The information and statistics set out in this section have been extracted from the research report compiled by Synovate Ltd. and other publicly available sources. Our Directors believe that the sources of statistical and graphical information contained in this section are appropriate sources for such information. Reasonable care has been exercised by our Directors and Synovate Ltd. in the exercise of extracting and repeating such information. Our Directors have no reason to believe that such facts, statistics and data presented in this section are false or misleading or that any fact has been omitted that would render such facts, statistics and data false or misleading. No independent verification has been carried out on such information and statistics by us, the Sole Sponsor, the Sole Bookrunner, the Underwriters, their respective affiliates, directors and advisers or any other parties involved in the Share Offer, and none of them makes any representation as to the accuracy or completeness of such information.

INTRODUCTION

We are principally engaged in the development and manufacture of stainless steel products on OEM basis. We manufacture stainless steel watch bracelets, costume jewellery and accessories for intermediary agents of brand owners of internationally renowned brands mainly from Europe, brand owners of such brands who are our direct customers and stainless steel mobile phone cases for mobile phone manufacturer.

The manufacture and sale of stainless steel watch bracelets had been our business focus during the Track Record Period. Based on the figures available from the Synovate Report, we have a market share of the global stainless steel watch bracelet market for brands of watches having average retail price of HK$10,000 or above of about 9.6% in 2010, with reference to the estimated global output value of stainless steel watch bracelets of these brands as compared with our sales of stainless steel watch bracelets for the relevant brands of luxury watches during the year 2010. According to the Synovate Report, the number of stainless steel watch bracelets produced and sold by us to customers for brands based in Switzerland in 2010 represents about 5.7% of the total number of Swiss made stainless steel watches exported in that year.

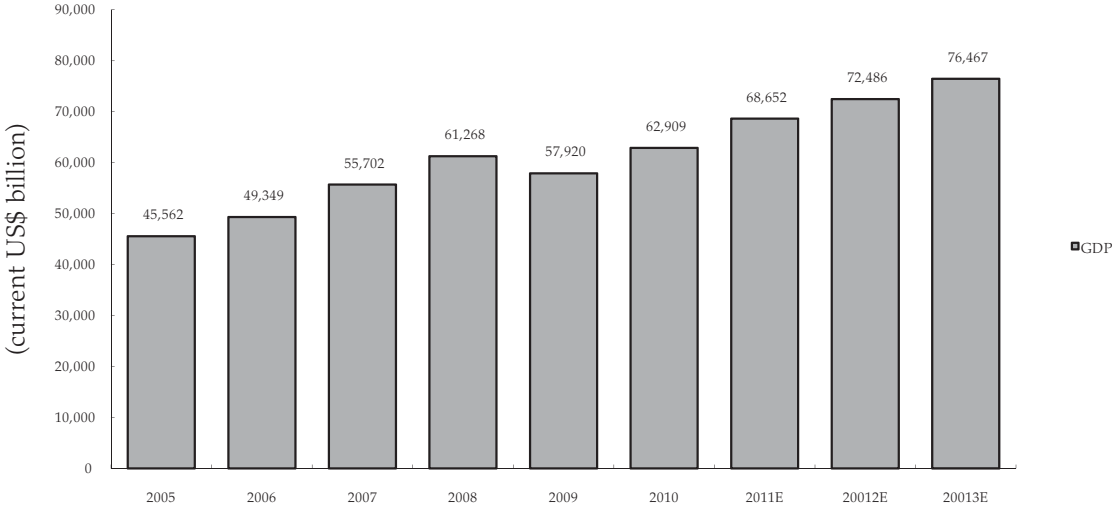
Our Directors believe that the application of stainless steel in luxury products and mobile phone cases is driven by various factors, including (i) the global economy; (ii) the common applications and global supply of stainless steel; (iii) the growth and application of stainless steel in the global luxury products market; and (iv) the growth and application of stainless steel in the global mobile phone cases market.

OVERVIEW OF THE GLOBAL ECONOMY

Following the economic crises in 2008, the world economy had entered into a phase of deep recession. According to the International Monetary Fund (the "**IMF**"), World Economic Outlook: Tensions from the Two-Speed Recovery Unemployment, Commodities, and Capital Flows, April 2011, world real gross domestic product ("**GDP**") had decreased from a 2.9% growth rate in 2008 to a negative world real GDP growth rate of 0.5% in 2009. However, economic growth had moved into a bounce-back phase of recovery in 2010. According to the IMF, world real GDP expanded by 5.0% in 2010 and is expected to expand by 4.4% in 2011, after experiencing a substantial decline in 2009.

The global economy had been growing steadily up till the beginning of the economic crises in 2008, while suffering from a drop in 2009 due to global recession. According to the IMF, world nominal GDP increased from about US$45,562 billion in 2005 to about US$62,909 billion in 2010, representing a CAGR for the period of about 6.7%, which reflects a steady growth. The world nominal GDP is projected to grow at a CAGR of about 5.5% from 2011 to 2013. The chart below sets out the historical and projected nominal GDP of the world for the periods indicated.

