

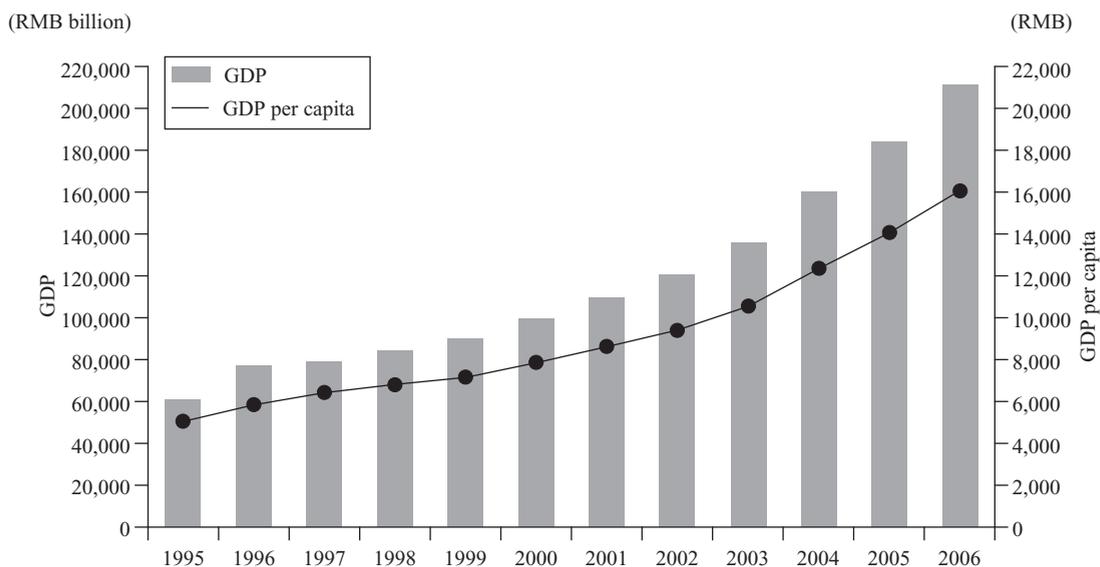
INDUSTRY OVERVIEW

This section contains information and statistics relating to the PRC economy and the industry in which we operate. We have derived such information and data partly from various official government publications (being information published by the PRC Government which has not been independently verified by us, the Sponsor, the Underwriters or any of their respective affiliates or advisors) and partly from the Research Report and information from the website of Hong Kong Trade Development Council. The information in the official government publications may not be consistent with the information compiled elsewhere. None of us, the Sponsor, the Underwriters or any of their respective affiliates or advisors has made any representation as to the correctness or accuracy of such official government publications and accordingly such official government publications should not be unduly relied on. The Sponsor and the Directors have taken such care as consider reasonable in the reproduction of such official government publications.

OVERVIEW OF PRC ECONOMY

The PRC's consumer market is the world's largest in terms of population since it has a population of approximately 1.3 billion people according to the statistics provided by the National Bureau of Statistics. The overall economy of the PRC has also sustained steady growth ever since the PRC Government adopted economic reforms which transformed its traditional centrally-planned economy into a more market-oriented economy. The PRC's annual GDP in 2006 reached approximately RMB210,871 billion, representing a CAGR of 12.0% for the twelve years spanning from 1995 to 2006. The chart below illustrates the growth trend of the GDP and GDP per capita in the PRC from 1995 to 2006:

GDP and GDP Per Capita in the PRC

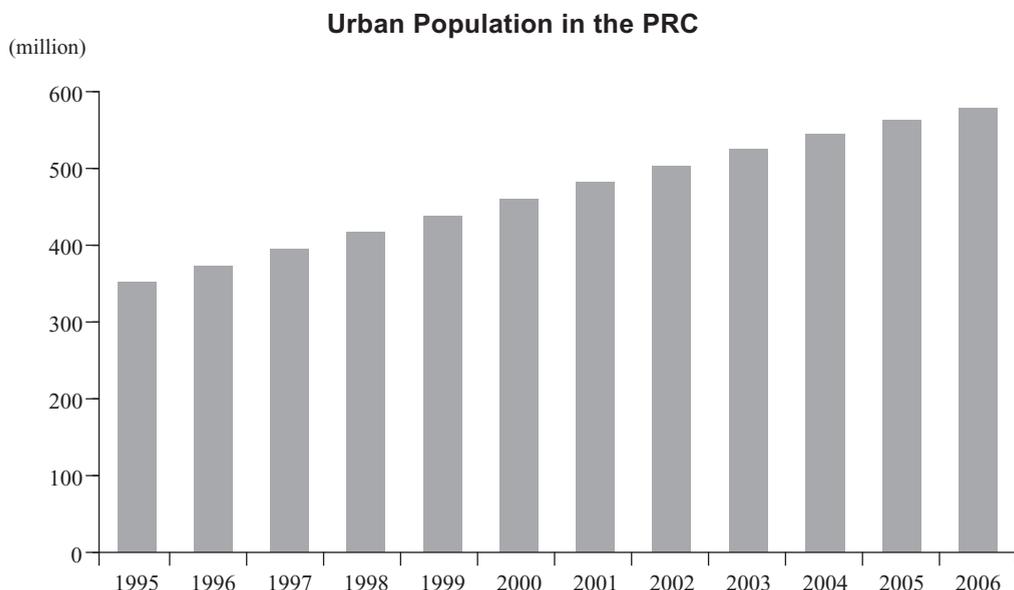


Source: China Statistical Yearbook 2007 issued by the National Bureau of Statistics

