
INDUSTRY OVERVIEW

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External signal cable assembly, internal signal cable assembly, power cord assembly, signal transmission wire & cable and connector (collectively called as “Cable Assembly and Connector Related Products”) in general are used for transmission of signal, data or power, and are used in a wide range of industries including but not limited to (i) consumer electronics, such as TVs, personal computers and notebooks, mobile handsets and digital cameras; (ii) household appliances such as refrigerators, air conditioners and washing machines; (iii) communication equipment, such as switches, routers and access equipment; (iv) the energy sector for power transmission; and (v) automotive manufacturing.

Currently, our products are predominantly used in the high-end consumer electronics industry but as part of our strategy to expand our scope of business, we also intend to focus on developing new signal transmission related products for certain other industries such as the solar energy and automotive sectors.

In the past, the market for Cable Assembly and Connector Related Products for the consumer electronics industry was dominated by Taiwan manufacturers. In recent years, according to Frost & Sullivan, Chinese manufacturers have begun to gain market share in this market due to their competitive cost structure, improving product quality and after-sales service.

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REPORTS COMMISSIONED FROM FROST & SULLIVAN

Frost & Sullivan, an independent market research and consulting company, was commissioned by our Company to conduct an analysis of, and to report on Cable Assembly and Connector Related Products in general used for transmission of signal, data or power primarily for consumer electronic products such as TV, personal computer and notebook, mobile handset, digital camera and other products from 2007 to 2013. The report commissioned has been prepared by Frost & Sullivan independent of the Group's influence. The Group paid Frost & Sullivan fees of RMB650,000, which we consider reflect market rates. Founded in 1961, Frost & Sullivan has 35 global offices with more than 1,800 industry consultants, market research analysts, technology analysts and economists. Its services include technology research, market research, economic research, corporate best practices advising, training, customer research, competitive intelligence and corporate strategy. Based in the United States, it has been covering the Chinese market from its offices in China since the 1990s.

The Frost & Sullivan's report that the Group commissioned includes information on Cable Assembly and Connector Related Products and other economic and industrial data, which have been quoted in this prospectus. Frost & Sullivan's independent research was undertaken through both primary and secondary research obtained from various sources within the PRC. Primary research involved interview with leading industry participants from signal cable assembly, power cord assembly, wire & cable, connector industry and related industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected total market size information in the PRC was obtained from historical data analysis plotted against macroeconomic data as well as specific related industry drivers such as increasing disposable income, rise of emerging applications, increasing product diversification, and potential in high-end products market mapped against available projected drivers obtained through interviews with industry experts and participants.

We understand that the forecasting methodology of Frost & Sullivan has integrated several forecasting techniques with the market engineering measurement-based system. The forecasting methodology is a seven-step system shown as follows that maximizes the credibility and accuracy of the forecasts:

1. Market Engineering Research Process Completed

The market engineering research process provides the navigational measurements of current market position and trends, which are the basis of the forecast.

2. Measurements and Challenges Analyzed over Time

Measurements and challenges are analyzed over time to provide additional insights into their potential impact on the market size and development.

3. Identification of Market Drivers and Restraints

The analyst specifies the factors that drive the market forward in terms of revenue and determines the elements that inhibit growth.

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4. *Expert-Opinion Integration with Analyst Team*

The interview process includes a variety of industry experts, competitors and key customers. These experts' opinions on the direction of the market are integrated with the data and analysis already created.

5. *Forecasts Calculated*

Analysts collect the market data which are required and needed to create the initial forecast scenarios. Each scenario is assessed to determine the most probable outcome for the market size. For example, the forecasts are matched to the leading economic indicators and drivers for each specific industry.

6. *Delphi Technique Integration, If Needed*

If the data collected contradicts the forecast scenarios, it is necessary to discuss again the market forecasts with the industry experts who have already been interviewed in the research process.

7. *Quality Control within Research Department*

Once the forecasts are integrated into the market section, they are verified by other team members in the industry research group, and the research director. The forecasts are also ensured for mathematical accuracy and internal consistency by the final review preparation department and the editing department.

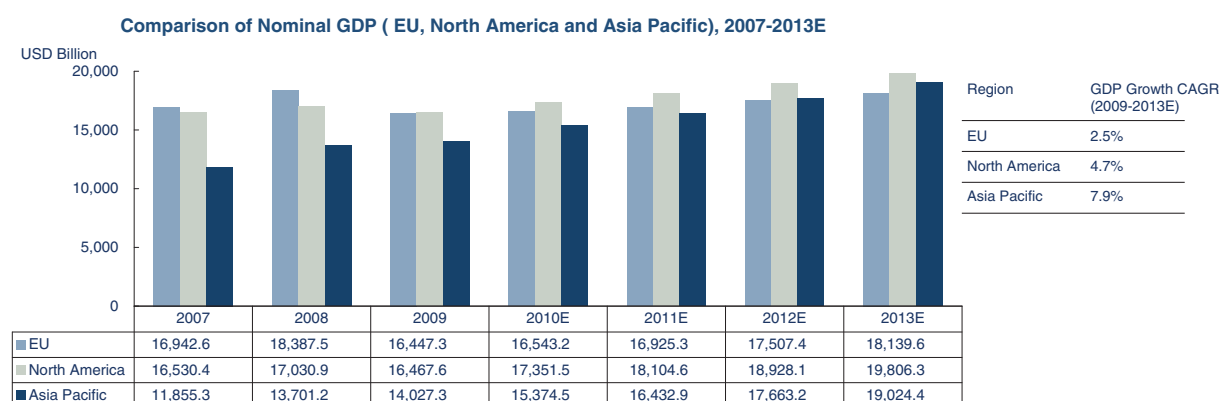
Frost & Sullivan's report has quoted sources from International Monetary Fund ("IMF") and Wind Info. IMF is an organization with members of 187 countries. IMF monitors economic and financial developments globally. It publishes a range of time series data on IMF lending, exchange rates and other economic and financial indicators. Wind Info is the leading financial data and financial software provider in China. It served over 1,500 financial companies, including securities firms, fund management firms, insurance companies, banks and investment companies. IMF and Wind Info were not commissioned by either the Company or the Sponsor. There is no relevant fee paid to IMF or Wind Info regarding the use of their research and data in this prospectus.

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THE GLOBAL AND CHINESE ECONOMY

The Global Economy — Nominal GDP Comparison among the European Union, North America and Asia Pacific

From a global perspective, the European Union (“EU”), North America and Asia Pacific are the top ranking regional economies in terms of nominal GDP. The chart below illustrates the actual and expected nominal GDP of EU, North America and Asia Pacific from 2007 to 2013.



Notes:

- (1) EU comprises 27 countries: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Romania and the United Kingdom.
- (2) North America comprises 3 countries: the United States, Canada and Mexico.
- (3) Asia Pacific comprises 15 countries: Australia, Brunei Darussalam, Chile, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, Papua New Guinea, Philippines, Singapore, Taiwan and Thailand.
- (4) All data are rounded.

Source: International Monetary Fund, April 2010

In 2009, due to the impact of the global financial crisis, GDP for EU experienced a significant decrease while the North America’s GDP was stagnant. In comparison, the impact of the global financial crisis on the Asia Pacific’s GDP was relatively mild. In 2009, EU and the North America achieved nominal GDP of US\$16,447.3 billion and US\$16,467.6 billion, respectively, while the nominal GDP of the Asia Pacific was US\$14,027.3 billion. However, the GDP growth rate of the Asia Pacific has been much higher than that of the North America and EU. According to the International Monetary Fund, the nominal GDP of the Asia Pacific is forecast to grow at a CAGR of 7.9% from 2009 to 2013, while that of EU and the North America is only forecast to grow at a rate of 2.5% and 4.7%, respectively.

China’s Economic Growth

Since the implementation of the opening-up policy of the Chinese government in the late 1970s, the Chinese economy has witnessed tremendous growth. According to the International Monetary Fund, from 2007 to 2009, China experienced a rapid growth, with GDP rising from US\$3,382.4 billion in 2007 to US\$4,909.0 billion in 2009, representing a CAGR of 20.5%. In 2009, due to the global financial crisis, the growth of the Chinese economy experienced a moderate decline, but the nominal GDP still increased year-on-year by 8.6% to US\$4,909.0 billion. The International Monetary Fund further predicts that the Chinese economy is likely to rebound due to the Chinese government’s economic stimulus package and the gradual recovery of the global economy. From 2009 to 2013, the Chinese GDP is expected to grow at a CAGR of 11.2 %.

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The following chart sets forth the historical and expected GDP growth rates between 2007 and 2013 for China.



Note: All data are rounded; The base year is 2009.
Source: International Monetary Fund, April 2010

GLOBAL AND CHINESE CONSUMER ELECTRONICS MARKET

Introduction

Consumer electronics refer to electronic product or equipment intended for daily use. They are usually used for entertainment, communications and business. Major consumer electronics include personal computers and notebooks, TVs, mobile handsets and digital cameras. Other products include, among others, MP3 players, audio equipment, calculators, GPRS automotive navigation systems, playback and recording of video media such as DVDs, VHSs and camcorders. Currently, the global consumer electronics industry is mainly dominated by Japanese, South Korean and American manufacturers.

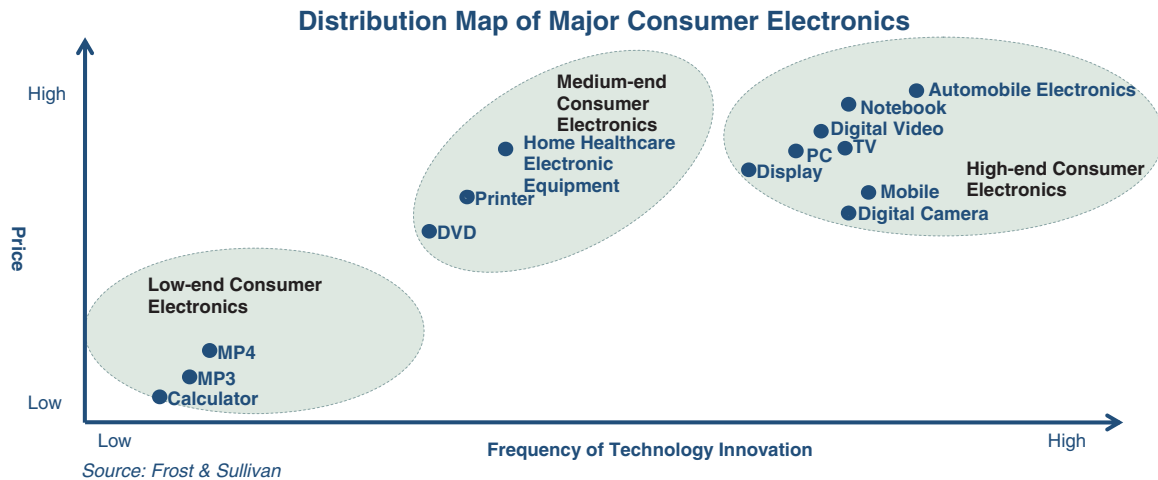
According to Frost & Sullivan, the key trends for the global consumer electronics industry include:

- **Constant roll-out of new versions of products:** one of the significant characteristics of all consumer electronics products is the constant roll-out of new versions along with the trend of ever-falling prices for older versions. According to Frost & Sullivan, this trend is driven primarily by product innovation and manufacturing efficiency and automation and lower labor costs as manufacturing has moved to countries with lower wages.
- **Product convergence:** the consumer electronics industry continues its trend of product convergence as one product combines the elements of many consumer electronics items. As a result, consumers face an increasing number of different choices when purchasing any particular item.
- **Connectivity:** a recent trend in many types of consumer electronics is connectivity. Using technologies such as Wi-Fi, Bluetooth or Ethernet, it has become common for many products to include Internet connectivity. A lot of products which were not traditionally associated with computer uses (such as TVs or Hi-Fi equipment) now provide options to connect to the Internet or to a computer using a home network to provide access to digital contents.

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The consumer electronics market can be divided into three segments: high-end, medium-end and low-end products. The characteristics of each segment are:

- **High-end Consumer Electronic:** The high-end consumer electronic product has higher average price along with rich function and rapid technological upgrade.
- **Medium-end Consumer Electronic:** The medium-end consumer electronic product often has medium average price along with popular function and standard technological upgrade.
- **Low-end Consumer Electronic:** The low-end consumer electronic product often has lower average price along with limited function and slower technological upgrade.



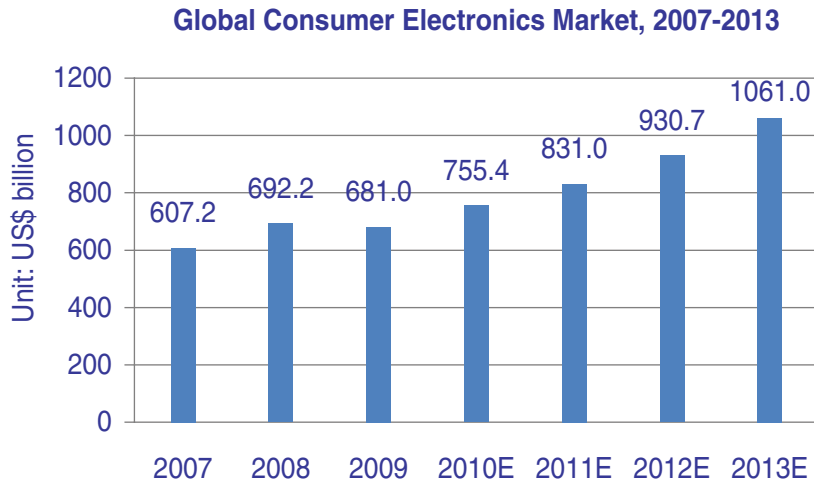
In 2009, the global consumer electronics market sales reached US\$681.0 billion. Specifically, the high-end consumer electronics market which amounted to about US\$560.5 billion accounted for 82.3% of total global consumer electronics market; the medium-end consumer electronics market accounted for 10.6% of total global consumer electronics market; and the low-end consumer electronics accounted for 7.1% of total global consumer electronics market.

