

II-1.1 Summary of producers

- Current producers

As of Oct. 2009, there have been [redacted] active lactic acid manufacturers in China, with total production capacity of [redacted] t/a. Among active lactic acid manufacturers, there are four producers whose production capacity exceeds [redacted] t/a, including Henan Jindan Lactic Acid Technology Co., Ltd. (Henan Jindan), [redacted], [redacted], and [redacted], and their total capacity in 2009 and output in 2008 accounts for [redacted]% and [redacted]% of China's total respectively.

Table II-1.1.2 Capacity and output of major lactic acid manufacturers in China, by Oct. 2009

No.	Company	Status	Capacity'09(t/a)	Output'08(t)
1	Henan Jindan	Active	[redacted]	[redacted]
2	[redacted]	[redacted]	[redacted]	[redacted]
3	[redacted]	[redacted]	[redacted]	[redacted]
4	[redacted]	[redacted]	[redacted]	[redacted]
5	[redacted]	[redacted]	[redacted]	[redacted]
6	[redacted]	[redacted]	[redacted]	[redacted]
7	[redacted]	[redacted]	[redacted]	[redacted]
8	[redacted]	[redacted]	[redacted]	[redacted]
9	[redacted]	[redacted]	[redacted]	[redacted]
10	[redacted]	[redacted]	[redacted]	[redacted]
11	[redacted]	[redacted]	[redacted]	[redacted]
12	[redacted]	[redacted]	[redacted]	[redacted]
13	[redacted]	[redacted]	[redacted]	[redacted]
14	[redacted]	[redacted]	[redacted]	[redacted]
15	[redacted]	[redacted]	[redacted]	[redacted]
Total			[redacted]	[redacted]

Note: [redacted] stopped lactic acid production from 2009, whose output was about [redacted] tonnes in 2008

Source: CCM International

.....

II-1.2 Summary of production

Production technology of lactic acid had obtained great achievement in the past five years. Many old production lines were closed. With the emergence of new fermentation strain, new fermentation technology and new extracting technology, a lot of new production lines are built. Current production situation can be summarized from several aspects.

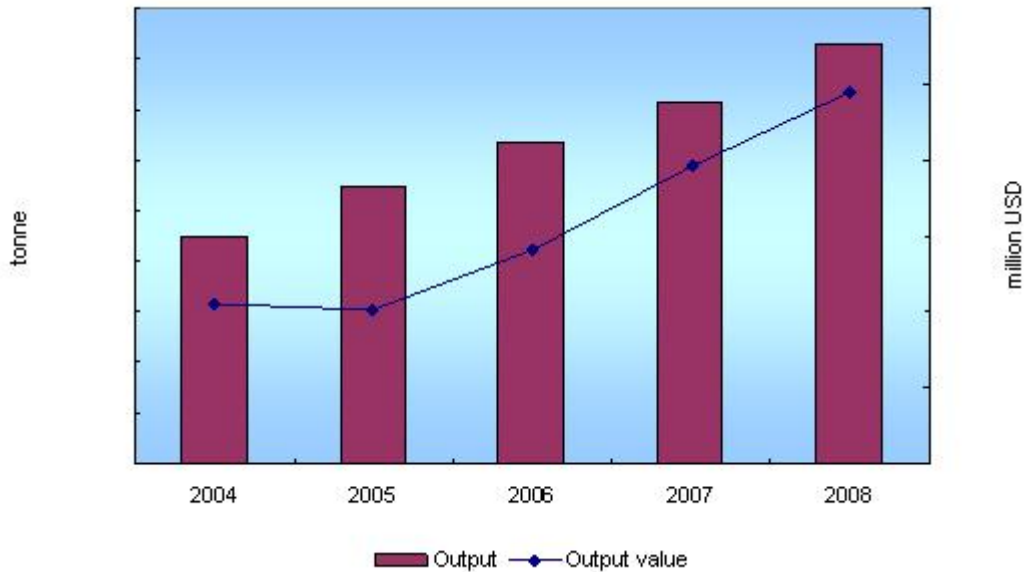
- Capacity and output

China has become one of the major lactic acid manufacturing countries in the world in recent years with rapid increase in both capacity and output. As of Oct. 2009, China's lactic acid

capacity hiked to █ t/a, with the output increasing at CAGR of █% in the past five years, reaching █ tonnes in 2008.

Different from increase in capacity, operation rates of Chinese lactic acid manufacturers remain low due to limited demand from domestic end users. The average operation rate had stayed at about █%~█% in the past few years.

Figure II-1.2.1 Output situation of lactic acid in China, 2004-2008



Note: Output in 2007 is estimated

Source: CCM International

.....

II-5 Consumption patterns of lactic acid

II-5.1 Consumption situation of lactic acid in China

Lactic acid output kept increasing in 2003~2008 with CAGR of █%, while CAGR of apparent consumption was █%. The two figures indicate that domestic consumption of lactic acid increased relatively stably in this period.

In China, there is still no national standard for the added amount of lactic acid in its application fields, and the amount is adjusted in different products. Lactic acid is usually consumed in industries of food, beverage, chemical, pharmaceutical, cosmetics products, etc., with food and beverage as the two largest consumption fields. China's total consumption volume of lactic acid was █ tonnes in 2006, and increased to █ tonnes in 2008.