Nominal GDP (World), 2005-2013E

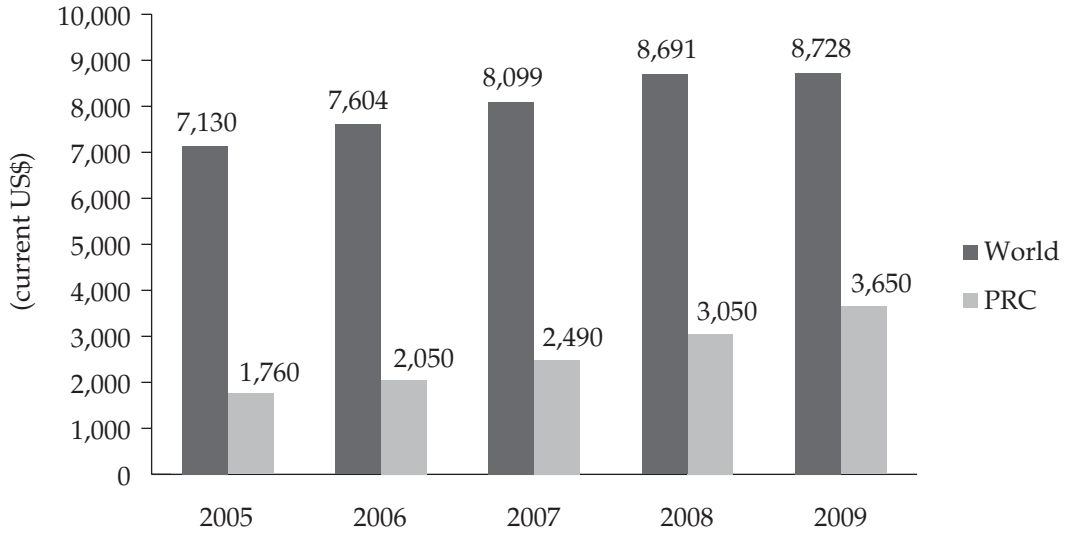


Source: IMF, World Economic Outlook Database, April 2011

Global income levels per capita had been growing steadily from 2005 up and until the global recession in 2009. According to The World Bank, world real gross national income ("**GNI**") per capita increased from about US$7,130 in 2005 to about US$8,728 in 2009, and the CAGR of the period is about 5.19%, which reflects a steady growth. In comparison, the real GNI per capita in the PRC increased from about US$1760 in 2005 to about US$3650 in 2009, and the CAGR of the period is about 20%, which reflects a strong

growth. The chart below sets out the historical real GNI per capita of the world and the PRC for the periods indicated.

Real GNI per capita (World vs PRC), 2005-2009



Source: The World Bank, World Development Indicator

The growth of world nominal GDP and GNI per capita since 2005 reflects the increase in global consumer purchasing power, which supports growth in the global demand for stainless steel commodities such as watches, costume jewellery and accessories and mobile phones, and in turn drives global demand for the use of stainless steel as components for such products.

APPLICATIONS AND GLOBAL OUTPUT OF STAINLESS STEEL

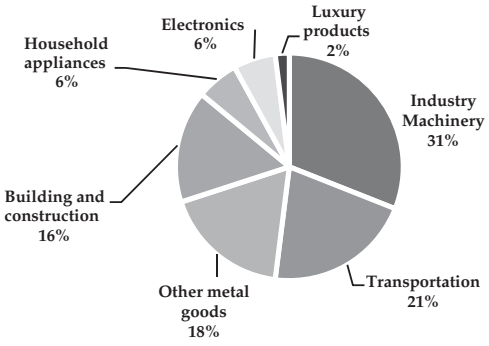
Applications of stainless steel

Stainless steel is a kind of steel alloy. The chromium and nickel content of stainless steel enables it to better resist corrosion and sets it apart from other forms of metal and steel.

The practical qualities of stainless steel, such as corrosion and tarnish resistant, metallic sheen, ease of cleaning, mechanical strength and anti-allergic properties make it an ideal material for different applications. According to the Synovate Report, stainless steel is commonly used in several major areas, including industrial machinery, transportation, building and construction, household appliances, electronics, luxury products and other metal goods. In particular, the Grade 316L stainless steel is commonly used in luxury products such as watches and costume jewellery including earrings, rings, pendants, necklace, bracelets, cufflinks and accessories such as belt buckles. According to the Synovate Report, luxury products, including watches, costume jewellery and belt buckles, take up about 2% of the global output value and volume of stainless steel

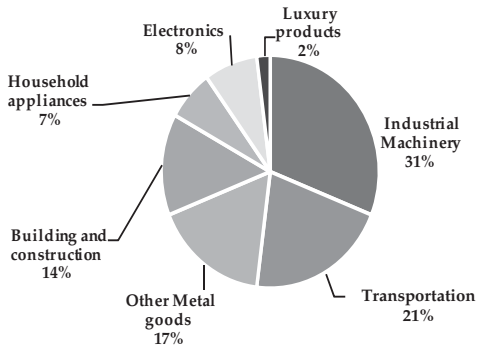
for 2009 and 2010. The charts below set out the global market segmentation for stainless steel usage by application types for 2009 and 2010 respectively.

Global market segmentation for stainless steel usage by application types for 2009



Source: Synovate Report

Global market segmentation for stainless steel usage by application types for 2010