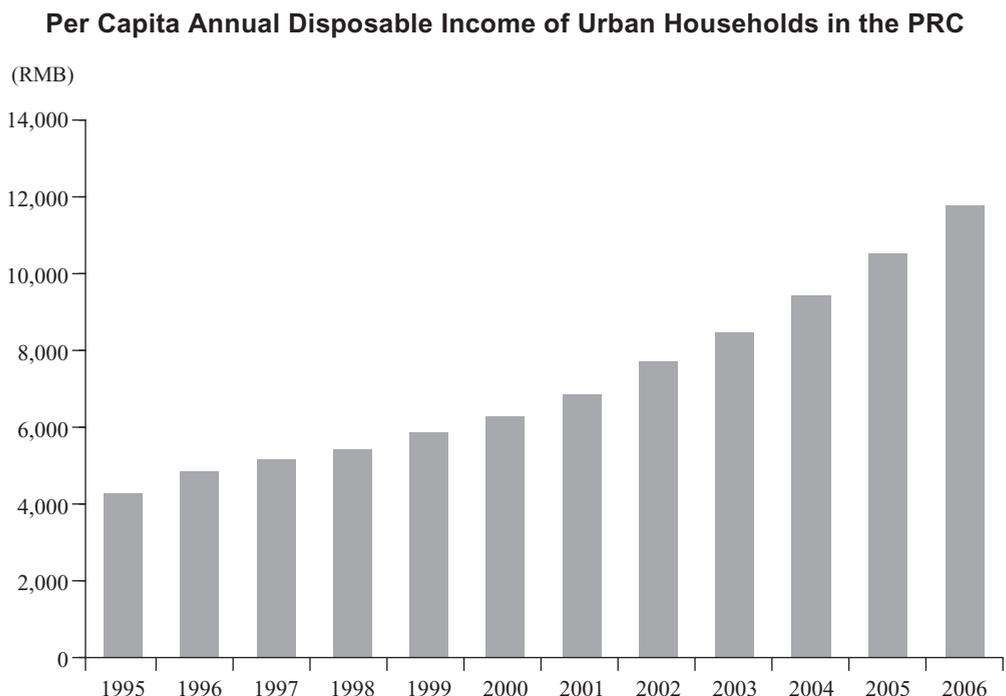
As a result of the overall economic growth of the PRC, the PRC's consumer market has developed quickly over the past decade. According to the National Bureau of Statistics, the urban population in the PRC has increased from approximately 351.7 million people in 1995 to approximately 577.1 million people in 2006, representing a CAGR of 4.6%. The per capita annual

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disposable income of urban households in the PRC reached approximately RMB11,700 in 2006 representing a CAGR of 9.6% for the twelve years spanning from 1995 to 2006. The per capita annual consumption expenditures of urban households in the PRC has increased from approximately RMB3,538 in 1995 to approximately RMB8,697 in 2006, representing a CAGR of 8.4%. The three charts below illustrate the growth trend of (i) the urban population; (ii) per capita annual disposable income of urban households; and (iii) per capita annual consumption expenditures of urban households in the PRC from 1995 to 2006:



Source: China Statistical Yearbook 2007 issued by the National Bureau of Statistics

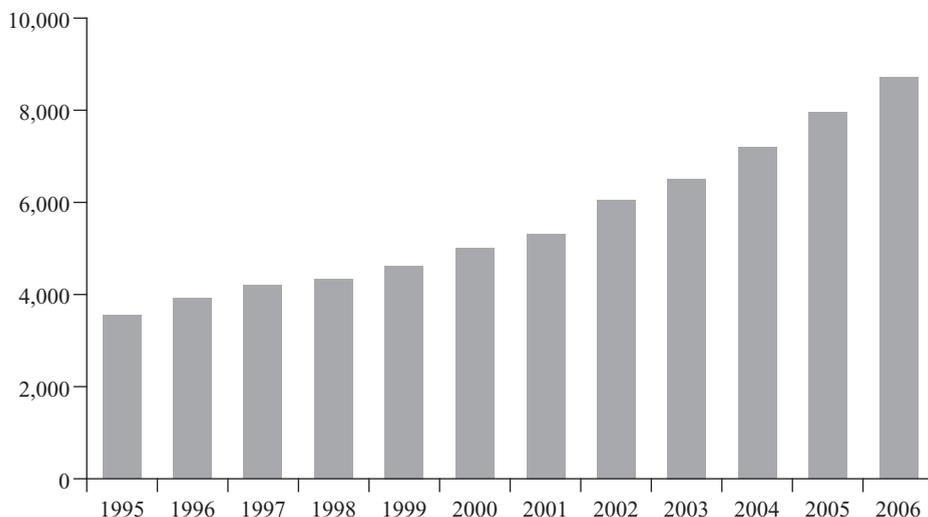


Source: China Statistical Yearbooks 1998, 2000, 2003, 2005 and 2006 issued by the National Bureau of Statistics

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Per Capita Annual Consumption Expenditures of Urban Households in the PRC

(RMB)



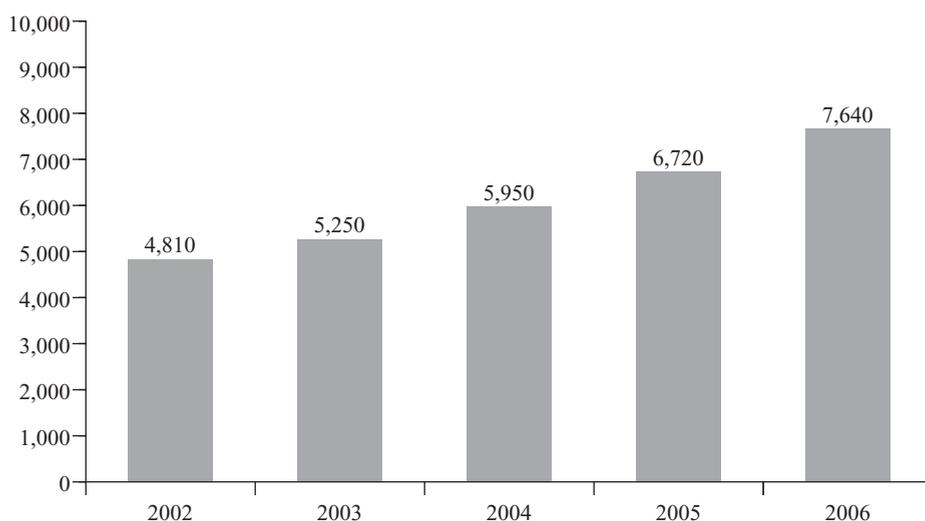
Source: China Statistical Yearbooks 1998, 2000, 2003, 2005 and 2006 issued by the National Bureau of Statistics

THE PRC RETAIL MARKET

Benefiting from the increasing consumer purchasing power in the PRC, retail sales of consumer goods in the PRC have experienced a CAGR of 12.3% during the period from 2002 to 2006, which is higher than that of GDP over the same period. The following chart shows the growing trend of consumer spending as measured by total retail sales value from 2002 to 2006:

Retail Sales in China

RMB billion

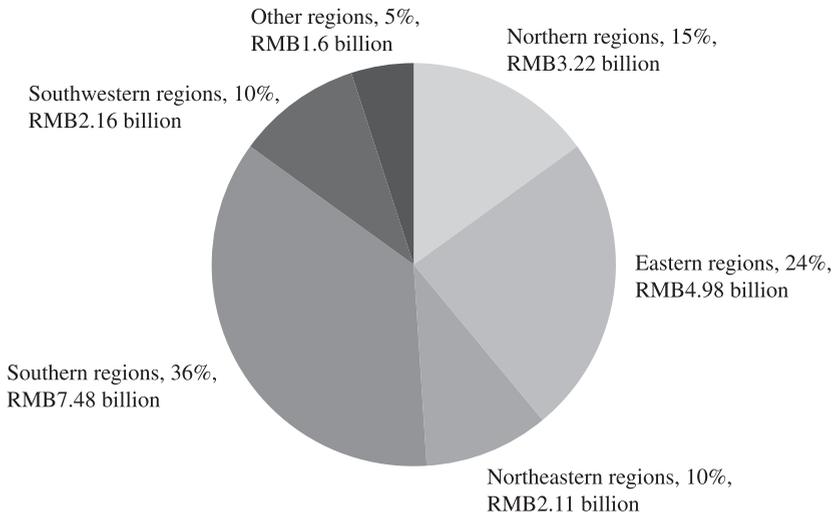


Source: China Statistical Yearbook 2007 issued by the National Bureau of Statistics

