

Makers of digital voice recorders, for instance, focus on comparative advantage in recording and playback technologies to position their products against MP3 players, PMPs and even digital cameras with recorders.

Suppliers of handheld TVs, portable DVD players and DVB-T receivers prepare for a rise in production outlay despite declines in component cost. This is largely because of high licensing fees.

As the DVB-T consortium European MPEC-2 Alliance steps up efforts to guard against infringements, suppliers of portable DVB-T receivers are laying out strategies to address the issue and reduce export difficulties. These approaches include negotiating with the European MPEC-2 Alliance. Makers are also planning to establish a patent pool that will include third-party IPR specialists who will conduct research and coordinate efforts to access core areas of the technology. Another course of action is to raise export quotes to factor in IPR costs.

Supplier summary

Suppliers surveyed	26
Export sales	\$544.8mn
Export ratio	86%
OEM business	73%
Capacity utilized	65%
Annual R&D spending	\$50.0mn
Full-time employees	15,297

Data: All surveyed suppliers

Makers of portable DVD players need to pay 6C, 1C, 4C Dolby and MPEG-LA fees on proprietary content and technology. Although 6C has lowered IPR dues, overall charges still amount to a considerable \$20 per unit. The Blu-ray license adds 20 percent. Industry organizations, including China Automotive Industry Association, are lobbying for a reduction in that fee. Suppliers are also preparing for the impact of Blu-ray, particularly on early models of portable DVD players that do not support the technology and, therefore, risk facing competition from Blu-ray models.

Major customers

Company	
10moons	Lenovo (China)
Canfine	Auchan (France); Tesco (UK); Wal-Mart (US)
Evoc	GE, Emerson (US); Philips (Netherlands); Siemens (Germany)
Fujiyama	Hyundai (South Korea)
Giftmax	Disney, LDLC (France); Subaru (Japan)
HTD	C&D, Buyasonic LLC (US)
Kingstong	Carrefour (France)
Maxevis	Telefunken (Germany); Orion (South Korea); Protek (US)
One Audio	Cocola, IBM, Philips (US); Siemens (Germany)
Peakit	Cisco (US); TDK (Japan)
Power-core	Hisense (Europe); TG International (Canada); Thanko (Japan)
Shenzhen Ider	HP (US); ArticFlames, Image (Spain); China Mobile (China)
Shenzhen Maxcon	Wal-Mart (US)
Shenzhen Newland	Wal-Mart, RCA (US); Carrefour (France)

Data: All surveyed suppliers

DaiDaiXing Electronics Technology Co. Ltd

Mainland China-owned DaiDaiXing offers digital still and video cameras, digital photo frames and portable media players.

It uses chips sourced from the US and Taiwan, flash memory chips from the US, Japan and South Korea, LCD panels from the US, and decoding ICs from Taiwan.

About 50,000 portable digital devices are produced each month in DaiDaiXing's factory in Guangdong. Its facility is equipped with Sony SMT lines, 14 plastic injection machines, an automatic fuel injection line, six

automatic aluminum wire welding, a high-speed CNC carving, and various other molding machines and instrumentations. The company adopts GBT2828 standard for QC.

DaiDaiXing exports 80 percent or about \$24 million worth of portable digital devices each year. It will cut its capital expenditure over the next 12 months.

Prices are expected to decrease less than 5 percent this year, and export sales to dip along with it. Currently, overseas shipments for this product line stand at \$24 million.

Company facts

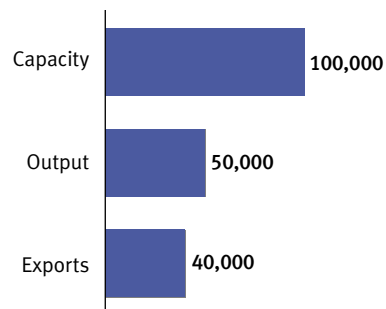
Year established	1995
Business type	Manufacturer
Company ownership	Mainland China-owned
Head office location	Guangzhou (Guangdong)
Number of factories	1
Factory location(s)	Guangzhou (Guangdong)
Total factory area	10,000sqm
No. of full-time employees	1,000
No. of R&D/design staff	120
No. of QC staff	70
Annual sales (all products)	\$30.0mn
Annual R&D spending	\$3.0mn
ISO certification	Yes

Sales & output: Portable digital devices

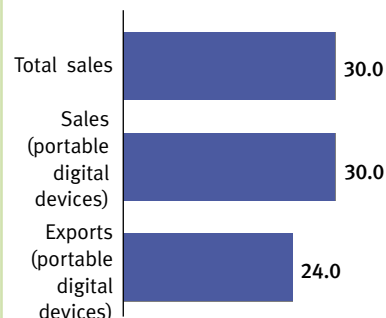
Annual sales	\$30.0mn
Share of total sales	100%
Annual export sales	\$24.0mn
Total monthly capacity	100,000 units
Average monthly output	50,000 units
Capacity utilized	50%
Average monthly exports	40,000 units
Export ratio	80%
OEM % of exports	50%
ODM % of exports	20%
OBM % of exports	30%

Profile

Production units/mth



Sales \$mn/yr



Contact details

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Capability

Production checklist

Cosmetic design in-house	Yes
Mold making	Yes
PCB making/design/ subassembly	Yes
SMT	Yes
Plastic injection	Yes
Software design	Yes
Silkscreen/offset printing	Yes
Final assembly	Yes
QC/QA testing	Yes

