We have extracted and derived the information and statistics in the section below, in part, from various official government publications. While reasonable care has been taken in the extraction, compilation and reproduction of such information and statistics, neither we, nor the Joint Global Coordinators, Sponsors or Underwriters, nor any of our or their respective affiliates or advisors, nor any party involved in this Global Offering have independently verified such information and statistics derived from official government publications, and such parties do not make any representation as to their accuracy. The information and statistics may not be consistent with other information and statistics compiled within or outside China. Unless otherwise indicated, all figures in this industry overview section are in nominal terms.

SOURCES OF INFORMATION

Economist Intelligence Unit

Economist Intelligence Unit is a global provider of country, industry and management analysis. Economist Intelligence Unit is an independent third-party of the Company. The information disclosed in this prospectus from Economist Intelligence Unit is extracted from reports not commissioned by the Company or the Joint Sponsors and was prepared in the ordinary course of business of Economist Intelligence Unit.

Euromonitor

The Company commissioned Euromonitor as an independent third-party to conduct a market analysis of, and produce a report on, the (i) shampoo, (ii) Chinese herbal shampoo and (iii) Chinese herbal hair-care markets in the PRC (the "**Research Report**") covering various periods ranging from 2002 to the first half of 2008 and estimates from 2008 to 2012. In addition to relying on the market data, forecasts and other relevant information from the Research Report in this Industry Overview section, the Company also relied on existing data from Euromonitor's database in the, (i) hair-care and (ii) skin-care markets in the PRC (the "**Syndicated Data**") covering periods ranging from 2002 to 2007 and estimates from 2008 to 2012. The contractual amount for the Research Report and Syndicated Data provided by Euromonitor is RMB252,206. The payment of such amount was not contingent upon our successful Listing or on any of the results provided within the Research Report. Except for the Research Report, the Company did not commission any other customized reports.

The methodology used by Euromonitor in creating the market data and Syndicated Data consists of (i) combining their existing research data with information gathered from published secondary sources (such as company websites, trade associations, trade press, and national statistics), (ii) information gained from visits to certain targeted retailers, and (iii) interviews with certain targeted shampoo and herbal shampoo manufacturers, distributors and retailers. The aforementioned data gathered by Euromonitor is analyzed for reasonableness and such data is incorporated in their modeling to build forecasts in the Research Report and Syndicated Data. Forecasts are further assessed at multiple levels within Euromonitor and assumptions used to make such forecasts are evaluated for reasonableness with due reference with the supporting data, and micro and macro economic trends, among other factors. Euromonitor also seeks to gain consensus with industry representatives who contribute their opinion on how the market is likely to develop. Euromonitor's forecasts therefore are not based on a statistical model nor are they straight-line forecasts. Rather, Euromonitor bases its forecasts on informed, common-sense and consensual estimates gained from various sources mentioned above.

In creating the market data, Euromonitor took into account the following non-exhaustive list of factors:

Macro economic parameters

- Demographic trends
- Economic growth
- Legislative changes
- Taxation changes
- Social/lifestyle changes

Micro economic parameters

- Product life cycle
- New product development
- Competitive environment
- Evolving consumer attitudes
- Distribution trends

In creating the market data, Euromonitor took into account the following non-exhaustive list of assumptions:

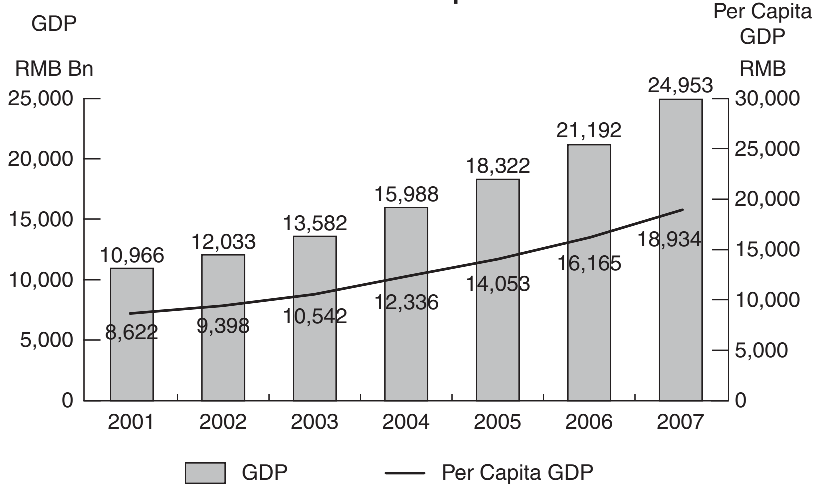
- Hair care is a daily necessity and thus, volume consumption will not significantly decrease due to the economic downturn. However, 2008 volume growth should still be lower compared to 2007.
- Due to the economic downturn the hair-care industry is expected to further consolidate.
- Sales of shampoo and hair-care products increased in the first half of 2008, however, for the second half of 2008, some brands' sales shrank, especially those local brands from Guangdong province in the PRC.
- Throughout 2008, leading manufacturers maintained to achieved stable growth.
- The market will witness a continuing trend of consumers switching from 2-in-1 shampoo and conditioner products to separate shampoo and conditioner products, thereby contributing to strong growth of separate shampoo and conditioner products.
- Hair-care and shampoo products experienced significant price hikes during the first half of 2008 however, with overall inflation dropping and the economic slowdown, price increases will likely stop. It is anticipated that there will be more price discounts and launching of lower priced products to attract price sensitive consumers.

