Events

1 ChemChina Holds Teleconference, Responds to the Economic Climate
   Ren Jianxin Meets Merrill Lynch Senior Vice-President

2 Qingping Phosphate Mine Resumes Production
   Tianjin Summit to Promote World’s Advanced Materials Industry
   MST Vice-Minister Cao Jianlin Inspects MCRI

3 Shanxi Synthetic Rubber Appoints COO
   BlueStar New Chemical Materials Wins Award

Project

4 Siping Haohua Chemical Launches Two 200,000 t/a Projects
   BlueStar Petrochemical (Tianjin) CHP Program Receives Governmental Support
   ChemChina Daqing Branch Launches 80,000 t/a Ethylbenzene/Styrene

5 Haohua South China Kicks off All-steel Tire Project
   Yiyang Machinery Manufactures China’s Largest Plate Vulcanizer
   BlueStar (Lanzhou) 200,000 t/a Methanol Unit Operational
   Giant Tank Delivered to Shaanxi

Company News

6 Haohua South China’s Giant Tire Passes Acceptance Test
   Nantong Xingchen Named Hi-tech Enterprise
   Haohua’s Employee Library Sets Good Example in Guangxi

7 Two BlueStar Firms to Set National Standards
   Guilin Latex Plant: Revisions to National Standards Approved
   Four Patents Granted to Wuxi Resin Factory
   Changsha Institute Celebrates 30th Anniversary with New Start

Employee World

8 Christmas Party at BlueStar
ChemChina Holds Teleconference, Responds to the Economic Climate

A teleconference was held at ChemChina headquarters on November 13th to respond to impacts from the global financial crisis on the chemical industry of China. ChemChina President Ren Jianxin reviewed company operations over the first three quarters and shared his outlook on the likely economic climate of the upcoming months.

In the first three quarters, ChemChina experienced solid growth in operating profit, with a better performance than the average of state-owned enterprises (SOEs). However, the worsening financial market has placed increasing pressure on the real economy since September and a global economic winter is foreseen. The shrinking market has led to lower utilization of equipment capacity, suspension of some operations and overstock. As a result, ChemChina’s growth in business earnings and profits has slowed.

In response to the financial storm, Ren made a number of suggestions regarding confidence, marketing, capital management, new projects, cost control, business restructuring, safety, the environment and overall organization.

Ren Jianxin Meets Merrill Lynch Senior Vice-President

On November 6th, ChemChina President Ren Jianxin received Damian Chunilal, Senior Vice-President of Merrill Lynch, at ChemChina headquarters. Mr. Ren extended a warm welcome to Mr. Chunilal and they exchanged ideas on the future development of ChemChina and highlighted the importance of cooperation between ChemChina and overseas financial organizations. Mr. Chunilal said that ChemChina’s solid management team and excellent operating mode will bring about great prosperity for ChemChina. He also expressed willingness to support ChemChina’s development. (Photo by Chuai Liang)
On November 22nd, Deyang Haohua Qingping Phosphate Mine Co, Ltd. held a ceremony to mark the resumption of production at the 1,000-meter main adit (horizontal entrance) at Yanziyan. At 11 am, four locomotives loaded with high-quality ore exited the mine, marking the formal resumption of production at Qingping Phosphate Mine.

On August 21st, with the Hanwang-Qingping road reopened to traffic, Qingping Phosphate Mine held a meeting to make arrangements for resuming production. After 100 days of hard work, the good news finally came that mine production would resume. Chairman and General Manager Xiang Ping said at the ceremony: “During the past difficult 100 days, our staff worked hard and brought the mine up from ruins with their courage and wisdom.”

Plans call for the company to produce 60,000 to 70,000 tons of phosphorite before Spring Festival and then gradually resume the operation of other mines. The supply shortage of phosphorus chemical raw materials in Deyang will be gradually eased.

Tianjin Summit to Promote World’s Advanced Materials Industry

October ended on a high note in Binhai New Area, Tianjin as the Second International Advanced Materials (Tianjin) Summit was held from October 30th to November 1st in the now-bustling area of the municipality directly under administration of the central government.

Convened amid the global economic meltdown, the summit themed “Opportunity & Responsibility,” pooled more than 300 delegates representing governmental, academic, corporate and investment banking circles for a meeting of minds on the development of the world’s advanced chemical materials industry. Ren Jianxin, President of ChemChina, addressed the summit.

With the global financial tsunami spilling over into substantive economies, the advanced chemical materials sector will not be immune to the impact of the economic slowdown of such a global magnitude.

However, it was unanimously agreed by delegates to the summit that challenges do not come alone, but rather together with opportunities. The prevailing world outcry about resource depletion, environmental degradation, ecological imbalance and climate change all indicate greater vistas for the advanced chemical sector, which can contribute to a more harmonious society through innovation.

