We believe that the sources of the information in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any part has been omitted that would render such information false or misleading. Investors should also note that no independent verification has been carried out on any facts or statistics that are directly or indirectly derived from official government and non-official sources. We, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, any of the Underwriters, any of their respective directors and advisors or any other persons or parties involved in the Global Offering make no representation as to the accuracy of the information from official government and non-official sources, which may not be consistent with other information compiled within or outside China. Accordingly, the official government and non-official sources contained herein may not be accurate and should not be unduly relied upon.

Unless otherwise specified, the market and industry information and data presented in this Industry Overview section has been provided by CMAI and Frost & Sullivan.

SOURCES OF INFORMATION

We commissioned CMAI and Frost & Sullivan to conduct an analysis of and to prepare reports on the domestic and global polyester filament yarn industry and its downstream markets. CMAI is an independent consultant to petrochemical industry participants in strategic and commercial planning as well as feasibility and financial studies. It was founded more than 30 years ago and its Asia headquaters is based in Singapore. Frost & Sullivan is an independent consultant. It was founded almost 50 years ago and has more than 1,800 industry consultants, market research analysts, technology analysts and economists. We paid a fixed fee of US$47,000 to CMAI for its report, which was dated December 2010 and supplemented in March and April 2011, and we paid a fixed fee of RMB260,000 to Frost & Sullivan for its report, which was dated January 2011. The reports from CMAI and Frost & Sullivan include various information relating to the polyester filament yarn industry and its downstream markets, such as information relating to the market size, consumption, production volume, designed capacity and other information about the domestic and global polyester filament yarn industry, and market information about the fabric and textile manufacturing industry and the apparel and footwear industry, which has been quoted in this prospectus. Such information includes both historical information and forecast information by CMAI and Frost & Sullivan. In preparing the reports and conducting analysis, CMAI and Frost & Sullivan exercised reasonable care and skills in applying analysis methods consistent with normal industry practice. All results were based on information available as of the dates of the reports. Other sources of information, including government, trade associations or market place participants, may have provided some of the information on which the analysis or data is based.

GENERAL INTRODUCTION

Polyester fiber is a man-made fiber made of synthetic polymers, which are usually produced by reacting purified terephthalic acid ("PTA") and monoethylene glycol ("MEG"). The two main forms of polyester fiber are polyester filament and polyester staple. Polyester filament is also known as polyester filament yarn in its finished form and is widely used in the production of fabrics and textiles in various industries. Polyester staple fiber ("PSF") looks similar to cotton and is usually used to stuff beddings.

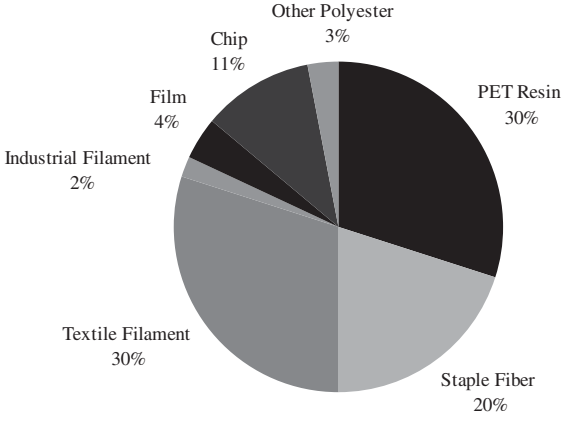
The main category of polyester filament is polyester textile filament, which is generally used in producing fabrics and textiles used in the production of apparel and footwear, including shirts, pants, jackets, hats and various shoes, as well as home furnishings, such as bed sheets, blankets and upholstered furniture.

Another category of polyester filament is polyester industrial filament, which is used for industrial purposes, such as producing tire reinforcements, coated fabrics and plastic reinforcements. Polyester industrial filaments are used primarily in the manufacturing of safety belts and plastic reinforcements.

Compared to natural filament, polyester filament has the advantages of improved wrinkle resistance, durability and high color retention. Polyester filament also has high tenacity and modulus as well as low water absorption and minimal shrinkage in comparison with other industrial fibers.

The following chart sets forth the estimated distribution of the world's polyester polymer by end-use in 2010:

2010E World Polyester Polymer by End-Use



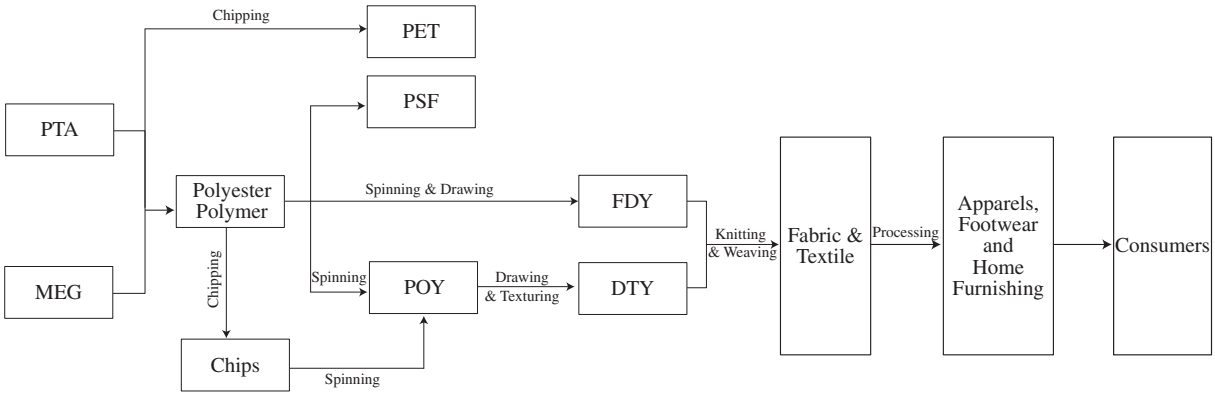
Source: CMAI

As shown in the chart above, polyester filament used for textile purposes is one major end-use of polyester polymer, accounting for an estimated 30% of the world's total polyester polymer consumption in 2010.