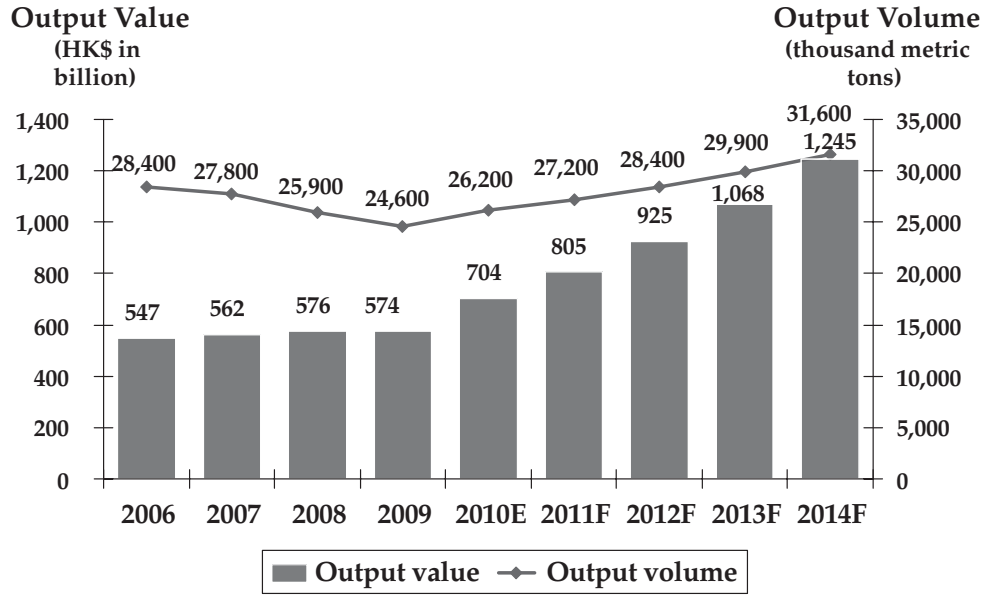
Source: Synovate Report

Global output of stainless steel

According to the Synovate Report, the global output value and volume of stainless steel is affected by the global economy. Global output volume of stainless steel shrank from about 28,400 thousand metric tons in 2006 to about 24,600 thousand metric tons in 2009 due to the global economic crisis, but is estimated to pick up from 2010 onwards due to recovery of the global economy, increasing from an estimated output volume of about 26,200 thousand metric tons in 2010 to about 31,600 thousand metric tons in 2014, representing a CAGR of about 1.3% from 2006 to 2014. On the other hand, the global output value of stainless steel sustained growth throughout 2006 to 2009 regardless of the decline in output volume during this period and is projected to maintain its growth momentum from 2010 to 2014, from about HK$547 billion in 2006 to about HK$1,245 billion in 2014, representing a CAGR of about 10.8%. This reflects the continual increase in price of major component materials of stainless steel, such as nickel, due to heavy demand

over the years, which supports stainless steel price. The graph sets out below demonstrates the global output value and volume of stainless steel from 2006 to 2014.

Global output value and volume of stainless steel from 2006 to 2014



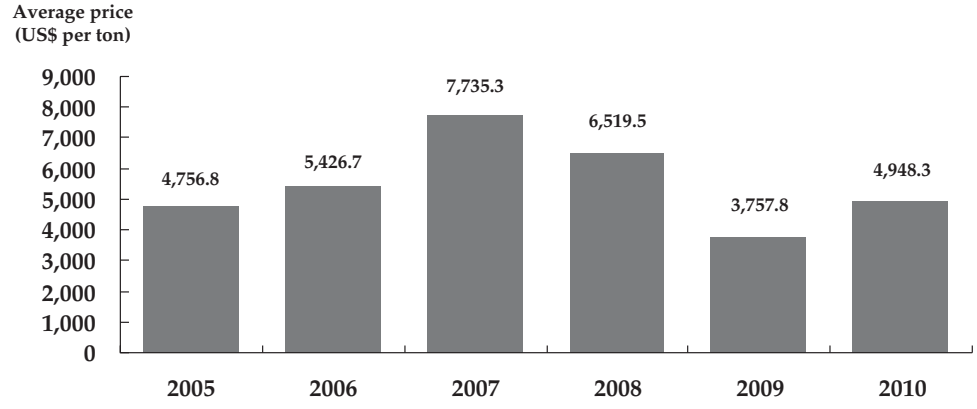
Source: Synovate Report

Price trend of stainless steel

According to the Synovate Report, the global stainless steel price for Grade 316 stainless steel (which is the principal type of stainless steel used by us for our production purposes) had been fluctuated in the past six years. The average price per ton increased from about US$4,757 in 2005 to its peak of about US7,735 in 2007, which was driven by the increasing application of stainless steel in electronics, building and construction, and industrial and machinery sectors, and then dropped to its trough of about US$3,758 in 2009 due to the downturn of consumption market arising from the financial crisis started in 2008. As the global economy started to recover, the demand for stainless steel rebounded in 2010, the average price per ton of Grade 316 stainless steel increased to about US$4,948 in 2010, representing an increase of about 31.7% from that of 2009.

The graph below sets out the average price of Grade 316 stainless steel during the year from 2005 to 2010.

Average global price of Grade 316 stainless steel



Source: Synovate Report

OVERVIEW OF STAINLESS STEEL APPLICATION IN THE WORLD

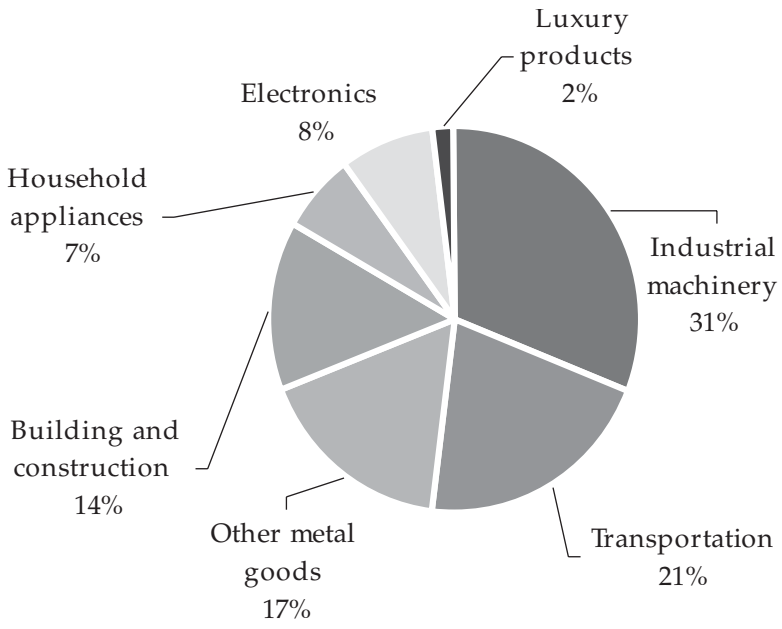
According to the Synovate Report, stainless steel is commonly used in a number of major applications as set out in the table below:

Common applications of stainless steel in the world	**Description of usage and application**
Building and construction	The use of stainless steel in construction is increasing rapidly due to the material's properties, including aesthetics, durability, corrosion resistance, ease of maintenance and fire resistance. If appropriate grades and finishes are selected, there should be no need to replace stainless steel, even if a building's life spans hundreds of years.
Transportation	Stainless steel is widely used in car exhaust systems and for auto parts such as hose clamps and seatbelt springs. It is also a standard option for rail transport and bus bodies for its easy maintenance properties and corrosion-resistance.

