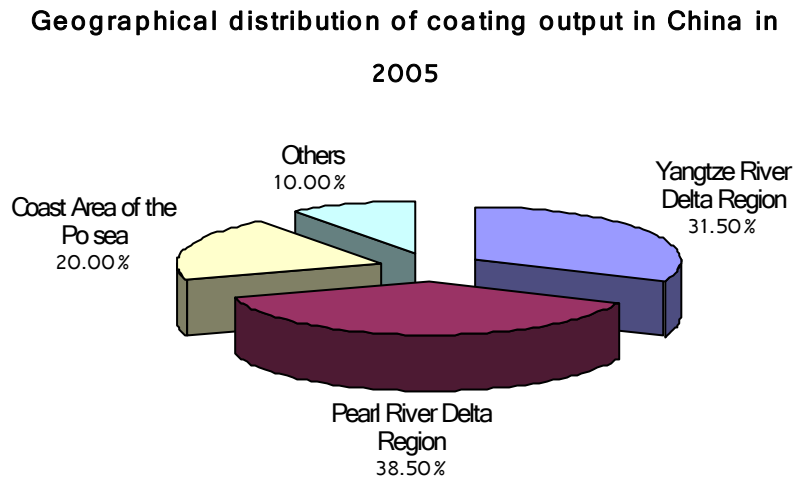


I-4 Current production situation of coating in China

I-4.3 Producers of coating in China

There are about 8,000 manufacturers in Chinese coating industry. Most of them locate in Yangtze River Delta, Pearl River Delta. Guangdong, Shanghai and Jiangsu are the top three production bases in China.

Chart I-4.3.a Geographical distribution of coating output in China in 2005

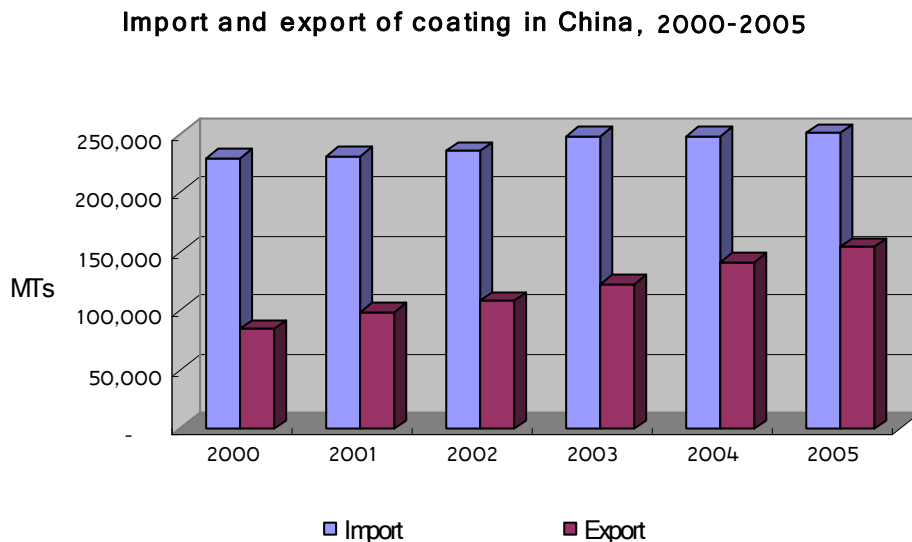


The output of top 40 producers was 1,133,789MTs in 2005, about 55.97% of the total coating output in China, 2,025,700MTs (Excepting the output of architectural coating).

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I-5 Import & export situation of coating in China

Chart I-5.a Import and export of coating in China, 2000-2005



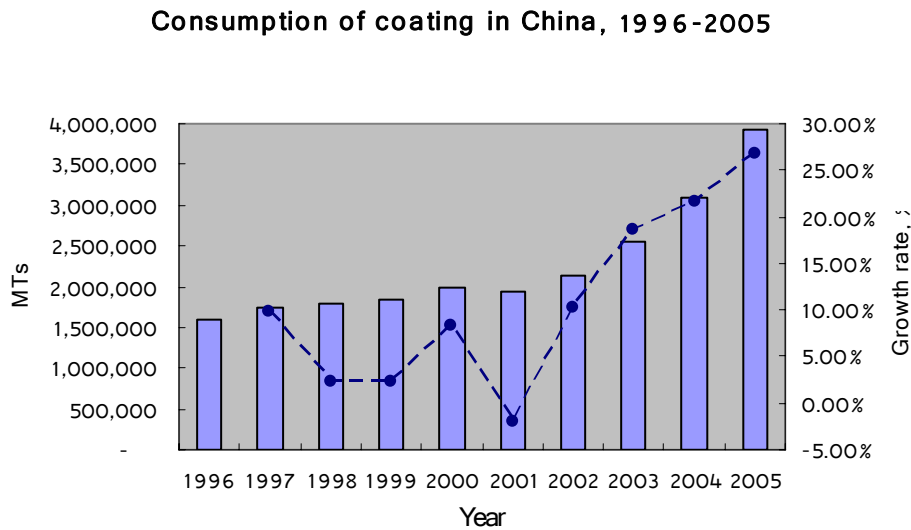
I-6 Consumption pattern of coating in China

➤ Historic consumption of coating in China

The per capita consumption of coating in China was improved from 1.31kg in 1996 to 3.02kg in 2005. It is still smaller than that of average volume in the world (8kg).

The consumption volume in 2005 was 3,921.8KTs, increased by 26.85% than that in 2004. The average growth rate of consumption in the past 5 years was 14.60%.

Chart I-8.a Consumption of coating in China (1996-2005)



I-7.1.2 Production situation of architectural coating

➤ Production situation

Chinese architectural coating industry was fast developed in the 1980s.

The output of architectural coating in China was about 1,800KTs in 2005, about 47.05% of the total coating output in China. Architectural coating output has been increasing quickly in the recent years. The average growth rate in the past 5 years was 14.91%, much higher than that of GDP. In 2004, it reached 21.24%.

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Chart I-7.1.2.a Output of architectural coating in China, 2000-2005

Output of architectural coating in China, 2000-2005

