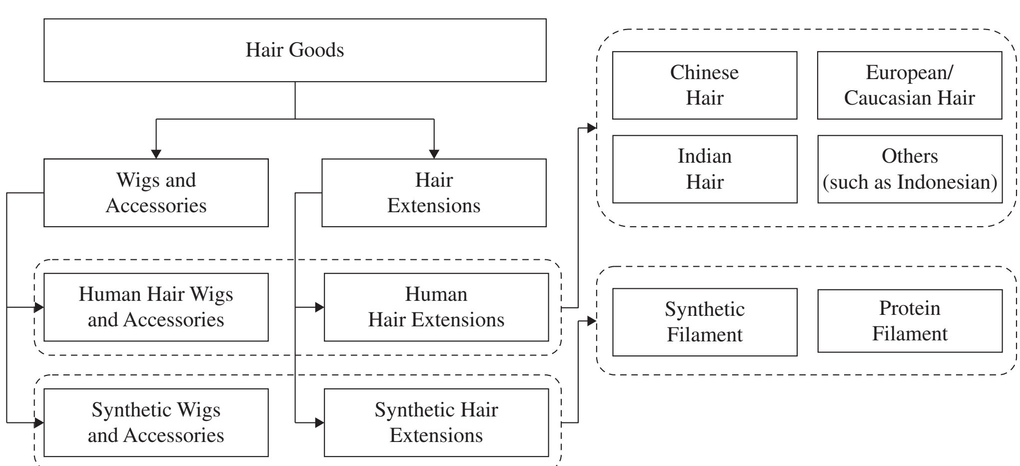
The information presented in this section is derived from the industry research report prepared by Frost & Sullivan, which was commissioned by us, and from other publications and various official government publications, unless otherwise indicated. We believe that the sources of the information, are appropriate sources for the information, and we have taken reasonable care in extracting and reproducing the information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. Our Directors confirm that after taking reasonable care, there is no adverse change in the market information since the date of the Frost & Sullivan Report which may qualify, contradict, or have an impact on the information set out in this section. The information has not been independently verified by us, the Selling Shareholder, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective directors, officers, agents, employees, advisers or representatives or any other persons involved in the Global Offering, and no representation is given as to their accuracy or completeness. As such, investors are cautioned not to place any undue reliance on information and statistics set out in this section.

This section contains information extracted from a report commissioned by us prepared by Frost & Sullivan for purposes of this prospectus. We expect to pay a total of RMB450,000 to Frost & Sullivan for the preparation and use of the Frost & Sullivan Report.

CLASSIFICATION OF HAIR GOODS

Hair goods consist of head coverings or hair extensions used for lengthening or adding fullness to one's hair by incorporating additional human or synthetic hair. They are worn as daily wear for beauty and grooming purposes or for functional purposes such as to cover for hair loss. They are also worn as part of cultural traditions or religious observance, or for occasions or festivities, such as Halloween. Wigs and accessories can be wide-ranging, and include full wigs, half wigs, toupees, doll wigs, braids, bangs and buns. Hair extensions are hair products for adding length and/or fullness to one's hair by adding human or synthetic hair through taping in, clipping, fusing or weaving. Wigs and accessories can be made from human hair or synthetic hair. Hair extensions are made from either human hair or synthetic hair.

The following diagram illustrates the classifications of hair goods.



Human hair goods offer the most natural look and feel. While human hair goods are generally more costly than their synthetic hair counterparts, with proper care human hair goods are generally more durable and can last over a year. Human hair goods are generally made from either Chinese, Indian or European/Caucasian hair.

Synthetic hair is made from non-human materials such as synthetic fibre. It is less costly than human hair.

GLOBAL HAIR GOODS MARKET

The following table details the major consumer groups of hair goods and their regions.

Consumer Groups	African Descent	native African	White (Caucasian)	Asian
Major regions	North America	Africa	Europe, North America	Asia
Main purposes	As necessities for hair decoration, and fashion accessories	As necessary decoration to make up for inherent deficiencies in hair. Africans are starting to view hair goods as fashion goods as well	Fashion accessories	Mainly used to cover hair loss especially in Japan. However, an increasing number is used as fashion accessories.
Major hair goods by raw materials	Mix of both	Synthetic hair goods	Human hair goods	Mix of both

The demand for hair goods by consumers of African descent and native African consumers is relatively inelastic. Both consumer groups tend to have curly and kinky hair that grows relatively slowly and that is plastered to the scalp. For these customers, wearing hair goods can save them from the long and extensive process of straightening and styling their hair, and as a result they tend to make recurring purchases of hair goods.