Most of the Company's products are targeting mainly the high-end consumer electronics markets.

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Global Consumer Electronics Market

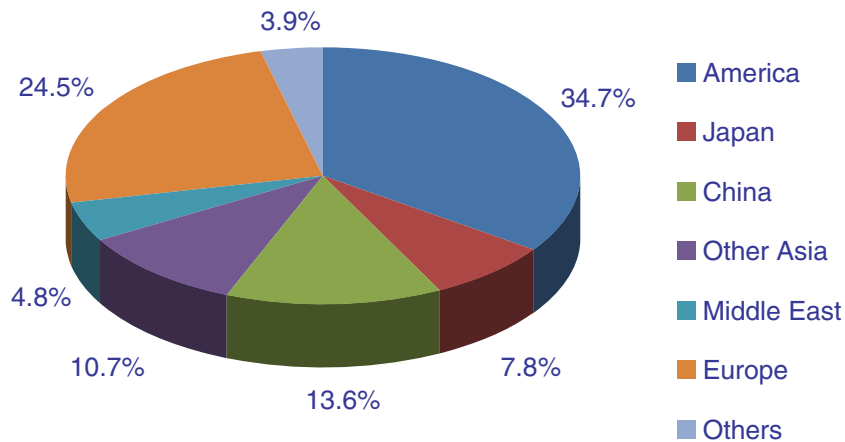
The global consumer electronics market has maintained a rapid growth in recent years. Although the global financial crisis started in the second half of 2008 leading to a decline in the global consumer electronics market in 2009, Frost & Sullivan predicts that the global consumer electronics market will return to growth, with a CAGR of 11.7% from 2009 to 2013. The following chart sets forth the historical and expected growth of the global consumer electronics market between 2007 and 2013.



*Note: All data are rounded
Source: Frost & Sullivan*

In addition, the market share of consumer electronics product sales by America and Europe has been decreasing in the past few years. According to Frost & Sullivan, in terms of consumer electronics product sales, the market share of America continued to shrink to about 34.7% in 2009 from about 35.0% of the global consumer electronics market in 2008. Meanwhile, Europe's market share of the global consumer electronics sales also decreased from 27.3% in 2008 to 24.5% in 2009. The following chart sets forth the global electronics market share by region for 2009.

Global Consumer Electronics Products Market Share by Region, 2009



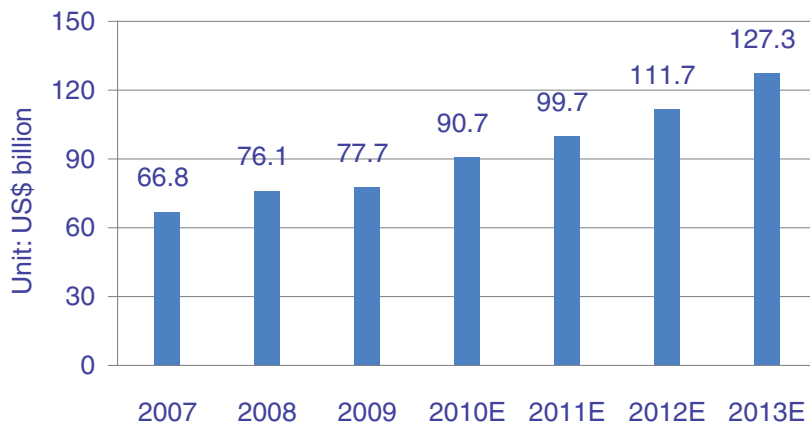
Source: Frost & Sullivan

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Chinese Consumer Electronics Market

According to Frost & Sullivan, notwithstanding the global financial crisis, the Chinese consumer electronics market continued to grow in 2009, albeit at a reduced rate of 2.0%, due to strong domestic demand and the increased investment by the Chinese government to drive the development in the domestic economy, and such growth rate of China was still the fastest in the world in 2009. Frost & Sullivan predicts that, in the future, the Chinese consumer electronics market will generate a higher growth rate with the CAGR of 13.2% from 2009 to 2013. The following chart sets forth China's historical and expected electronic products market capacity from 2007 to 2013.

China Electronics Market, 2007-2013



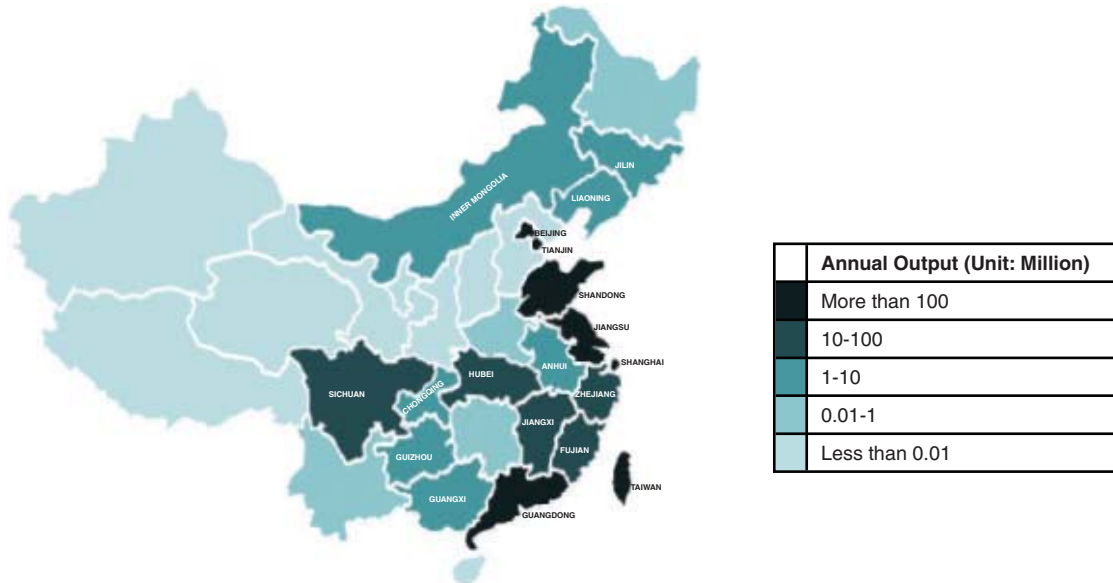
Note: All data are rounded.

Source: Frost & Sullivan

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China's consumer electronics market is increasingly becoming one of the world's most important regional markets. With the rapid development of digital TVs, mobile communications networks and Internet, and as more digital products are used in daily life, it is believed that China's consumer electronics market has the potential for significant future growth. In addition, the consumer electronics industry in China has increasingly focused in the areas of energy conservation, environmental protection, and health safety, which, according to Frost & Sullivan, should generate new market opportunities.

China Consumer Electronics Products Distribution Map



*Note: Output collected for each province in 2009
Source: Frost & Sullivan*

According to Frost & Sullivan, key provinces/cities for production of consumer electronics products in China are Guangdong, Beijing, Jiangsu, Shanghai, Tianjin and Shandong, with annual output of consumer electronic products exceeding 100 million units. Besides, in recent years, Zhejiang province has set up a relatively strong industrial base in the electronics sector and its electronic industry has developed strongly. Chongqing is becoming an increasingly important manufacturing hub and is China's largest IT manufacturing base in the west region of China and identified as one of the fifth-largest transportation hubs in China.

GLOBAL EXTERNAL SIGNAL CABLE ASSEMBLY MARKET

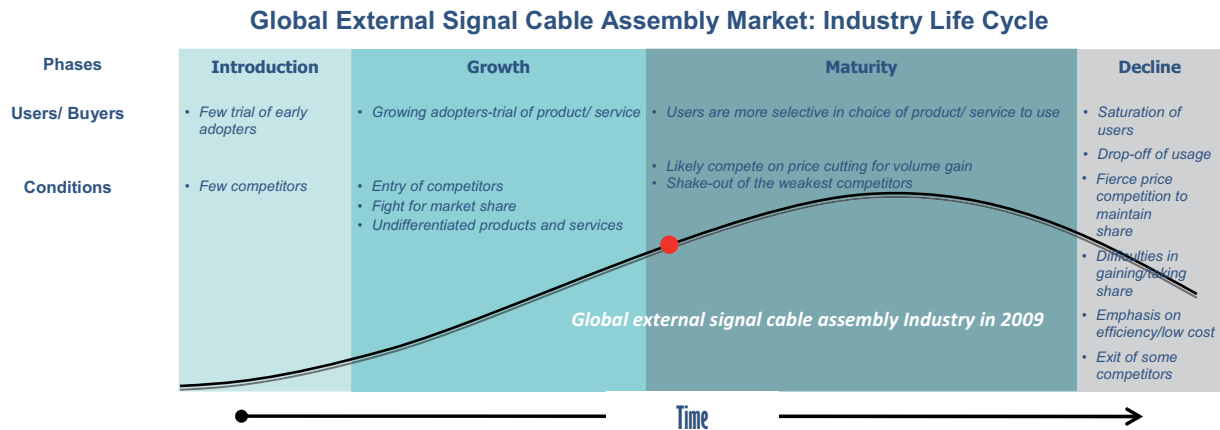
Introduction

External signal cable assembly for the consumer electronics market is used for transferring signals to a display and is widely used in mobile handsets, digital cameras, DVD players, personal computers and notebook, video game consoles, integrated amplifier, digital audio and television sets. The principal product types of external signal cable assembly include RGB assembly, DVI assembly, HDMI assembly, USB assembly and DC assembly.

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Industry Life Cycle

The current global external signal cable assembly market is anticipated to remain in the early maturity stage in at least the next few years and its life cycle could be extended through continuous technology advancement and increase in emerging market demands resulting in new type of external signal cable assembly such as HDMI and USB cable assembly. The following chart sets forth the industry life cycle for external signal cable assembly for consumer electronics market:



Source: Frost & Sullivan

According to Frost & Sullivan, the global external signal cable industry was originated in the 1970s with the development of RGB and DVI assembly, and now has entered the early maturity stage. The global external signal cable assembly industry has been developing for many years. Such development resulted from the growth of TV and other consumer electronics, which in turn was driven by global economic growth and the improvement of average consumption level.

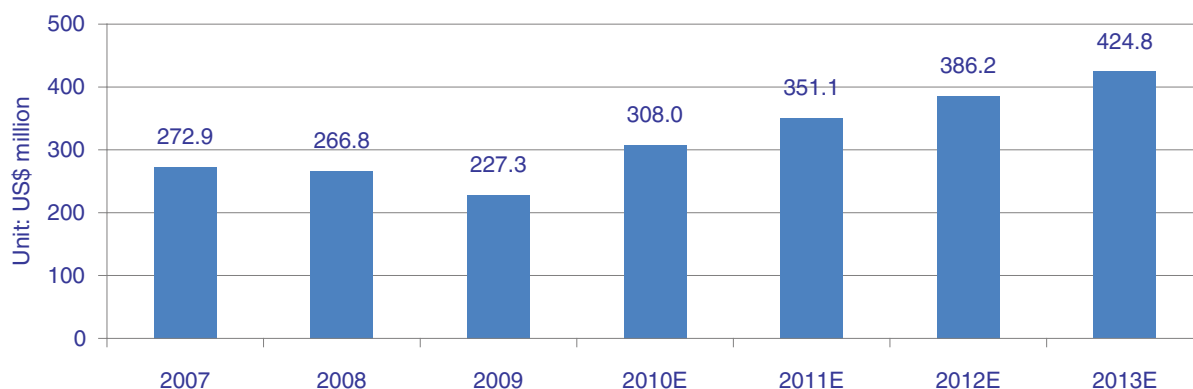
In recent years, external signal cable assembly manufacturers have increasingly focused on continuous technological improvement. Since 2007, technology innovation on manufacturing processes has driven the development of the global external signal cable market. Every kind of external signal cable assembly products has been upgraded to a higher standard and such product upgrading remains a continuing process as external signal cable manufacturers engage in technology innovation. For example, the USB assembly product has been developed from the initial USB1.0 to more advanced USB2.0 and, more lately, USB3.0 products. Such new standards raise higher requirements for better data transfer.