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A change in consumption patterns has also developed as a result of the socioeconomic transformation of the PRC and the growing affluence of urban consumers in the PRC. Income was primarily spent on basic necessities in the 1980's and 1990's, whereas there has been an increase in urban consumer spending on lifestyle-enhancing products and services in recent years. We believe the increasing consumption of fashion and lifestyle products in the PRC can be explained partly by higher disposable income and changes in consumer habits and expectations of the upper and middle class population. The chart below illustrates the distribution of fashion accessories¹ consumers in the PRC for the year of 2005, in particular it shows the largest proportion of such consumers are concentrated in the southern regions:

Distribution of Fashion Accessories Consumers in the PRC for 2005



Sources: Research Report

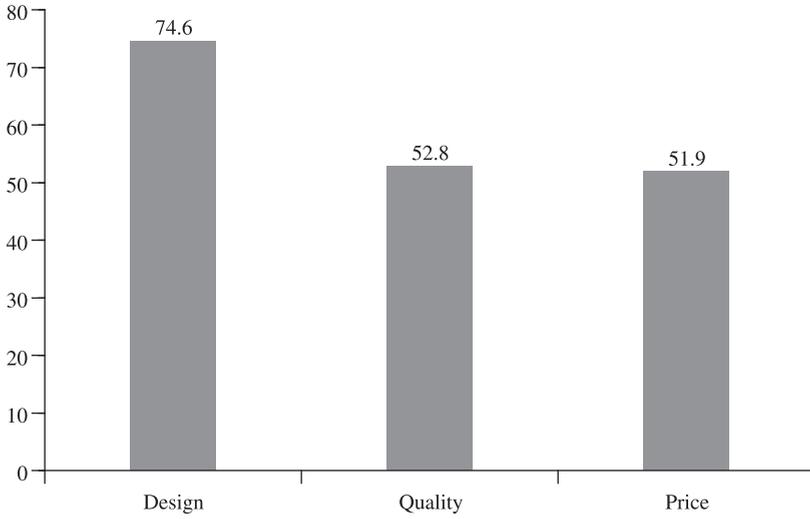
In making their purchasing decisions, we believe these consumers are increasingly guided by product design, quality, pricing and fashion trend.

¹ Fashion accessories are clothing items not being part of one's main clothing that are worn or carried, such as necklaces, bracelets, earrings, rings, sunglasses, belts, hair accessories, brooches, key chains and telephone straps, etc.

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The following chart illustrates that consumers are particularly guided by the design of a product, followed by quality and pricing:

Consumers' factor of focus on products (%)



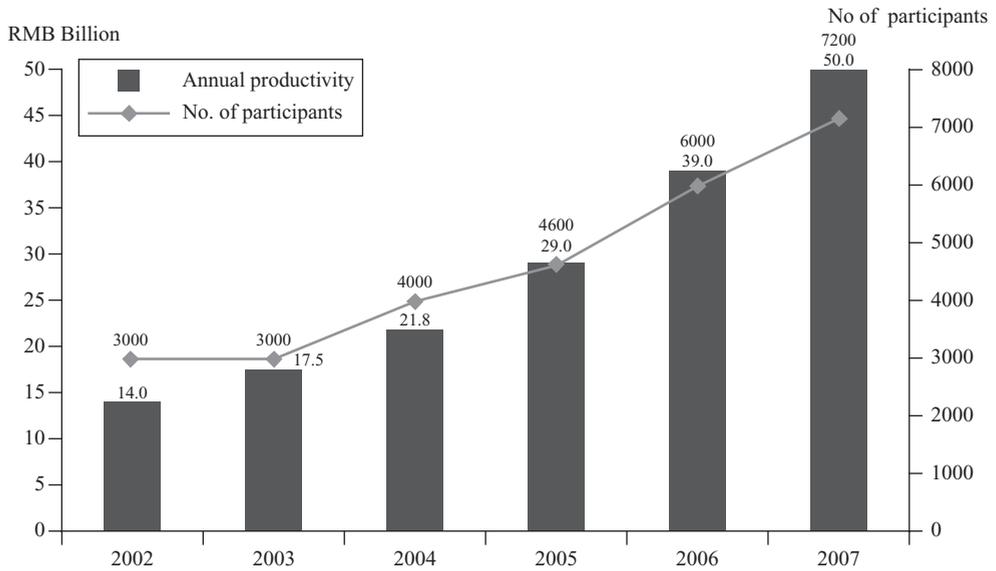
Source: Research Report

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THE PRC FASHION ACCESSORIES INDUSTRY

The PRC fashion accessories industry has developed for about 20 years only after the PRC Government had adopted the “open door” policy in its economy. In the recent years, the global fashion accessories industry has developed at a quick pace. Given that the PRC has more contact with the international community after its accession to the WTO, the PRC fashion accessories industry has developed rapidly as well. The number of fashion accessories firms in the PRC has increased from approximately 3,000 in 2002 to approximately 7,200 in 2007. Annual productivity of the PRC fashion accessories market has also increased from approximately RMB14.0 billion in 2002 to approximately RMB50.0 billion in 2007. The following chart illustrates the growth trend of (i) the annual productivity of the fashion accessories market in the PRC; and (ii) the number of fashion accessories firms from 2002 to 2007:

**Annual Productivity and Number of Participants
in the PRC Fashion Accessories Market**



Source: Research Report

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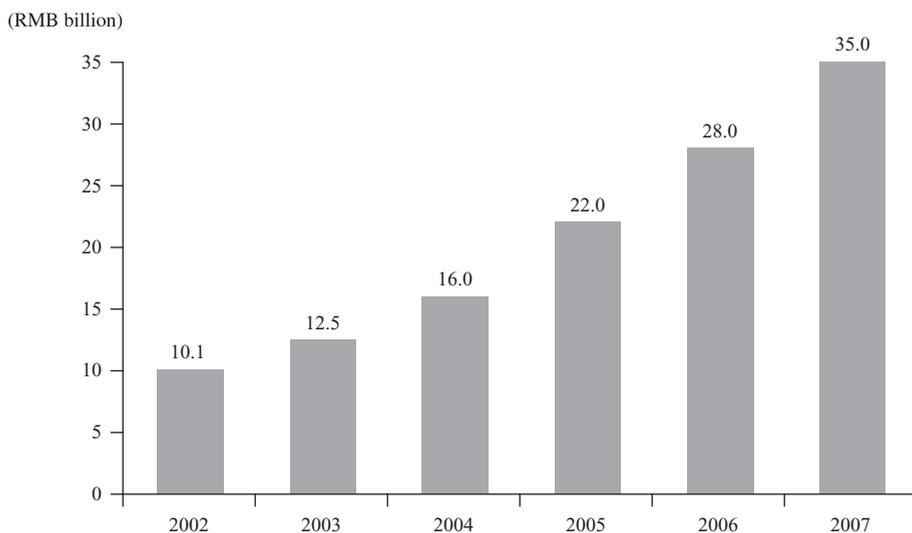
The following table contains the relevant figures which compare the growing trend of the total retail sales of fashion accessories in the PRC and its increasing share in the total retail sales of the PRC and the total retail sales of urban population of the PRC:

Year	Total retail sales of fashion accessories		Total retail sales of the PRC		Total disposable income of urban household of the PRC		Total retail sales of fashion accessories as a percentage of total retail sales of the PRC (%)	Total retail sales of fashion accessories as a percentage of total disposable income of urban household of the PRC (%)
	Amount (RMB billion)	Yearly growth rate (%)	Amount (RMB billion)	Yearly growth rate (%)	Amount (RMB billion)	Yearly growth rate (%)		
2002	10.1	22.3	4,200	8.8	3,870	13.6	0.24	0.26
2003	12.5	23.8	4,760	13.3	4,440	14.7	0.26	0.28
2004	16.0	28.0	5,950	25.0	5,110	15.1	0.27	0.31
2005	22.0	37.5	6,720	12.9	5,900	15.5	0.33	0.37
2006	28.0	27.3	7,660	14.0	6,830	15.8	0.37	0.41
2007	35.0	25.0	8,900	16.2	7,890	15.5	0.39	0.44

Source: Research Report

The following chart shows the growing trend in the total retail sales of fashion accessories in the PRC:

Total Retail Sales of Fashion Accessories in the PRC

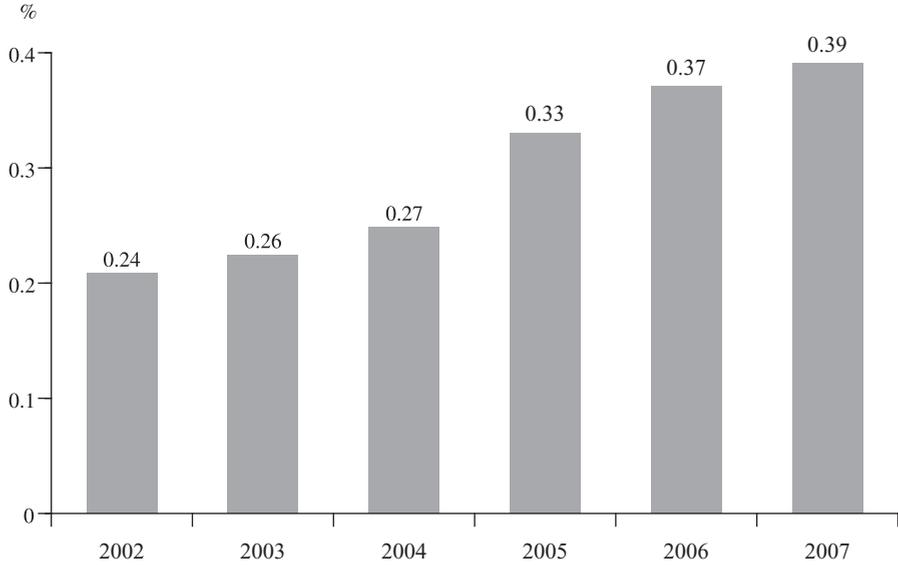


Source: Research Report

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The following chart shows the growing trend of total retail sales of fashion accessories in the PRC as a percentage of total retail sales of consumer goods in the PRC:

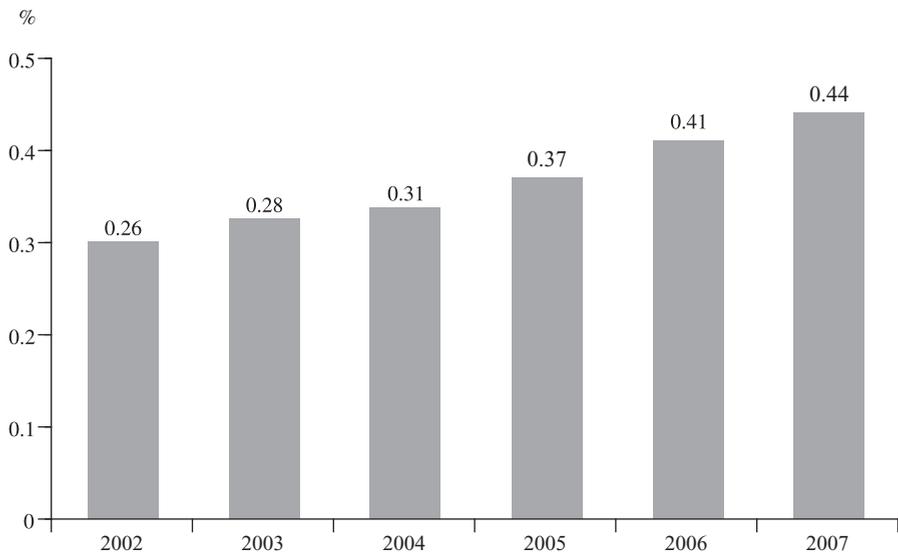
Total Retail Sales of Fashion Accessories in the PRC as a Percentage of Total Retail Sales of Consumer Goods in the PRC



Source: Research Report

The following chart shows that growing trend of total retail sales of fashion accessories in the PRC as a percentage of total disposable income of the urban population of the PRC:

Total Retail Sales of Fashion Accessories in the PRC as a Percentage of Total Disposable Income of Urban Household of the PRC

