

I Production situation

I-1 Capacity and output of 5 lactic acid manufacturers

Table I-1.1 Capacity and output of 5 lactic acid manufacturers, as of Mar. 2010

Company	Abbreviation	Status	Capacity'10(t/a)	Output'09(tonne)
Henan Jindan Lactic Acid Technology Co., Ltd.	Henan Jindan	Active	■	■
Anhui BBKA & Galactic Lactic Acid Co., Ltd.	Anhui B&G	Active	■	■
Ningxia Hypow Biotechnology Co., Ltd.	Ningxia Hypow	Active	■	■
Sinolac (Huludao) Biotech Co., Ltd.	Liaoning Sinolac	Idle	■	■
Jiangsu Senda Biological Engineering Co., Ltd.	Jiangsu Senda	Active	■	■

Note: ■ t/a in above table is its designed capacity, its real capacity will reach ■ tonnes in 2010, based on its annual production plan.

Source: CCM International

Based on CCM's investigation, it is found that Liaoning Sinolac has suspended its lactic acid production since Dec. 2009. In order to produce higher purity L-lactic acid, Liaoning Sinolac indicates that it is undergoing production equipment replacement and technological transformation which are preparatory work for PLA production in the future. Liaoning Sinolac will not resume production until June-July 2010, and CCM will monitor its progress in the following several months.

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- Estimated raw material cost

Table IV-2.1.1 Estimated raw material costs of heatstable grade lactic acid in Henan Jindan, Mar. 2010

No.	Raw Materials	Consumption, Unit /t		Unit	Price, USD/Unit	Unit Cost, USD/t	
		80%	88%			80%	88%
1	Corn	■	■	Kg	■	■	■
2	■	■	■	Kg	■	■	■
3	■	■	■	Kg	■	■	■
4	■	■	■	Kg	■	■	■
5	■	■	■	Kg	■	■	■
6	■	■	■	Kg	■	■	■
7	■	■	■	Kg	■	■	■
8	■	■	■	Kg	■	■	■
9	■	■	■	Kg	■	■	■
10	■	■	■	Kg	■	■	■
11	■	■	■	Kg	■	■	■
Total						■	■

Source: CCM International

- Estimated manufacturing cost

Table IV-2.1.2 Estimated manufacturing cost of heatstable grade lactic acid in Henan Jindan, Mar. 2010

No	Item		Unit Cost, USD/t	
			80%	88%
1	Raw Materials		■	■
2	Utilities	Water	■	■
		Electric power	■	■
		Steam	■	■
3	Labor		■	■
4	Packing		■	■
5	Manufacturing direct + indirect*		■	■
Total			■	■

Note:* The direct and indirect manufacturing costs are assumed to be the fixed cost, which include depreciation, maintenance, etc. Direct and indirect manufacturing cost*=Maintenance fee+ depreciation. Depreciation cost in Henan Jindan is zero now because it has established plant for over 20 years.

Source: CCM International