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Market Size

The following chart sets forth the historical and expected global external signal cable assembly market size for the consumer electronics market by revenue from 2007 to 2013:

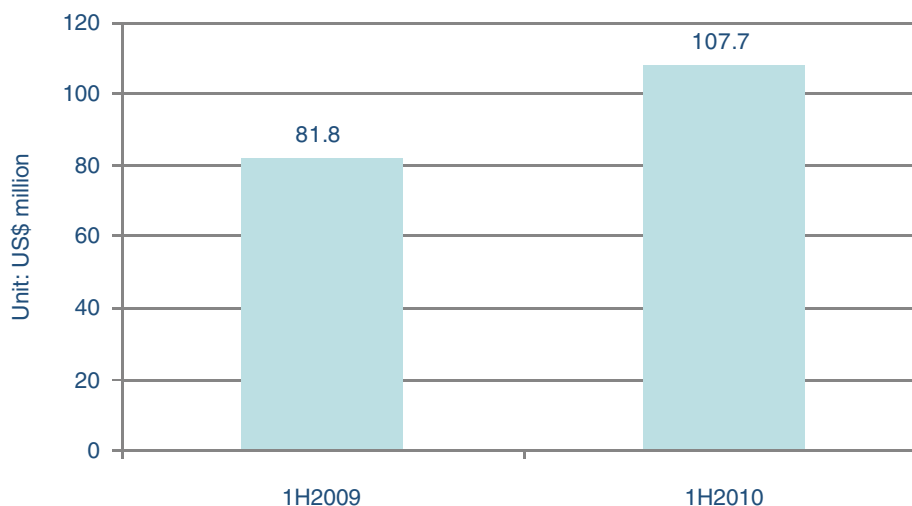
Global External Signal Cable Assembly Market Size by Revenue, 2007-2013



*Note: All data are rounded
Source: Frost & Sullivan*

The following chart sets forth the global external signal cable assembly market size for the consumer electronics market by revenue in the first half of 2009 and 2010. The sales of the global external signal cable assembly market reached US\$107.7 million in the first of 2010, representing an increase of 31.6% as compared to the same period in 2009.

Global External Signal Cable Assembly Market Size by Revenue, 1H2009-1H2010



*Note: All data are rounded.
Source: Frost & Sullivan*

At present, the majority of products in external signal cable market are RGB assembly and DVI assembly. USB assembly, HDMI assembly and DC assembly are recently developed products, and they were produced in bulk by manufacturers in the last two years. It is expected that, as the global economy recovers, the consumer electronics industry will recover as well. The market is expected to

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grow and the demand of external signal cable assembly is expected to be strong in the foreseeable future. Frost & Sullivan predicts that total sales of the global external signal cable assembly market for the consumer electronics market will grow at a CAGR of 16.9% from 2009 to 2013.

Key Industry Growth Drivers

Major factors contributing to the growth of the global external signal cable assembly market include:

- **Growth of TV and other consumer electronics industries:** TV and other electronics industries are likely to recover and will grow rapidly as the global economy recovers. For certain developed or developing economies, such as China, economy recovery has been better than expected.
- **Growing demands:** The demand of consumer electronic products such as TVs, personal computers and notebooks, and mobile handsets will increase, especially in China where the government has implemented a series of policies to stimulate consumption. The continued innovation of TV and other electronics, such as HDMI TV and newer version of notebook, is further expected to generate additional signal cable assembly market demands.
- **Increasingly richer applications:** In addition to the existing applications, new applications will emerge due to the high-tech development. Especially on Internet application, there are many new products emerging.

Future Outlook

According to Frost & Sullivan, the key trends for global external signal cable assembly for the consumer electronics market include:

- **Significant growth potential:** the global external signal cable assembly market is likely to have strong growth potential as a result of the expected increase in global demand of mobile handsets, digital cameras, TV and computers.
- **China's potential as a major market:** the growth rate of mobile, digital camera, TV and computer markets in China exceeds other markets and China is forecast to be a major market for external signal cable assembly products in the future.
- **USB assembly, HDMI assembly and DC assembly to be major product types:** USB assembly, HDMI assembly and DC assembly are expected to become the major product types in the external signal cable assembly market. At present, RGB assembly and DVI assembly markets are at a relatively mature stage and the growth of the two markets is expected to remain stable. However, USB assembly, HDMI assembly and DC assembly are relatively new products and are expected to be adopted widely.

Competitive Landscape

According to Frost & Sullivan, competition in the global external signal cable assembly market is mainly based on pricing, level of technology, range of product and product quality.

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Below is a brief summary of the key attributes of the competitive landscape of the global external signal cable assembly market in 2009:

- | | |
|------------------------|--|
| Tiers of Competitors | <ul style="list-style-type: none">● Large-scale manufacturers are frequently seen in medium- and high-end markets, where product quality is better and margin is favorable. Some of them provide low-end products only when the amount of orders reaches a certain level.● Large-scale manufacturers offer a diversified product range of external signal cable assembly and primarily focus on producing latest product models which usually require higher technical requirement.● Large-scale manufacturers supply mainly to global leading brands and non-brand name consumer electronics manufacturers such as Sony Group, Samsung Electronics, LG Electronics, Quanta Computer Inc. and Compal Electronics. Such consumer electronics manufacturers usually keep close relationship with their suppliers.● Medium-scale manufacturers are footed in medium-end market while trying to move to the high-end market. However, producing high-end products requires advanced technology and considerable capital investments in equipment, which presents significant barriers for them to enter the high-end market.● Small-scale manufacturers provide low-end products with lower value-added. The business of many of such manufacturers is focused on single column of products. |
| Degree of Competition: | High |
| Key Applications | <ul style="list-style-type: none">● Display● LCD and LED TV● Notebook● Digital camera● Mobile handset● Printer |

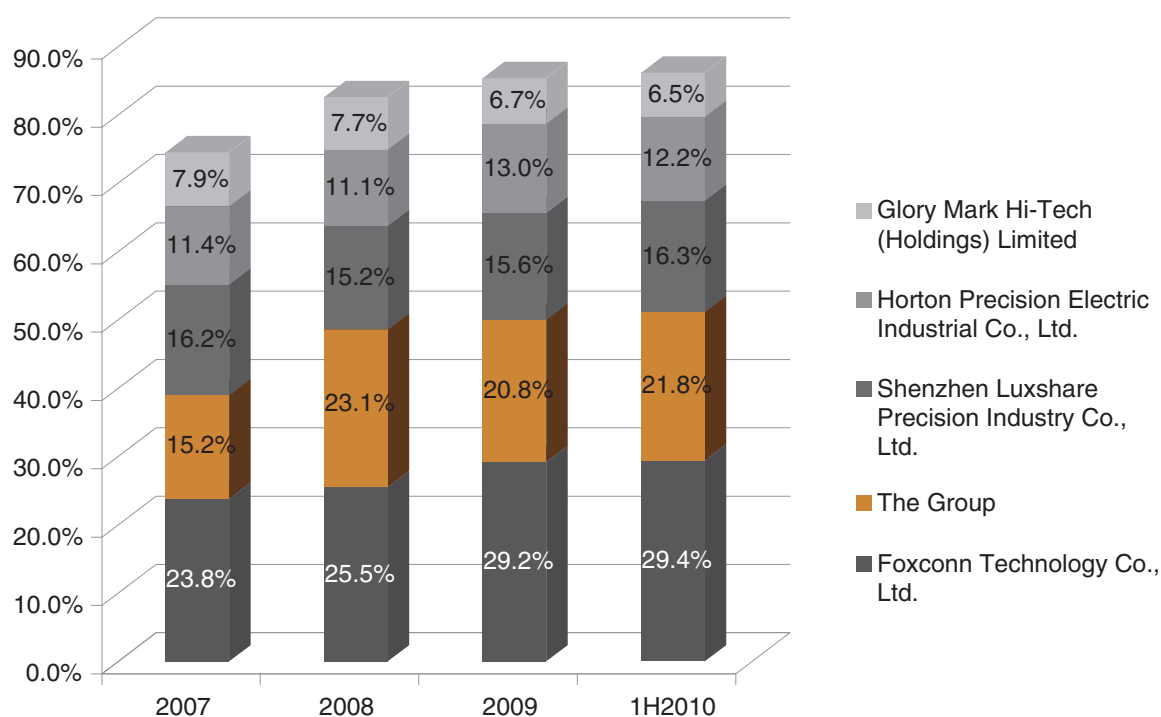
According to Frost & Sullivan, the global external signal cable assembly market is highly concentrated with the top 5 manufacturers accounting for 85.3% and 86.2% of the total revenue of the market in 2009 and the first half of 2010, respectively. According to Frost & Sullivan, the Company ranked second with 20.8% and 21.8% market share in terms of revenue in 2009 and the first half of 2010, respectively, and with a three-year CAGR of 6.8%, the highest among the top 5 manufacturers from 2007 to 2009. In addition to the Company, the other top 5 manufacturers in the global external

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signal cable assembly market in 2009 include (i) Foxconn Technology Co., Ltd., a large ODM manufacturer based in Taiwan that engages primarily in the manufacture, research, development and distribution of computer, communication and electronic products; (ii) Shenzhen Luxshare Precision Industry Co., Ltd., a company based in Shenzhen, PRC that engages primarily in the manufacture of electronic connectors and cable assembly solutions; (iii) Hotron Precision Electronic Industrial Co., Ltd., a Taiwan-based company with principal businesses in copper products, wire & cable, tool and mould, composite mylar aluminum foil manufacturing, precision metal press, plastic injection, plastic materials, connectors and cable assembly; and (iv) Glory Mark Hi-Tech (Holdings) Limited, a Taiwan-based company that engages primarily in the manufacture of electronic products and cable assembly.

The following chart sets forth the market share information of the top 5 manufacturers in the global external signal cable assembly market in 2007, 2008, 2009 and the first half of 2010.

**Global External Signal Cable Assembly Market: Market Share by Revenue,
2007 – 1H2010**



*Note: All data are rounded
Source: Frost & Sullivan*

GLOBAL NOTEBOOK INTERNAL SIGNAL CABLE ASSEMBLY MARKET

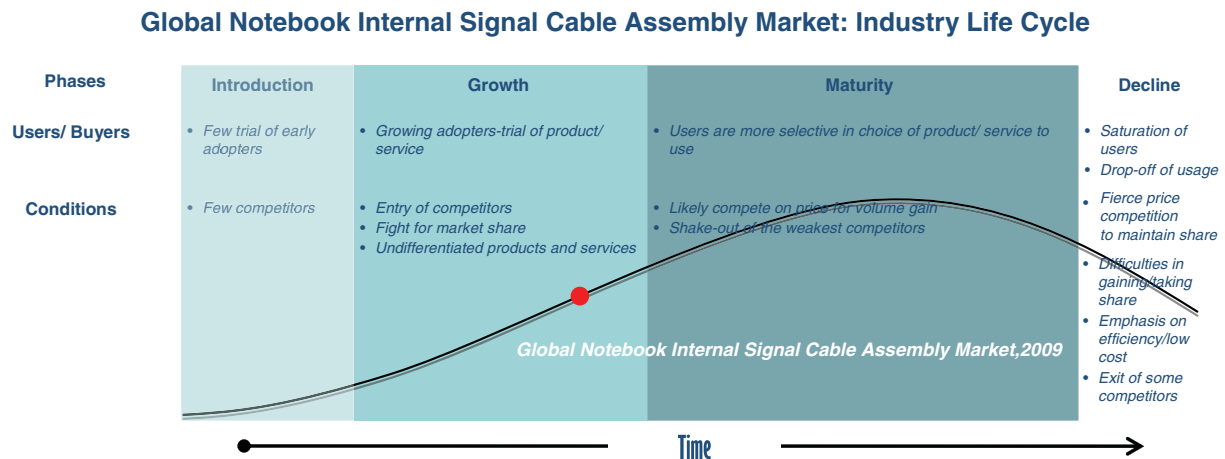
Introduction

Notebook internal signal cable assembly is adopted on notebook in connecting main board to display. The principal product types of notebook internal signal cable assembly include LVDS assembly such as mini-coaxial cable and slim wire harness. Notebook internal signal cable assembly products are mainly judged on their transmission efficiency, shielding effectiveness and anti-swinging ability. At present, the mini-coaxial cable and slim-wire harness products exhibit great performance in terms of these criteria.

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Industry Life Cycle

The global notebook internal signal cable assembly market now is in the growth stage and it is forecasted to remain in such life cycle in at least the next few years. Its life cycle will be extended through product innovations, such as new types of notebook internal signal cable assembly with higher transmission efficiency, shielding effectiveness, and anti-swinging ability, and sustained growth in market demand for notebook. The following chart sets forth the notebook internal signal cable assembly industry life cycle:



Source: Frost & Sullivan

The first notebook was produced in 1979. There are three phases for the development of the global notebook industry thereafter, including: the first phase (1979-1989) for the generation of notebook concept; the second phase (1990-2000) for the generation of the notebook retail market; and the third phase (2000-2009), during which notebook was accepted by more and more consumers.