Common applications of stainless steel in the world	Description of usage and application
Industrial machinery	For its qualities of being corrosion resistant and suitable for long-term usage, stainless steel is used in over 800 application of industry machinery with air duct unit, autoclaves, meat processing machinery, pressure chamber, sugar industry machinery and wine tanks being examples of a few. Stainless steel machinery can be steam-cleaned and sterilised and does not need paint or other surface finishes.
Household appliances	Stainless steel is widely used in cookware, cutlery, and kitchen utensils. It does not absorb pollutants, chemical, pesticides or other contaminants which makes the metal ideal for any kind of appliances for human consumption use.
Electronics	Stainless steel is used in electric machinery and equipment such as hard disc cover, mobile telephone cases, rotor can for circulation pumps, water heater, stove components, washing machine etc.
Luxury products	Stainless steel is commonly used in costume jewellery and accessories including watches, earrings, rings, pendants, necklace, bracelets, cufflinks, belt buckles etc.
Other metal goods	Other metal goods such as fasteners, kitchen articles and medical instruments also make use of stainless steel to fulfill their usage requirement.

The graph below illustrates the global market segmentation for stainless steel usage by application types in 2010:

Global market segmentation for stainless steel usage by application types in 2010



Source: Synovate Report

GROWTH AND APPLICATION OF STAINLESS STEEL IN THE GLOBAL LUXURY PRODUCTS MARKET

Overview of the application of stainless steel in the global luxury products market

Stainless steel is commonly used as a base material for watches, costume jewellery including earrings, rings, pendants, necklace, bracelets and cufflinks and accessories such as belt buckles. Several key factors affecting the use of stainless steel in such luxury products are identified in the Synovate Report, including (1) the possibility of forging high quality stainless steel with expensive metals, such as gold, silver and platinum, to provide high oxidation resistance for the component parts of such luxury products and to achieve designs that closely follow fashion trends at reasonable costs; (2) the quality of stainless steel as a lighter material in weight compared with other metals which affords flexibility in the design and style of the component parts for such luxury products; (3) the market trend and lifecycle of luxury products which are affected by fashion trend; and (4) the price of stainless steel materials.

According to the Synovate Report, environment protection also makes stainless steel an economical and environmental option for manufacturing and application. The composition of stainless steel by valuable raw materials such as chromium, nickel and molybdenum made the material highly recyclable at an estimated end of life recycling ratio of about 80-90% high. Stainless steel recycling is a self-sustaining process and the material is widely recycled and reprocessed repeatedly for its own production without any degradation that makes it a perfectly environmental option for manufacturing use.

Under the current rules and regulations of the European Union ("EU"), the use of stainless steel in consumer products including luxury products and electronic devices must comply to the EU REACH and RoHS derivative. The REACH addresses the use of any chemical substances and their potential impacts on the human health and environment and applies to all chemicals imported or produced in the EU. The RoHS ensures that any electronic devices put on the market do not contain any of the six banned substances specified in RoHS in quantities exceeding maximum concentration values.

According to the Synovate Report, amongst all types of luxury products, stainless steel is most commonly applied in jewellery products including watches, earrings, rings, pendants, necklace, bracelets and cufflinks. While stainless steel has similar appearance as silver, it is harder than silver and does not corrode or tarnish. Therefore, it is being increasingly used in watch bracelets, costume jewellery and accessories. Also, although it is used for all kinds of costume jewellery, it is especially useful for earrings and belly bars for hygiene reasons as it is easy to clean without the use of chemical solutions and it does not give rise to any adverse skin reactions and allergies. Stainless steel can be manufactured to a high level of precision which increase its usability across multiple range of jewellery products. Driven by more working women, self-purchase by women, seasonal trends and new products, increase in demand for both men and women are witnessed over the past century, and frequent request for something new, unique and self-defining has given room to constant revolution in product design that drives the use of stainless steel in many jewellery pieces.

Analysis of the global market for selected application of stainless steel components in luxury products

According to the Synovate Report, the global market revenue of the use of stainless steel components for watches (with reference to brands of watches having an average retail price of HK$10,000 or above), costume jewellery and belt buckles from 2006 to 2009 grew significantly from about HK$8,953 million in 2006 to about HK$10,747 million in 2009, representing a CAGR of about 6.3%. This was mainly due to the increasing use of stainless steel in replacement of other metals such as copper and silver in these luxury products to take advantage of the tarnish resistant, lower cost and anti-allergic properties of stainless steel. It is estimated that the global output revenue for stainless steel usage in such luxury products will increase significantly from about HK$10,882 million in 2010 to about HK$12,607 million in 2013, representing a CAGR of about 5.0%.

Among the three types of stainless steel application in luxury products quoted in the Synovate Report, namely watch bracelets, costume jewellery and belt buckles, the use of stainless steel in belt buckles recorded the most significant growth from 2006 to 2009, with the global market revenue of the use of stainless steel components for such products increased from about HK$260 million in 2006 to about HK$348 million in 2009, representing a CAGR of about 10.2%. According to the Synovate Report, such trend was attributable to the growing fashion trend for male with belt buckles being regarded as one of the important accessories for mix and match purpose.