The Value Chain of Polyester Filament Yarns

The polyester value chain begins with two main raw materials, PTA and MEG. PTA and MEG are fed into a polyester plant to form polyester polymer or polyester melt. Polyester melt can then be fed into downstream FDY, POY and PSF spinning units, or in some cases fed into chip units to produce PET chips that can be sold to a POY or DTY spinning unit. The final products of the polyester value chain, namely DTY and FDY, are then used in various applications in the fabric and textile industry to produce fabric and textile which are further processed into apparel, footwear and home furnishings.

The following diagram sets forth the main processes of the polyester value chain:



Polyester Filament Yarn Industry

Demand for polyester filament yarn is largely driven by the textile industry growth in emerging markets such as China and India. Northeast Asia has been the focal point of the world's polyester filament yarn production. In 2009, production of polyester filament yarn for textile purposes in northeast Asia accounted for 76% of the world's total production of polyester filament yarn for textile purposes, while China expanded its global share from 32% in 2000 to 66% in 2009 and is now the largest apparel and textile finished goods exporter globally. According to CMAI, China's share of polyester filament yarn production capacity is expected to be 69% of the global production capacity by 2015.

According to CMAI, from 2005 to 2009, polyester textile filament yarn demand has grown steadily at a CAGR of 5.8% globally and 8.9% in China, and will reach 18.6 million tons globally and 12.5 million tons in China in 2010, with China representing 67% of the global demand. The demand in China and globally is estimated to grow at a CAGR of 9.4% and 7.9%, respectively, from 2010 to 2015. CMAI estimated that consumption of DTY and FDY in China accounted for approximately 68% and 32%, respectively, of the total consumption of polyester filament yarns for textile purposes in 2009.

There are primarily three types of polyester filament yarns, namely, DTY, FDY and POY. DTY and FDY, the two main products of the polyester filament industry, have wide applications. DTY is generally used by fabric and textile manufacturers for a variety of applications for consumer products that require a cotton-like feel, such as high-end apparel, sports shoes, home furnishings and zipper tapes, while FDY is more commonly used in consumer products that require a silk-like or leather-like feel, such as high-end undergarments, sportswear and sports shoes, and home furnishings. POY is primarily used as a main raw material for the production of DTY. Polyester filament yarns are less likely to face significant competition from other synthetic or natural fibers in commodity applications due to their physical properties and prices. Improvements in post-processing technologies have further solidified the position of polyester fiber as the preferred material. Therefore, the polyester fiber markets are not expected to be replaced by other synthetic or natural fibers in the foreseeable future.

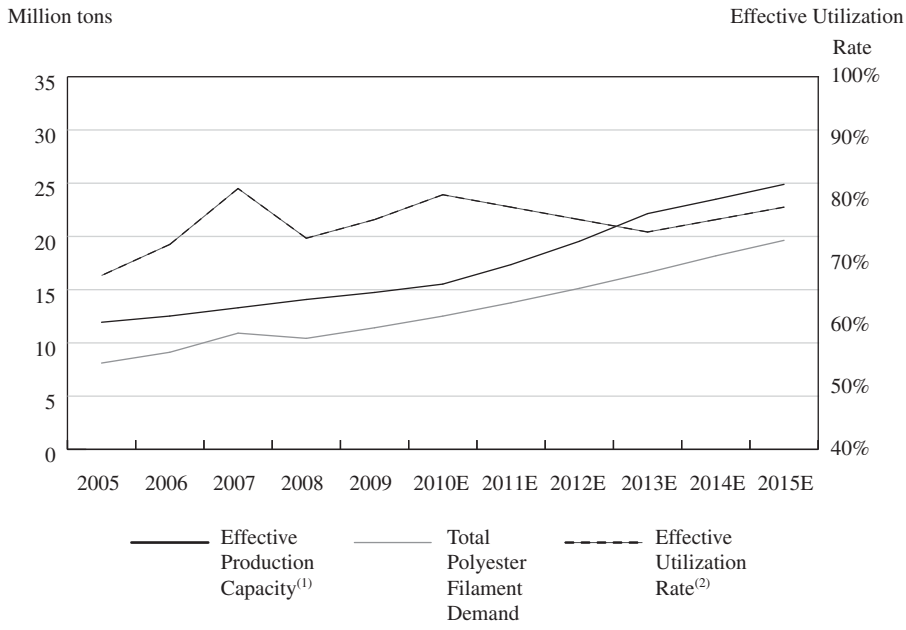
In the past several years, cotton prices have remained at relatively high levels. According to the China National Cotton Exchange, average cotton prices were approximately RMB13,600 per ton, RMB13,200 per ton and RMB19,900 per ton in 2008, 2009 and 2010, respectively. As cotton prices reached historical heights in 2010, the price for cotton yarns also increased substantially. During this same period, the market demonstrated a strong demand for polyester filament yarns, which have the ability to serve as a substitute for cotton yarns to some extent. As cotton yarns and polyester filament yarns each have their own distinctive properties, cotton yarns cannot be fully substituted by polyester filament yarns, nor the other way around. However, CMAI expects that the demand for polyester filament yarn will continue to be strong and the market will continue to use polyester filament yarns as a partial substitute for cotton yarns, considering that: (a) cotton will continue to be in short supply both globally and domestically over the next two years; (b) the technologies involved in the manufacturing of polyester filament yarns, in particular, DTY, are constantly being improved, causing polyester filament yarns to have more features of cotton yarns and other additional advantages; and (c) the price difference between cotton yarns and polyester filament yarns will remain relatively wide. In terms of domestic demand for polyester filament yarns, CMAI expects that as the domestic economic growth will continue to stipulate the market development for apparel, footwear, home furnishings and fabric and textile industries, manufacturers in these industries will increase the proportion of polyester filament yarns used in their products for cost control purposes. To the extent that cotton remains in short supply and prices remain at high levels, it is expected that the polyester filament yarn market will continue to be positively impacted.

