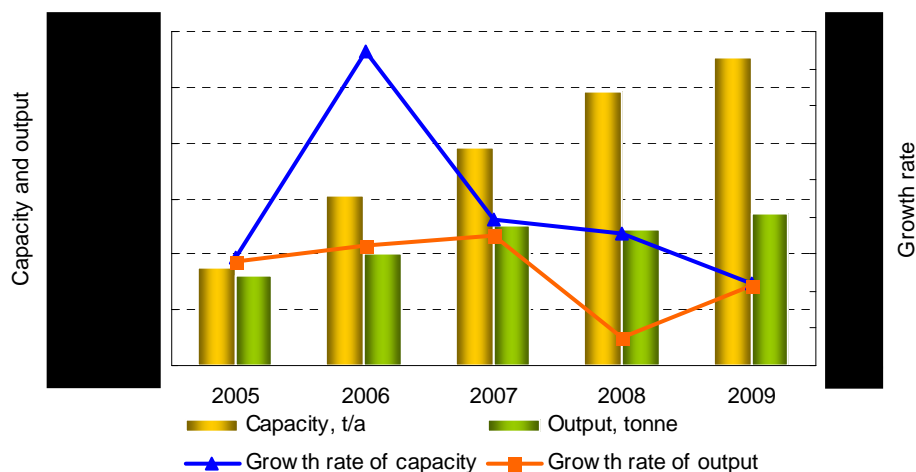


I-3 Current production situation of aniline in China

In recent years, China's aniline production has maintained a strong growth, thanks to great demand from downstream industries, especially MDI and rubber ingredients. As of Oct. 2010, there have been mainly 25 aniline producers in China.....

Figure I-3-1 Capacity and output of aniline and their growth rate in China, 2005~2009



Note: Aniline capacity here includes the aniline capacity of MDI producers, but output here excludes that of the MDI producers.

Source: CCM International

➤ Situation of producers

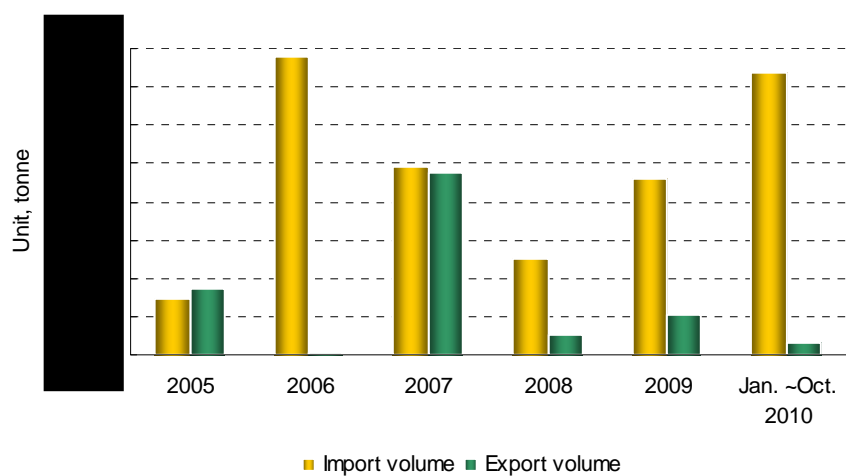
Table I-3-4 Key active aniline producers in China, as of Oct. 2010

| No. | Name | Abbreviation | Location | Capacity 2008, t/a | Capacity 2009, t/a | Capacity 2010, t/a |
|-------|-------------------------------------|---------------------|----------|-----------------------|-----------------------|-----------------------|
| 1 | | | Shanghai | | 280,000 | |
| 2 | | Nanjing Chemical | Jiangsu | | | |
| 3 | | | Jilin | 0 | | |
| 4 | | | | 160,000 | | |
| 5 | | Shanxi Tianji | | | | |
| 6 | | | Jiangsu | | | 135,000 |
| 7 | | | | | | |
| 8 | Shandong Jinling Chemical Co., Ltd. | | | 60,000 | | |
| 9 | | | Jiangsu | | | 50,000 |
| 10 | | Shandong Riyue | | | | |
| 11 | | | | | 50,000 | |
| 12 | | Tianxiang Chemicals | | 40,000 | | |
| Total | | - | - | 1,200,000 | | |