For consumers of African descent, mainly in the United States, in many cases hair goods have become, not just functional solutions for their short natural hair, but an essential fashion accessory that they use to change their styles and looks quickly and easily. Consumers of African descent mainly purchase synthetic hair goods of medium or high quality.

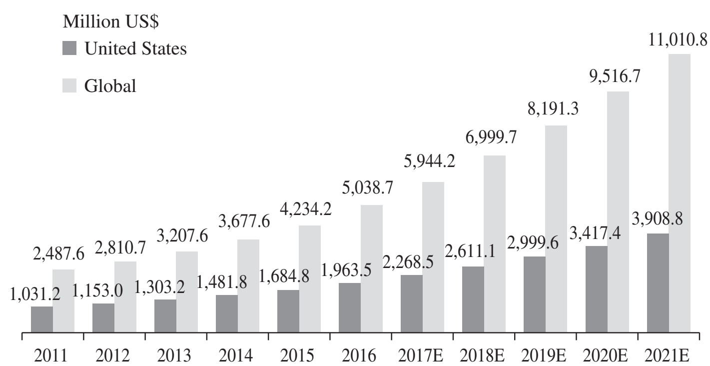
The strong demand for hair goods by native African consumers is driven largely by their use of wigs and hair accessories as necessary concealment of perceived inherent deficiencies in their hair constitution. The use of hair goods for fashion purposes is also on the rise as the economic development in Africa leads to higher disposable income for Africans, particularly for African women. Because of their low income levels, African consumers tend to purchase synthetic hair goods which are of medium to low quality.

Caucasian consumers have a long history of wearing hair goods. Caucasian consumers commonly use hair goods for cosmetic reasons or to create a certain fashion image. Caucasian consumers of hair goods are primarily from North America and Europe, and they generally possess higher income than consumers in other regions. They also pay more attention to the quality of their hair goods, and thus human hair goods are in greater demand.

Asians, especially Japanese consumers who form a significant proportion of the Asian hair goods market, have historically purchased hair goods in order to cover hair loss. In Japan, more than half of the hair goods consumers use hair goods to hide their alopecia or hair loss. However, Asians are also increasingly using hair goods as fashion accessories.

Due to the economic recovery in major hair goods markets, hair goods consumers, particularly those of African descent in North America and Africa who have inelastic demand for hair goods, experienced a growth in disposable income. The global hair goods market size by revenue rapidly expanded from US$2,487.6 million in 2011 to US$5,038.7 million in 2016 at a CAGR of 15.2%, according to the Frost & Sullivan Report. The market size of the hair goods (including wigs and accessories and hair extensions) industry is based on manufacturer revenue. Due to marked-up prices between players of different industry tiers across the manufacturer, wholesaler, sub distributor, retailer and end customer levels, the market size by retail price was approximately US$15.4 billion in 2016 up from US$7.6 billion in 2011 at a CAGR of 15.1%, and will reach US$33.2 billion in 2021 with a CAGR of 16.7%, according to the Frost & Sullivan Report.

Hair Goods Market Size by Revenue
(Global and United States), 2011-2021E



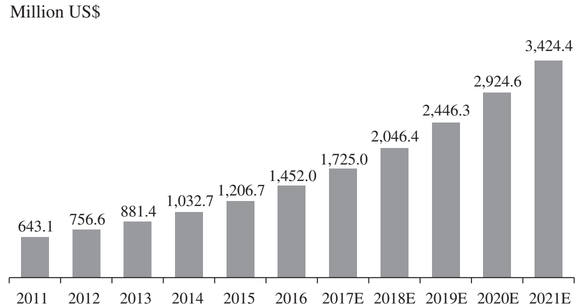
Source: Frost & Sullivan

According to the Frost & Sullivan Report, over the next five years, the global hair goods market size is likely to reach US$11,010.8 million in 2021 at a CAGR of 16.7%, driven by global economic growth and the increasing popularity of hair goods as fashion accessories among consumers in Asia and Africa and consumers of African descent in North America and Europe.