The information extracted from Euromonitor's reports and used herein, including from the Research Report and Syndicated Data, reflects estimates of market conditions based on targeted interviews with product manufacturers, distributors, and retailers to obtain industry opinion and perspectives, and is prepared primarily as a marketing research tool for consumer packaged goods manufacturers and others in the consumer goods industry. Euromonitor disclaims liability for the use of any of the information extracted from its reports and disclosed herein as a basis for making (or not making) an investment in the Company. Consequently, references to Euromonitor should not be considered as Euromonitor's opinion as the value of any security on the advisability of investing (or not investing) in the Company.

OVERVIEW OF THE PRC ECONOMY

Since the introduction of economic reforms by the PRC government in the late 1970's, the PRC economy has grown significantly. According to the National Bureau of Statistics of China, from 2001 to 2007, the PRC's nominal Gross Domestic Product ("**GDP**") grew from RMB11.0 trillion to RMB25.0 trillion, representing a CAGR of 14.7%. According to the Economist Intelligence Unit, the PRC's nominal GDP is projected to further increase to RMB36.1 trillion in 2010(1). The following chart sets forth the PRC's nominal GDP and per capital GDP from 2001 to 2007.

GDP and Per Capita GDP

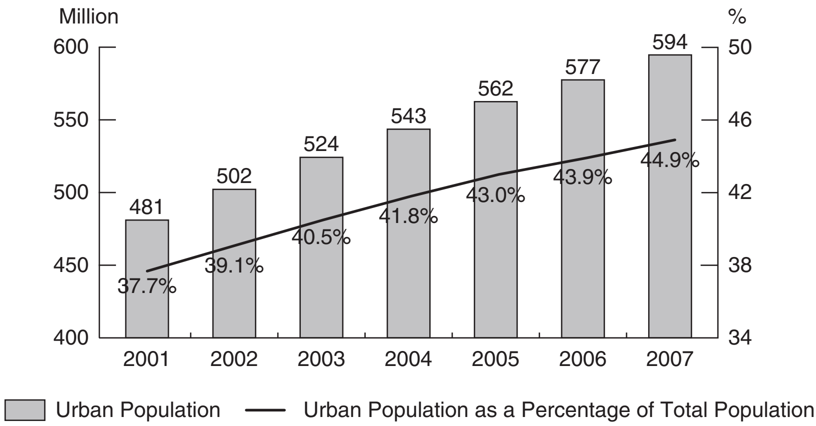


Source: National Bureau of Statistics of China

Note: (1) Based on data published by the Economist Intelligence Unit ("EIU") in December 2008. As disclosed on its website, the EIU, founded in 1946, is a global provider of country, industry and management analysis and is a leading research and advisory firm with more than 40 offices worldwide, and is a specialist publisher serving companies establishing and managing operations across national borders and provides forecast on more than 200 countries and certain industries. For further information regarding EIU, please go to their website at www.eiu.com.

The PRC's economic growth has been accompanied by rapid urbanization. The total urban population in the PRC increased from 481 million as of the end of 2001 to 594 million as of the end of 2007, representing an increase of 23.5% over this six year period. During the same period, the urban population as a percentage of the total population increased from 37.7% to 44.9%. The chart below sets forth the total urban population and the urban population as a percentage of the total population in the PRC as of the end of the periods indicated.

