

---

## CONNECTED TRANSACTIONS

---

Upon completion of the [●], transactions between us and our [●] will constitute connected transactions for us under Chapter 14A of the [●].

Further, the Company will be dual primary listed on both the [●] and the SGX-ST upon [●], the transactions described below will, in addition to being subject to and regulated by the [●], continue to be subject to and regulated by the [●] Manual and other applicable laws and regulations in Singapore as long as the Shares remain listed on the SGX-ST. However, the requirements of the [●] in relation to connected transactions differ from those of the [●]. In particular, the definition of [●] pursuant to the [●] is different from the definition of related parties pursuant to the [●] Manual. Therefore, a connected transaction pursuant to the [●] may not constitute a related party transaction pursuant to the [●] Manual, and vice versa.

We set out below details of our connected transactions.

### CONNECTED PERSONS

Suzhou Hengli Telecommunications Materials Co., Ltd. (蘇州亨利通信材料有限公司) ("Suzhou Hengli") is in the principal business of manufacture and sale of metal plastic tape, aluminum plastic tape, polyethylene materials jacketing for RF copper cables, and sale of communication cables, communication equipments and accessories, which is wholly owned by Jiangsu Hengtong Cable Technology Co., Ltd. (江蘇亨通線纜科技有限公司) ("Hengtong Cable Technology"). Hengtong Cable Technology is in the principal business of manufacture and sale of local communications cables, data communications cables and other various cables widely used in railway signal transmission, ships, intelligent buildings, wind power, electrical transmission and etc., which is owned approximately 55.5% by Hengtong Group Co., Ltd. and approximately 44.5% by six individuals. Hengtong Group Co., Ltd. is beneficially owned by Mr. Cui Genliang, the elder brother of Mr. Cui, our Executive Chairman, as to 90% of equity interest, and by Mr. Cui Wei, the son of Mr. Cui Genliang, as to 10% of the equity interest. In this regard, each of Mr. Cui Genliang, Mr. Cui Wei, Hengtong Group Co., Ltd., Hengtong Cable Technology and Suzhou Hengli is considered as a [●] of our Group under Rule 14A.11 of the [●].

As we are in the principal business of manufacture and sale of RF coaxial cables series for mobile communications, our products differ from the products of Hengtong Cable Technology in terms of usage, market conditions, pricing and expertise required. In terms of target customers, although Hengtong Cable Technology and we have common customers, they purchase different types of cables respectively from Hengtong Cable Technology and us for different uses.

### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following transactions have been carried out by our Group and the [●] during the [●] and are expected to be continued following the [●]. These transactions will constitute continuing connected transactions which are subject to the reporting and announcement requirements, but exempt from independent shareholders' approval requirement set out in Chapter 14A of the [●] upon the [●].

---

## CONNECTED TRANSACTIONS

---

### Purchase of raw materials

The Group entered into a master agreement ("Raw Materials Purchase Master Agreement") with Suzhou Hengli on the purchase of raw materials on 9 November 2010, by which Suzhou Hengli will supply metal plastic tape, aluminium plastic tape and other raw materials for production of RF coaxial cables, on the terms no less favourable than those offered by any Independent Third Parties. Pursuant to the Raw Materials Purchase Master Agreement, the term is valid until 31 December 2012 and such term may be extended by mutual agreement and the shareholders' approval and any other requirements in accordance with the [●] and [●] Manual at that time. In addition, the purchase price shall be determined in accordance with the following bases (a) the price set by the regulations of the PRC government or the relevant authority (if there is any); and (b) if no such price is set by the PRC government or the relevant authorities, Suzhou Hengli submits the purchase price through the tendering process; and (c) if there is no tender process, the purchase price shall be the lowest of the followings: (i) the fair market price which is provided by independent third parties; or (ii) the purchase price as agreed between the parties provided that such agreed price shall not be more than the actual costs of selling the raw materials plus a margin of an agreed rate (which shall not be more than the rate of increase of the consumer price index of Jiangsu Province in the most recent year) of such costs. The Raw Materials Purchase Master Agreement sets out that the details to be included in any separate purchase agreement to be entered into between the parties thereto.

As our usual practice, we will go through with the internal purchase procedures, which we have put in place a tender process in the purchase department and have also formed a dedicated team to adopt the purchase procedures. We will invite the raw materials suppliers for our projects through a tendering process. A potential supplier of raw materials must pass certain qualification procedures internally formulated by us based on qualifications, product equality and price in order to become a qualified supplier. We will enter into a separate purchase agreement with the successful bidder, and such purchase agreement will specify purchase details including raw material types and quantity, price and quality specifications. One of the bidders is Suzhou Hengli. In order to estimate the proposed annual caps for purchase of raw materials, we have taken into account our demand for the raw materials for the three years ending 31 December 2012 and have assumed that all the tenders submitted by Suzhou Hengli would be successful.