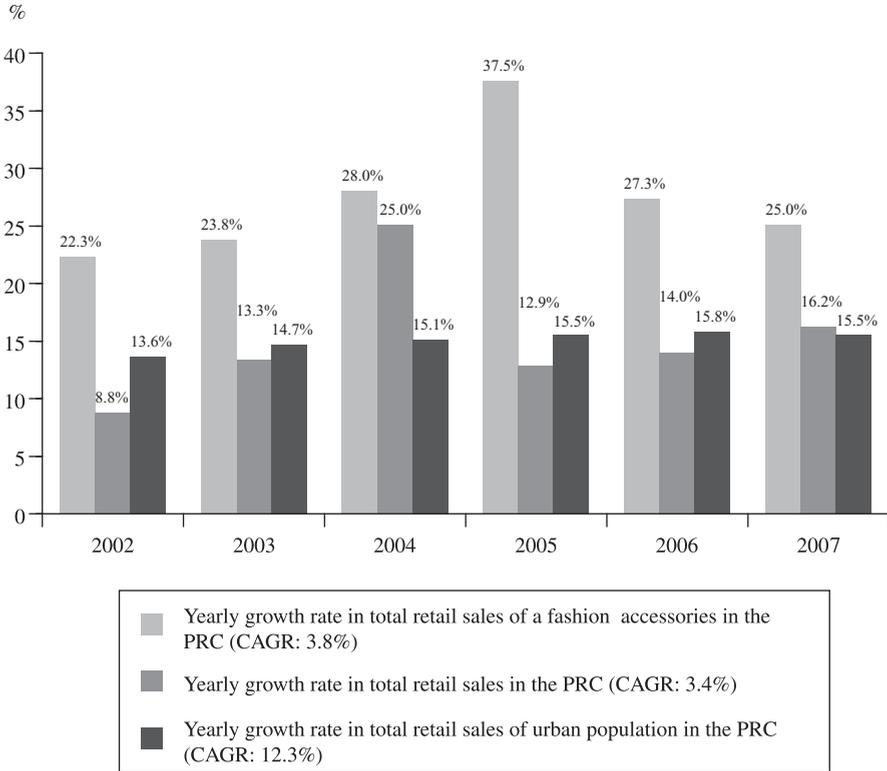


Source: Research Report

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The following chart compares the yearly growth rates of (A) total retail sales of fashion accessories in the PRC, (B) total retail sales in the PRC and (C) total retail sales of urban population in the PRC:

Yearly Growth Rates of (A) Total Retail Sales of Fashion Accessories in the PRC, (B) Total Retail Sales in the PRC and (C) Total Disposable Income of Urban Household in the PRC



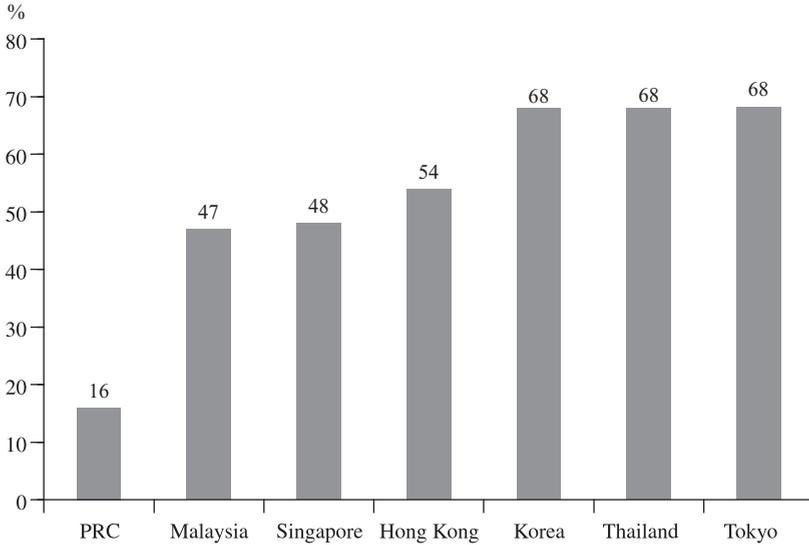
Source: Research Report

As shown in the above charts, the PRC fashion accessories industry has not only developed in the recent years but also has grown at a faster rate than the overall economy of the PRC. This entails that there has been an increasing demand for fashion accessories in the PRC.

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The following chart illustrates the percentage variation of female fashion accessories consumers in Asia:

Percentage of Female Fashion Accessories Consumers in Asia



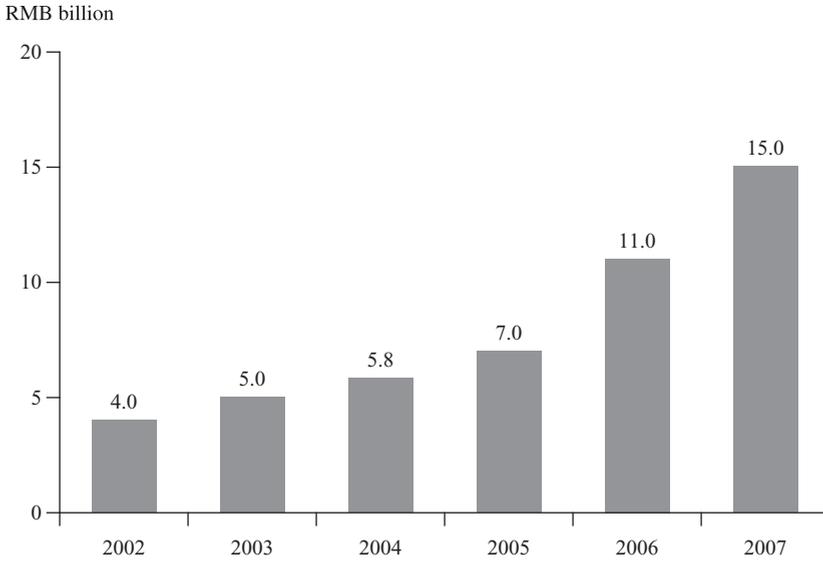
Source: Research Report

Whilst we see a steady increase in demand for fashion accessories in the PRC, as shown in the above chart, only approximately 16% of female customers in the PRC are fashion accessories consumers. Such a figure is substantially lower than any of the listed Asian places being Tokyo, Thailand, Korea, Hong Kong, Singapore and Malaysia with percentage figures of 68%, 68%, 68%, 54%, 48% and 47% respectively. As illustrated, the PRC fashion accessories market is still lagging behind other cities in Asia and it still has a great deal of room for expansion. Mindful of further opening of the PRC market and increase in consumption of fashion and lifestyle products, unsurprisingly the fashion accessories industry has enormous potential.