Domestic Demand and Supply of Polyester Filament Yarns

In China, the demand for polyester filament yarns has experienced a steady growth in the past few years. The market demand for polyester filament yarns is primarily driven by the demand for DTY, which represented an estimated 65% of total polyester filament yarns production for textile purposes in China in 2009. The FDY market is expected to slightly outperform that of DTY over the next few years due to the development of post-treatment technology and the lower cost level of FDY.

CMAI estimated the annual demand growth rate of DTY and FDY in China to be approximately 10% before 2013 with FDY achieving a slightly higher growth rate than DTY. The increase in the demand for DTY and FDY is expected to be driven by a robust growth in domestic consumption. CMAI expects that the competition amongst regular DTY and FDY producers will remain extremely intense and, therefore, the ability to produce differentiated DTY and FDY will be essential to enhance producers' market share and profitability.

The following table sets forth the historical and estimated effective production capacity, total domestic demand for polyester filament yarns and the effective utilization rate in China from 2005 to 2015:



Source: CMAI

Note:

(1) According to CMAI, effective production capacity is equal to the total production capacity less estimated capacities that are shut down for a long period of time as a result of obsolete technology or poor operation. The "effective production capacity" assumes the polyester filament yarns produced have the same linear density of about 150D.

(2) According to CMAI, effective utilization rate is equal to effective production capacity divided by total polyester filament yarn demand in China.

The "effective production capacity" in the chart above assumes the polyester filament yarns produced have the same linear density of about 150D. However, the "total polyester filament demand" reflects demand for polyester filament yarns of different linear densities. As a result, the effective utilization rate of polyester filament yarns shown in the chart above is more reflective of the linear density of polyester filament yarns demanded and produced and to be demanded and produced as opposed to downtime and is not a result of low demand of polyester filament yarns.

According to CMAI, production of DTY and FDY in China concentrates in the eastern and southern areas in China, including Jiangsu Province, Zhejiang Province, Fujian Province and Guangdong Province. Generally, these regions have a strong economy and have high local purchasing power. However, the competition in these markets is primarily among local manufacturers as polyester filament yarn manufacturers are usually less inclined to expand their sales activities beyond the area where their manufacturing plants are located. According to Frost & Sullivan, the apparel and footwear industry, which is a main downstream industry of the polyester filament yarn industry, is expected to experience

rapid growth in south China and, in particular, Fujian and Guangdong Provinces are expected to grow from 33.3% of China's entire production volume in 2009 to 45.0% of China's entire production volume by 2015. CMAI estimates that there will be supply shortages of polyester filament yarns for the coming years in south China, which primarily includes Fujian Province and Guangdong Province.

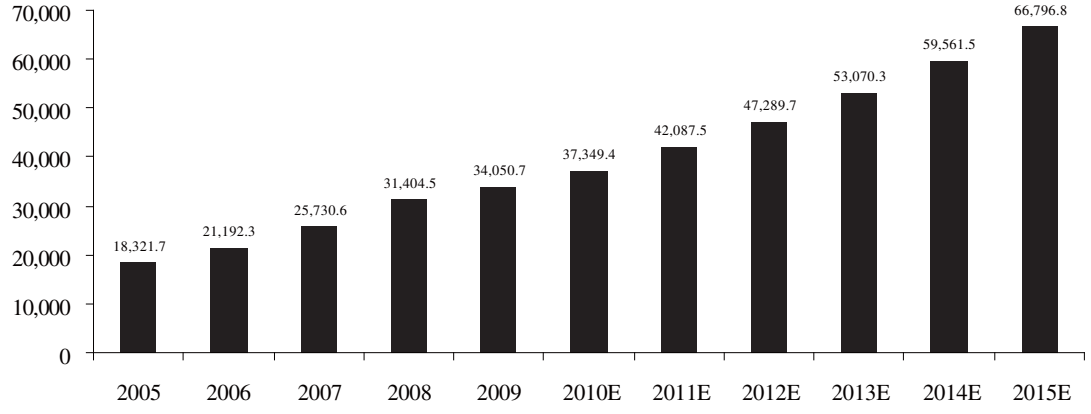
FACTORS AFFECTING THE PERFORMANCE OF THE POLYESTER FILAMENT YARN INDUSTRY

Growth in China's GDP, GDP Per Capita and Annual Urban Disposable Income

China's economic growth and its increasing domestic demand for consumer goods are the major drivers for the growth of polyester filament yarn industry in China. China experienced high growth rates from 2005 to 2009 as nominal GDP increased from RMB18,321.7 billion to RMB34,050.7 billion, representing a CAGR of 16.8%. Frost & Sullivan estimates that China's nominal GDP will further grow from RMB37,349.4 billion in 2010 to RMB66,796.8 billion in 2015, representing a CAGR of 12.3%. As a result of the rapid growth of China's GDP, nominal GDP per capita in China has also increased from RMB14,053 in 2005 to RMB25,575 in 2009, representing a CAGR of 16.1%, according to Frost & Sullivan. Frost & Sullivan estimates that China's nominal GDP per capita will further grow from RMB27,843 in 2010 to RMB48,569 in 2015, representing a CAGR of 11.8%.