The United States is the largest market for hair goods in the world, accounting for 39.8% of the global market in 2016, according to the Frost & Sullivan Report. Additionally, the market size of hair goods in the United States grew from US$1,031.2 million in 2011 to US$1,963.5 million in 2016, representing a CAGR of 13.7%. The majority of hair goods consumption in the United States is by consumers of African descent whose demand for hair goods is relatively inelastic and recurring. Consumption by Caucasian consumers primarily of human hair products, particularly hair extension products, which sell at higher price points, also contributed to this market growth.

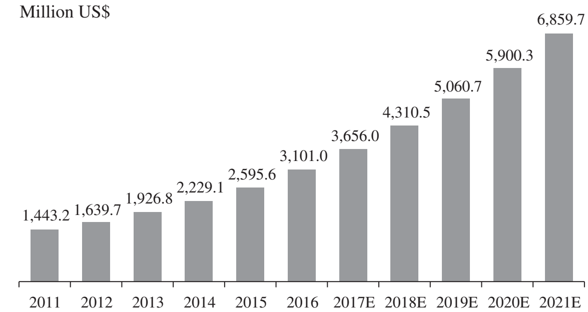
The market size of hair goods in the United States is projected to continue to increase in the coming years, according to the Frost & Sullivan Report. This growth is expected to be driven by the consistently large demand for hair goods from consumers, especially those of African descent, as well as the increasing popularity of Halloween celebrations. The market is forecasted to reach US$3,908.8 million in 2021 at a CAGR of 14.6% from 2017 to 2021, according to the Frost & Sullivan Report.

Synthetic Hair Goods Market Size by Revenue (Global), 2011-2021E



Source: Frost & Sullivan

Human Hair Goods Market Size by Revenue (Global), 2011-2021E



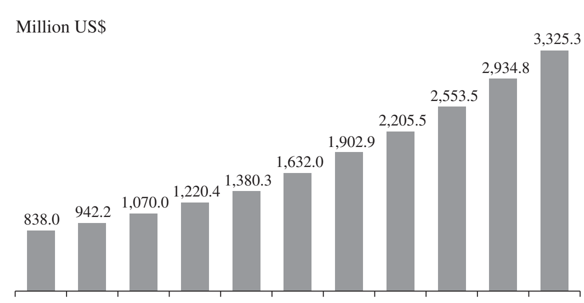
Source: Frost & Sullivan

Since the emergence of synthetic hair goods in the past century, synthetic hair goods have rapidly penetrated the middle to low income customer groups due to their low price and style variety. The synthetic hair goods market increased from US$643.1 million in 2011 to US$1,452.0 million in 2016, representing a CAGR of 17.7%, according to the Frost & Sullivan Report. This growth trend is predicted to continue, with the synthetic hair goods market expected to reach US$3,424.4 million in 2021 at a CAGR of 18.7% from 2017 to 2021, according to the Frost & Sullivan Report. Synthetic hair goods are expected to continue to dominate the middle and low income consumer groups, particularly consumers in Africa, due to their price advantage over human hair goods. Innovation and production technology which has significantly improved the quality of synthetic hair products, will also drive the demand for synthetic hair goods.

Between 2011 and 2016, the market size by revenue of human hair goods has steadily increased from US$1,443.2 million to US$3,101.0 million at a CAGR of 16.5%, according to the Frost & Sullivan Report. This growth was driven principally by the demand from consumer groups in North America and Europe.

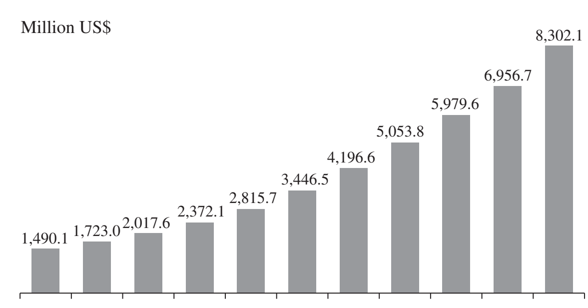
The market for human hair goods is expected to grow as fast as the demand for synthetic hair goods. With the development of the global economy and rising disposable income per capita, particularly for consumers of African descent in developed countries, it is anticipated that consumers will increase consumption of human hair goods due to human hair's relative superior quality as compared to synthetic hair goods. The market size of human hair goods by revenue is forecasted to increase from 2017 to 2021 at a CAGR of 17.0% and to reach US$6,859.7 million in 2021, according to the Frost & Sullivan Report.