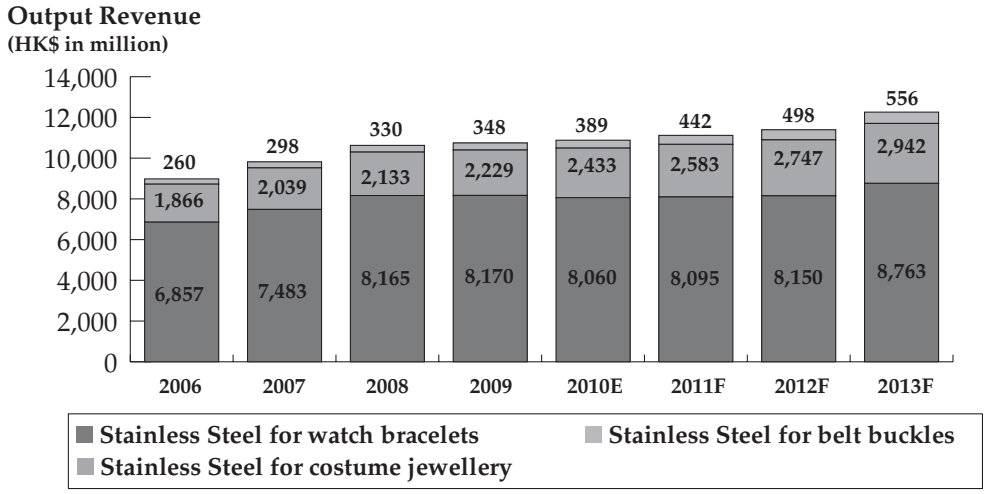
The global market revenue of the use of stainless steel components for watch bracelets and costume jewellery increased from about HK$6,857 million and HK$1,866 million in 2006 to about HK$8,170 million and HK$2,229 million in 2009, respectively, representing CAGR of about 6.0% and 6.1%, respectively.

For the period from 2010 to 2013, it is projected that global market revenue of the use of stainless steel in belt buckles will show faster growth compared with the corresponding growth rate for watch bracelets and costume jewellery. According to the Synovate Report, it is expected that the global market revenue of the use of stainless steel

components in watch bracelets, costume jewellery and belt buckles will increase from about HK$8,060 million, HK$2,433 million and HK$389 million in 2010 to about HK$8,763 million, HK$2,942 million and HK$556 million in 2013, respectively, representing CAGR of about 2.8%, 6.5% and 12.6%, respectively.

The graph below illustrates the global market revenue of the use of stainless steel components for watch bracelets, costume jewellery and belt buckles from 2006 to 2013.

Global market revenue of the use of stainless steel components for watch bracelets, costume jewellery and belt buckles from 2006 to 2013



Source: Synovate Report

According to the Synovate Report, the global output revenue of the use of stainless steel components for watch bracelets and luxury watch bracelets were about HK$8,170 million and HK$3,317 million in 2009, respectively; and were about HK$8,060 million and HK$3,208 million in 2010, respectively. Accordingly, in terms of global output revenue, the global market for usage of stainless steel components in luxury watch bracelets represent about 40.60% and 39.80% of the global usage of stainless steel components in watch bracelets for 2009 and 2010, respectively.

The table below illustrates the global output revenue of the use of stainless steel components for watch bracelets and luxury watch bracelets in 2009 and 2010 respectively:

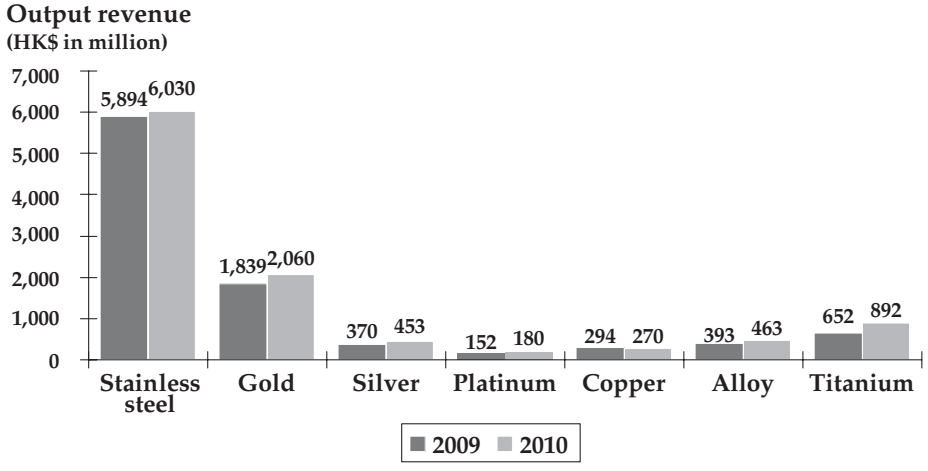
	2009		2010	
Usage of stainless steel components in	**Global output revenue (HK$ in million)**	**Percentage of total**	**Global output revenue (HK$ in million)**	**Percentage of total**
Watch bracelets	8,170	100%	8,060	100%
Luxury watch bracelets . .	3,317	40.60%	3,208	39.80%
Others	4,853	59.40%	4,852	60.20%

Source: Synovate Report

Comparison of the use of stainless steel with other common metals for selected application in luxury products

According to the Synovate Report, stainless steel is the most common type of metal used in watch bracelets, costume jewellery and belt buckles in 2010, with an estimated global output revenue of about HK$6,030 million, followed by the corresponding figure of about HK$2,060 million for gold, about HK$892 million for titanium, about HK$463 million for alloy, about HK$453 million for silver, about HK$270 million for copper and about HK$180 million for platinum. The graph below sets out the global output revenue of the use of stainless steel and other common metals in watch bracelets, costume jewellery and accessories in 2010.

Global output revenue of the use of stainless steel and other common metals in watch bracelets, costume jewellery and accessories in 2010



Source: Synovate Report

Key market drivers for application of stainless steel components in luxury products

According to the Synovate Report, fashion trend will be a key factor in driving future demand of stainless steel components for watches, costume jewellery and belt buckles. The corrosion and tarnish resistance and aesthetic qualities of stainless steel material ensures that stainless steel will continue to be a key base material for luxury wear products.