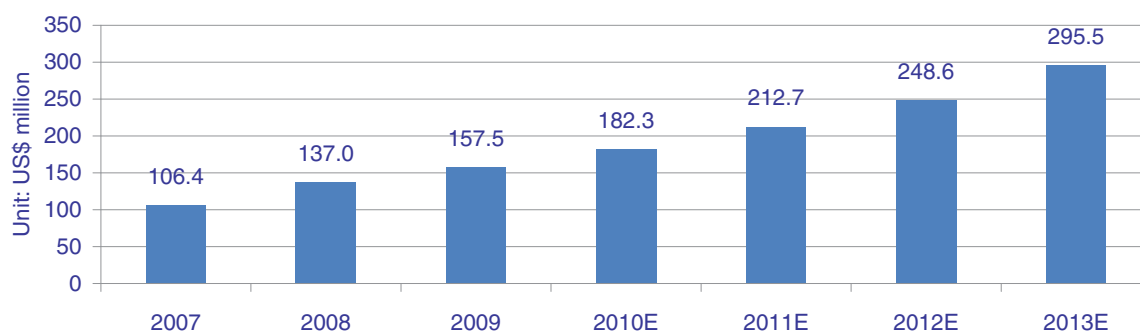
In 2009, the global notebook market generated high growth rate which led to the rapid growth of the global notebook internal signal cable market. Year 2009 was seen as a turning point in the computer market. It is the first time that the demands of notebook exceeded personal computers. With the growth of notebook, suppliers of specialty notebook internal signal cables assembly are at a stage for significant growth. Many manufacturers from Taiwan first saw the potential opportunity and started business in this field and they have now contributed to the majority of the market share. Nowadays, more and more Chinese manufacturers have begun to recognize the growth potential of the notebook internal signal cable assembly market. Some leading Chinese manufacturers have strengthened their advantages in the areas of technology innovation and cost control in order to get ahead of other competitors. According to Frost & Sullivan, it is foreseen that notebook tends to be of increasingly lighter weight and with higher performance requirements, which presents significant challenges for many suppliers of internal signal cable assembly. It is believed that only those suppliers that can stay ahead in technology innovation and research and development will lead the development of the global notebook internal signal cable assembly market.

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Market Size

The following chart sets forth the historical and expected global notebook internal signal cable assembly market size by revenue from 2007 to 2013:

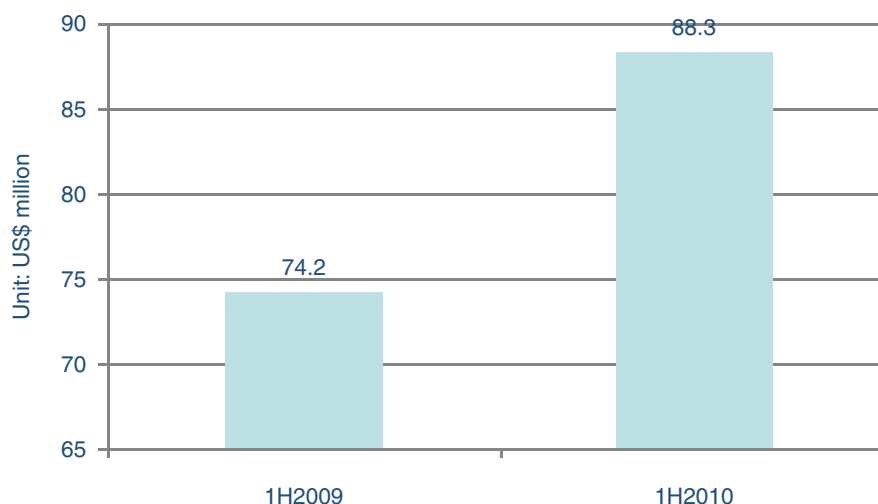
Global Notebook Internal Signal Cables Assembly Market Size by Revenue, 2007-2013



*Note: All data are rounded.
Source: Frost & Sullivan*

The following chart sets forth the global notebook internal signal cable assembly market size by revenue in the first half of 2009 and 2010. The sales of the global notebook internal signal cable assembly market reached US\$88.3 million in the first half of 2010, representing an increase of 19.0% as compared to the same period in 2009.

Global Notebook Internal Signal Cable Assembly Market Size by Revenue, 1H2009-1H2010



*Note: All data are rounded.
Source: Frost & Sullivan*

In recent years, the global notebook market has experienced rapid growth and the annual growth rate reached about 15.0% from 2008 to 2009. In 2009, the lower unit selling price was one of the key factors contributing to the high growth of demands of notebook and the notebook accounted for 60% of the entire computer market. With the development of notebook, in addition to fashion and rich

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functions, portability has also become an important and critical consideration for consumers. According to Frost & Sullivan, the global notebook internal signal cable assembly market is expected to maintain strong growth with a CAGR of 17.0% from 2009 to 2013.

Key Industry Growth Drivers

Major factors contributing to the growth of the global notebook internal signal cable assembly market include:

- **Increasing individual demands for notebook:** Increasing individual demands for notebook are likely to boost the demand for the notebook internal signal cable assembly market. Computer is essential to daily lives and its usage has maintained at a rapid growth rate. Compared to personal computer, notebook is increasingly more popular because of its fashion style and portability. As notebook's price experiences a downward trend in general, more and more individual consumers can afford to buy notebook in recent years.
- **Increasing business demands for notebook by enterprises:** Increasing business demands for notebook by enterprises are forecast to grow due to economic development as enterprises have increasingly recognized the importance of IT investments. With the development in economic globalization, notebook is also seen as the best choice for businessmen and corporate employees to carry during business trips.

Future Outlook

According to Frost & Sullivan, the key trends for the global notebook internal signal cable assembly market include:

- **Significant growth potential:** Global notebook internal signal cable assembly market is likely to be a large potential market. The global notebook industry is at a growth stage and the development of notebook will bring many business opportunities for the global notebook internal signal cable assembly market.
- **China's potential as a major market:** In 2009, the notebook market growth rate in China was 19% which was slightly higher than that of the global market. China will be a major market for global notebook internal signal cable assembly products because of the anticipated growth of its notebook market.
- **Technology innovation promotes the development of notebook:** New version of mini-coaxial cable and slim-wire harness with higher technical requirements will benefit the development of new version of notebook in areas such as product design and weight. As a result, new types of mini-coaxial cable and wire harness will likely continue to be adopted by notebook manufacturers.

Competitive Landscape

According to Frost & Sullivan, competition in the global notebook internal signal cable assembly market is mainly based on level of technology, customer services and the scope and breadth of product offerings.

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Below is a brief summary of the key attributes of the competitive landscape of the global notebook internal signal cable assembly market in 2009:

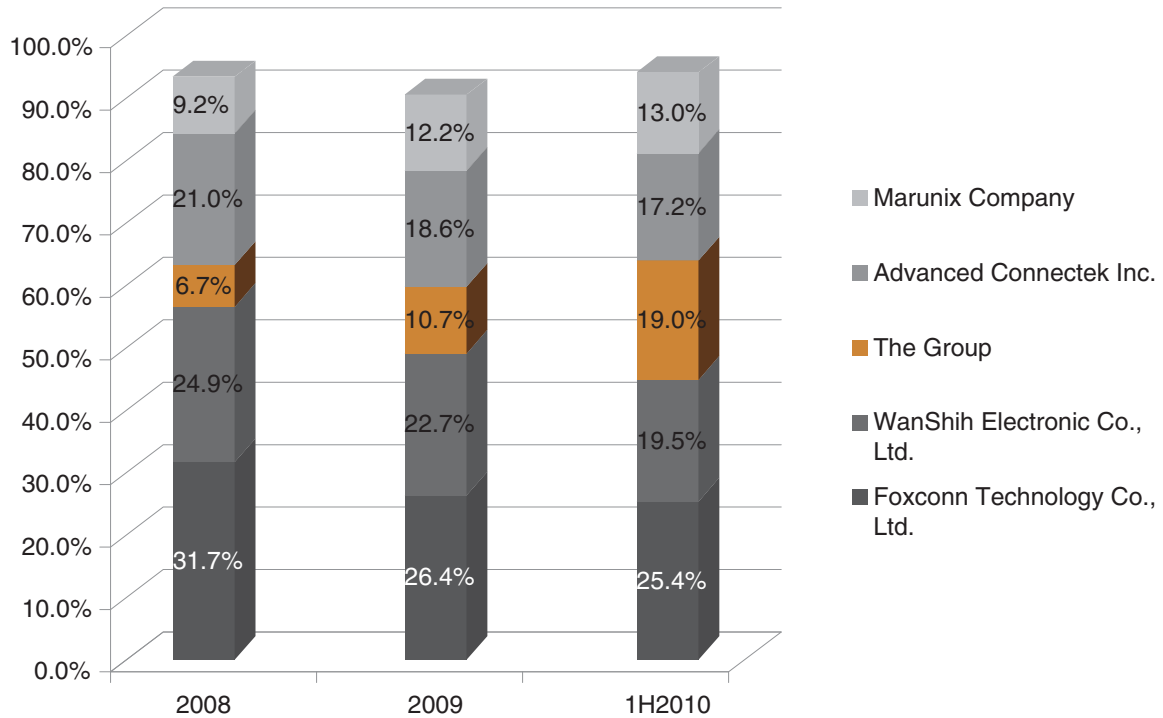
- Tiers of Competitors
- Large-scale manufacturers are mostly positioned in the medium-end and high-end market, where product quality is better and margin is more favorable. Some of them provide low-end products only when the amount of orders reaches a certain level. The large-scale manufacturers not only maintain a good working relationship with the original equipment manufacturers (OEM) and original design manufacturers (ODM) both in mainland China and Taiwan, but also maintain a good working relationship with international brand name notebook manufacturers.
 - Medium-scale manufacturers participate in the medium-end market while trying to move to high-end market. However, high-end products require advanced technology and considerable capital investments in equipment, which presents significant barriers for them to enter the high-end market. The medium-scale manufacturers usually have average research and development capability.
 - Small-scale manufacturers provide low-end products with lower value-added services. Many small-scale manufacturers generally focus on the conventional products and they typically have poor research and development capability.
- Degree of Competition: High
- Key Applications
- Notebook

According to Frost & Sullivan, the global notebook internal signal cable market is highly concentrated with the top 5 manufacturers accounting for 90.6% and 94.1% of the total revenue of the market in 2009 and the first half of 2010, respectively. Though we commenced production of notebook internal signal cable assembly in 2008, we ranked fifth with 10.7% market share in terms of revenue in 2009 and third with 19.0% market share in terms of revenue in the first half of 2010, according to Frost & Sullivan. In addition to our Company, the other top 5 manufacturers in the global notebook internal signal cable assembly market in 2009 include (i) Foxconn Technology Co., Ltd., a large ODM manufacturer based in Taiwan that engages primarily in the manufacture, research, development and distribution of computer, communication and electronic products, (ii) Wanshieh Electronic Co., Ltd., a Taiwan-based company that engages primarily in the manufacture of power cord assembly, wire harness and cable assembly products, (iii) Advanced Connectek Inc., a Taiwan-based company that engages in the manufacture of HDMI total solution, connectors, cable assembly, wireless antennas, optical fiber components and LED lighting solutions, and (iv) Marunix Company, a Japan-based company that specializes in the manufacture of notebook internal cable products.

INDUSTRY OVERVIEW

The following chart sets forth the market share information of the top 5 manufacturers in the global notebook internal signal cable assembly market in 2008, 2009 and the first half of 2010.

Global Notebook Internal Signal Cable Assembly Market: Market Share by Revenue, 2008 - 1H2010



*Note: All data are rounded
Source: Frost & Sullivan*

GLOBAL POWER CORD ASSEMBLY MARKET

Introduction

A power cord assembly is a cord or cable that temporarily connects an electrical appliance to the distribution circuits of an electrical power source via a wall socket or extension cord. The principal product types of power cord assembly include AC power cord assembly and DC power cord assembly. Power cord assembly is widely used but it is not easy to carry. Meanwhile, a power cord assembly is also restricted in its adoptions in terms of different protocols. At present, some USB cables of electronic products are produced with power charging feature that has been increasingly accepted by consumers and it may influence long term development of power cord assembly.

INDUSTRY OVERVIEW

The following table sets forth the technical standard certifications by various countries.