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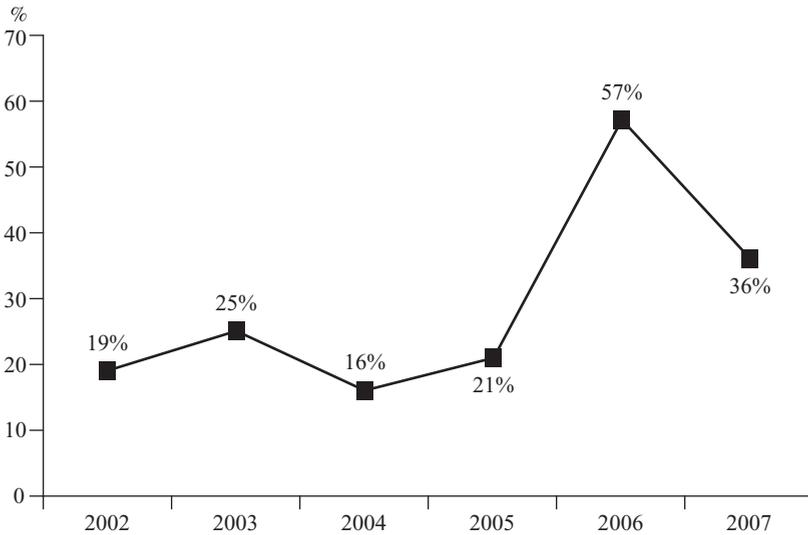
Apart from the increasing demand for fashion accessories in the PRC, fashion accessories manufactured in the PRC have been increasingly sought after by foreign purchasers. The following charts show the growing trend in the amount of export of goods manufactured in the PRC to overseas countries and that specifically of fashion accessories:

Total Export of Fashion Accessories in the PRC



Source: Research Report

Total Export of Fashion Accessories in the PRC



Source: Research Report

As illustrated from the charts above, both the local demand in the PRC for fashion accessories and the international demand for the PRC-manufactured fashion accessories have benefited players in the fashion accessories industry in the PRC. While the PRC is currently the 2nd largest exporter of

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fashion accessories, it is expected that the PRC will become the largest exporter of fashion accessories in five to ten years.

THE HONG KONG FASHION ACCESSORIES INDUSTRY

The jewelry industry of Hong Kong is by and large oriented towards export trade. According to the industry report issued by the Hong Kong Trade Development Council⁵ dated 8 January 2008, Hong Kong is the world's largest exporter of imitation jewelry. In 2005, total exports of imitation jewelry amounted HK\$7.5 billion. Imitation jewelry is rarely domestically made but re-exports of origins outside Hong Kong, notably the PRC, which accounts for around 85% of all exports from Hong Kong. Following a 25% increase in 2005, Hong Kong's export growth of imitation jewelry was slowdown to 3% in the first eleven months of 2006.

Some Hong Kong manufacturers of imitation jewelry are making inroads into retail and distribution in Hong Kong, helped by the flourishing tourist industry. Besides, some of the Hong Kong imitation jewelers have expanded their retail networks to the PRC through franchising and cooperative arrangement. They have successfully earned a recognised brand image there. A recent survey conducted by the Hong Kong Trade Development Council shows that Hong Kong brands are indeed the most favourite imitation jewelry brands among urban shoppers in the PRC, when compared with local and foreign brands.

Fashion accessories in Hong Kong closely follow fashion trends. Consumers, especially women, are opting for more accessories to express their own personal style. According to the Research Report, approximately 54% of the female population in Hong Kong own fashion accessories.

MARKET DEVELOPMENT

We believe that the PRC economy is able to maintain a steady growth rate in the coming years. As such, the PRC population will be able to increase their purchasing power and keep improving their living standard. This will provide more opportunities for the PRC fashion accessories industry to develop, and will result in a higher demand for the players in this industry. We believe that fashion accessories which are stylish and individualistic will become more popular. We also believe that the PRC population will expect the range of fashion accessories products to be widened, the products to become handier and more suitable for daily use and the industry players to improve the product quality yet maintain the prices of such improved products at a competitive level.

COMPETITION

The PRC fashion accessories industry has only recently developed in the past 20 years and it is a very fragmented and very competitive market given the large number of market players. The focus of competition is mainly on the price and quality of products, as well as the uniqueness and attractiveness of the design.

⁵ Hong Kong Trade Development Council is the global marketing arm and public service hub for Hong Kong-based manufacturers, traders and service exporters. Its mission is to create and facilitate opportunities in international trade for Hong Kong companies, especially small and medium-sized enterprises. Statistics for various industries are available to the public for subscription.

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Regarding the PRC retail market, in addition to price, quality and design of products, we also compete with our competitors on branding as well as service quality. Since the entry barriers have been lifted as a result of the PRC's accession to the WTO, we face competition from both domestic and international fashion accessories retailers. Some of our competitors may have more financial and marketing resources and capabilities than what we have, therefore they may be able to expand their retail operations in the PRC faster than us.

According to the Research Report, our Company ranked (i) the 1st in terms of revenue among all domestic fashion accessories retailers in the PRC in 2007; and (ii) the 2nd in terms of revenue among all fashion accessories retailers (including both domestic and foreign owned retailers) in the PRC in 2007.

LAWS AND REGULATIONS RELATING TO THE PRC RETAIL INDUSTRY

Our subsidiaries Shenzhen Artini and Bo-wealth are considered foreign-invested commercial enterprises under the PRC laws and are governed by the PRC laws and regulations in relation to foreign investment in the retail industry. The principal PRC laws and regulations governing foreign investment in retail enterprises are the Administrative Measures on Foreign Investments in Commercial Sectors (the “**Administrative Measures**”), the Circular on Relevant Issues concerning the Expansion of the Distribution Business Scope for Non-commercial Foreign Invested Enterprises (the “**Distribution Circular**”), the Anti-Unfair Competition Law of the PRC (the “**Competition Law**”), the PRC Law on the Protection of Consumer Rights (the “**Consumer Protection Law**”), the PRC Law on Product Quality (the “**Product Quality Law**”) and the Regulation on Promotion Activities of Retailers (the “**Promotion Regulation**”). These laws and regulations are summarised in this section.

Administrative Measures and Distribution Circular

The principal legal provisions governing foreign investment in the commercial sector are set out in the Administrative Measures which were promulgated on 16 April 2004 and came into effect on 1 June 2004.

According to the Administrative Measures, a foreign-invested commercial enterprise must fulfill the following requirements:

- have a minimum registered capital in compliance with relevant provisions of the PRC Company Law and comply with relevant provisions on the registered capital and total investment of foreign-invested enterprise; and
- the term of operation of a foreign-invested commercial enterprise not exceeding 30 years in general and not exceeding 40 years in general in the case of a foreign-invested commercial enterprise established in central and western China respectively.

In addition, a foreign-invested commercial enterprise intending to open stores must fulfill the following requirements:

- where an application is made for the establishment of a store at the same time as the application for the establishment of a commercial enterprise, it shall comply with relevant provisions on city development and urban commercial development; and

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- where the application for the establishment of a store is made by a foreign-invested commercial enterprise whose establishment has been approved, it shall, in addition, have completed the joint annual examination on foreign invested enterprises and have fully paid up its registered capital.

According to the PRC Company Law, the Regulations of the PRC on Administration of Registration of Companies and the Reply of the State Administration for Industry and Commerce on the Issue Concerning the Operational Activities of the Enterprises Outside the Domicile 《工商企字(2000)第203號》, where an entity that has not registered in accordance with law as a limited liability company or a joint stock limited company assumes the name of such company, or where an entity that has not been registered in accordance with law as the branch of a limited liability company or of a joint stock limited company but assumes the name of such branch, the company registration authority shall order the entity to rectify its situation or have its business banned. Further, a maximum fine of RMB100,000 may also be imposed on the entity.