African Descent Hair Goods Market Size by Revenue (United States and Europe), 2011-2021E



Source: Frost & Sullivan

Hair Extension Market Size by Revenue (Global), 2011-2021E



Source: Frost & Sullivan

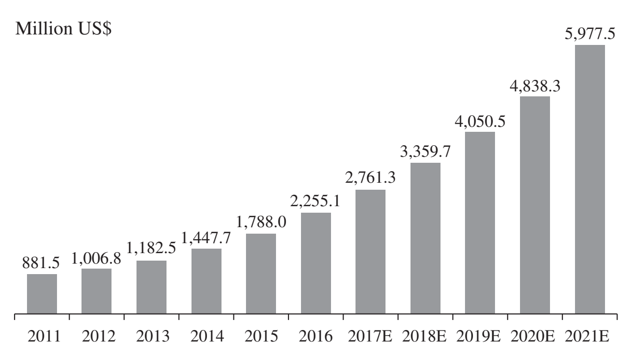
Consumers of African descent in the United States and Europe generally have curly and kinky hair and are generally able to afford hair goods at higher prices than native African consumers. Customers of African descent in the United States and Europe are influenced by up-to-date aesthetics and fashion trends and tend to regard hair goods as both functional and daily consumer goods as well as fashion accessories. In 2016, 58.5% of the hair goods market for consumers of African descent in the United States and Europe comprised human hair goods, while 32.1% comprised of synthetic hair goods. The hair goods market size by manufacturer revenue for consumers of African descent in the United States and Europe steadily expanded from US$838.0 million in 2011 to US$1,632.0 million in 2016 at a CAGR of 14.3%, according to the Frost & Sullivan Report.

This growth trend is likely to continue due to the improving living standards of consumers of African descent in the United States and Europe, along with the development of fashion awareness. This market size is forecasted to reach US$3,325.3 million in 2021 at a CAGR of 15.0% from 2017 to 2021, according to the Frost & Sullivan Report.

Hair extension products are widely used globally, particularly by female consumers, and have become increasingly popular in the past few years as more consumers have been seeking to increase their hair volume through hair extension products. From 2011 to 2016, the global market for hair extensions expanded at a CAGR of 18.3%, increasing from US$1,490.1 million in 2011 to US$3,446.5 million in 2016, according to the Frost & Sullivan Report. Hair extensions are attached to the original hair by applying tape, glue or clips, or fusing the hair. Particularly, the tape-in technique involves flat bond, quick-to-attach and easy-to-remove features that cause less damage to the natural hair, making it one of the most popular hair extension attaching techniques in the market.

In the next five years, the global market size for hair extension products is expected to grow at a CAGR of 18.6% and reach US$8,302.1 million in 2021, according to the Frost & Sullivan Report. The growth of the hair extension market is principally driven by the increase in demand for high-end human hair extension products.

Human Hair Extension Market Size by Revenue (Global), 2011-2021E



Source: Frost & Sullivan

According to the Frost & Sullivan Report, the GDP of major countries in the North America, Asia, Europe and Africa, which constitute the major hair goods markets, have experienced continuous growth at a CAGR ranging from 0.9% to 12.3% from 2011 to 2016, showing signs of economy recovery. In North America, the U.S., Canada and Mexico are among the top five hair goods markets in the continent. According to the World Bank, the GDP of the U.S., Canada and Mexico have experienced continuous growth, reaching USD18.6 trillion, CAD2.0 trillion and MXN19.4 trillion in 2016 from USD15.5 trillion, CAD1.8 trillion and MXN14.6 trillion in 2011 at a CAGR of 3.7%, 2.1% and 5.8% respectively from 2011 to 2016, which demonstrates an overall economy recovery of major hair goods markets in North America. In Asia, China, Japan and India are among the top five hair goods markets in the continent. According to the World Bank, the GDP of China, Japan and India have experienced continuous growth, reaching RMB74.4 trillion, JPY537.3 trillion and INR146.1 trillion in 2016 up from RMB48.9 trillion, JPY491.4 trillion and INR87.4 trillion in 2011 at a CAGR of 8.8%, 1.8% and 10.8% respectively from 2011 to 2016, which drives the market growth of the local hair goods industry. In Europe, the U.K., France and Germany are among the top five hair goods markets in the continent. According to the World Bank, the GDP of the U.K., France and Germany have experienced continuous growth, reaching GBP1.9 trillion, FRF2.2 trillion and EUR3.1 trillion in 2016 up from GBP1.6 trillion, FRF2.1 trillion and EUR2.7 trillion in 2011 at a CAGR of 3.5%, 0.9% and 2.8% respectively from 2011 to 2016, which provides solid foundation for the consumption of hair goods in the region. In Africa, Egypt, South Africa and Nigeria are among the top five hair goods markets in the continent. According to the World Bank, the GDP of Egypt, South Africa and Nigeria have experienced continuous growth, reaching EGP2.5 trillion, ZAR4.0 trillion and NGN93.8 trillion in 2016 up from EGP1.4 trillion, ZAR3.0 trillion and NGN63.7 trillion in 2011 at a CAGR of 12.3%, 5.9% and 8.0% respectively from 2011 to 2016, which demonstrates an overall economy recovery of major hair goods markets in Africa. As a result, consumers in these regions have become able to afford human hair extensions which are generally of a higher price. The global revenue for human hair extensions increased from US$881.5 million in 2011 to US$2,255.1 million in 2016 at a CAGR of 20.7%, according to the Frost & Sullivan Report. The rapid growth of the market for human hair extensions contributed largely to the expansion of the global hair extension market.

