



STRATEGIC ANALYSIS INC.

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**INVESTMENT OPPORTUNITIES IN
THERMOPLASTIC COMPOUNDING IN CHINA**

**FIRST COMPREHENSIVE ANALYSIS OF 40 POTENTIAL
ACQUISITIONS, JOINT VENTURES AND ALLIANCE PARTNERS**

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BACKGROUND

China has become the factory of the world and the economy is growing at substantial rates.

The development of the Chinese market in the last several years has exploded and many industry segments are growing at exponential rates. As a result, companies:

1. Are rushing to position themselves to serve this rapidly growing domestic market
2. Taking advantage of the low cost of production to serve not only China and Asia, but other parts of the world
3. Positioning themselves to defend against strengthening local competition in China that if not checked will eventually spread to other parts of the world

Because of China's rapid economic development, the plastic compounding industry has grown at strong double-digit rates for nearly five years and will continue to grow or exceed these rates in the next five years. Leading multinational corporations and local independents are rushing to meet this demand by adding compounding and concentrating operations to serve the specialized needs of such end-use markets as automotive, building and construction, electrical and electronics, and appliances.

As Western-based customers increase their production in China to serve the local market and to export to Europe, the United States and other Asian markets, demand for higher performance compounds will also accelerate.

As a result, SAI China is undertaking the first comprehensive analysis of potential investment opportunities in plastic compounding in China.

STUDY GOALS AND OBJECTIVES

The objective of the study is to identify and evaluate 40 of the more interesting investment opportunities in the thermoplastic compounding market in China.

The companies covered include manufacturers of compounds, master batchers and concentrates with fillers, fibers, colors and functional additives. Target companies analyzed will focus on higher-performance compounding. The study will exclude high volume commodity grades of polyolefins, PVC and polystyrene compounds.

The profiles of these target firms will provide subscribers with the information to select those firms that match best their attractiveness criteria and to discuss areas of mutual interest.

The study will also serve as a source of competitor information on Chinese manufacturers of compounds and concentrates.

An outline of the study is provided in Table 1.

APPROACH AND METHODOLOGY

Strategic Analysis will use its on-the-ground staff in offices in Beijing and Shanghai to comprehensively:

1. Survey all published information from government agencies, trade associations, and other industry publications and other sources.
2. Access SAI's non-confidential database developed over 10 years of conducting market assessments in China.
3. Conduct over 200 field interviews with such industry experts as key customers, competitors, raw material suppliers, distributors and wholesalers, and existing management and former employees of the target firms covered in the study.

SAI's staff of experts conducting the research has an average ten years of industry experience in China. Most have technical backgrounds and business degrees and have worked with multinational corporations to assist them in developing strategies for growth in China, including identification and evaluation of potential investment opportunities.

STRATEGIC ANALYSIS INC.

SAI, a leading international consulting firm, has been in business for over 25 years and has 200 employees in 12 offices around the world. With its headquarters in the Greater Philadelphia area, SAI has international centers of operations in Brussels, Mexico City; Tokyo; Singapore; and Mumbai.

SAI's Greater China operation, headquartered in Beijing and operations in Shanghai, has operated for ten years. SAI has a staff of 25 professionals with technical degrees in chemical and mechanical engineering, chemistry and polymer science; and graduate business degrees. SAI's staff consists of Chinese and Taiwanese nationals with understandings of business practices, local culture and appropriate language skills that allow them to effectively develop the information and analysis required for this unique subscription service.

SAI's staff in China also works with multinational corporations around the world to:

- Develop strategies for China
- Identify and evaluate sites for production facilities
- Assess market opportunities for products and services
Identify and evaluate acquisition and joint venture partners
- Develop complete understandings of the distribution systems and the most effective approach to the market
- Analyze customer segments throughout China to understand the best approach and value proposition
- Identify and analyze raw material sources

IF YOU WOULD LIKE TO SUBSCRIBE

This unique analysis is now available at a very attractive price of US\$9,500 for a limited time. Then, the price will rise to US \$12,000. The report will be provided on a CD and one hard copy will also be provided.

If you would like to subscribe, please fill in the attached subscription agreement and return by fax or email to Gregory A. Ramsey, Chief Operating Officer, at 610-320-6101, or gramsey@strategicanalysis.com. SAI will invoice immediately for the total cost of the study. Subscribers will pay the invoice within 30 days of receipt.

If you have questions about the program, please contact the following people:

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Table 1

REPORT OUTLINE

<p>I. INTRODUCTION</p> <p>II. MARKET OVERVIEW</p> <ul style="list-style-type: none"> - Products - Product attributes - Polyamide (PA) - Polycarbonate (PC) - Polyoxymethylene (POM) - Polybutylene Terephthalate (PBT)/ Polyethylene Terephthalate (PET) - Modified Polyphylene Oxide (MPPO) - Polytetrafluoroethylene (PTFE) - Polyphenylene Sulfide (PPS) - Polymethyl Methacrylate (PMMA) - Polyether Sulphone (PES) - Polyetheretherketone (PEEK) - The Chinese Market - Consumption by product 2004 - Consumption by end-use market 2004 - Consumer electronics - Automotive - Machinery - Other end uses - Production of high performance compounds - China-based producers - Industry concentration - Domestic production by leading producers - Key characteristics of domestic compounders - Multinational compounders - Technological trends - Future outlook to 2010 <p>III. SUMMARY OF TARGET COMPANIES</p> <ul style="list-style-type: none"> - Manufacturers of high performance thermoplastic compounds analyzed in study - Six compounders in the Northern Coastal Region - Fourteen compounders in the Jiangsu Province and Shanghai - Eight compounders in Zhejiang and Huan Provinces - Twelve compounders in the Guangdong Province - Compounder by ownership - Compounder by product - Sales by compounder - Compounder by end use markets - Compounder by key raw material supplier - Compounder by production and capacity - Interest in investment by foreign companies - Level of interest in relationship with foreign investors - Conclusions 	<p>IV. PROFILES OF CHINESE COMPOUNDERS (For each of the 40 companies analyzed, the following information is provided)</p> <ul style="list-style-type: none"> - Background <ul style="list-style-type: none"> • Year of establishment • Location/contact number - Key businesses and strategy - Products - Sales <ul style="list-style-type: none"> • Historical • Distribution channels - Market position - Ownership - Marketing policies - Management and employees <ul style="list-style-type: none"> • Number of employees • Key managers <ul style="list-style-type: none"> Names Positions - Facilities <ul style="list-style-type: none"> • Types • Locations • Production capacity and utilization • Types of equipment in place (where possible) - Technical capabilities - Financials (SAI will attempt to develop whatever information is available, including indications of profitability) - Overall assessment <ul style="list-style-type: none"> • Key strengths and weaknesses • Problems for multinational companies • Ability to compete with multinational corporations • Outlook for the future • Openness to foreign investment
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