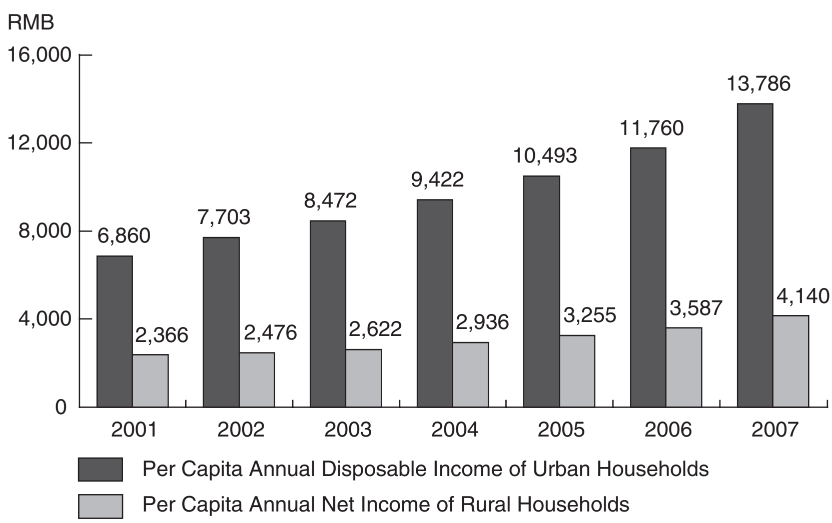
Absolute and Relative Growth of Urban Population in the PRC



Source: National Bureau of Statistics of China

Personal income in the PRC has been increasing with economic growth and rapid urbanization. According to National Bureau of Statistics of China, during the period from 2001 to 2007, the per capita annual disposable income of urban households in the PRC increased from RMB6,860 to RMB13,786, representing a CAGR of 12.3% over this six year period, while over the same period the per capital annual net income of rural households increased from RMB2,366 to RMB4,140, representing a CAGR of 9.8%. The following chart sets forth the per capita annual disposable income of urban households and the per capita annual net income of rural households in the PRC from 2001 to 2007.

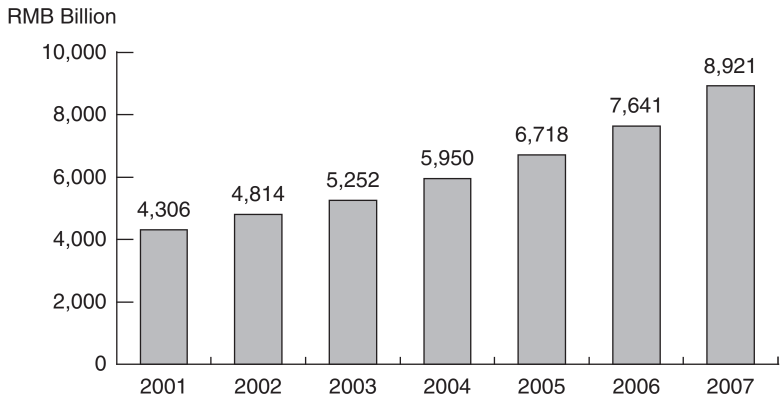
Per Capita Income Growth of Urban and Rural Households



Source: National Bureau of Statistics of China

It is believed that China's increasing urbanization and the higher per capita annual disposable income of all households have contributed to the rapid growth in demand for consumer products in the PRC. Retail sales of consumer goods in the PRC increased from RMB4.3 trillion in 2001 to RMB8.9 trillion in 2007, representing a CAGR of 12.9% over this six year period. The chart below sets forth the total retail sales value of consumer goods in the PRC for each of the years indicated.

Total Retail Sales of Consumer Goods

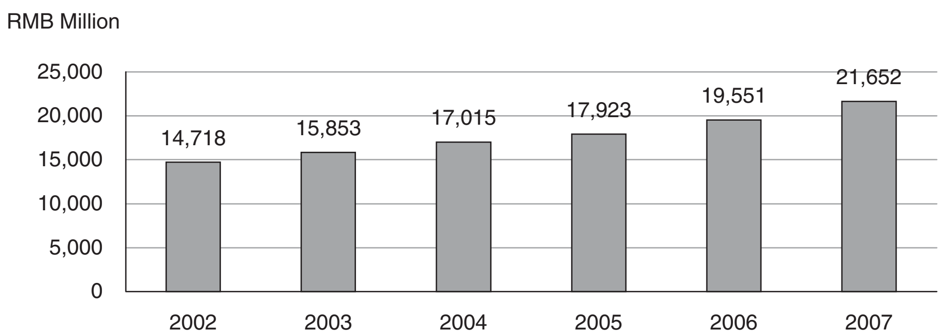


Source: National Bureau of Statistics of China

THE HAIR-CARE MARKET IN THE PRC

The hair-care market in the PRC has experienced stable growth in recent years due to the population's gradual change in hair washing habits and increased demand for hair beauty products, according to Euromonitor(1). With growing urbanization and rising disposable incomes, consumers have become more concerned about their personal appearance thereby significantly increasing their use of personal care products such as shampoo. In addition, consumers have increasingly focused more on the functions and health benefits of such products. Manufacturers of personal care products with tailored functionalities have seen greater demand, according to Euromonitor. The historical retail sales value of the total PRC hair-care market from 2002 to 2007 grew at a CAGR of 8.0%. It is expected that the overall hair-care market will grow at a CAGR of 10.1% from 2007 to 2012, with an estimated market size of RMB35.1 billion, according to Euromonitor .