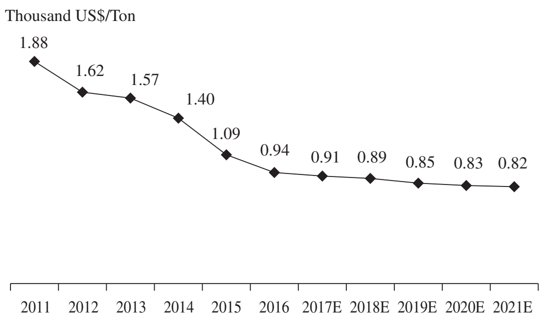
In the next five years, human hair extensions are expected to become increasingly popular given their natural looking properties. The global market for human hair extensions is expected to continue to grow over the next five years at a CAGR of 21.3% and reach US$5,977.5 million in 2021, according to the Frost & Sullivan Report.

According to the Frost & Sullivan Report, human hair extension products can be further categorised into high-end human hair extension products and middle and low-end human hair extension products. Human hair extension products with an average retail price over US$5 per gram are regarded as high-end human hair extension products and account for 38.9% of the entire global human hair extension market by revenue in 2016 with steadily increasing proportion in the coming years, according to the Frost & Sullivan Report. The typical product type of this category is remy hair with intact and properly aligned hair cuticles. The manufacturing of high-end human hair extension products requires far less chemical processing procedures, which maintains the hair quality, enhances durability and presents a more natural look and feel for customers, as compared with middle and low-end human hair extension products. According to the Frost & Sullivan Report, human hair extension products with an average retail price below US$5 per gram are regarded as middle and low-end human hair extension products with inferior quality and product life cycle as compared to the high-end category. In addition, middle and low-end human hair extension products usually go through several chemical processing procedures during production, which reduces the product quality.

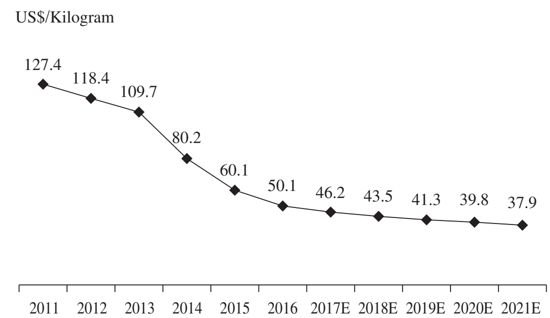
RAW MATERIAL PRICES

The major raw materials in the hair goods market are human hair and synthetic fibres. The most popular types of human hair are Chinese hair, Indian hair, European hair and Mongolian hair. Human hair can be characterised as remy hair, drawn hair or non-remy hair. Pricing of human hair is determined by length, quality and other parameters.

Synthetic Fibre Price (Global), 2011-2021E



Human Hair Price (Global), 2011-2021E



Source: Frost & Sullivan

Synthetic Fibre

The price of synthetic fibre has a close relationship with the price of crude oil. From 2011 to 2016, in line with the decrease in global crude oil prices, the global synthetic fibre price decreased from US$1,880 per ton in 2011 to US$940 per ton in 2016, according to the Frost & Sullivan Report.