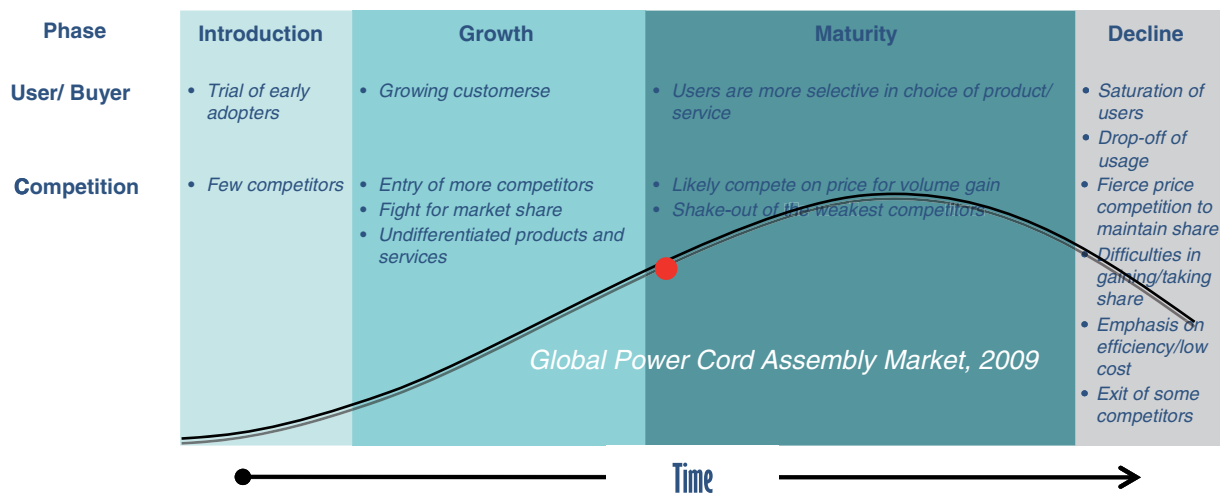
	Country	Abbreviation	Certification Mark		Country	Abbreviation	Certification Mark
Power Supply Cord	United States	UL		Power Supply Cord	China	CCEE	
	Canada	CSA			European Union	CENELEC CEE	
	Japan	T-MARK			Germany	VDE TUV	
	England	BS			Netherlands	KEMA	
	Australia	SAA			Switzerland	SEV	
	France	NF			Sweden	SEMKO	
	Italy	IMQ			Norway	NEMKO	
	Belgium	NBN			Denmark	DEMKO	
	Austria	OVE			Finland	SFS	

Source: Frost & Sullivan

Industry Life Cycle

The global power cord assembly market now has entered the early maturity stage and is forecasted to remain in the early maturity industry life cycle in at least the next few years. Its life cycle will be extended through product innovations, such as new types of power cord assembly which are more environmentally friendly and the continued stable market demand. The following chart sets forth the global power cord assembly industry life cycle:

Global Power Cord Assembly Market: Industry Life Cycle



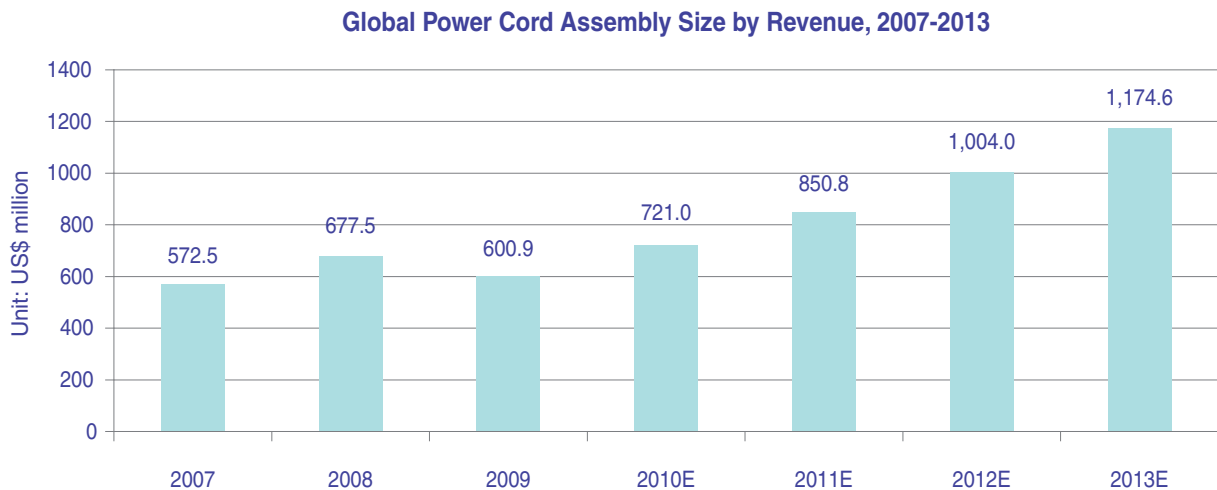
Source: Frost & Sullivan

INDUSTRY OVERVIEW

The global power cord assembly market develops along with the increasing popularization of electronic appliances, such as computers, over the past few decades of the so-called information age. As an integral component of most electronic products, the demand for power cord assembly has been growing steadily. Some Taiwanese companies are among first to spot the market potential and they initiated the mass production of power cord assembly thus leading the power cord assembly market by enjoying most of the market share. Following the lead of these Taiwan companies, an increasing number of Chinese enterprises have joined the competition in recent years. A number of Chinese companies which focus on research and development and safety standard improvement have become very competitive participants in the market. According to Frost & Sullivan, future competition of the global power cord assembly market will focus on cost and ability to meet safety requirements, and miniaturized and user-friendly products are expected to drive future demand.

Market Size

The following chart sets forth the historical and expected global power cord assembly market size by revenue from 2007 to 2013:



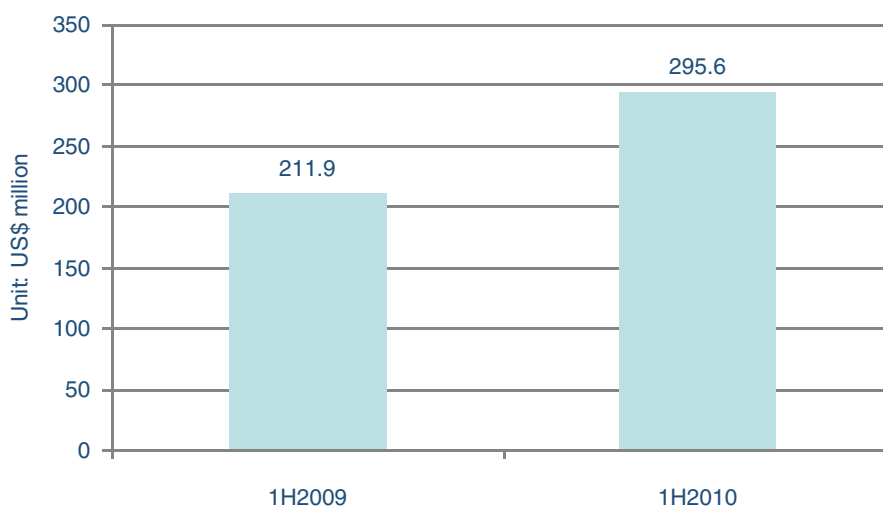
Note: All data are rounded.

Source: Frost & Sullivan

INDUSTRY OVERVIEW

The following chart sets forth the global power cord assembly market size by revenue in the first half of 2009 and 2010. The sales of the global power cord assembly market reached US\$295.6 million in the first half of 2010, representing an increase of 39.5% as compared to the same period in 2009.

Global Power Cord Assembly Market Size by Revenue, 1H2009-1H2010



Note: All data are rounded.

Source: Frost & Sullivan

Prior to 2009, the global power cord assembly market grew steadily at an annual growth rate of about 18.0% from 2007 to 2008. The global economic crisis had a significant impact on the power cord assembly market in 2009 and the total sales declined in that year. With the recovery of the global economy underway, it is expected that the growth trend for the home appliances and electronics industries will resume and continue. Benefiting from this trend, the global power cord assembly market is estimated to continue to grow in the future, with a projected CAGR of 18.2% from 2009 to 2013.

Key Industry Growth Drivers

The key factor contributing to the growth of the global power cord assembly market is the growth of consumer electronics and other electrical products markets. Continuous development of downstream consumer electronics and other electrical products markets will drive the development of the global power cord assembly market. A long-term relationship will exist between power cord assembly manufacturers and their customers and it is believed that such relationships will have significant mutual benefits for both power cord assembly manufacturers and their customers.

Future Outlook

According to Frost & Sullivan, the key trends for the global power cord assembly market include:

- Power cord assembly is essential to daily life. As the global economy recovers and the living standards improve, electronic products such as computers will be upgraded at faster pace in order to attract more and more customers. As demands for electronic products grow, sales of power cords assembly will increase.

INDUSTRY OVERVIEW

- Main growth opportunity for power cord assembly manufacturer is the increased usage of environment-friendly materials. More and more consumer electronics manufacturers are focusing on the environmental issues and they tend to choose such manufacturers with adequate capability to produce more environmentally friendly power cord products.
- Product-focused technology innovation will help manufacturers exercise effective cost controls. Meanwhile, the development of materials and manufacturing technologies and processes will result in enhanced product safety and improved product quality.

Competitive Landscape

According to Frost & Sullivan, competition in the global power cord assembly market is mainly based on product safety, cost, sales channel and customer relations.

Below is a brief summary of the key attributes of the competitive landscape of the global power cord market in 2009:

- | | |
|------------------------|---|
| Tiers of Competitors | <ul style="list-style-type: none">● Large-scale manufacturers provide power cord assembly for a wide range of applications including computers, telecommunications, consumer electronics and home appliances. Their products are able to meet safety standard certifications for many countries. A wide variety of environment-friendly materials have been applied in the manufacture of power cord assembly to ensure energy conservation.● Medium-scale manufacturers pay attention to the safety standard certifications. They offer a limited types of power cord assembly in specific markets.● Small-scale manufacturers supply low-price products. They generally do not focus on the safety standard certifications and environmental protection requirements. |
| Degree of Competition: | Medium |
| Key Applications | <ul style="list-style-type: none">● PC● Display● Notebook● LCD and LED TV |

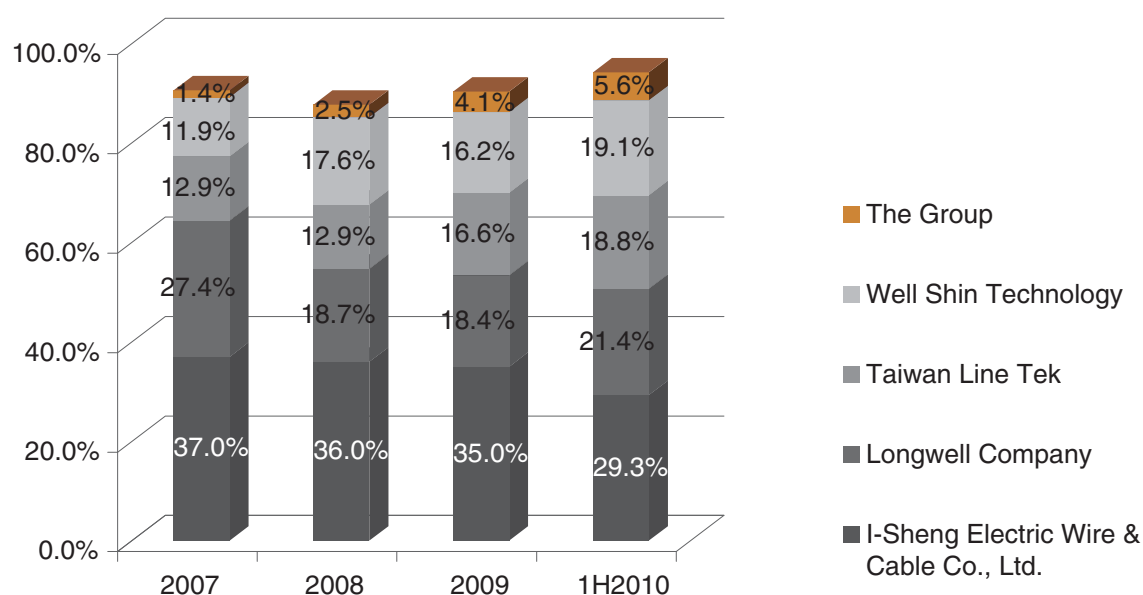
According to Frost & Sullivan, the global power cord assembly market is highly concentrated with the top 5 manufacturers accounting for 90.3% and 94.2% of the total revenue of the market in 2009 and the first half of 2010, respectively. According to Frost & Sullivan, the Group ranked fifth with 4.1% and 5.6% market share in terms of revenue in 2009 and the first half of 2010, respectively, and with a three-year CAGR of 77.5%, the Group had highest growth rate among the top 5 manufacturers from 2007 to 2009. In addition to our Company, the other top 5 manufacturers in the global power cord assembly market in 2009 include (i) I-Sheng Electric Wire & Cable CO., Ltd, a Taiwan-based company that engages primarily in the manufacture and distribution of power cord

INDUSTRY OVERVIEW

assembly, connectors, power cables and network wires; (ii) Longwell Company, a Taiwan-based company that engages primarily in the manufacture of electronic components and cable products; (iii) Taiwan Line Tek Electronic Co., Ltd., a Taiwan-based company that engages primarily in the manufacture of a comprehensive range of plugs with a large variety of power cord assembly products for use in computers, telecommunications, consumer electronics, power tools, lighting and medical equipment; and (iv) Well Shin Technology Co., Ltd., a Taiwan-based company that specializes in the manufacture of power supply wiring products.

The following chart sets forth the market share information of the top 5 manufacturers in the global power cord assembly market in 2007, 2008, 2009 and the first half of 2010.