Retail Sales of Hair-care Products in the PRC

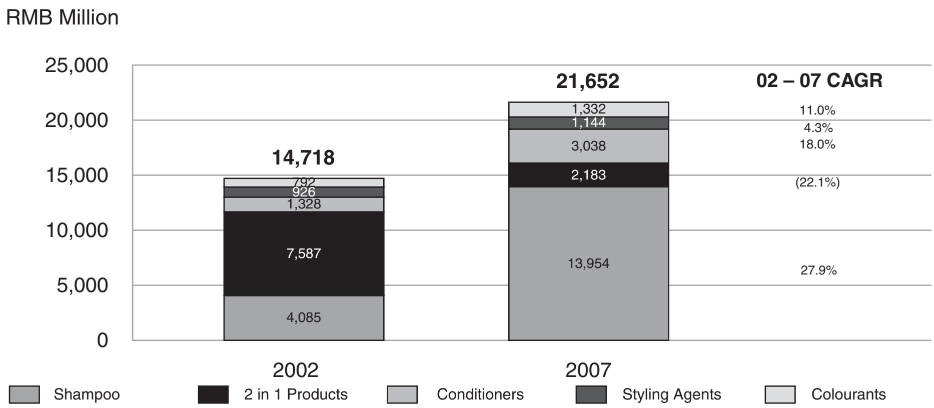


Source: Euromonitor

Note: (1) Based on data provided by Euromonitor in February 2009. As disclosed on its website, founded in 1972, Euromonitor is a privately owned company, with offices in London, Chicago, Singapore, Shanghai and Vilnius, and is a leading independent provider of business intelligence on industries, countries and consumers. Its products include online information, databases, market reports and business reference books. For further information regarding Euromonitor, please go to their website at www.euromonitor.com.

Among various hair-care products, shampoo accounted for the largest share in hair-care retail sales in 2007, compared with other hair-care products such as 2-in-1 products, conditioners, styling agents, and colorants. As shown in the chart below, the shampoo segment has exhibited much faster growth than the overall hair-care market, retail sales of shampoo products have increased at a CAGR of 27.9% from 2002 to 2007.

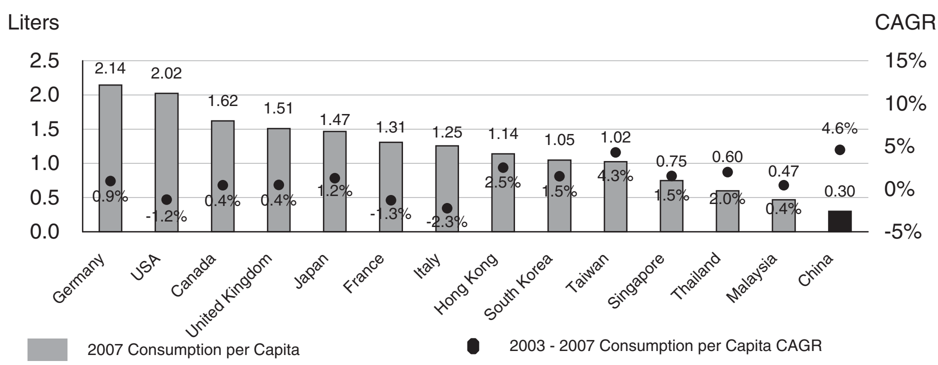
Retail Sales by Product Type within the Hair-care Category in 2002 and 2007



Source: Euromonitor

Despite the significant growth in the past few years, the PRC's hair-care market remains relatively under-developed when compared to developed countries. The average hair-care products consumption per capita in China in 2007 was only 0.30 liters per year, much lower than developed Western and Asian countries, as shown in the chart below.

Hair-care Products Consumption(1) Per Capita of Selected Countries



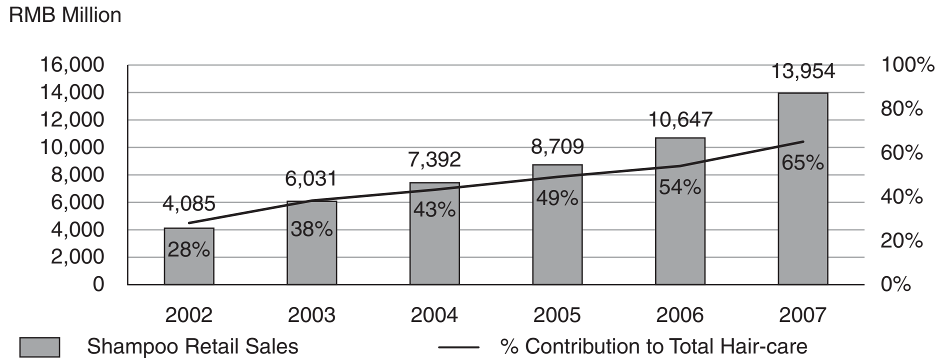
Source: Euromonitor

Note: (1) Hair-care products consumption excluding colorants product. Data provided by Euromonitor in April 2009

The Shampoo Market in the PRC

The PRC shampoo market has expanded rapidly in recent years. The same reasons for robust growth in the PRC hair-care market apply and include: increased urbanization, rising income, greater concern for personal appearance and increased awareness and focus on health. The following chart sets forth the annual sales value of shampoo products and the movement of its contribution to the overall hair-care market from 2002 to 2007.