Source: CCM International

I-5 Import & export analysis of aniline, 2008~Oct. 2010

Figure I-5-1 Import and export volume of aniline in China, 2005~Oct. 2010



Source: CCM International

Table I-5-1 Import volume of Yantai Wanhua and Ningbo Wanhua and its percentage against the total in China, 2004~2007 and Jan. ~Oct. 2010

| Year | 2004 | 2005 | 2006 | 2007 | Jan.~ Oct. 2010 |
|----------------------|-----------|--------|------|------------|-----------------|
| Import volume, tonne | 4,081.864 | | | 49,142.392 | |
| Percentage | | 75.34% | | | 100.00% |

Note: Detailed data about import volume of Yantai Wanhua and Ningbo Wanhua in 2008 and 2009 is unavailable

Source: CCM International

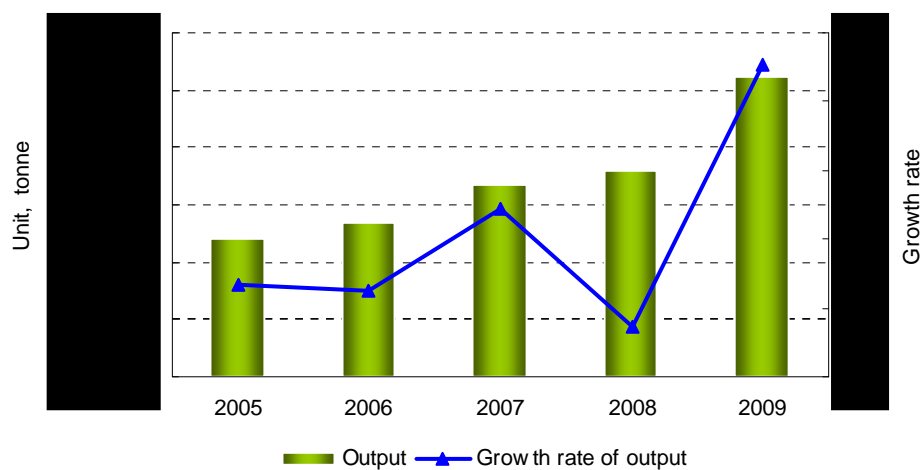
Shandong Wanhua is the largest importer of aniline in China, and previously both Yantai Wanhua and Ningbo Wanhua, its two subsidiaries, imported aniline.....