The following chart sets forth the historical and estimated nominal GDP in China for the periods indicated.

China's Nominal GDP 2005-2015E

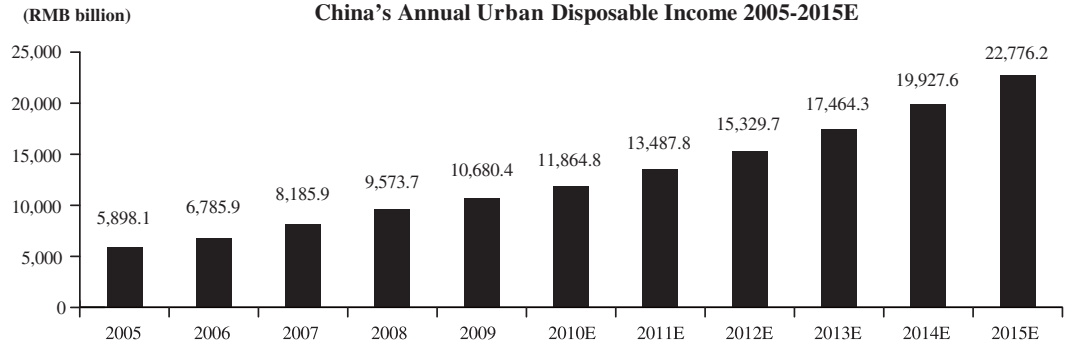


Source: Frost & Sullivan

According to Frost & Sullivan, China's annual urban disposable income has increased steadily from RMB5,898.1 billion in 2005 to RMB10,680.4 billion in 2009, representing a CAGR of 16.0%. An increased disposable income should effectively enhance the overall purchasing power of Chinese consumers, thereby creating opportunities for producers of consumer products, including apparel, footwear and home furnishings. Due to the rapid pace of urbanization, China's annual urban disposable income is estimated to grow from RMB11,864.8 billion in 2010 to RMB22,776.2 billion in 2015, at a CAGR of 13.9%, further underscoring the source of future demand growth in China.

The following chart sets forth the historical and estimated annual urban disposable income in China for the periods indicated.

China's Annual Urban Disposable Income 2005-2015E



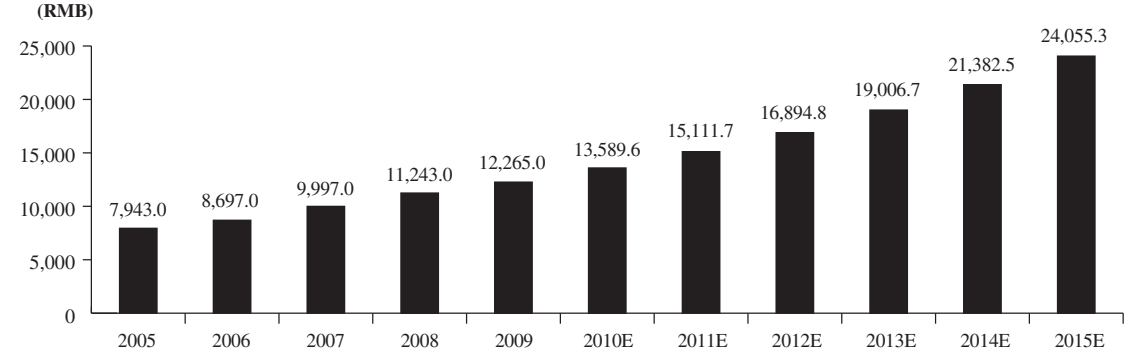
Source: Frost & Sullivan

Growth in China's Per Capita Consumer Spending

With the steady growth in China's annual disposable income, China's consumer spending has also increased steadily in the past several years. According to Frost & Sullivan, China's per capita general consumer spending increased from RMB7,943.0 in 2005 to RMB12,265.0 in 2009, representing a CAGR of 11.5%, and is estimated to grow from RMB13,589.6 in 2010 to RMB24,055.3 in 2015, representing a CAGR of 12.1%, creating the potential for vast opportunities for manufacturers of consumer products including apparel, footwear and home furnishings. According to Frost & Sullivan, polyester filament yarn manufacturers in China will continue to benefit from this development with an increasing demand for their products.

The following chart sets forth the historical and estimated per capita general consumer spending in China for the periods indicated.