**Global Power Cord Assembly Market: Market Share by Revenue,
2007 – 1H2010**



*Note: All data are rounded
Source: Frost & Sullivan*

GLOBAL SIGNAL TRANSMISSION WIRE & CABLE MARKET

Introduction

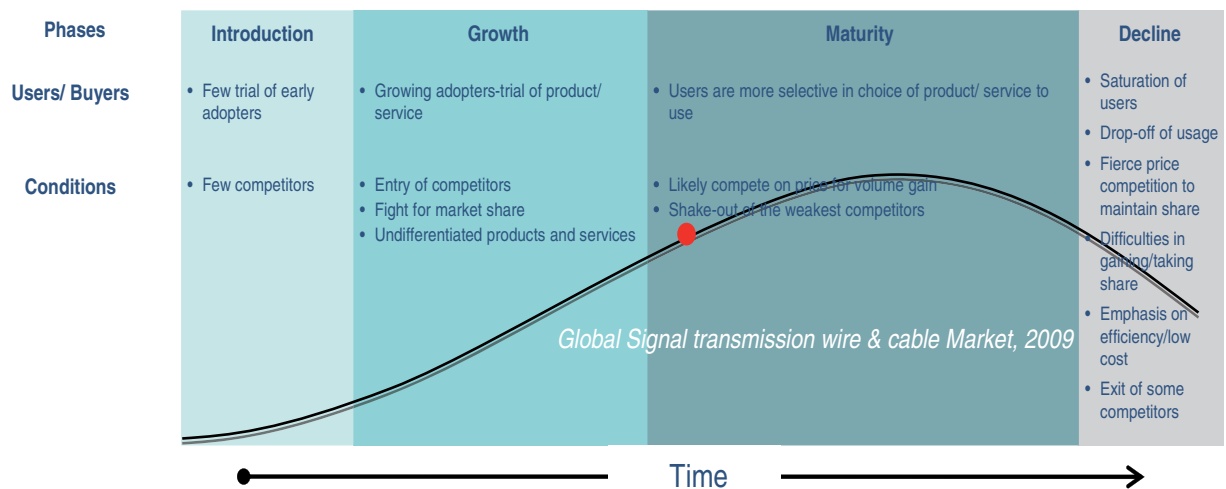
Signal transmission wire & cable is an intermediate product which needs to be assembled with a connector to become a cable assembly product. The main types of signal transmission wire & cable products include, among others, communication cable, consumer electronics cable, notebook internal interconnecting cable and automotive cable.

INDUSTRY OVERVIEW

Industry Life Cycle

The global signal transmission wire & cable market was originated from the mid-nineteenth century, and now has entered the early mature stage. It is forecasted that the current global signal transmission wire & cable market will remain in the early maturity industry life cycle in at least the next few years but its life cycle could be extended through product innovation such as new types of wire & cable, with capability such as heat and corrosion resistance and higher transmission capacity, and the continued stable market demand. The following chart sets forth the signal transmission wire & cable industry life cycle:

Global Signal transmission wire & cable Market: Industry Life Cycle



Source: Frost & Sullivan

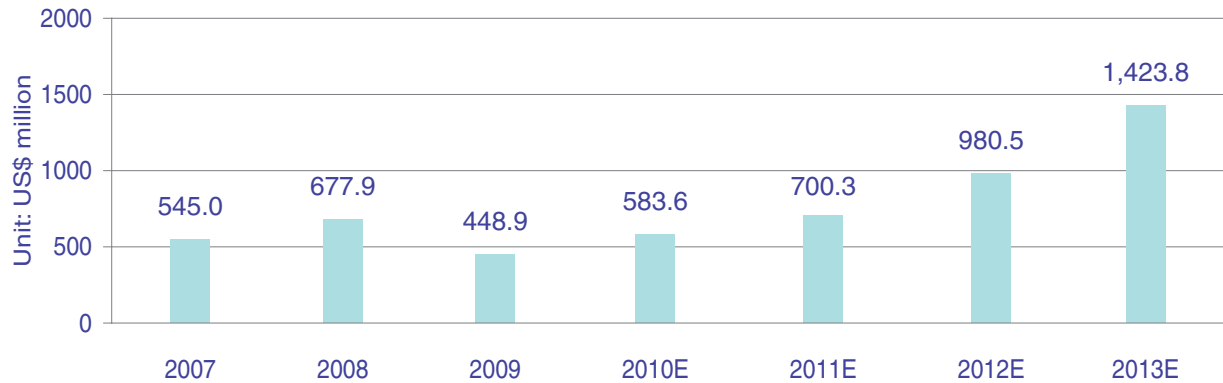
Signal transmission wire & cable can be used for communication assembly, consumer electronics assembly, portable internal signal assembly and automotive wiring harness. These industries have undergone rapid development globally, especially in China. For example, the development of Internet of Things in China will lead to the further development of network television and digital products. According to Frost & Sullivan, it is likely that China will witness stronger demand for high frequency data type of communication cable in the next few years.

INDUSTRY OVERVIEW

Market Size

The following chart sets forth the historical and expected global signal transmission wire & cable market size for the global consumer electronics market by revenue from 2007 to 2013:

Global Signal Transmission Wire & Cable Market Size by Revenue, 2007-2013

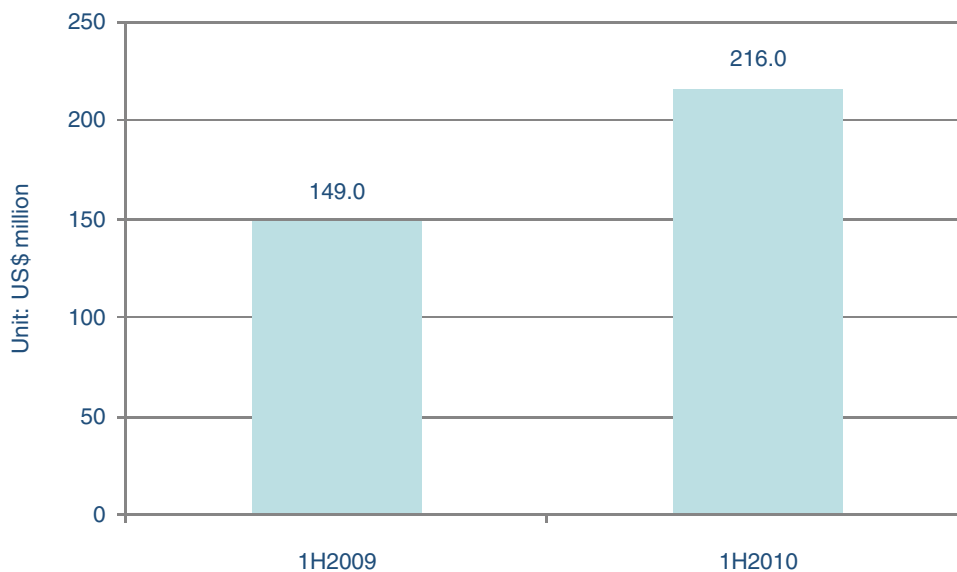


*Note: (1) The wire & cable market refers to wire & cable products used in consumer electronics.
 (2) All data are rounded.*

Source: Frost & Sullivan

The following chart sets forth the global signal transmission wire & cable market size for the global consumer electronics market by revenue in the first half of 2009 and 2010. The sales of such global signal transmission wire & cable market reached US\$216.0 million in the first half of 2010, representing an increase of 45.0% as compared to the same period in 2009.

Global Signal Transmission Wire & Cable Market Size by Revenue, 1H2009-1H2010



*Note: (1) The wire & cable market refers to signal transmission wire & cable products used in consumer electronics.
 (2) All data are rounded.*

Source: Frost & Sullivan

INDUSTRY OVERVIEW

The global economic crisis had a significant negative impact on the signal transmission wire and cable market in 2009 and the total sales declined substantially in that year. In the future, with the recovery of the global economy, growth in downstream industries will resume and continue, and thus the demands for signal transmission wire & cable will increase. According to Frost & Sullivan, the CAGR for the global signal transmission wire & cable market is anticipated to reach 33.5% from 2009 to 2013.

Key Industry Growth Drivers

Major factors contributing to the growth of the global signal transmission wire & cable market include:

- ***Many industries are likely to grow due to global economic recovery.*** Many developed and developing economies are in the process of recovering. As the global economy recovers, the growth of many downstream industries of the signal transmission wire & cable market is expected to resume and continue.
- ***The development of Internet of Things will promote the network television and digital products.*** Since IBM's "Smart Earth" concept emerged, Internet of Things has been widely accepted over the world. Continued development of network televisions and digital products are generating new opportunities for the signal transmission wire & cable market.

Future Outlook

According to Frost & Sullivan, the key trends for global signal transmission wire & cable market include:

- ***Global signal transmission wire & cable market is likely to maintain a sustainable growth in the next four years.*** With the global economy recovering, most industries are expected to grow again, and the signal transmission wire & cable market is expected to benefit from this trend and have a sustainable growth in the next four years.
- ***The price of signal transmission wire & cable is expected to remain competitive.*** There are manufacturers emerging from China exhibiting their cost-effective advantages in recent years. In order to acquire more orders from consumers, many manufacturers have started to compete on price.
- ***The development of applications raises requirements in terms of technology.*** In the future, the development of applications will require improvements in technology and signal transmission wire & cable products will be required to support the higher frequency transmission and application upgrading.

Competitive Landscape

According to Frost & Sullivan, competition in the global signal transmission wire & cable market is mainly based on level of technology, the scope and breadth of product line, ability to exercise effective cost controls and customer services.

INDUSTRY OVERVIEW

Below is a brief summary of the key attributes of the competitive landscape of the global signal transmission wire & cable market for the consumer electronics industry in 2009:

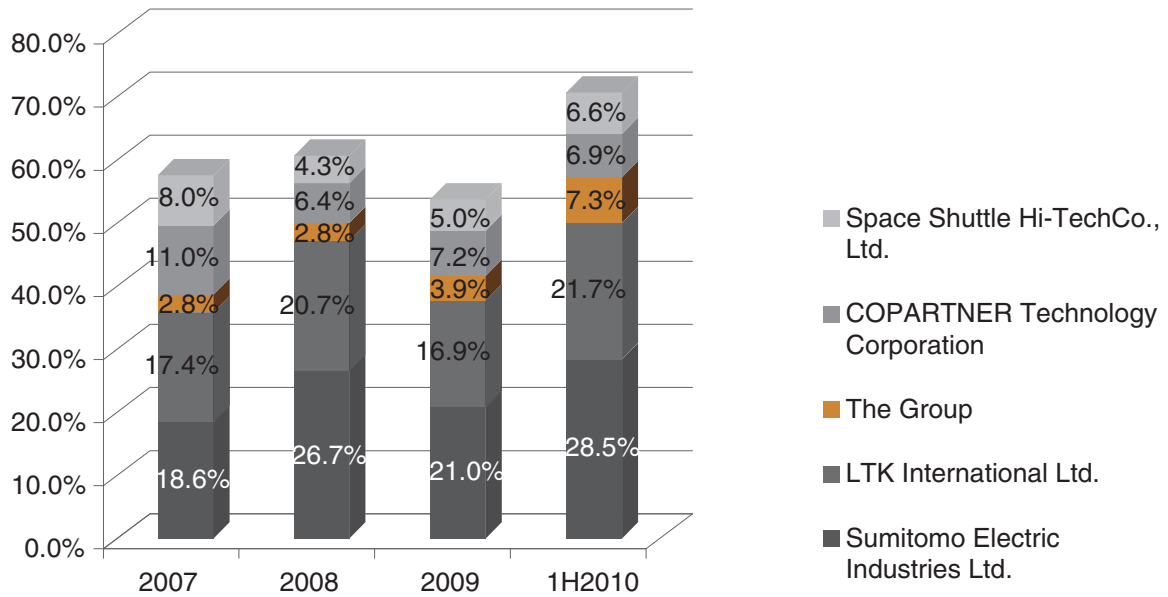
- Tiers of Competitors
- Large-scale manufacturers are mostly positioned in the medium-end and high-end market, where product quality is better and margin is favorable. Some of them provide low-end products only when the amount of orders reaches a certain level. With a strong research and development capability, large-scale manufacturers are well-positioned to grasp market opportunities as requirements from customers change.
 - Medium-scale manufacturers participate in the medium-end market while trying to move to high-end market. However, high-end products require advanced technology and considerable capital investments in equipment, which presents significant barriers for them to enter the high-end market. Medium-scale manufacturers have general research and development capability.
 - Small-scale manufacturers provide low-end products with lower value-added services. Many manufacturers only focus on a single product line and they typically have poor research and development capability.
- Degree of Competition: Low
- Key Applications
- Signal cable assembly

According to Frost & Sullivan, the global signal transmission wire & cable market is fairly concentrated with the top 5 manufacturers accounting for 54.0% and 71.0% of the total revenue of the market in 2009 and the first half of 2010, respectively. According to Frost & Sullivan, the Group ranked fifth with 3.9% of market share in terms of revenue in 2009 and third with 7.3% of market share in terms of revenue in the first half of 2010 and, the Group grew at a CAGR of 7.7% from 2007 to 2009, while the other top 4 manufacturers in 2009 experienced a decline in revenue for the same period. In addition to our Company, the other top 5 manufacturers in the global signal transmission wire & cable market in 2009 include (i) Sumitomo Electric Industries Ltd, a Japan-based company with principal businesses in cables, mechanical materials and energy; (ii) LTK International Ltd., a Hong Kong-based company that specializes in wire & cable products; (iii) COPARTNER Technology Corporation, a Taiwan-based company that engages primarily in the manufacture and distribution of cable products; and (iv) Space Shuttle Hi-Tech Co., Ltd., a Taiwan-based company that engages primarily in the manufacture, development and distribution of cables and related assembly products for use in computer, communication and consumer electronic products.

INDUSTRY OVERVIEW

The following chart sets forth the market share information of the top 5 manufacturers in the global signal transmission wire & cable market in 2007, 2008, 2009 and the first half of 2010.