The synthetic fibre price is projected to maintain a gentler rate of decrease from 2017 to 2021, after the excess of crude oil production has been absorbed, and is projected to decline to US$820 per ton in 2021, according to the Frost & Sullivan Report.

Human Hair

Overall, global human hair prices, based solely on weight without regard to hair length, decreased from US$127.4 per kilogram in 2011 to US$50.1 per kilogram in 2016. As the export price of human hair from major exporting countries such as India and Pakistan is expected to continue to decrease, the global human hair price is projected to continue to decline to US$37.9 per kilogram by 2021, according to the Frost & Sullivan Report.

MAJOR MARKET DRIVERS

The hair goods market is driven by the following major market factors:

Increasing Demand from Consumers of African Descent

Hair goods are necessities for most women of African descent due to their naturally curly and kinky hair. Consumption by women of African descent accounts for the majority of global hair goods consumption. Particularly, consumers of African descent in the United States and Europe have higher purchasing power than their counterparts in Africa. More than half of the United States' hair goods sales comprise sales to consumers of African descent. As a result, the United States is the largest import and consumption country for hair goods. According to the Frost & Sullivan Report, the average per capita disposable income of consumers of African descent in the United States, Europe and Africa has experienced continuous growth at a CAGR of 2.9%, 2.2% and 8.9% from 2011 to 2016, respectively. In the near future, the increasing income of consumers of African descent around the world will very likely translate into a growing demand for hair goods. According to the Frost & Sullivan Report, when compared with 2011, there was an increase of approximately 13% to 18% in the percentage of consumers of African descent in the United States, Africa and Europe in 2016. It is expected that an increasing number of consumers of African descent, especially those in the United States with higher purchasing power, will be more willing to accept hair goods as fashion accessories instead of functional resolution, for their natural hair.

Changing Perception towards Hair Goods in the Asia Market

Asia has the largest fashion consumer base in the world. However, Asian hair goods consumers account for only a relatively small proportion of total hair goods consumers largely due to cultural reasons. In the past, the majority of Asian hair goods customers purchased hair goods to cover hair loss, and most consumers viewed hair goods as a means to conceal hair loss. According to the Frost & Sullivan Report, around 80%-90% of Asian hair goods consumers purchased hair goods for functional purposes (such as concealment of hair loss) in 2011, while the remaining 10%-20% purchased hair goods for non-functional purposes (such as daily beauty and grooming, special occasions and festivities). Moreover, hair goods in the past looked distinctively inauthentic due to low production technology. However, with the rapid development of the hair goods industry, hair goods offerings have improved to offer a more natural look and feel, making them hardly distinguishable from real hair without close inspection. Therefore, along with the increasing purchasing power of Asian consumers, improving production technology of hair goods as well as the evolving life styles among the people in this region, there is changing perception towards hair goods in the Asian market in recent years and people tend to spend more on hair products for non-functional purposes. According to the Frost & Sullivan Report, around 38% of the hair goods customers in Asia purchased hair products for non-functional purposes in 2016, and this percentage is expected to further grow in the coming years.

Increasing Popularity of Halloween Products

Halloween is a very significant event in western countries, and is widely celebrated in the United States. During this celebration, a significant portion of the western population will dress up in extravagant costumes and hair goods. Consumers are generally willing to spend large sums of money on various kinds of costumes to look different from the rest. This is an especially common phenomenon in the United States and in some parts of Europe where people hold festive parades and marches on the streets that entail large amounts of costumes, masks and hair goods. Therefore, the demand and sales of hair goods and costumes surge during Halloween. According to the Frost & Sullivan Report, the global market size of the market for Halloween wear, which includes costumes, hair goods, masks and other accessories, was approximately US$5.8 billion, by manufacturer revenue, in 2016. Costumes, hair goods, masks and other accessories accounted for 80.7%, 9.8% and 9.5%, respectively, of the market size in 2016, according to the Frost & Sullivan Report. The global market size of Halloween wear by manufacturer revenue expanded at a CAGR of 11.3%, increasing from approximately US$3.4 billion in 2011 to approximately US$5.8 billion in 2016, according to the Frost & Sullivan Report. The global market for Halloween wear is expected to grow to approximately US$12.4 billion by 2021 and will further boost the demand for hair goods, costumes, masks and other accessories for this holiday, according to the Frost & Sullivan Report.