In other words, opening a store in violation of the Administration Measures may be considered as violation of the aforementioned laws and regulations and thus may result in a maximum fine of RMB100,000.

On 2 April 2005, the Distribution Circular was promulgated by the Ministry of Commerce which came into effect on the same date. Compared to the Administrative Measures, the Distribution Circular further stipulates that a non-commercial foreign-invested enterprise is allowed to expand its business scope to include distribution activities, subject to relevant procedures, examinations and approvals as set out in the Distribution Circular.

Competition Law

The principal legal provisions governing market competition are set out in the Competition Law, which was promulgated on 2 September 1993 and came into effect on 1 December 1993.

The Competition Law provides that business operators shall not undermine their competitors by engaging in the following improper market activities:

- infringement of trademark rights or confidential business information;
- false publicity through advertising or other means, or forgery and dissemination of false information that infringes upon the goodwill of competitors or the reputation of their products; and
- other improper practices, including commercial bribery, cartels, dumping sales at below-cost prices, and offering prizes as sales rebates illegally.

Generally, violation of the Competition Law may result in a fine between RMB10,000 and RMB200,000 depending on the circumstances. In the event that illegal earnings are involved, the illegal earnings shall be confiscated and a fine of between one and three times of the illegal earnings imposed. In more serious cases, the business operators' business license may be revoked as well as incurrance of criminal liability.

Consumer Protection Law

The principal legal provisions for the protection of consumer interests are set out in the Consumer Protection Law, which was promulgated on 31 October 1993 and came into effect on 1 January 1994. The Consumer Protection Law sets out standards of behaviour which business operators must observe in their dealings with consumer, including the following:

- goods and services provided to consumers must comply with the Product Quality Law and other relevant laws and regulations, including requirements regarding personal safety and protection of property;
- providing consumers with true information when advertising goods and services, as well as providing true and clear answers to questions raised by consumers concerning the quality and use of goods or services provided by it;
- issuing purchase or service vouchers to consumers in accordance with relevant national regulations or business practices or upon the request by a consumer;
- ensuring the quality, functionality, applications and duration of use of the goods or services under normal use and ensuring that the actual quality of the goods or services are consistent with that displayed in advertising materials, product descriptions or samples;
- properly performing its responsibilities for guaranteed repair, replacement and return or other liability in accordance with national regulations or any agreement with the consumer; and
- not adopting unreasonable or unfair terms against consumers or excluding itself from civil liability for undermining the legal rights and interests of consumers by means of standard contracts, circulars, announcements, shop notices, etc.

Violation of the Consumer Protection Law may attract a fine of up to RMB10,000. In the event that illegal earnings are involved, the illegal earnings shall be confiscated and a fine of between one and five times of the illegal earnings imposed. In more serious cases, the business operators' business license may be revoked as well as incurrance of criminal liability.

According to the Consumer Protection Law, a consumer whose legal rights and interests are prejudiced during the purchase or use of goods may demand compensation from the seller. Where the responsibility lies with the manufacturer or another seller that provides the goods to the seller, the seller shall, after settling compensation, have the right to recover such compensation from that manufacturer or that other seller. Consumers or other injured parties who suffer injury or property losses due to product defects in commodities may demand compensation from the manufacturer as well as the seller. Where the responsibility lies with the manufacturer, the seller shall, after settling compensation, have the right to recover such compensation from the manufacturer, and vice versa.

Product Quality Law

The principal legal provisions governing product liability are set out in the Product Quality Law, which was promulgated on 22 February 1993 and amended on 8 July 2000. Pursuant to the Product Quality Law, a seller shall have the following obligations.

- a check-for-acceptance system for stock replenishment shall be adopted to examine the quality certificates and other labels of such stock;
- measures shall be adopted to keep products in good quality;
- defective or deteriorated products or products, the sale of which have been publicly ordered to be ceased, are not to be sold;
- products must be sold with labels that comply with the relevant provisions;
- sellers must not forge the origin of a product, or falsely use the name and address of another producer;
- sellers must not forge or falsely use product quality marks such as authentication marks; and
- sellers must not mix impurities or imitations into the products, substitute a fake product for a genuine one, a defective product for a high-quality one, or pass off a substandard product as a qualified one in the sale of products;

Pursuant to the Product Quality Law, a producer shall have the following obligations:

- be responsible for the quality of products it produces;
- not produce products that have been publicly ordered to cease production;
- not forge the origin of a product, or to falsely use the name and address of another producer;
- not forge or falsely use product quality marks such as authentication marks of another producer;
- not mix impurities or imitations into the products, substitute a fake product for a genuine one, a defective product for a high-quality one, or pass off a substandard product as a qualified one in the production;
- ensure that the marks on the products or the packaging of the products are true; and
- for products that are easily broken, inflammable, explosive, toxic, erosive or radioactive and products that cannot be handled upside down in the process of storage or transportation or for which there are other special requirements, the packaging thereof must meet the corresponding requirements, carry warning marks or warnings written in Chinese or draws attention to the method of handling in accordance with the relevant provisions of the state;

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Violations of the Product Quality Law may result in the imposition of a fine of up to three times the value of the illegally produced or sold products. If illegal earnings are involved, the illegal earnings shall be confiscated. In addition, the seller or producer will be ordered to suspend its operations and its business license will be revoked. Criminal liability may be incurred in serious cases.

According to the Product Quality Law, consumers or other victims who suffer injury or property losses due to product defects may demand compensation from the producer as well as the seller. Where the responsibility lies with the producer, the seller shall, after settling compensation, have the right to recover such compensation from the producer, and vice versa.

The Promotion Regulation

The Promotion Regulation became effective on 15 October 2006. According to the Promotion Regulation, a retailer undertaking sales promotion activities shall comply with the requirements as set out in the Promotion Regulation, which mainly include:

- the contents of advertisements or any other propaganda for sales promotion of a retailer shall be authentic, lawful, explicit and understandable, in which the retailer shall not use any language, word, picture or image which is ambiguous or misleading;
- a retailer may not decline the quality or after-sale service level of the promotion commodities, or may not use any article which does not meet the quality requirements as awards or complimentary gifts; and
- a retailer may not conduct any sales promotion activities by making up a reason such as rummage sale, store dismantlement and resettlement, termination of business, suspension of business or shifting to another business.

Violation of the Promotion Regulation may result in a fine of up to three times the amount of illegal earnings but not exceeding RMB30,000. If there are no illegal earnings, a maximum fine of RMB10,000 shall be imposed.