Retail Sales of Shampoo Products in the PRC



Source: Euromonitor

According to Euromonitor[(1)], the retail sales value of shampoo products increased from RMB4,085 million in 2002 to RMB13,954 million in 2007, representing an overall CAGR of 82.1% over this five year period. Likewise the volume of shampoo retail sales increased from 82.0 million liters in 2002 to 275.0 million liters in 2007, representing a CAGR of 27.4% over the same period. As such, shampoo retail sales growth, in terms of both value and volume has exceeded, over the past five years, the growth rates of GDP, retail sales of consumer goods, and retail sales of all other hair-care products. As a result, the proportion of shampoo products within the hair-care category has increased from 27.8% in 2002 to 64.5% in 2007 and it has become the dominant product type within the category. According to Euromonitor, retail sales of shampoo products in the PRC are expected to continue to increase at a CAGR of 11.8% from 2007 to 2012[(2)].

Similar to the hair-care market in the PRC, the average shampoo consumption per capita in the PRC in 2007 was only 0.21 liters, much lower than developed Western and Asian countries.

Notes: (1) Based on data provided by Euromonitor in February 2009
(2) Based on data provided by Euromonitor in February 2009

According to Euromonitor, multinational hair-care brands have a significant share of the PRC's shampoo market, accounting for over 50% of all shampoo retail sales in 2006, 2007 and the first half of 2008. Although multinational players have a combined leading market share, premium domestic brands such as Bawang have been catching up, gaining market shares faster than their global peers. The following table shows the market shares of top shampoo brands in the PRC and their movements from 2005 to the first half of 2008.

Market Shares of the Top 10 Shampoo Brands in the PRC(1)

			2005	2006	2007	1H2008	1H08 vs. 05
Brand	**Company**	**International/Domestic**	% Retail Value				Net Difference (%)
Rejoice	Procter & Gamble	International	15.1	16.0	16.7	16.0	0.9
Head & Shoulders	Procter & Gamble	International	12.0	14.3	12.5	12.6	0.6
Pantene	Procter & Gamble	International	8.5	9.0	8.4	8.6	0.1
Bawang	**Bawang**	**Domestic**	**0.7**	**3.2**	**6.2**	**7.6**	**6.9**
Slek	C-Bons	International	6.4	5.2	5.7	5.5	-0.9
Lux	Unilever	International	6.0	5.6	5.0	5.1	-0.9
Lafang	La Fang	Domestic	6.0	6.2	5.3	4.2	-1.8
Hazeline	Unilever	International	5.0	5.3	3.9	3.8	-1.2
Satinique	Amway	International	5.2	3.5	3.0	3.2	-2.0
Hair Song	C-Bons	International	1.9	1.5	2.3	2.2	0.3
Total			**66.8**	**69.9**	**69.0**	**68.7**	**1.9**

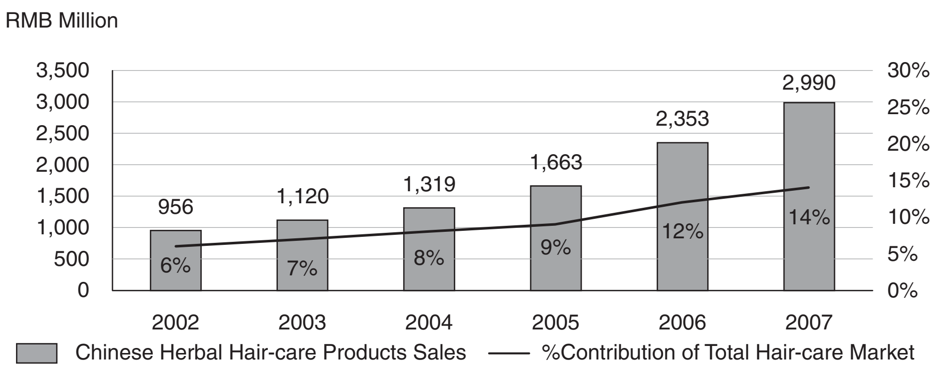
Source: Euromonitor

Note: (1) Top 10 brands based on 2007 and 1H2008 market shares by Euromonitor in February 2009