Future development of stainless steel application in luxury products will focus on hardening and brightening the material for even wider application and for better aesthetic results, such as improving the constructional design of the material to further enhance its ability and durability in terms of water and vibration resistance, and improving the cosmetic design by means of adopting different colour usage, refining the polishing techniques and enhancing the fitness in shape, in order to keep up with changing fashion trend.

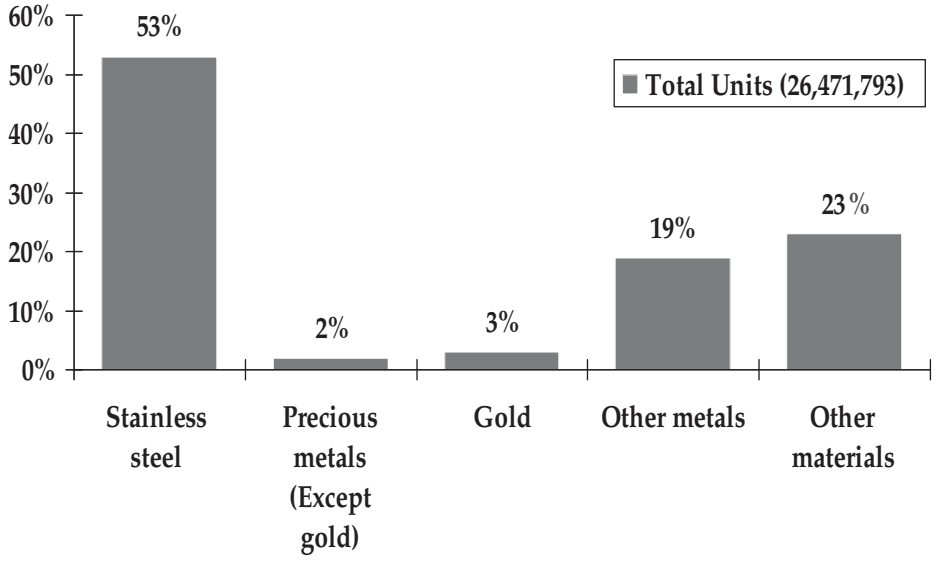
Going forward, the Synovate Report states that manufacturers will aim to achieve greater automation in production processes to reduce labour costs as well as achieve mass production at lower costs. In the long run, it is expected that the relatively lower cost of production and improvement in supply infrastructure in China in recent years will prompt European based luxury products manufacturers to further relocate their manufacturing base to China to capitalise on the local skilful workforce and lower labour costs, so as to improve profit margin while maintaining their product quality.

Use of stainless steel in Switzerland and world watch making industry

Switzerland was the leading exporter of watch industry products in the world, with the market value of related exports amounting to about US$12.3 billion in 2009, compared with the corresponding figure of about US$5.6 billion for Hong Kong, the second largest exporter, and about US$2.5 billion for China, the third largest exporter, in 2009.

In 2009, about 26.5 million units of Swiss made watches had been exported to different parts of the world. Out of these, about 14 million units of Swiss made watches were made of stainless steel, which accounted for about 53% of the total volume of exports of Swiss made watches. The chart sets out below demonstrates the segmentation of Swiss made watches exported in 2009 by material type.

Segmentation of Swiss made watches exported in 2009 by material type



Source: Synovate Report

According to the Synovate Report, the number of stainless steel watch bracelets produced and sold by us to customers for brands based in Switzerland in 2008, 2009 and 2010 accounted for about 5.0%, 4.0% and 5.7% of the total number of Swiss made stainless steel watches exported in 2008, 2009 and 2010, respectively.

APPLICATION OF STAINLESS STEEL IN MOBILE PHONE CASES

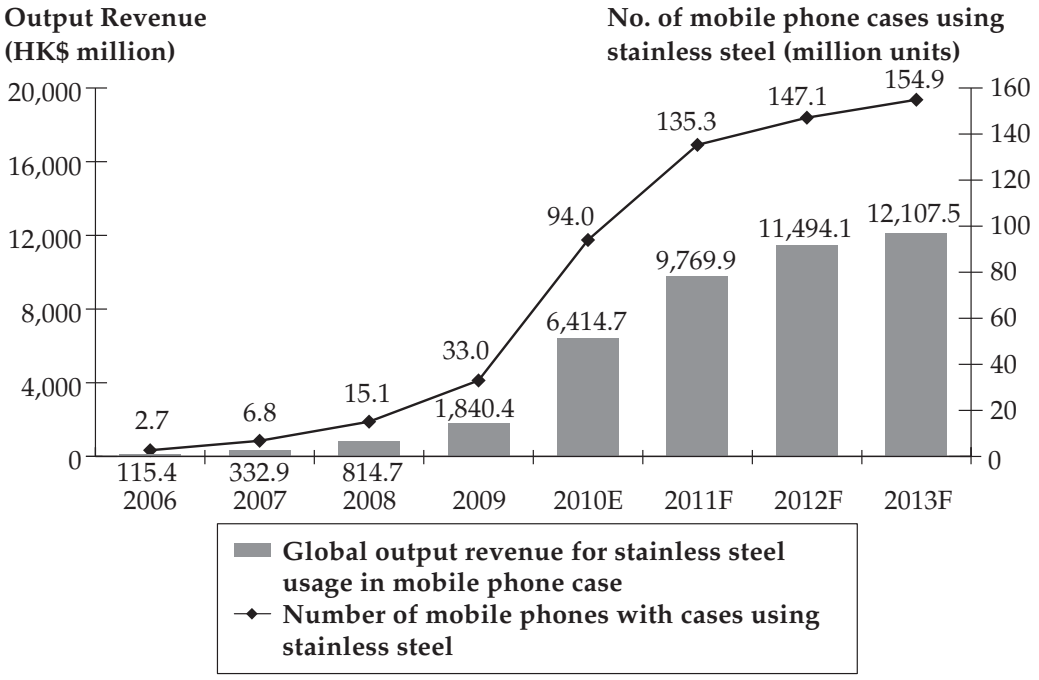
Overview of stainless steel usage in mobile phone cases

According to the Synovate Report, stainless steel has been used in mobile phone cases in the recent four to five years in replacement of aluminium and magnesium because stainless steel can support the thinner and slimmer design of mobile phones, is more environmentally friendly in production, offers higher resistance to scratching and provides shiny appearance. On the other hand, the growing popularity in smartphones in the market has been driving the demand for use of stainless steel in mobile phone cases as the higher sales value of smartphones supports the use of higher quality material such as stainless steel.