China's Per Capita General Consumer Spending 2005-2015E



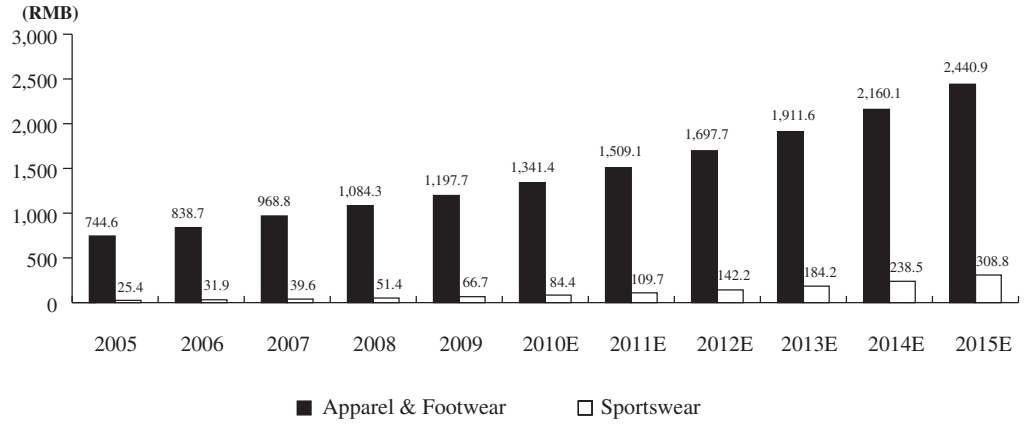
Source: Frost & Sullivan

According to Frost & Sullivan, China's per capita consumer spending on apparel and footwear has increased slightly faster than the per capital consumer spending from 2005 to 2009, increasing steadily from RMB744.6 in 2005 to RMB1,197.7 in 2009, representing a CAGR of 12.6%. Frost & Sullivan estimates it to further increase from RMB1,341.4 to RMB2,440.9 by 2015, representing a CAGR of

12.7%. In particular, the per capita Chinese consumer spending on sportswear, which includes sports apparel and footwear, has increased rapidly from RMB25.4 in 2005 to RMB66.7 in 2009, representing a CAGR of 27.3%. It is estimated to further increase from RMB84.4 in 2010 to RMB308.8 by 2015, representing a CAGR of 29.6%.

The following chart sets forth the historical and estimated per capita consumer spending on apparel and footwear, and sportswear in China for the periods indicated.

China's Per Capita Consumer Spending on Apparel and Footwear, and Sportswear 2005-2015E



Source: Frost & Sullivan

The increasing consumer spending on apparel and footwear in China has contributed to the growth of China's apparel and footwear manufacturers. According to Frost & Sullivan, the top ten Chinese manufacturers of branded apparel (excluding sport apparel) recorded a total sales volume of approximately 97.5 million units in 2010, with each of their sales volumes growing at a CAGR between 19.7% and 39.3% from 2007 to 2010. The top ten Chinese manufacturers of branded sportswear, which include both sports apparel and footwear, recorded a total sales volume of approximately 834.3 million units in 2010, with their sales volumes growing at a CAGR between 22.4% and 37.7% from 2007 to 2010.

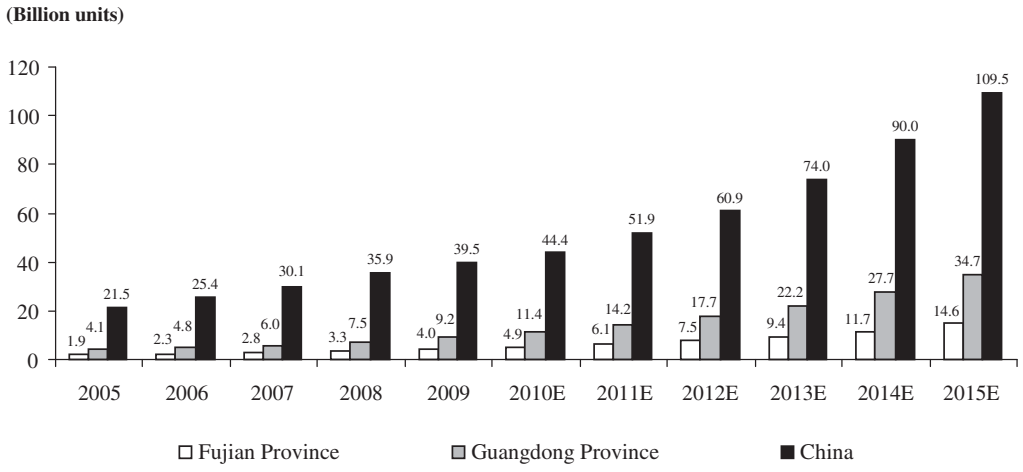
Growth in China's Production Volume of Apparel and Footwear

According to Frost & Sullivan, the overall production volume of apparel and footwear in China, including sports apparel and footwear, increased rapidly from approximately 21.5 billion units in 2005 to 39.5 billion units in 2009, representing a CAGR of 16.5%. Frost & Sullivan estimates the overall production volume of apparel and footwear to further increase from 44.4 billion units in 2010 to 109.5 billion units by 2015, representing a CAGR of 19.8%. In particular, Fujian Province and Guangdong Province have contributed significantly to the increase in China's overall production volume of apparel and footwear. The production volume of apparel and footwear in Fujian Province has more than doubled since 2005, increasing from approximately 1.9 billion units in 2005 to 4.0 billion units in 2009, representing a CAGR of 20.1%, and is estimated to further increase from 4.9 billion in 2010 to 14.6 billion units by 2015, representing a CAGR of 24.3%. The production volume of apparel and footwear in Guangdong Province has more than doubled since 2005, increasing from approximately 4.1 billion units in 2005 to 9.2 billion units in 2009, representing a CAGR of 22.0%, and is estimated to further increase

from 11.4 billion in 2010 to 34.7 billion units by 2015, representing a CAGR of 24.9%. The aggregate production volume of apparel and footwear in Fujian Province and Guangdong Province accounted for 28.2% of China's total production volume in 2005. This percentage increased to 33.3% in 2009, and is expected to reach 45.0% in 2015, representing a leading position in China's apparel and footwear manufacturing industry.