I-6 Raw material of aniline

I-6-1 Nitrobenzene

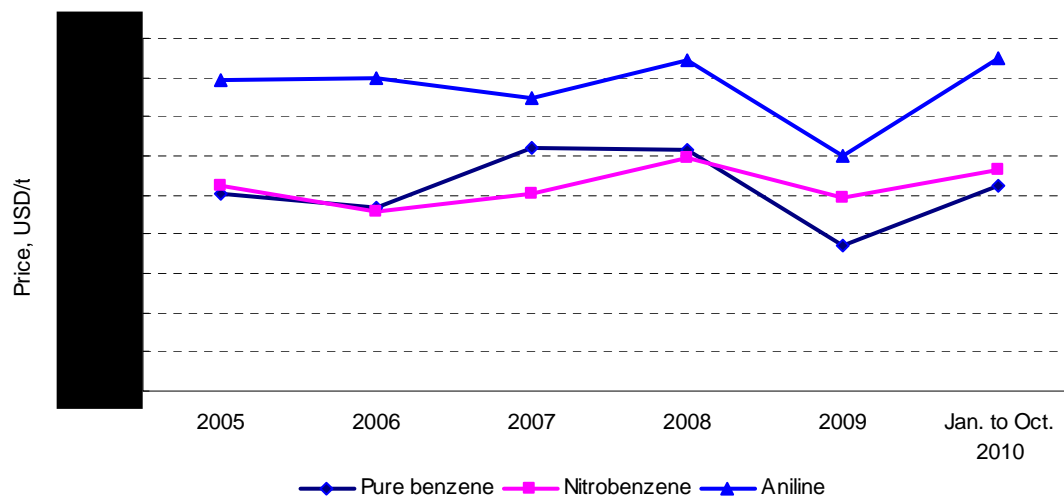
I-6-1-1 Production

Figure I-6-1-1-2 Output and output growth rate of nitrobenzene in China, 2005~2009



Source: CCM International

Figure I-6-1-1-3 Price of pure benzene, nitrobenzene and aniline in China, 2005~Jan. to Oct. 2010

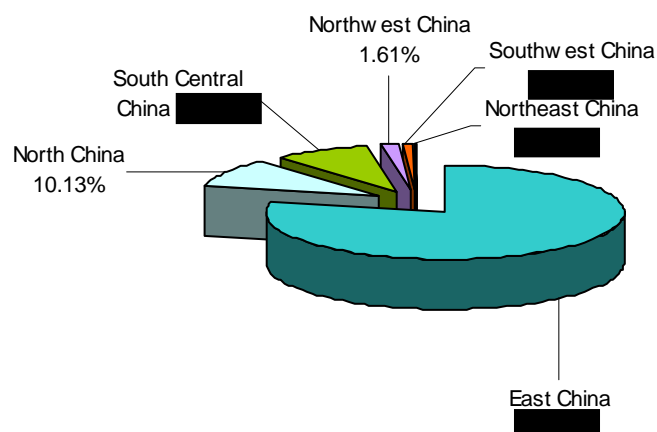


Source: CCM International

I-7 Consumption pattern of aniline in China

1-7-1 Market analysis by geographical distribution

Figure 1-7-1-1 Consumption of aniline by geographical distribution in China, 2009



Note: East China (Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi, Shandong);

North China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia);

South Central China (Henan, Hubei, Hunan, Guangdong, Guangxi, Hainan);

Northwest China (Shanxi, Gansu, Qinghai, Ningxia, Xinjiang);

Southwest China (Chongqing, Sichuan, Guizhou, Yunnan, Tibet);

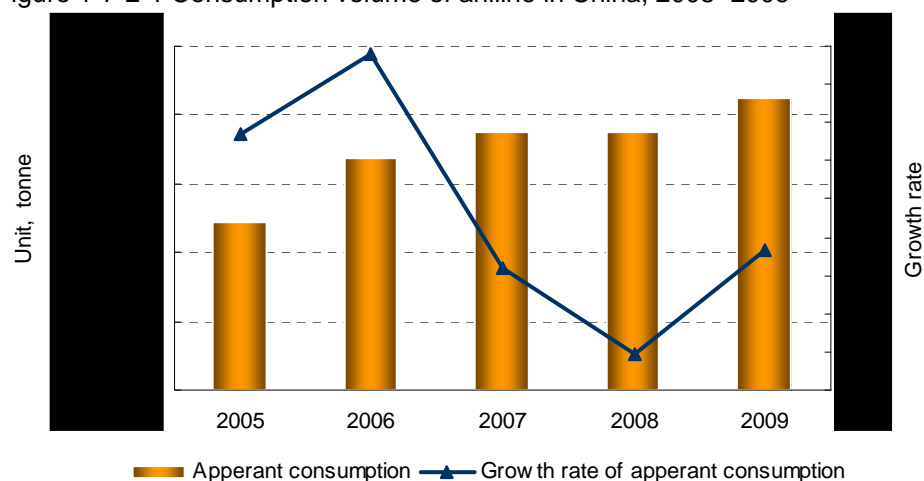
Northeast China (Liaoning, Jilin, Heilongjiang)