Analysis of the global market for use of stainless steel in mobile phone cases

Based on figures from the Synovate Report, the global output revenue for stainless steel mobile phone cases increased from about HK$115.4 million in 2006 to about HK$1,840.4 million in 2009, recording a CAGR of about 151.7%. Such growth was attributable to the dramatic increase in the number of mobile phones using stainless steel for their cases during the years covered. Given the increasing demand for smartphones and mid- to high-end mobile phones in the recent years, the relatively higher sales value of smartphones in the market allowing room for mobile phone manufacturers to consider using stainless steel (in lieu of aluminum and magnesium which are less expensive) as the production material for cases, and increasing competitions among smartphone manufacturers are driving the application of stainless steel for mobile phone cases for more durable and attractive appearance and higher quality. It is estimated that the global output revenue for stainless steel mobile phone cases will continue to increase significantly, at a CAGR of about 23.6% from 2010 to 2013. The graph below sets out the global output revenue of the use of stainless steel for mobile phone cases from 2006 to 2013.

Global output revenue of the use of stainless steel for mobile phone cases from 2006 to 2013



Source: Synovate Report

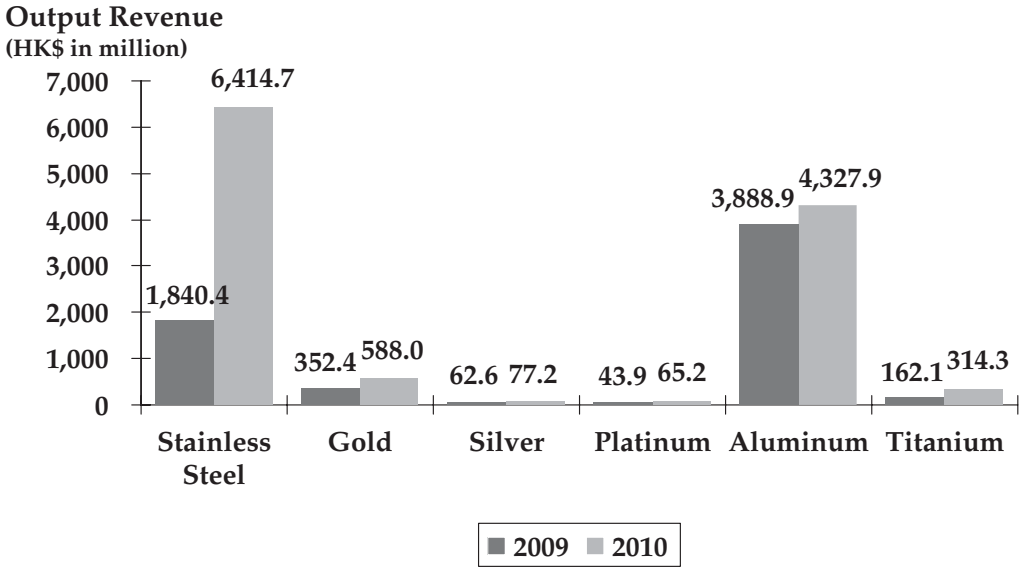
Comparison of the use of stainless steel with other common metals for mobile phone cases

According to the Synovate Report, stainless steel has been replacing aluminium and titanium for mobile phone cases. Before the common usage of stainless steel in mobile phone cases, aluminium or titanium coated with chromium was used for mobile phone cases to give shiny appearance and to prevent oxidation. Pricing of material is a key concern for mobile phone manufacturers, and accordingly, the significant increase in costs for materials such as titanium and for precious metals such as gold and platinum in 2009 and 2010 has caused manufacturers to adopt stainless steel and aluminium as their prices and supply tend to be more stable. In 2010, prominent models of smartphones on the

market adopted stainless steel for their mobile phone cases, which explained the significant increase in the global output revenue of the use of stainless steel for mobile phone cases from about HK$1,840.4 million in 2009 to about HK$6,414.7 million in 2010, representing year-on-year growth of about 248.6%. In comparison, the corresponding figure for that of aluminium increased from about HK$3,888.9 million in 2009 to about HK$4,327.9 million in 2010, representing a year-on-year growth of about only about 11.3%. It is noted in the Synovate Report that other metals such as gold, silver and platinum are not commonly used for mobile phone cases, although gold is used for some limited edition models or as coating to the base material for enhancing the sales value of the mobile phone as a premium model.

The chart below illustrates the global output revenue of the use of stainless steel and other common metals for mobile phone cases from 2009 to 2010.

Global output revenue of the use of stainless steel and other common metals for mobile phone cases from 2009 to 2010



Source: Synovate Report

Key market drivers for stainless steel usage for mobile phone cases

According to the Synovate Report, the expected growth in demand for smartphones for the next three years will continue to drive demand for stainless steel usage in mobile phone cases. With the design of smartphones gearing towards slimmer size and lighter weight, manufacturers of stainless steel mobile phone cases will be required to accommodate to such market trends. On the other hand, it appears to be the design trend that precious metals such as silver, gold or platinum will be utilised in stainless steel mobile phone cases to enhance the quality, durability, recyclability and sales value of the end product. It is expected that the use of aluminium and magnesium coated with chromium for mobile phone cases will fade out because of their inferior oxidation resistance qualities and concern that such material could be harmful to human.