The following chart sets forth the historical and estimated production volume of apparel and footwear in China, Fujian Province and Guangdong Province for the periods indicated.

China's Production Volume of Apparel and Footwear 2005-2015E



Source: Frost & Sullivan

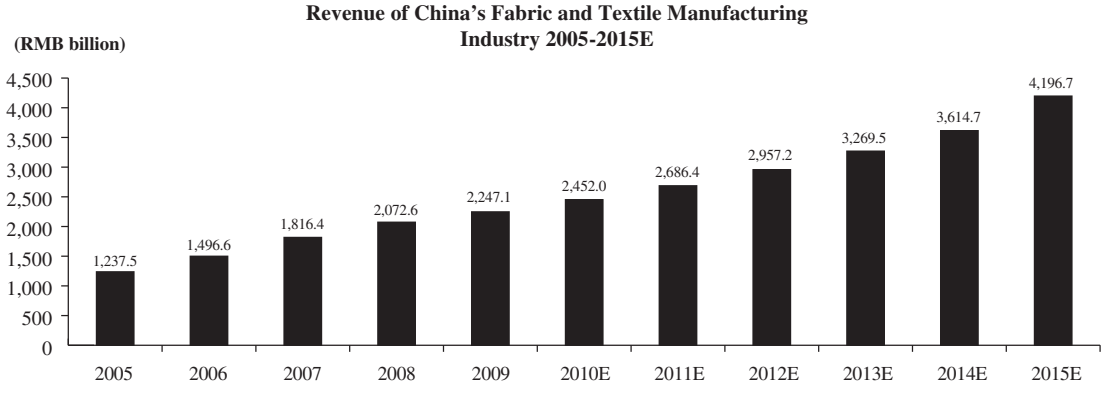
Growth in China's Fabric and Textile Industry

Fabric and textile manufacturing industry is the direct downstream industry of polyester filament yarn industry. China's fabric and textile industry experienced substantial growth in the 1980's when China's fabric and textile manufacturers started to provide original equipment manufacturing services for clients all over the world. According to Frost & Sullivan, with more than thirty years of steady growth, China is now the leading fabric and textile manufacturer and exporter around the world and plays a very important role in global fabric and textile industry. In particular, China is the largest polyester-based fabric and textile manufacturer in the world, which accounted for nearly 60% of global production output.

According to Frost & Sullivan, China's fabric and textile manufacturing industry has been growing at a high speed in the past years. The revenue from the fabric and textile manufacturing industry in China increased from RMB1,237.5 billion in 2005 to RMB2,247.1 billion in 2009, representing a CAGR of 16.1%. Driven by the recovering global and increasing domestic demand, Frost & Sullivan estimates that the revenue from the fabric and textile manufacturing industry will further increase from RMB2,452.0 billion in 2010 to RMB4,196.7 billion by 2015, representing a CAGR of 11.3%.

In recent years, more and more Chinese fabric and textile manufacturers started to build their own brands. They place strong emphasis on the quality and diversity of their raw material, striving to increase their brand recognition. According to Frost & Sullivan, in recent years, many Chinese fabric and textile manufacturers started to focus on developing textile materials with higher quality and special functions, a trend which is expected to continue.

The following chart sets forth the historical and estimated revenue of the fabric and textile manufacturing industry in China for the periods indicated.



Source: Frost & Sullivan

Demand and Supply of Raw Materials for the Polyester Filament Yarn Industry

One important factor affecting the polyester filament yarn industry is the demand and supply dynamics as well as pricing of major feedstock, PTA and MEG.

PTA

Almost all PTA is consumed in the production for polyester fiber, PET bottle resin and polyester film. According to CMAI, global PTA demand was 37.6 million tons in 2009. The demand drivers for PTA vary by region. China is the main importer in the world and it alone accounted for 47% of global demand in 2009.

According to CMAI, the global capacity for PTA has increased steadily from 34.0 million tons in 2005 to 46.9 million tons in 2009 and is expected to increase further to an estimated 66.3 million tons in 2015. PTA capacity witnessed a faster expansion in China during the same period starting with 6.0 million tons in 2005, reaching 14.5 million tons in 2009 and is expected to increase further to approximately 28.7 million tons in 2015. PTA operation rate was 91% globally and 95% in China in 2005 but decreased to 81% globally and 79% in China in 2009 due to the global financial crisis. It is expected that, with increasing demand for PTA, the PTA operation rate will increase to 84% globally and 83% in China by 2015. According to CMAI, while the demand for PTA in China may not be met by the domestically produced PTA, it is expected that the gap between the supply and demand may gradually narrow as the domestic production capacity increases.