**Global Signal Transmission Wire & Cable Market: Market Share by Revenue,
2007 – 1H2010**



*Note: All data are rounded
Source: Frost & Sullivan*

GLOBAL CONNECTOR MARKET

Introduction

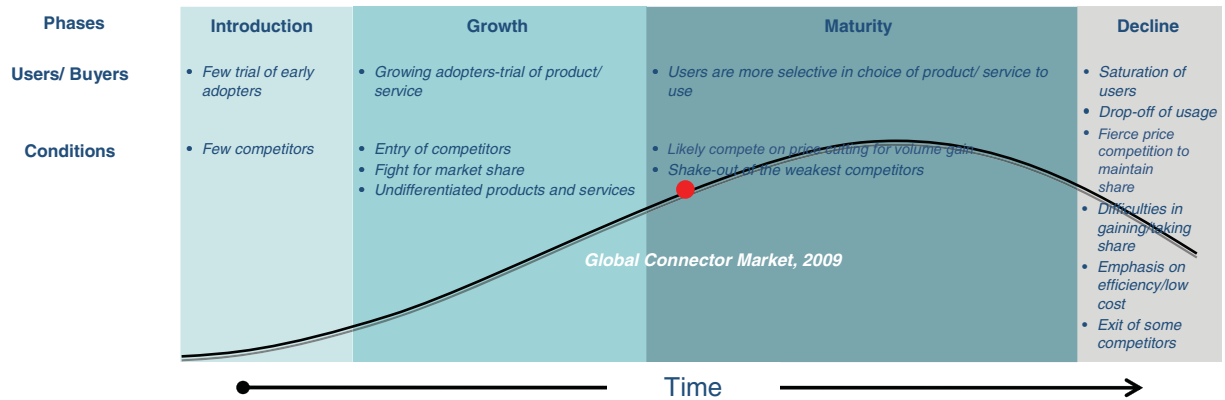
Connector is used for connecting two electronic parts to transmit power or signals, and maintains the non-occurrence of signal distortion and energy loss changes. Connector is applied in a wide range of industries such as consumer electronics, automotive and household appliances. Connector can be divided into two types, which are board-side connector and terminal connector. Board-side connector is installed in electrical and electronic product itself, and welded in PCB while terminal connector is welded in wire. The product types of connector include, among others, HDMI connector, DVI connector, SATA connector, USB connector and VGA connector.

INDUSTRY OVERVIEW

Industry Life Cycle

The current global connector market is expected to remain in the early maturity industry life cycle in at least the next few years but its life cycle will be extended through innovation of consumer electronic products. The following chart sets forth the connector industry life cycle:

Global Connector Market: Industry Life Cycle



Source: Frost & Sullivan

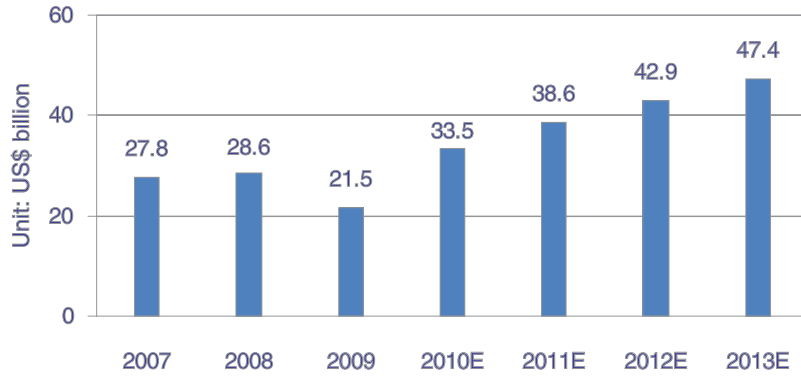
With the increasing development of global economy, the global connector market has grown rapidly. At present, connector is widely adopted by the computer, communication, automotive, home appliance, aviation and military industries. The fluctuations in the development of the global economy have impacted the growth rate of the connector market. However, with the rapid development of the computer & communication industry and the emergence of new application areas, the connector market will have potential for future growth. There are about 40,000 connector manufacturers worldwide. In order to win orders, many manufacturers expand scale through mergers and acquisitions. According to Frost & Sullivan, the connector market will gradually be dominated by a few major manufacturers.

INDUSTRY OVERVIEW

Market Size

The following chart sets forth the historical and expected global connector market size by revenue from 2007 to 2013:

Global Connector Market Size By Revenue, 2007-2013

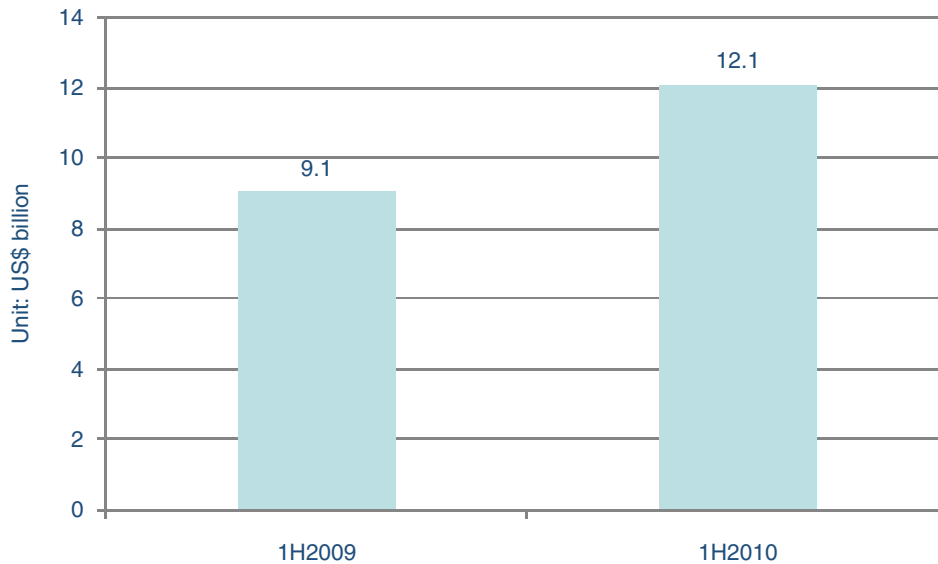


*Note: (1) The connector market refers to automotive, computer & computer peripherals, communication and consumer electronics.
(2) All data are rounded.*

Source: Frost & Sullivan

The following chart sets forth the global connector market size by revenue in the first half of 2009 and 2010. The sales of such global connector market reached US\$12.1 billion in the first half of 2010, representing an increase of 33.0% as compared to the same period in 2009.

Global Connector Market Size by Revenue, 1H2009-1H2010



*Note: (1) The connector market refers to automotive, computer & computer peripherals, communication and consumer electronics.
(2) All data are rounded.*

Source: Frost & Sullivan

INDUSTRY OVERVIEW

Due to the global economic crisis, the global connector market experienced a slowdown in growth in 2008 and a decline in 2009 in terms of market size by revenue. With the global economy recovering, many industries including the global automotive industry, in particular, the Chinese automotive market, the global communication industry and the consumer electronics industry are expected to demonstrate growth. According to Frost & Sullivan, the global demand for connector is forecasted to grow at a CAGR of 21.9% from 2009 to 2013, reaching US\$47.4 billion in 2013.

Key Industry Growth Drivers

Major factors contributing to the growth of the global connector market include:

- **Many industries are likely to recover from the recent global downturn:** National economies of many developed or developing countries are recovering and many industries are expected to benefit from such recovery.
- **Connector manufacturers are expected to expand production scale:** Given the global economic recovery, many connector manufacturers are actively preparing to expand production scale and improve product lines.
- **The growth rate of consumption demand will pick up gradually:** Automotive, electronics and computer consumption will pick up, especially in China whose government has introduced preferential policies to stimulate consumption.
- **Applications are expected to grow richer:** In addition to the existing applications, new applications will emerge due to the development of more advanced technologies.

Future Outlook

According to Frost & Sullivan, the key trends for the global connector market include:

- **The global connector market is likely to witness strong growth.** Given the global economic recovery, most electronic product industries have started to grow, which will drive the market growth of connectors. It is forecasted that the global connector market will witness a CAGR of 21.9% in terms of revenue from 2009 to 2013.
- **China to be a major market.** In the recent past, China's connector market generated a growth rate of 15.0% from 2007 to 2009 which surpassed the global average market growth rate. Due to the economic recession, the top connector manufacturers in the world increased their investments in China because of the higher demands and lower production costs in China, which will accelerate the development of the Chinese connector market.
- **Applications of connector will expand.** In the past, the top 5 applications, such as automotive, computer & computer peripherals, communication, industrial equipment and aviation/military, dominated the majority of application fields for connectors. In future, other applications, such as medical, are expected to rise. In addition, the application of connector will expand for each specific industry; taking automotive industry as an example, one vehicle will use 600-1,000 connectors or even 1,000-2,000 connectors.
- **The development of applications raises technical requirements.** In recent years, with the development of electronic products, such as notebook, mobile handset, digital camera and so on, the electronic products tend to be lighter, thinner, shorter, smaller and with higher-speed transmission. Therefore, many connector manufacturers strive to develop products with high-speed transmission and other advanced technical features.

INDUSTRY OVERVIEW

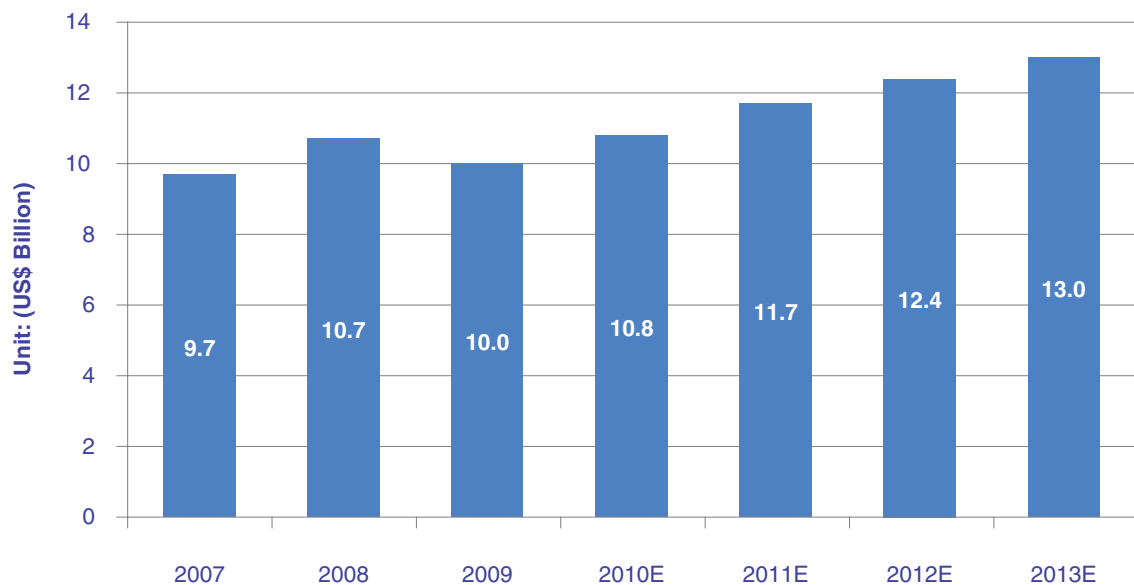
INDUSTRY OVERVIEW OF OUR NEW/FUTURE TARGET MARKETS

Antenna Market

Wireless communication antenna refers to those products adopted in communication systems. Small antenna refers to those products adopted in notebook, router, GPRS and mobile handsets and so on. Big antenna refers to base station antenna, microwave antenna, ceiling mount antenna and indoor antenna, etc.

Overall sales in the global antenna market were US\$10.7 billion in 2008, which declined to US\$10.0 billion in 2009 due to the global economic recession. However, according to Frost & Sullivan, overall sales are projected to reach US\$13.0 billion in 2013, representing a CAGR of 6.8% from 2009 to 2013. The following chart sets forth the historical and expected sales of the global antenna market from 2007 to 2013.

Global Antenna Market Size by Revenue, 2007-2013



Note: All data are rounded.

Source: Frost & Sullivan

Key drivers for the antenna market include:

- **The rapid development of wireless communication technology and terminal units boosts the antenna market.** With different wireless communication technologies having emerged, the rapid development of global terminal units of wireless communication boosts the antenna market. Since 2006, the shipment of terminal antenna has been over one billion every year. In addition, because of the advantages such as small size, ability to support movement at high speed, high communication stability and ability to support various technologies of wireless connection, terminal antenna has been adopted in applications such as mobile handsets, automobiles, logistics, sensors and surveillance systems.
- **Increased demand for mobile handset drives the antenna market.** In 2009, the global shipment of mobile handset reached 1.2 billion units, and this resulted in a demand for

INDUSTRY OVERVIEW

mobile terminal antenna of 2.0 billion units, representing 87.2% of global demand for terminal antenna. With the continuous growth in demand for mobile handset globally, this will drive the demand for antenna going forward.

- **Increased demand for the wireless access function of notebook computer and netbook spurs the wireless communication antenna market.** Wireless internet connectivity is now a standard feature of notebook computer and netbook. With increased demand for wireless transport function of notebook computer and netbook, WiFi antenna and bluetooth antenna are expected to become part of a standard configuration for notebook computer and netbook in the future.