Our Directors confirm that the purchases of raw materials from Suzhou Hengli were made in accordance with the qualification and tender procedures and that the prices for such purchases were determined on arm's length basis and in line with normal commercial terms. Our Directors also believe that there is sufficient internal mechanism in place to ensure that the tender process is conducted in a fair and open manner. The tender process is supervised and monitored by our general manager in charge. There is no guarantee that a successful bidder in one particular tender will be selected in the next tender.

---

## CONNECTED TRANSACTIONS

---

### *Historical figures*

For each of the three years ended 31 December 2007, 2008 and 2009, our purchases from Suzhou Hengli amounted to, nil, approximately RMB179,000 and approximately RMB7,227,000 respectively. From 1 January 2010 to [30 September 2010], our purchases from Suzhou Hengli were approximately RMB6,627,000.

### *Annual caps*

For each of the three years ending 31 December 2010, 2011 and 2012, the annual amount to be payable by us to Suzhou Hengli in connection with the purchase of raw materials will be no more than RMB9,000,000, RMB9,000,000 and RMB9,000,000, respectively. The proposed annual caps are determined with reference to the historical values, the prevailing market prices, expected growth in production and sales of our operation upon the commencement of the trial operation of the new production plant, and production capacity of raw materials supplied by Suzhou Hengli. After Suzhou Hengli becoming our [●] in December 2008, the transactions for purchase of raw materials between the Group and Suzhou Hengli amounted to approximately RMB179,000 during 2008 and substantially increased to RMB7,227,000 during 2009 and to RMB6,627,000 in the nine months of 2010. In addition, having considered that our production capacity of RF coaxial cables was approximately 103,170 km for the year ended 31 December 2009 and approximately 82,593 km for the nine months ended 30 September 2010, we expect that our production capacity will increase steadily for the three years ending 31 December 2012 subsequent to the commencement of operation of new production plant in October 2010. As a result, we will require more raw materials to satisfy the expected increase of our production capacity and volume. Given that the limit of Suzhou Hengli's production capacity of the plastic tapes and other raw materials, its supplies of plastic tapes and other raw materials will only reach approximately 15% of our demand per annum, and we expect that its production capacity will not increase significantly in the next three financial years. In this regard, we assume that Suzhou Hengli will be successful in the tender process, and the supplies by Suzhou Hengli and the prices of plastic tapes and other raw materials will remain stable in the next three financial years, our annual caps for such raw materials will be constant over the three years ending 31 December 2012.

### **Application for waiver**

In relation to the above non-exempt continuing connected transactions, the applicable percentage ratio of each of the transactions under the paragraph headed "Non-exempt continuing connected transactions" above calculated by reference to Rule 14.07 of the Hong Kong [●] will be, on an annual basis, less than (1) 5% or (2) less than 25% and the annual consideration is less than HK\$10,000,000, and is thus only subject to the reporting and announcement requirements set out in Rule 14A.34(1) of the Hong Kong [●] following the [●].

---

## CONNECTED TRANSACTIONS

---

Our Directors have confirmed that the said non-exempt continuing connected transactions have been, and will continue to be, conducted in the ordinary and usual course of business of our Group on normal commercial terms and on an arm's length basis in accordance with the pricing arrangements as set out in the relevant written agreement between our Group and Suzhou Hengli.

With respect to the said non-exempt continuing connected transactions, we have, pursuant to Rule 14A.42(3) of the [●], applied for and [the [●] has agreed to grant a waiver] from strict compliance with the announcement requirement under Rule 14A.47 of the [●].

Apart from the announcement requirement in respect of which a waiver has been sought, our Company will comply with the provisions in Chapter 14A of the [●] governing continuing connected transaction from time to time.

### **Opinion of our Directors**

Our Directors (including our independent non-executive Directors) confirm that all the above-mentioned connected transactions have been entered into and are in the ordinary and usual course of business on normal commercial terms, and are fair and reasonable to our Group and are in the interests of our Shareholders as a whole, and the proposed annual caps for the transactions referred to in the paragraph headed "Non-exempt continuing connected transactions" above are fair and reasonable and in the interests of our Shareholders as a whole.

### **Confirmation from the [●]**

The [●] consider that the above non-exempt continuing connected transactions for which waivers are sought have been entered into and are in the ordinary and usual course of business of our Group on normal commercial terms and are fair and reasonable and in the interest of our Shareholders as a whole; and the proposed annual caps for the above non-exempt continuing connected transactions are fair and reasonable and in the interests of our Shareholders as a whole.