The following table sets forth the historical and estimated PTA supply and demand in China and the rest of the world:

	PTA Supply/Demand Balance										
('000 tons)	2005	2006	2007	2008	2009	2010E	2011E	2012E	2013E	2014E	2015E
Demand											
– China	12,178	14,046	16,507	16,176	17,485	18,844	20,741	22,597	24,784	27,120	29,188
– Rest of the World	18,970	19,695	20,948	20,257	20,120	21,196	22,365	23,530	24,623	25,500	26,542
Capacity											
– China	5,955	7,373	10,780	12,555	14,505	16,155	18,035	20,185	23,035	26,735	28,735
– Rest of the World	28,060	30,376	31,605	32,470	32,355	32,890	33,355	33,300	34,785	35,430	37,605

MEG

MEG is another major raw material used in the production of polyester fiber and PET resins. It is also widely used as automobile antifreeze. Demand for MEG is mainly driven by the demand for polyester fibers since 57% of the world's MEG consumption goes into the production of polyester fibers. According to CMAI, global MEG demand was 17.7 million tons in 2009. Demand for MEG in Asia accounted for almost 70% of the total world demand in 2009 with a total demand for 12.3 million tons, of which 7.1 million tons came from China alone.

According to CMAI, the global capacity for MEG has increased steadily from 17.6 million tons in 2005 to 22.1 million tons in 2009 and the global demand for MEG increased from 15.6 million tons in 2005 to 17.7 million tons in 2009. On a global basis, MEG will gradually shift from a long position to a balance position over the next four to five years, with the capacity increasing from 25.3 million tons in 2010 to 27.6 million tons in 2015 and demand increasing from 18.5 million tons in 2010 to 24.7 million tons in 2015.

China witnessed a significant capacity expansion of MEG during the same period starting with 1.3 million tons in 2005 and reaching 2.6 million tons in 2009 and it is expected to increase further in the next four to five years through a massive coal- and methanol-based planned capacity expansion within China. However, due to technical and governance restrictions, these coal- and methanol-based MEG projects are still uncertain in terms of scale and timing. If these coal- and methanol-based MEG expansions come onstream as planned, the China MEG market will switch to a long position over the estimated period.

The following table sets forth the historical and estimated MEG supply and demand in China and the rest of the world:

	MEG Supply/Demand Balance										
('000 tons)	2005	2006	2007	2008	2009	2010E	2011E	2012E	2013E	2014E	2015E
Demand											
– China	5,050	5,781	6,704	6,584	7,112	7,693	8,297	9,029	9,901	10,834	11,662
– Rest of the World	10,581	10,777	11,215	10,680	10,620	10,828	11,247	11,732	12,210	12,584	13,002
Capacity											
– China	1,311	1,744	2,221	2,401	2,571	3,731	3,881	4,261	4,969	5,201	5,401
– Rest of the World	16,310	17,300	18,122	19,400	19,502	21,548	21,366	20,822	20,382	20,432	22,232

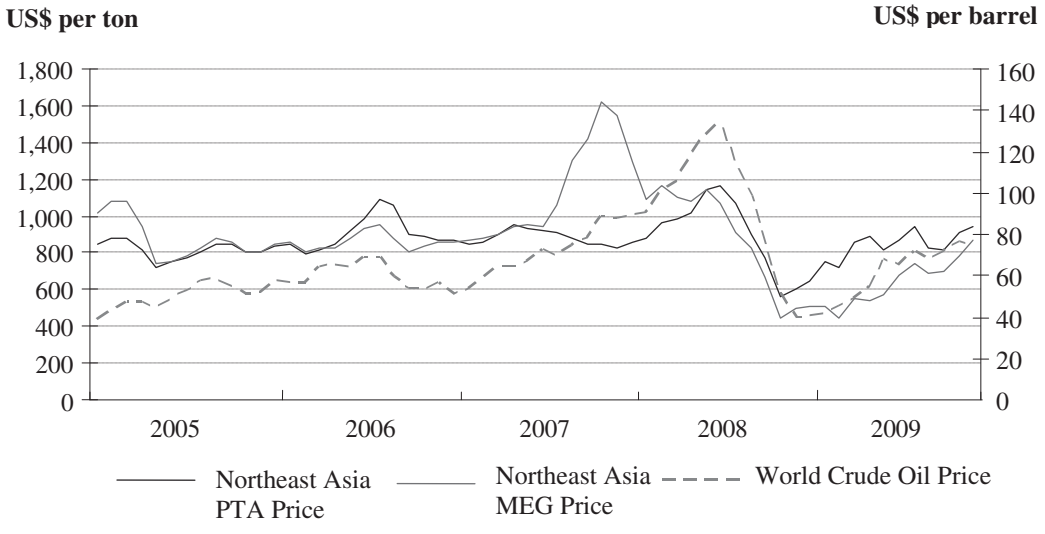
HISTORICAL PRICES OF PTA, MEG AND CRUDE OIL

The historical price for PTA fluctuated during 2005 and 2009. According to CMAI, the monthly average spot price for PTA on cost and freight ("CFR") terms, in northeast Asia (the "Northeast Asia PTA Price") increased progressively from 2005 and reached its highest point at US$1,164 per ton in July 2008. It then decreased substantially to its lowest point at US$559 per ton in November 2008, which was primarily due to the global financial crisis. The historical price for MEG has fluctuated as well. According to CMAI, the monthly average spot price for MEG on CFR terms in northeast Asia (the "Northeast Asia MEG Price") reached its highest point at US$1,622 per ton in November 2007. The Northeast Asia MEG Price decreased to US$449 per ton in November 2008 as a result of the global financial crisis. As the market demand for PTA and MEG increased after the global financial crisis, the Northeast Asia PTA Price and Northeast Asia MEG Price increased progressively in 2009. By the end of 2009, their respective prices had recovered to their historical trading levels in 2005 and 2006.