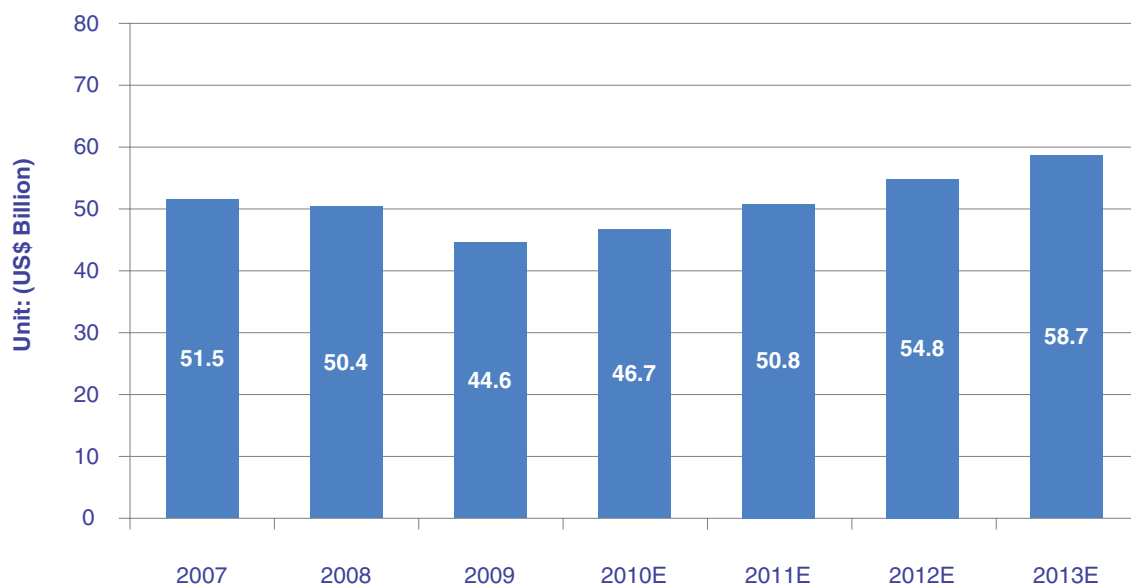
Automotive Wiring Harness Market

Automotive wiring harness refers to an array of insulated conductors bound together by lacing cord, metal bonds or other binding in an arrangement suitable for use in automobiles.

Competitive Landscape

Though the global automobile market witnessed a decline in 2009 due to the economic crisis, it is expected to recover in 2010 and according to Frost & Sullivan, overall sales are projected to reach US\$58.7 billion in 2013, representing a CAGR of 7.1% from 2009 to 2013. The following chart sets forth the historical and expected sales of the global automotive wiring harness market from 2007 to 2013.

Global Automotive Wiring Harness Market Size by Revenue, 2007-2013



Note: All data are rounded.

Source: Frost & Sullivan

Foreign-funded manufacturers in China accounted for 90% of the automotive wiring harness market and the majority of the automotive wiring harness industry is consisted of foreign-funded manufacturers.

INDUSTRY OVERVIEW

Market Drivers

Key drivers for the global automotive wiring harness market include:

- **Increasing production of automobiles is likely to boost the automotive wiring harness market.** With the global economic recovery, automobile market also witnesses trends of recovery. Driven by China's automobile rapid development, the global automobile market obtains a rapid growth in production. It is forecasted that the global automobile production will grow at a CAGR of 8.7% from 2009 to 2013.
- **Increased demand of international market promotes the exports of automotive wiring harness.** The continued development of China's automotive wiring harness industry will drive both domestic and foreign demands. In 2005, China's export of automotive wiring harness products was 149,000 tons. Such export reached 249,000 tons in 2009, generating sales of US\$2.3 billion.

Specialty Power Cable Market

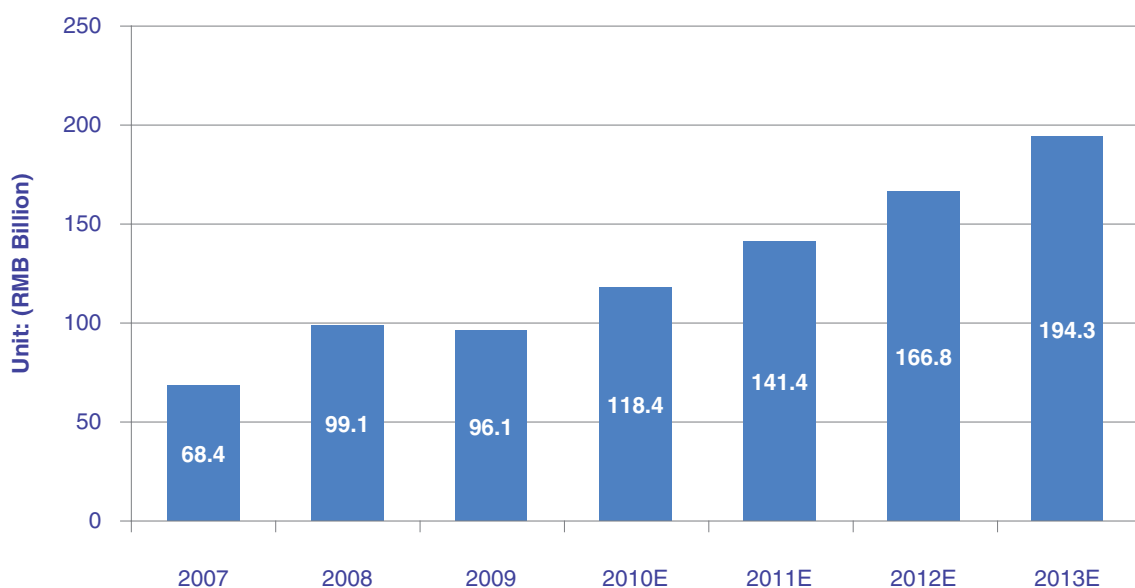
Specialty power cable refers to power cables with such special attributes as anticorrosion, high-temperature resisting, anti-bending, oil resistant and anti-aging.

Competitive Landscape in China

According to Frost & Sullivan, overall sales in China's specialty power cables market were RMB96.1 billion in 2009. With the demand of solar cables, ship board cables, wind power cables and railway rolling stock cables experiencing fast growth, Frost & Sullivan forecasts that the market will reach RMB194.3 billion in 2013, representing a CAGR of 19.2% from 2009 to 2013.

The following chart sets forth the historical and expected sales of China's specialty power cable market from 2007 to 2013.

China's Specialty Power Cables Market Size by Revenue, 2007-2013



Note: All data are rounded.

Source: Frost & Sullivan

INDUSTRY OVERVIEW

Market Drivers

Key drivers for China's specialty power cable market include:

- **With the increasing pressure from environment, wind power and solar power attract more attention.** There is growing awareness of wind power and solar power in China. Wind power is one of the renewable energies with the most business potential and is known for its vigor, cleanness, low-cost and infinity. The wind power industry has developed rapidly in recent years, which drives the growth of the wind power cable market. Solar power is also attractive because of its less pollutive.
- **The rapid development of the Chinese shipbuilding industry brings new opportunity for ship equipment manufacturers.** As the third largest shipbuilding country in the world, China has made great progress in its shipbuilding industry and brought new opportunities for ship board cables manufacturers.
- **China's booming cities promote the construction of subway.** Given the economic boom experienced by many cities in China, China's specialty power cable market will grow rapidly in the next 3 to 5 years as the construction of subway will drive up the demand for subway rolling wire & cable.
- **Cables for photovoltaic use.** Owing to the rapid development of photovoltaics, photovoltaics power cables have special features including antiaging and anticorrosion, and will be widely used.

Solar Connector Market

Solar connector is used to accommodate serial and parallel connection of photovoltaic wafer used in the solar power generation systems.

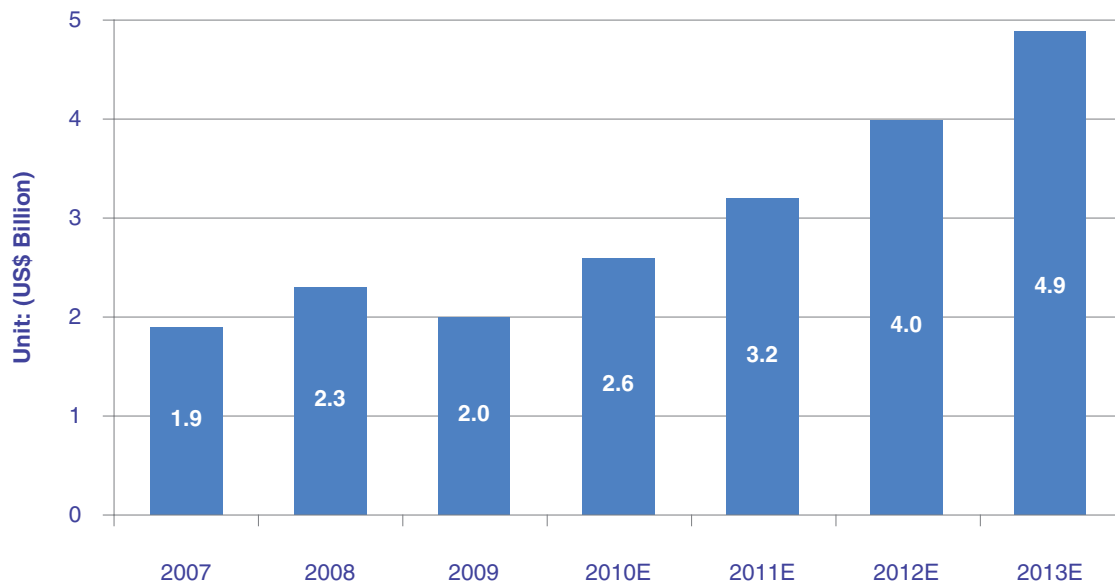
Competitive Landscape

The enormous potentials of the photovoltaic power market are still being developed and currently greatly depend on governmental support. In the future, the application will gradually shift from government to private sectors. Solar connector is an essential component widely used for photovoltaic power. According to Frost & Sullivan, by 2013, the global solar connector market is likely to reach US\$4.9 billion with a CAGR of 25.1%.

INDUSTRY OVERVIEW

The following chart sets forth the historical and expected sales of the global solar connector market from 2007 to 2013.

Global Solar Connector Market Size by Revenue, 2007-2013



Note: All data rounded.

Source: Frost & Sullivan

Market Drivers

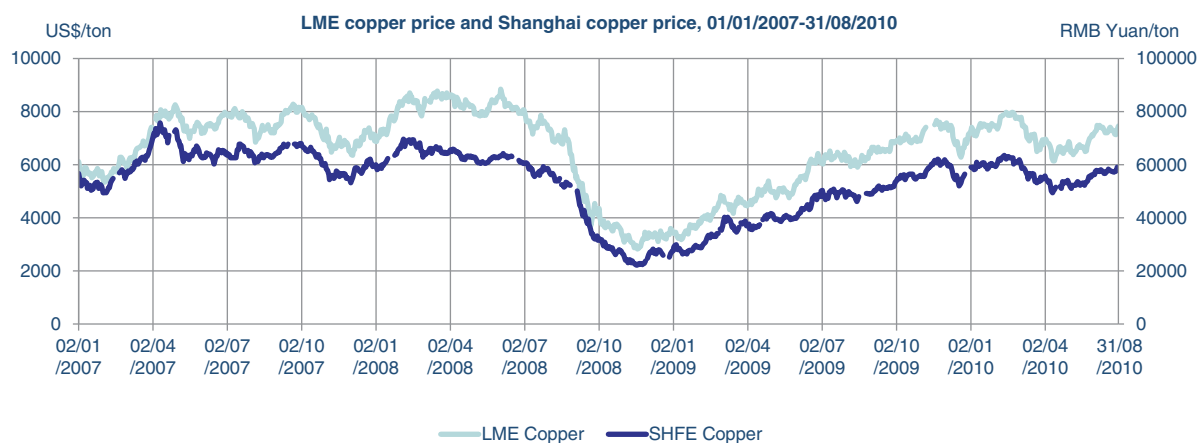
Key drivers for the solar connector market include:

- **Government policies support market development.** As a new energy, the solar photovoltaic industry receives more support from the PRC government, such as Golden Sun project, whereby the PRC government has committed to supporting the development of the solar photovoltaic industry with financial subsidies and plans to build the demo project of 500 megawatts photovoltaic power nationwide within two to three years. In addition, the interim standard of governmental allowance for photovoltaic power producers is RMB20 per watt.
- **Cope with the Green IT trend.** Solar, wind and other green and renewable energies have become increasingly accepted. Solar connector with green and environmental protection concepts is likely to experience a sustainable development.

INDUSTRY OVERVIEW

Analysis of Copper Price

Copper is the Company's major raw material and the following chart sets forth the historical price information of copper on the London Metals Exchange and the SHFE from January 2007 to August 2010:



Note: All data are rounded.

Source: Wind Info

The global copper price data refer to those quoted on the LME. The global price of copper climbed up to US\$9,000 per tonne in early 2008 and then decreased to US\$2,000 per tonne by the end of 2008. The copper price gradually rose to US\$7,000 per tonne starting from 2009.

Chinese copper price data are based on the copper prices quoted on the SHFE. The Chinese price of copper climbed up to RMB74,000 per tonne in April 2007 and then decreased to RMB25,000 per tonne by the end of 2008. The Chinese copper price gradually rose to RMB58,000 per tonne starting from 2009.

The sharp drop in copper prices in the second half of 2008 was mainly due to the impact of the global economic crisis. Given the downturn of most industries, the demands for copper materials dropped rapidly. Driven primarily by China's economic recovery since 2009, the copper prices rebounded as a result of the increasing demand for copper materials.