DEVELOPMENT TRENDS

The hair goods market has been characterised by the following development trends:

Rapid Expansion of Synthetic Hair Goods Industry

After the introduction of cheap, mass-produced synthetic hair goods in the last century, synthetic hair goods have penetrated the previously unexplored middle and low income consumer groups and gained substantial market share in the past decades. In terms of quantity, synthetic hair goods account for a larger proportion of hair goods sold globally due to their low price and variety. In terms of quality, synthetic hair goods are increasingly natural looking due to technical improvements, making them hardly distinguishable from human hair products without close inspection. Synthetic hair goods provide a cheaper but decent substitute for the more expensive human hair goods for customer groups with lower income.

Continuous Innovation in Manufacturing Techniques and Product Designs

To improve the quality of raw materials, reduce discomfort and enhance the authenticity and aesthetics of hair goods, especially those made of synthetic fibre, increasing attention is expected to be paid on innovation in production technology and product design globally. An increasing number of hair goods manufacturers are introducing machinery that enables some of the manufacturing processes such as dyeing, washing, and weaving to be highly automated. Moreover, technical innovations in chemicals used in the manufacturing process, such as high-quality conditioners and detergents, are enabling more manufacturers to preserve the quality of raw materials, such as delicate human hair. In terms of product design, hair goods with up-to-date fashion features are increasingly popular, especially for consumers in developed countries, which in turn will stimulate more hair goods manufacturers to focus on product design of their products rather than simply meeting customers' needs, and introduce more higher profit margin products to the market.

Shift in the Hair Goods Industrial Landscape

Hair goods manufacturing is a labour-intensive industry, thus the rising labour costs have forced hair goods manufacturers to shift their production bases to lower labour cost regions. In China and India, hair goods manufacturers have capitalised on low labour costs and proximity to hair sources to dominate the global hair goods manufacturer market. In the future, however, as the labour costs in China and India continue to rise with their economic expansions, the production bases of hair goods will gradually shift to other developing countries with lower labour costs and more available land resources such as Bangladesh, Vietnam and Laos.

ENTRY BARRIERS

The hair goods market is subject to the following entry barriers:

Strong Relationships with Hair Suppliers

Hair goods manufacturers are heavily dependent on human hair and synthetic fibre suppliers. Therefore, it is important for manufacturers to develop a good relationship with upstream suppliers in order to secure adequate supplies. However, many existing manufacturers have already established close relationships with human hair suppliers. Existing manufacturers tend to form exclusive deals with certain quality suppliers, depriving new entrants of quality sources of the scarce human hair supply. Moreover, large human hair goods manufacturers tend to purchase and keep large stocks of human hair, further keeping new entrants from obtaining large quantities of human hair supplies.

Brand Effect

Manufacturers of well-known brands are often associated with better quality and are considered more trustworthy in terms of product safety and other aspects. Wholesalers and consumers alike, with limited knowledge of the hair goods industry, tend to choose reputable hair goods manufacturers. New entrants will find it hard to establish their own brand and expand their market share. Without relatively strong brand awareness, new hair goods manufacturers may struggle to find potential customers compared with the experienced manufacturers. Furthermore, without industry expertise and client resources, new market entrants will find it very difficult to gain an edge over the existing hair goods manufacturers.

Technology

Some existing manufacturers have already researched and developed technology for producing synthetic fibre such as multi-colour fibre production. New hair goods manufacturing entrants that do not already possess sufficient technological proficiency have to procure good quality synthetic fibre from existing manufacturers at higher prices. In addition to having established technical expertise in the production of hair goods, existing manufacturers have skilled personnel, with know-how in the hair goods manufacturing industry, to produce their handmade hair goods. Furthermore, existing manufacturers can afford to conduct thorough research on the latest developments in human hair goods production techniques and thereby provide a wider range of products by utilising advanced knowledge and technology. New entrants would need to either have professional personnel in manufacturing or sufficient capital investment in developing new technology in order to effectively compete. Therefore, small market entrants with little prior experience or weak technical capability will find it difficult to enter the market.

Cost Control

Hair goods manufacturing involves numerous labour-intensive processes that require workers and hair specialists. Consequently, labour costs constitute a large proportion of the production costs. For existing hair goods manufacturers, particularly the large players and industrial leaders that employ thousands of workers, labour costs can be more easily managed with economies of scale and better labour management skills. In contrast, small manufacturers will generally find it more difficult to control costs and therefore will achieve smaller profit margins as compared to larger players, which may be an impediment to rapid expansion to gain market share. For new market entrants, the high costs involved in the production process serve as a significant barrier.

