Note: Key data/information in this sample page is hidden, while in the report it is not.

2.2 Domestic producer of Niacin, 2011-2012

Table 2.2-1 Domestic producer of Niacin, 2011-2012

No.	Producer	Capacity'12(t/a)	Capacity'11(t/a)	Output'11(t)
1	Lonza Co., Ltd.(Guangzhou)	[redacted]	[redacted]	[redacted]
2	Mianyang Vanetta Pharmaceutical Technology Co., Ltd.	[redacted]	[redacted]	[redacted]
3	Shandong Brother Sci.&Tech. Co., Ltd.	[redacted]	[redacted]	[redacted]
4	Zhejiang Lanbo Biological And Technological CO., LTD.	[redacted]	[redacted]	[redacted]
5	Nantong Acetic Acid Chemical Co., Ltd.	[redacted]	[redacted]	[redacted]
6	Zhejiang Idea'l Nutrition Science and Development Co., Ltd.	[redacted]	[redacted]	[redacted]
7	Tianjin Zhongrui Pharmaceutical Co., Ltd.	[redacted]	[redacted]	[redacted]
8	Ningbo Medicn Pharmaceutical Co., Ltd.	[redacted]	[redacted]	[redacted]
9	Hangzhou Shengda Pharmaceutical Co.,Ltd.	[redacted]	[redacted]	[redacted]
10	Nanjing Guangtong Pharmachemical Co., Ltd.	[redacted]	[redacted]	[redacted]
Total		[redacted]	[redacted]	[redacted]

Note: Lonza Co., Ltd.(Guangzhou) includes Guangzhou Lonza Co., Ltd. and Guangzhou Nansha Lonza Co., Ltd.

Source: CCM International

Switzerland Lonza Group Ltd., a global leader in niacin industry, set up Guangzhou Lonza Co., Ltd. and Guangzhou Nansha Lonza Co., Ltd. respectively in 1995 and April 2003. Guangzhou Lonza Co., Ltd. focuses on producing pharmaceutical grade niacin with capacity of [redacted] t/a, Guangzhou Nansha Lonza Co., Ltd. mainly produces feed grade niacin with capacity of [redacted] t/a, and in 2011, it had launched a project on the [redacted] t/a niacin capacity expansion and completed it in May 2012, which will be put into operation in the near future. Niacin produced by the company is mainly used for exports.

Mianyang Vanetta Pharmaceutical Technology Co., Ltd. is established in 2010, and all the

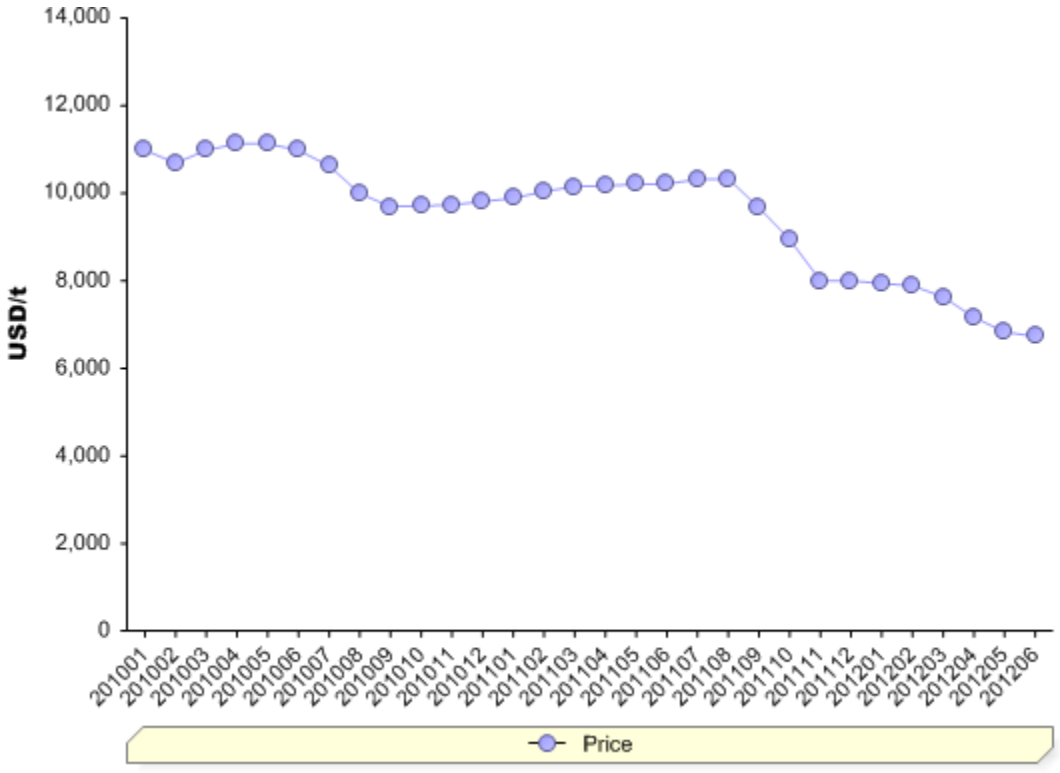
production lines, set up in October 2011, now reflect stable production of niacin after several months of debugging. It was reported that it exported [redacted] tonnes of feed grade niacin valued at USD[redacted] to Malaysia in May 2012.