THE CHINESE HERBAL HAIR-CARE MARKET IN THE PRC

The Chinese herbal hair-care market in the PRC has experienced robust growth in the recent years. Similar to the overall hair-care market, the major factors contributing to the growth of the Chinese herbal hair-care market are the growing urbanization, rising income and greater concern for personal appearance. In addition, market-specific factors driving growth include consumers' increasing emphasis on health consciousness and pursuit of natural and healthy products. According to Euromonitor[(1)], the historical retail sales of the Chinese herbal hair-care products increased from RMB956 million in 2002 to RMB2,990 million in 2007, representing a CAGR of 25.6% and is projected to grow at a CAGR of 12.9% from 2007 to 2012. The following chart sets forth the annual sales value of Chinese herbal hair-care products and the movement of its contribution to the overall hair-care market from 2002 to 2007.

Retail Sales of Chinese Herbal Hair-care Products in the PRC



Source: Euromonitor

We believe that the PRC's Chinese herbal hair-care market is characterized by consumers' increasing health consciousness which has led to and would likely to continue to lead to a higher growth rate in such market as compared to the growth rate of the overall hair-care market. According to Euromonitor, the annual retail sales of Chinese herbal hair-care as a percentage of the overall hair-care market increased from approximately 6% in 2002 to approximately 14% in 2007.

Note: (1) Based on data provided by Euromonitor in February 2009

The table below sets forth the rankings of the top brands of Chinese herbal hair-care products in the PRC and their respective market share movements from 2005 to the first half of 2008.

Market Shares of the Top 10 Brands of Chinese Herbal Hair-care Products in the PRC[1]

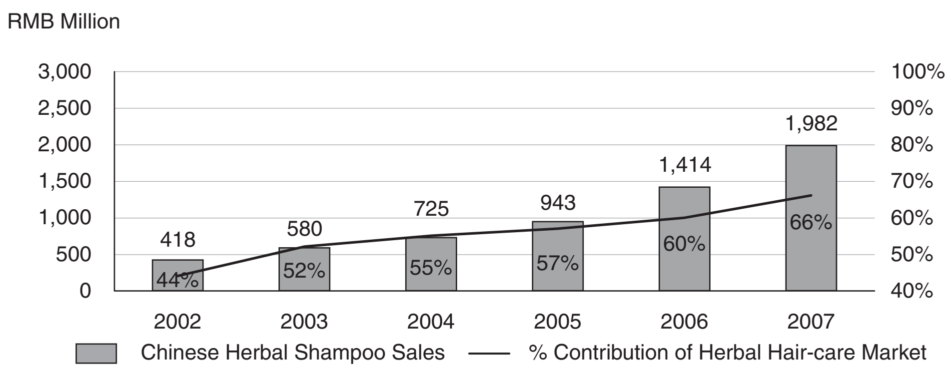
			2005	2006	2007	1H2008	1H08 vs. 05
Brand	Company	International/Domestic	% Retail Value				Net Difference (%)
Bawang	**Bawang**	**Domestic**	**4.2**	**17.3**	**34.4**	**36.4**	**32.2**
Kangwang	Dihon	Domestic	5.4	8.8	11.8	12.4	7.0
Rejoice	Procter & Gamble	International	11.1	8.9	8.6	8.4	-2.7
Softto	Softto	Domestic	11.5	8.7	7.2	7.2	-4.3
Pantene	Procter & Gamble	International	4.3	3.6	3.2	3.0	-1.3
Hazeline	Unilever	International	4.0	3.5	2.8	2.6	-1.4
Head & Shoulders	Procter & Gamble	International	2.6	2.5	2.2	2.2	-0.4
Lafang	La Fang	Domestic	2.3	2.3	1.9	1.8	-0.5
Ausnow	Ausnow	Domestic	—	0.7	0.8	0.9	0.9
Longliqi	Longliqi	Domestic	—	0.6	0.8	0.9	0.9
Total			**45.4**	**56.9**	**73.7**	**75.8**	**30.4**

The Chinese Herbal Shampoo[2] Market in the PRC

The Chinese herbal shampoo market in the PRC has grown significantly in recent years. According to Euromonitor[3], annual retail sales of Chinese herbal shampoo products in China increased from RMB418 million in 2002 to RMB1,982 million in 2007, representing a CAGR of 36.5% which outpaced the CAGR of the overall Chinese herbal hair-care products retail sales over the past five years. Retail sales are expected to continue to grow at a CAGR of 14.7% from 2007 to 2012, according to Euromonitor[3].