Environmental Protection Law

In accordance with the Environmental Protection Law promulgated by the Standing Committee of the National People's Congress on 26 December 1989, the responsibility of environmental protection shall be borne by all enterprises and individuals in the PRC. The Environmental Protection Administration Department under the State Council is responsible for the supervision and management of environmental protection in the PRC. The environmental protection department at the county level or above is responsible for the supervision and management of environmental protection under their respective jurisdictions.

Installations of environmental protection facilities in relation to construction work must be designed, built and commissioned together with the principal part of the construction work. Upon the completion of the construction work for environmental protection facilities, inspections will be made by the relevant environmental protection department, and operation can only commence following approval from such department. Failure to comply the Environmental Protection Law could result in the environmental protection department ordering business operations to be suspended, and the enterprise in breach is subject to fines.

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Enterprises discharging wastes are required to be registered with the relevant environmental protection departments, and if it is in excess of the prescribed national or local discharge standards, the enterprise shall be required to pay for excessive discharge of waste and assume the responsibility for eliminating and controlling the pollution. Failure to pay the fees, depending on the circumstances of each case, could result in a warning issued to the infringing enterprise or fines imposed by the appropriate environmental protection administration agencies. If an enterprise or institution has caused severe environmental damage, it shall be required to eliminate and appropriately manage the pollution within a stipulated period of time. Failure to comply could result in the enterprise being fined or ordered to suspend or terminate its business operations depending on the severity of the breach.

The Environment Protection Law currently does not specify the amount or basis for calculation of fine or penalty for breach of the Environmental Protection Law. The Maximum penalty fine for any breach will be usually determined by the competent environment protection administration agencies on the basis of the damage incurred or the circumstances of violations.

Law of the PRC on Evaluation of Environmental Effects

In accordance with Law of the PRC on Evaluation of Environmental Effects (effective from 1 September 2003) promulgated by of the Standing Committee of the National People's Congress, a system for evaluating the environmental effects of construction work was adopted on a nationwide basis. For the construction of any work that would potentially have a negative environmental impact, a qualified technical services institution needs to be engaged to evaluate the environmental impact and document its findings in a formal report. The report is to be submitted to the relevant environmental protection department for review. In cases where the relevant construction work is carried out in an industry where there is an industry regulatory authority, the aforementioned environmental impact report should also be reviewed by that industry regulatory authority before the review by the environmental protection department. Construction work may not commence without first obtaining the necessary approvals. In cases where an enterprise commences construction work without obtaining the necessary approvals, the relevant environmental protection department would order the construction work to be suspended until the enterprise has obtained the necessary approvals within a stipulated timeframe. Failure to do so could result in the enterprise being fined an amount between the range of RMB50,000 and RMB200,000.

Regulations of Guangdong Province on Environmental Protection (the “Environmental Protection Regulations”)

The Environmental Protection Regulations was implemented since 24 September 2004. Any entity which discharges pollutants shall declare and register the discharge of pollutants pursuant to the prescriptions of the State, apply for a permit for discharging pollutants, discharge pollutants according to the permit, and pay a fee for discharging pollutants according to the prescriptions. No entity without a permit for discharging pollutants may discharge pollutants.

If a pollutant discharging entity discharges pollutants in excess of the prescribed discharging standards or the total amount control index for discharging key pollutants, it shall be ordered to rectify and reform within the time limit by the administrative department of environmental protection, or be ordered to control the discharge within the time limit as set by the people's government. If a pollutant discharging entity discharges pollutants, which seriously pollutes the environment, the pollutant discharging entity shall be ordered to eliminate the pollution within the time limit as set by

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the administrative department of environmental protection. Where the pollutant discharging entity refuses to eliminate the pollution or fails to eliminate the pollution within the time limit, the entities concerned may be designated to eliminate the pollution by the administrative department of environmental protection, and the expenses incurred therefore shall be assumed by the pollutant discharging entity. Violations of the Environmental Protection Regulations may result in a fine of between RMB2,000 and RMB100,000. In serious cases, the Permit for Discharging Pollutants may be revoked and the business may be suspended.

List of the Permits, Certificates and Licences required for our Group's operations in the PRC:

1. the Certificate of Approval regarding the establishment of each foreign invested enterprise issued by the competent local administration authority of foreign trade and economic cooperation authorized by Ministry of Commerce, the PRC;
2. the Business License for each foreign invested enterprise issued by the competent local company registration authority;
3. the Certificate of Local Taxation Registration for each company issued by the competent Local Taxation Bureau;
4. the Certificate of State Taxation Registration for each company issued by the competent local State Taxation Bureau;
5. the Certificate of Foreign Exchange Registration for each company issued by the competent local administration authority of foreign exchange;
6. With respect to AE Haifeng, the Provincial Permit for Discharging Pollutants or the Temporary Provincial Permit for Discharging Pollutants issued by the competent local authority of environmental protection.

List of the Permits, Certificates and Licences required for the Retail Store's operations in the PRC:

1. the Approval Letter regarding the establishment of the sub-company issued by the competent local administration authority of foreign trade and economic cooperation authorized by Ministry of Commerce, the PRC;
2. the Business License for the sub-company issued by the competent local company registration authority;
3. the Certificate of Local Taxation Registration for the sub-company issued by the competent Local Taxation Bureau;
4. the Certificate of State Taxation Registration for the sub-company issued by the competent local State Taxation Bureau.

Regarding our compliance with rules and regulations in the PRC, please refer to sub-section headed "Compliance and Litigation" under section headed "Business" of this prospectus.

INDUSTRY OVERVIEW

List of the Permits, Certificates and Licences required for our Group's operations in Hong Kong:

The Directors have confirmed that the Hong Kong subsidiaries of our Company are principally engaged in sale of fashion accessories in Hong Kong under its own registered brands of "Artini" and "Q'ggle" and our Group has no manufacturing business in Hong Kong. As such, over and above the usual legal requirements for businesses in general, for example, a business registration certificate, the Hong Kong subsidiaries do not require special licences for engaging in such business.

List of the Permits, Certificates and Licences required for our Group's operations in Macao:

As advised by our Macao legal counsel, our Directors confirmed that the Macao subsidiary of our Group is principally engaged in sale of our Group's products in Macao and our Group has no manufacturing business in Macao. As such, over and above the usual legal requirements for businesses general, for example, registration with the Macao Commercial and Moveable Properties Registry and with the Macao Finance Department, the Macao subsidiary does not require special licences for engaging in their business.

Our Group also has to comply with the provisions of the Decree-Law no. 37/89/M which establishes the rules and conditions to abide by in relation to the environment in office and commercial spaces.

Pursuant to the applicable environmental laws in Macao and based on the inquiries made with the relevant officers of our Group, there has not been any non-compliance incidents relating to applicable environmental laws during the Track Record Period. Our Directors confirm that there has not been any penalties or liabilities imposed on the Group as a result of violation of environmental rules and regulations. Our Macao counsel is of the opinion that, our Group complies with Macao regulations and environmental rules and regulations in force.