In March 2011, Shandong Brother Sci.&Tech. Co., Ltd. used raised fund to transform the original Vitamin K3 production line to niacin production line of [redacted] t/a capacity. It had been put into operation at the end of 2011. Niacin is one of the raw materials of producing Vitamin K3. In order to increase the supply of raw material of Vitamin K3, the company plans to invest about USD[redacted] million (RMB[redacted] million) to expand the capacity of [redacted] t/a of niacin in the first quarter of 2012. It is estimated that [redacted] months will be taken in construction period, and the new capacity is expected to put into operation in the 2nd half of 2013.

Different from the companies mentioned above, Nantong Reilly Chemical Co., Ltd., set up in July 2010, planned to produce [redacted] tonnes of niacin and [redacted] tonnes of raw materials of 3-cyanopyridine. Up to now, 3-cyanopyridine has been put into operation. For niacin, the equipment of producing niacin has not been installed due to the falling price of niacin in recent years, and the company will not expand the niacin capacity if the price keeps on declining, said one staff from the company.

2.3 Price of niacin in China, 2010-June 2012

Figure 2.3-1 Price of Niacin in China, 2010-June 2012



Source: CCM International

In early 2010, the price of niacin rose slightly, because in January Lonza Co., Ltd. (Guangzhou) decided to decrease the supply of niacin, and raised the price of niacin for large customers. Consequently most of domestic producers followed the trend. However, in July, the price began to fall, for the industries gradually increased the niacin output. Also, the demand from downstream industry didn't increase much, resulting in the oversupply in niacin.

Before September 2011, the price of niacin remained stable generally, but the price has been the downward trend since October 2011. Until May 2012, the price hit a new low form USD[redacted] to USD[redacted], dropping by more than [redacted].

In the aspect of demand, in the late of 2011,the demand for niacin from feed industry had been curtailed, which seriously affected the end consumer of niacin, for the prevalence of gastroenteritis in pig industry led to large-scale death among piglets.

As for supply, the late of 2011 is a period of putting into operation the new capacity and expansion of capacity. For example, the new niacin capacities of [redacted] t/a and [redacted] t/a were respectively put into operation in Shandong Brother Sci.&Tech. Co., Ltd. and Mianyang Vanetta Pharmaceutical Technology Co., Ltd. It undoubtedly placed great pressure on the supply of niacin in the market. It's expected the price of niacin will continue to hit a new low with other new projects putting into operation and the sluggish demand for niacin in the market.

In the aspect of raw material, the price of 3-picoline(the main raw material of niacin) has fallen constantly, from [redacted]USD/t in 2008 to [redacted]USD/t in 2012, thus causing the decrease of the raw material's cost, which finally led to the possibility of niacin price decline.