The historical price for crude oil also fluctuated between 2005 and 2009. According to the U.S. Energy Information Administration, the weekly average crude oil price of all countries on FOB term weighted by estimated export volume (the "World Crude Oil Price") has increased progressively from about US$35.2 per barrel in the week ended January 7, 2005 to US$137.1 per barrel in the week ended July 4, 2008. It then decreased to about US$34.6 per barrel in the week ended January 2, 2009, primarily due to the global financial crisis. The World Crude Oil Price has then increased gradually in 2009. By the end of 2009, it had recovered to its historical trading levels in the third quarter of 2007.

The following graph sets forth the historical prices of Northeast Asia PTA Price, Northeast Asia MEG Price and World Crude Oil Price from 2005 to 2009:

Prices of Northeast Asia PTA, Northeast Asia MEG and World Crude Oil 2005-2009



Source: CMAI and U.S. Energy Information Administration

COMPETITIVE ENVIRONMENT

Polyester filament yarns are generally classified as either regular or differentiated based on its end-use application. Regular polyester filament yarns have little differentiation and generally are sold at lower prices than differentiated polyester filament yarns. Differentiated polyester filament yarns are generally custom-made, high in unit value, less sensitive to raw material prices, and involve the use of advanced technology and production experience.

In general, the polyester filament yarn manufacturers compete on a variety of factors, such as price, product quality, performance or specifications, continuity of supply, customer service and variety of product offering. For regular polyester filament yarns, competitive advantage is gained through market share, economies of scale, and cost advantages of raw materials and logistics. For differentiated polyester filament yarns, competitive advantage is achieved through product differentiation, customized service, industry experience and operational excellence.

According to CMAI, the polyester filament yarn industry is highly competitive, with most of the production capacities of FDY and DTY concentrated in China, which are dominated by large manufacturers that apply the polyester melt direct spinning method. The polyester filament yarn industry in the PRC is highly fragmented. With over 300 polyester filament yarn manufacturers in China, the total designed capacity in China was approximately 19.8 million tpa in 2010. According to CMAI, the top five players in China collectively have a designed capacity of approximately 4.0 million tpa of polyester filament yarns, which represents approximately 20.3% of China's total designed capacity of polyester filament yarns, with each of the top five players accounting for no more than approximately 6.0% of China's total designed capacity.

According to CMAI, high local consumption rate combined with logistic conveniences for both domestic and imported raw materials provides these regions with cost advantages. In addition to the domestic polyester filament yarn manufacturers, we also compete with international manufacturers based on product quality, product differentiation, brand recognition, production capacity, research and development capabilities, production technology and proximity to customers.

The production of polyester filament yarns is centralized in east China and south China, together accounting for over 90% of market share in China's polyester filament yarn market in terms of designed capacity, while south China represents 6.3% of market share in China's polyester filament yarn market in terms of designed capacity, according to CMAI. Within the broad polyester filament yarn industry of China, the markets in south China and east China are related in the sense that they share similar supply and demand structures and dynamics. However, due to higher logistic costs and longer delivery time to transport products between these two markets, polyester filament manufacturers are usually less inclined to expand their sales activities beyond the area where their manufacturing plants are located, unless an increase in logistic cost does not impact the total cost of products delivered to customers and the manufacturer can remain profitable. As a result, the competition in each of these markets is primarily among local manufacturers. CMAI expects that there will be supply shortage of polyester filament yarns for the coming years in south China.

According to CMAI, there were five large polyester filament yarn manufacturers who provide high-quality and differentiated polyester filament yarns in south China in 2010, including Billion Fujian, Jinxing (Fujian) Fiber Textile Industrial Co., Ltd.* (錦興(福建)化纖紡織實業有限公司), Xianglu Polyester Fiber (Xiamen) Co., Ltd.* (翔鷺滌綸紡織(廈門)有限公司), Fujian Jinlun Fiber Shareholding Co., Ltd.* (福建省金綸高纖股份有限公司) and Guangdong Kaiping Chunhui Co., Ltd.* (廣東開平春暉股份有限公司). These five manufacturers collectively have a total designed capacity of approximately 1.2 million tpa of polyester filament yarns, accounting for over 92.0% of the total designed capacity in south China, and provided a substantial portion of polyester filament yarns used in the production of garments in south China.

The following table sets forth the designed capacity of POY and FDY of each of the top five polyester textile filament yarn manufacturers in south China in 2010:

Rank	Company	Province	Designed Capacity ('000 tpa)
1	Billion Fujian	Fujian	450
2	Fujian Jinlun	Fujian	215
3	Xianglu Fiber	Fujian	180
4	Jinxing	Fujian	160
5	Kaiping	Guangdong	150

Source: CMAI

The following table sets forth the designed capacity of DTY of each of the top five DTY manufacturers in China in 2010:

Rank	Company	Province	Designed Capacity ('000 tpa)
1	Zhejiang Hengyi	Zhejiang	300
2	Billion Fujian	Fujian	260
3	Rongsheng	Zhejiang	250
4	Jiangsu Shenghong	Jiangsu	220
5	Jiangsu Hengli	Jiangsu	200

Source: CMAI

The following table sets forth the combined designed capacity of DTY, FDY and POY of each of the top six polyester filament yarn manufacturers in China in 2010:

Rank	Company	Province	Designed Capacity ('000 tpa)
1	Zhejiang Tong Kun	Zhejiang	1,320
2	Zhejiang Hengyi	Zhejiang	1,280
3	Jiangsu Shenghong	Jiangsu	850
4	Jiangsu Hengli	Jiangsu	780
5	Rongsheng	Zhejiang	730
6	Billion Fujian	Fujian	710

Source: CMAI