Going forward, environmental concern in the production processes of mobile phones will be a key driving factor for future demand of stainless steel usage in mobile phone cases. According to the Synovate Report, technology advancement in stainless steel production will further reduce the pollution produced during the manufacturing processes of stainless steel. It is projected that stainless steel will further replace the use of some metals, such as copper and magnesium, the production processes of which involve more pollution.

According to the Synovate Report, future production of stainless steel mobile phone cases will further shift from Europe or the Americas to China to take advantage of the lower production costs.

COMPETITIVE LANDSCAPE IN THE STAINLESS STEEL LUXURY PRODUCTS AND MOBILE PHONE CASES MANUFACTURING INDUSTRY

While industry machinery, transportation, building and construction remain as the greatest consumption sectors of stainless steel components, electronic devices and luxury goods are gaining position in the stainless steel manufacturing industry as customers' living standard improves and demand for luxury products increases. In particular, as the global economic and market conditions, the general consumer confidence and the consumer purchasing power continue to recuperate from the global financial crisis in 2008, increase in demand for commodities is expected to boost growth in the demand of stainless steel products, particularly in consumer products such as household appliances, electronic devices and luxury products. Besides, while the technology for application of stainless steel on watch bracelets is relatively mature and may thereby limits new growing opportunity for the application, such matured technology is applied towards other product categories such as accessories and mobile phone cases, driving faster growth of the stainless steel industry as a whole.

According to the Synovate Report, the stainless steel products manufacturing industry for luxury products and mobile phone cases is dominated by few leading players. We are one of the stainless steel watch bracelets manufacturers in the world, with a market share of the global stainless steel watch bracelet market for brands of watches having average retail price of HK$10,000 or above of about 9.6% in 2010 according to the Synovate Report. Given the stringent manufacturers selection procedures and quality assurance measures adopted by brand owners of watch, costume jewellery and luxury products, particularly owners of internationally renowned brands, as well as mobile phone manufacturers, the substantial capital investments to stay competitive in the industry, we believe that international brand owners of watches and luxury products and mobile phone manufacturers and their respective intermediary agents tend to establish long-term partnership with reliable manufacturers to ensure continuous supply of products with consistent product quality. The entry barrier of the industry is also high, requiring manufacturers to invest in expensive and advanced machinery coupled with an experienced workforce and high production capacity, while the high switching barrier of long-term, established customers resulting from the close relationships between international brand owners of luxury products or mobile phone manufacturers with existing players hinders new entrants from gaining business opportunities from, or breaking into the established relationship with, these potential customers.

Nevertheless, with enormous growth potential in the global market for stainless steel luxury products and mobile phone cases, and with the stainless steel manufacturing industry in the PRC attracting more business opportunities due to lower cost in labour and advancement in technology over the past years, we face keen competition in our business and the stainless steel luxury products and mobile phone cases manufacturing industry is highly competitive. In particular, manufacturers are competing fiercely on technology and price to maintain their competitive edge, including the advancement in manufacturing technologies to keep track with the fast changing fashion design and seasonal trend, to enhance the quality, fitness and appearance of their products, and to lower their production costs by reducing labour costs and introducing automated production processes. Future competition will lie in the manufacturers' abilities to improve their operational efficiency and their capability to develop new production technologies to accommodate the frequent change customers' requirements. To enhance their competitiveness, it is expected that manufacturers will seek to improve their product

design and development capabilities, to implement automated production processes to save costs and to improve consistency of quality, to expand their production capacities to accommodate future growing opportunities of new market segments, and to provide after-sales services to their customers (such as product repair, re-polishing and return of defective goods).

SOURCES OF INFORMATION

Report commissioned from Synovate Ltd.

We commissioned Synovate Ltd., an independent global market research company, to conduct an analysis of, and to report on, the global industry development overview and trends and competitive landscape for usage of stainless steel in luxury products and stainless steel cases of mobile phones. The report commissioned has been prepared by Synovate Ltd. independently. We paid HK$318,000 to Synovate Ltd. for the report commissioned and we consider that such fee reflects market rates.

The Synovate Report we commissioned includes information on (i) the global stainless steel market with data on the global output value and volume of stainless steel and industry segmentation by application types, (ii) the global market for the use of stainless steel components in watch bracelets, costume jewellery and belt buckles, and (iii) the global market for the use of stainless steel in mobile phone cases, which have been quoted in this prospectus. The independent research undertaken by Synovate Ltd. involves primary research, client consultation and desk research. Primary research and client consultation involve interviews with key stakeholders and industry experts, including manufacturers of stainless steel components, luxury brands and experts and mobile phone manufacturers, and desk research involves collecting and verifying information from, among others, government department and statistics, trade and business press, company annual reports and publicity materials, industry reports and analyst reports, industry associations, industry journals, other online sources and data from the research database of Synovate Ltd. The intelligence gathered by Synovate Ltd. has been analysed, assessed and validated using their in-house analysis models and techniques.

The forecasts in the Synovate Report are based on the following general bases and assumptions:

- the global economy is assumed to maintain a steady growth across the forecast period;
- the global supply of stainless steel is assumed to be stable and without shortage over the forecast period;
- there is no external shock such as natural disasters or the wide outbreak of diseases to affect the global demand and supply of stainless steel, watch bracelets, costume jewellery and accessories, and mobile phones over the forecast period;
- the forecast Hong Kong dollar value is based on the current Hong Kong dollar value in 2010, with inflation factor input to the forecasting model; and
- the exchange rate of US$1 to HK$7.769 used in the Synovate Report.

No other information disclosed in this prospectus is extracted from reports commissioned by us.