Furthermore, within the Chinese herbal hair-care category, Chinese herbal shampoo is the dominant product type, with its contribution having increased from 43.7% in 2002 to 66.3% in 2007 in terms of retail sales, according to Euromonitor. The following chart sets forth the retail size of the Chinese herbal shampoo market and its contribution to the overall Chinese herbal hair-care market.

Retail Sales of Chinese Herbal Shampoo Products in the PRC



Source: Euromonitor

Notes: (1) Top 10 brands based on 2007 and 1H2008 market share by Euromonitor in February 2009
(2) Chinese herbal shampoo is defined as shampoo containing any type of natural ingredients of Chinese herbs
(3) Based on data provided by Euromonitor in February 2009

With the increasing emphasis on health consciousness, many multinational hair-care companies have launched new products with herbal ingredients, thereby intensifying the competition in Chinese herbal shampoo market. Nevertheless, domestic brands such as Bawang and those with traditional Chinese herbal ingredients, have been able to attract Chinese consumers in recent years.

A few leading brands have dominated the Chinese herbal shampoo market in the PRC. According to Euromonitor, the combined market share of the top 10 brands of Chinese herbal shampoo by retail sales reached approximately 94.8% in the first half of 2008. In this niche market, domestic PRC brands have obtained a leading position over their international peers, among which the Bawang brand has become the clear market leader with approximately 46.3% of the total Chinese herbal shampoo market in terms of retail sales in the first half of 2008. The table below sets forth the ranking of the top brands of Chinese herbal shampoo in the PRC and their respective market share movements from 2005 to the first half of 2008.

Market Shares of the Top 10 Brands of Chinese Herbal Shampoo in the PRC[(1)]

			2005	2006	2007	1H2008	1H08 vs. 05
Brand	Company	International/Domestic	% Retail Value				Net Difference (%)
Bawang	**Bawang**	**Domestic**	**6.3**	**24.3**	**43.5**	**46.3**	**40.0**
Kangwang	Dihon	Domestic	6.9	11.6	16.3	17.2	10.3
Rejoice	Procter & Gamble	International	14.2	11.1	11.3	11.1	-3.1
Softto	Softto	Domestic	16.3	13.9	10.1	7.2	-9.1
Pantene	Procter & Gamble	International	5.3	4.5	4.1	3.9	-1.4
Hazeline	Unilever	International	4.9	4.3	3.6	3.3	-1.6
Head & Shoulders	Procter & Gamble	International	3.2	3.1	2.9	2.8	-0.4
Longliqi	Longliqi	Domestic	—	0.9	1.0	1.2	1.2
Ausnow	Ausnow	Domestic	—	0.6	0.8	0.9	0.9
Zhangguang101	Zhangguang 101	Domestic	0.6	0.7	0.7	0.8	0.2
Total			**57.7**	**74.9**	**94.3**	**94.8**	**37.1**

Source: Euromonitor

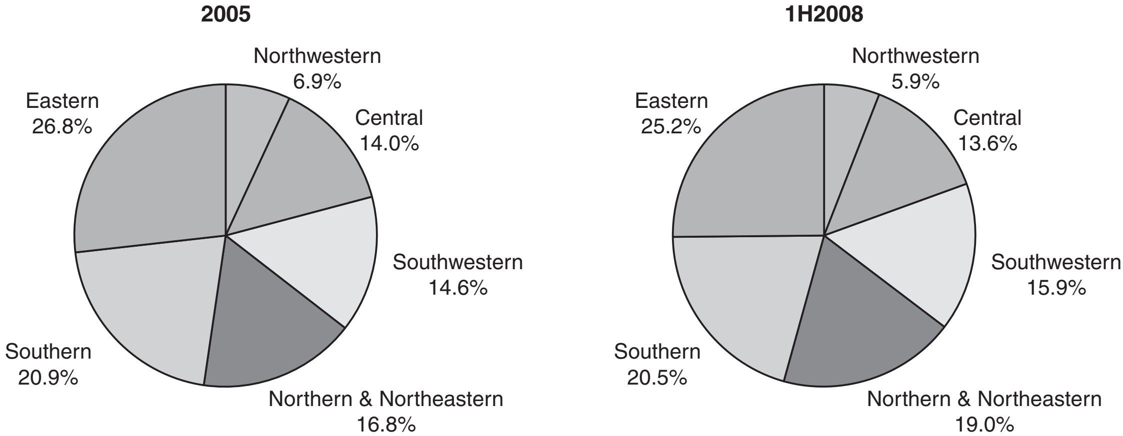
Manufacturers of Chinese herbal shampoo compete on various areas beyond price. In particular, brand image, effectiveness of advertizing and promotional activities are important in maintaining or increasing market share.