Exports by product

Digital cameras	20%
Digital video cameras	60%
Digital photo frames	5%
Portable media players	15%

Exports by market

North America	10%
European Union	50%
Europe (non-EU)	8%
Asia-Pacific	30%
Middle East	2%
Other	—

Outlook

- **Export prices**
Decrease
- **Export price decrease**
Less than 5%
- **Export sales**
Decrease
- **Target market**
European Union
- **Capital expenditure**
Reduce expenditure
- **Major challenge**
Labor cost
- **Export capability**
Improve operating efficiency
- **R&D focus**
Integrate wireless connectivity

Popular export models



Digital video camera

Model	DV066
Minimum order	1,000 units
Packaging type	Colored box
Delivery time	35 days
Indicated price	•

Description: 1.5in TFT LCD, 280x220 pixels; ASF, AVI; USB 1.1, TV output, digital camera; 96.5x60x32mm, 72g; USB cable, TV cable



Digital video camera

Model	DV819ZH
Minimum order	1,000 units
Packaging type	Colored box
Delivery time	35 days
Indicated price	•

Description: 3in LTPS LCD, 960x240 pixels, 16:9 aspect ratio; 32MB memory; ASF, AVI, MP3; USB 2.0, TV output; 132x66x70mm, 473g; USB cable, TV cable, HDMI cable



Digital video camera

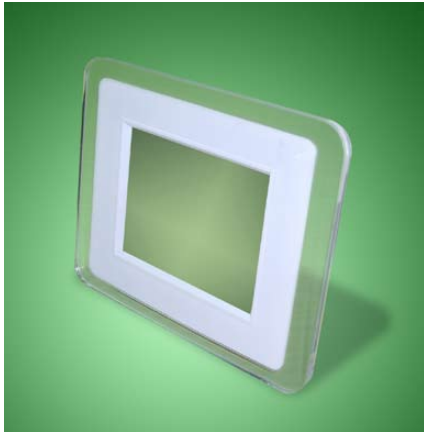
Model	DV588
Minimum order	1,000 units
Packaging type	Colored box
Delivery time	35 days
Indicated price	•

Description: 2.5in LTPS LCD, 960x240 pixels; 32MB memory; ASF, AVI, MP3, WAV; e-book reader, voice recorder, USB 2.0, TV output; 113x56x240mm, 130g; USB cable, TV cable, lithium battery with 3hr operating life

• Information not disclosed

PRODUCT GALLERY

Digital photo frames



Best Wisdom

(profile page 40)

Model: BW-F3501

Minimum order: 50 units

Packaging type: Colored box

Delivery time: 3 days

Indicated price: •

Description: 3.5in display, 4:3 aspect ratio; 64MB to 4GB NAND flash memory; JPEG; built-in alarm clock, USB 2.0; 122x92x16mm, 350g; adapter



Best Wisdom

(profile page 40)

Model: BW-F3504

Minimum order: 300 units

Packaging type: Colored box

Delivery time: 7 days

Indicated price: •

Description: 3.5in display, 4:3 aspect ratio; 64MB to 4GB NAND flash memory; MP3, WMA, Ogg Vorbis, WAV, AVI; USB 2.0, built-in alarm clock; 1yr battery life; 122x92x16mm, 400g; USB adapter, cable, plug, remote control, earphones



Canfine

(profile page 42)

Model: CF080130B

Minimum order: 5,000 units

Packaging type: Plastic bag

Delivery time: 60 days

Indicated price: •

Description: 1.44 to 1.8in TFT/CSTN, 4:3 aspect ratio; Samsung or Hynix 1 to 8GB flash memory; JPEG, BMP; USB 2.0; 100hr battery life; 400g



Evoc

(profile page 46)

Model: EPB-08-06

Minimum order: 1,000 units

Packaging type: Gift box

Delivery time: 10 days

Indicated price: \$85.50

Description: 8in TFT LCD, 800x600 pixels, 16:9 aspect ratio; 128MB to 1GB memory; MP3, WMA, MPEG-1/2/4, AVI; USB 2.0, Wi-Fi, calendar, alarm clock; 203x125x45mm, 1.35kg; IR remote control, AC adapter, CD, user manual



Evoc

(profile page 46)

Model: EPA-M15-03

Minimum order: 1,000 units

Packaging type: Gift box

Delivery time: 10 days

Indicated price: \$9.00

Description: 1.5in CSTN, 128x128 pixels, 65,000 colors; 1MB memory; JPEG, BMP, GIF, TIF; USB 1.1, clock; Li-ion battery, 4 to 5hr battery life; 125x103x45mm, 115g; USB cable, CD, user manual; FCC, CE, RoHS



Evoc

(profile page 46)

Model: EPA-07-19

Minimum order: 1,000 units

Packaging type: Gift box

Delivery time: 10 days

Indicated price: \$37.50

Description: 7in TFT LCD, 480x234 pixels, 16:9 aspect ratio; 128MB to 1GB memory; MP3, WMA, MPEG-1/2/4, AVI; USB 2.0, touch menu, calendar, alarm clock; 187x138x10mm, 750g; IR remote control, AC adapter, CD, user manual

• Information not disclosed