COMPETITIVE LANDSCAPE AND OUR ADVANTAGES

The following table sets forth the competitive landscape and the market share of the top ten global synthetic hair goods manufacturers in terms of revenue in 2016:

Ranking No.	Enterprises	Main products/services	Market share of global synthetic hair goods market
1.	Competitor A . .	Wigs and hair restoration and transplant services	12.6%
2.	Competitor B . .	Human hair wigs, women's hair goods, synthetic hair wigs, training wigs and men's toupees	9.8%
3.	Competitor C . .	Synthetic hair extensions, braids and weaves	6.4%
4.	Competitor D . .	Human hair and synthetic hair goods	5.0%

Ranking No.	Enterprises	Main products/services	Market share of global synthetic hair goods market
5.	Our Group	Full wigs, half wigs, lace wigs, hairpieces and accessories, general braids, special braids, weavings, toupees, high-end human hair extensions and Halloween products	4.0%
6.	Competitor E . .	Hair weaving, hair bulk, women's wig, men's toupees, women's hairpieces, training wigs, and hair extensions	3.2%
7.	Competitor F . .	Human hair wefts, men and women's wigs, and accessories	2.6%
8.	Competitor G . .	Synthetic hair full wigs and half wigs	2.5%
9.	Competitor H . .	Full wigs, half wigs and hair extensions	2.1%
10.	Competitor I. . .	Hair fibres, hair goods and accessories	1.7%

The following table sets forth the competitive landscape and the market share of the top ten global hair goods manufacturers in terms of revenue in 2016:

Ranking No.	Enterprises	Main products/services	Market share of global hair goods market
1.	Competitor A . .	Wigs and hair restoration and transplant services	8.5%
2.	Competitor B . .	Human hair wigs, women's hair goods, synthetic hair wigs, training wigs and men's toupees	5.1%
3.	Competitor C . .	Synthetic hair extensions, braids and weaves	2.5%
4.	Competitor D . .	Human hair and synthetic hair goods	2.4%
5.	Competitor E . .	Hair weaving, hair bulk, women's wig, men's toupees, women's hairpieces, training wigs, and hair extensions	2.3%
6.	Competitor F . .	Human hair wefts, men and women's wigs, and accessories	2.0%
7.	Our Group	Full wigs, half wigs, lace wigs, hairpieces and accessories, general braids, special braids, weavings, toupees, high-end human hair extensions and Halloween products	1.5%
8.	Competitor I. . .	Hair fibres, hair goods and accessories	1.4%
9.	Competitor J. . .	Human hair goods	1.4%
10.	Competitor H . .	Full wigs, half wigs and hair extensions	1.2%

According to the Frost & Sullivan Report, our competitive advantages are our comprehensive product portfolio, long-term and close relationships with key customers, deep manufacturing experience and knowledge, robust research and development capabilities and low production costs due to our strategic location and economies of scale. For further details of our competitive strengths, see "Business – Our Competitive Strengths".

ABOUT FROST & SULLIVAN

Frost & Sullivan is an independent global consulting firm that was founded in New York in 1961. It offers industry research and market strategies and provides growth consulting and corporate training. Its industry coverage includes, among others, industrial and machinery, industrial automation and electronics, chemicals and materials, consumer products, and technology. The Frost & Sullivan Report includes information on the global hair goods market. Frost & Sullivan has conducted detailed primary research that involved discussing the status of the industry with certain leading industry participants. Frost & Sullivan has also conducted: (i) secondary research that involved reviewing company reports, (ii) independent research reports, and (iii) review of data retained on its own research database. Frost & Sullivan has obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data. Frost & Sullivan has also considered the above-mentioned industry key drivers.

Frost & Sullivan's market engineering forecasting methodology integrates several forecasting techniques with a market engineering measurement-based system. It relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements include:

- expert-opinion forecasting methodology;
- integration of market drivers and restraints;
- integration with the market challenges;
- integration of the market engineering measurement trends; and
- integration of econometric variables.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions:

- the social, economic and political environment globally is likely to remain stable in the forecast period; and
- the related industry key drivers are likely to drive the market in the forecast period.