Note: (1) Top 10 brands based on 2007 and 1H2008 market shares by Euromonitor in February 2009

Market Share by Region in the PRC

According to Euromonitor, the retail sales of Chinese herbal shampoo products by region in the PRC show a similar trend as the national level. In the first half of 2008, for all the regions in the PRC, Bawang had the highest market share in terms of retail sales, followed by Kangwang, Rejoice, Softto and Pantene. The following chart and table set forth the retail sales of the Chinese herbal shampoo market by region in 2005 and the first half of 2008 and the market shares of its major brands.

Retail Sales of Chinese Herbal Shampoo Products at Regional Level[(1)]:



Total Retail Sales in 2005: RMB 943 million **Total Retail Sales in 1H2008: RMB 1,047 million**

Source: Euromonitor

Major Brands of Chinese Herbal Shampoo and Market Shares by Region:

Brand	Southern		Eastern		Northern & Northeastern		Central		Southwestern		Northwestern	
	2005 %	1H2008 %	2005 %	1H2008 %	2005 %	1H2008 %	2005 %	1H2008 %	2005 %	1H2008 %	2005 %	1H2008 %
Bawang	6.6	48.6	6.1	45.1	6.0	43.9	6.3	46.7	6.4	46.9	6.5	47.9
Kangwang	5.8	14.5	6.7	16.6	7.1	17.5	6.9	17.1	9.5	22.7	5.6	13.8
Rejoice	14.6	11.4	15.4	12.0	13.2	10.3	15.1	11.8	12.3	9.8	13.2	10.3
Softto	22.5	10.5	21.4	9.5	10.5	4.7	10.3	4.6	12.2	5.3	13.0	5.8
Pantene	5.6	4.2	5.9	4.5	4.6	3.4	4.8	3.6	4.9	3.8	5.2	3.9
Total	**55.1**	**89.2**	**55.5**	**87.7**	**41.4**	**79.8**	**43.4**	**83.8**	**45.3**	**88.5**	**43.5**	**81.7**

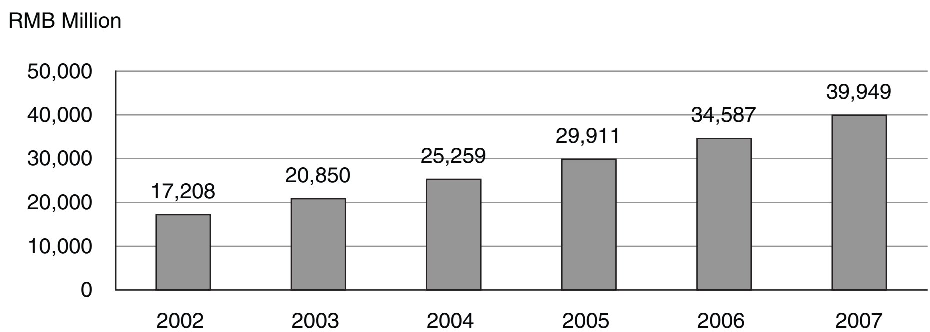
Source: Euromonitor

Note: (1) Eastern region includes Shanghai, Jiangsu, Zhejiang, Anhui and Shandong
Southern region includes Guangdong, Guangxi, Fujian and Hainan
Northern & Northeastern region includes Beijing, Tianjin, Hebei, Shanxi, Heilongjiang, Jilin and Liaoning
Southwestern region includes Sichuan, Guizhou, Tibet, Yunnan and Chongqing
Central region includes Hubei, Hunan, Henan and Jiangxi
Northwestern region includes Shaanxi, Gansu, Ningxia, Qinghai, Xinjiang and Inner Mongolia

THE SKIN-CARE MARKET IN THE PRC

Similar to the hair-care market, China's skin-care market has also experienced significant growth due to increased urbanization, rising income, greater concern for personal appearance and increased awareness and focus on health. In particular, women in China are becoming more conscious of their own personal appearance and have increased spending on skin-care products. Retail sales of skin-care products in China have grown at a CAGR of 18.3% from 2002 to 2007 and are projected to grow at a CAGR of 12.1% from 2007 to 2012, with an estimated market size of RMB70.9 billion, according to Euromonitor[(1)]. The following chart illustrates the historical retail sales value of the total skin-care market.

Retail Sales of Skin-care Products in the PRC



Source: Euromonitor

RAW MATERIALS

Due to the diversified offering of products of the Company, the Company had used a variety of raw materials that have changed from time to time during the Track Record Period. Our raw materials primarily comprise of Chinese herbs such as polygonum (首烏), ginseng (人參), Chinese honeylocust (皂角), Chinese arborvitae (側柏葉) and euphorbia hirta (飛揚草), surfactant, coconut oil and fragrance. Please refer to "Financial Information" section of this prospectus for details of the Company's raw material costs and its trend of such costs over the Track Record Period.

Note: (1) Based on data provided by Euromonitor in June 2008