Hong Kong, Macao and Taiwan are excluded here

Source: CCM International

1-7-2 Market analysis by downstream industry distribution

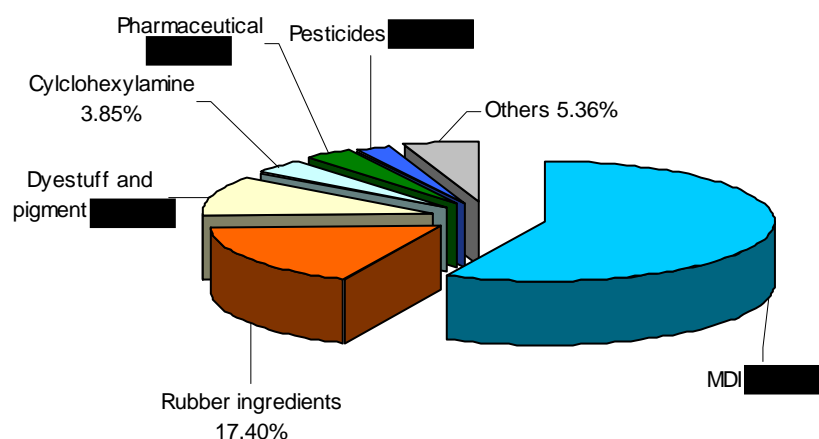
Figure 1-7-2-1 Consumption volume of aniline in China, 2005~2009



Note: Aniline apperant consumption volume here excludes that produced by MDI producers themselves

Source: CCM International

Figure 1-7-2-2 Consumption structure of aniline in China, by volume, 2009



Source: CCM International

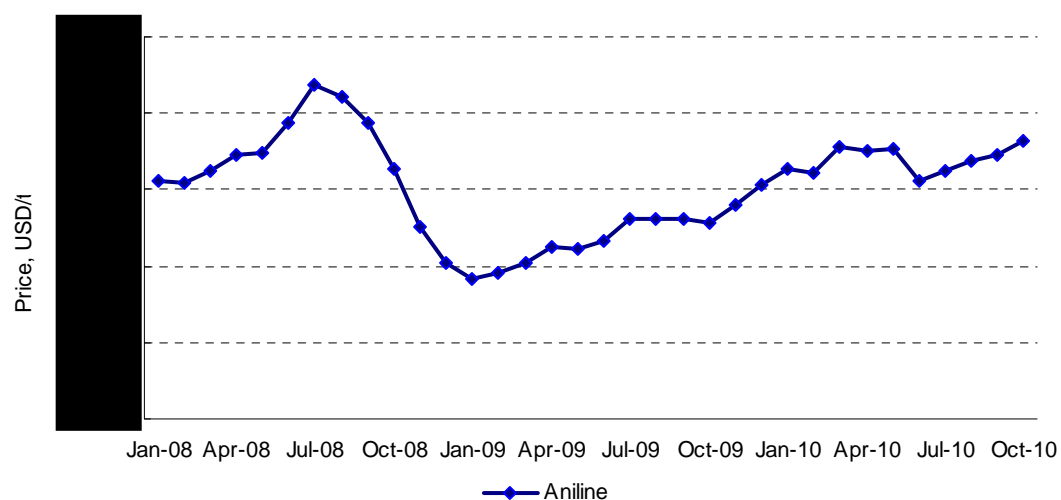
I-10 Price of aniline in recent years and factors for changes

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➤ Jan. 2008 to Jul. 2008

The aniline price reached around USDxx/t in Jan. 2008, showing that the aniline market competition became increasingly intense along with the expanding aniline capacity. After April 2008.....

Figure I-10-1 Price of aniline in China, Jan. 2008~Oct. 2010



Source: CCM International