The summit also adopted the Tianjin Proposal for the Advanced Chemical Materials Industry reflecting a broad consensus about the importance of self-discipline, fulfillment of social responsibilities by companies and coordinated development of the industry, society and the environment.
BlueStar appointed Dr. Stephen Pask as Chief Operation Officer (COO) and Deputy General Manager of the Shanxi Synthetic Rubber Group Co., Ltd. Dr. Pask was born in the UK. With rich experience in the operations and management of chemical enterprises, he has worked for many world-famous chemical giants including Bayer and Lanxess. Pask will be the first foreign high-level manager at a subsidiary company of ChemChina.

On November 20th, the formal appointment was held at ChemChina headquarters. Before the ceremony, ChemChina President Ren Jianxin met with Pask and extended a warm welcome. Mr. Ren expressed hope that Pask can lead the company to its best operation and build a team of top talent by introducing advanced technology and management. Yang Xingqiang, President of BlueStar and assistant to Ren Jianxin, presented the letter of appointment to Pask.
A meeting to mark the startup of two 200,000 t/a projects by Siping Haohua Chemical Co., Ltd. was held in Changchun, Jilin Province on November 16th. Jilin Governors Wang Min, Han Changfu and Wang Rulin attended along with China Haohua Chemical (Group) Corporation President Fu Xiangsheng and ChemChina Vice-President Fan Xiaosen.

Following two other 50,000 t/a projects that went on stream in August 2006, Siping Haohua Chemical started construction on facilities on June 10th, 2007 to produce 200,000 t/a of ion-exchange membrane caustic soda and 200,000 t/a of PVC resin. With a total investment of RMB1.3 billion and covering 204,400 sq meters, the two projects employ state-of-the-art processes and equipment to utilize and reuse resources more efficiently. After the two systems are fully operational, the company’s outputs of PVC and ion-exchange membrane caustic soda will both reach 300,000 t/a, creating annual output value of RMB3 billion and profit of RMB350 million.

BlueStar Petrochemical (Tianjin) Co., Ltd. recently won an incentive award from the Tianjin Municipal Government for its initiative with a CHP (combined heat and power) energy saving project.

The project running continuously for almost two years and yielding an annual profit of more than RMB5 million is a result of renovation of the company’s old CHP facility that had been mothballed for 5 years as part of energy conservation and emission reduction measures. A total of RMB3.43 million was invested to renovate its processes and technology. The program paid off in only 10 months, fully tapping the great potential of the CHP process.

On November 1st, an 80,000 t/a ethylbenzene/styrene complex of ChemChina Oil & Gas Corporation Daqing Branch formally produced finished styrene with purity of 99.9%. It achieved a successful startup in its first operation and set a new record of the shortest startup time among similar domestic units.

It took nine and a half months to complete construction of the ethylbenzene/styrene complex. On September 12th, 2008, the startup process formally began with feeds of gasoil. The ethylbenzene unit was started up 24 hours ahead of schedule, executing a full cycle from the introduction of raw materials to finished products distillate. On October 30th, dehydrogenated liquid was transferred into the styrene distillation unit. It took five days to produce qualified styrene products, which was two days ahead of schedule. The product purity is as high as 99.9%. The complex achieved successful startup with stable operation in its first commissioning.
Haohua South China Kicks off All-steel Tire Project  

Li Meijun

Haohua South China (Guilin) Rubber Co., Ltd. recently began construction of its all-steel tire project that will have the capacity to produce 600,000 tires a year.

The project to be constructed in two stages will first develop capacity to produce 300,000 radial truck tires and 150,000 semi-steel passenger car tires annually using existing facilities, unused workshops, idle equipment and capacity and the company’s R&D strength in aircraft tires. Following a total investment of RMB150 million, it is projected to achieve annual sales of RMB550 million. In the second phase beginning in February 2009, another RMB100 million investment will bring full capacity by August 2009 for annual manufacture of 600,000 all-steel tires. After fully operational by the end of 2009, the project can generate annual sales revenues of RMB800 million.

Yiyang Machinery Manufactures China’s Largest Plate Vulcanizer  

Li Zhonghong

In October, Yiyang Rubber & Plastic Machinery Group Co., Ltd. was successful in its independent development and manufacture of its 1.6-by-12-meter wire plate vulcanizer, the longest in China, adding a new series of products to the company’s vulcanizer family.

Yiyang Group is well known for its banbury mixer, tire vulcanizer and plate vulcanizer products. Over the past 30 years, the company has continued to innovate and produce 20 kinds of vulcanizers - ranging from 1.4-by-10-meters to 2.7-by-10-meters - that have wide applications in the vulcanization of general rubber conveyor belts, nylon conveyor belts, wire rope conveyor belts, fire-retardant conveyor belts and large-scale molded rubber products. In the process of improving technology for higher quality and larger scale, the company has made great contributions to the industry. While manufacturing its 1.6-by-12-meter plate vulcanizer, the company also developed the 2.7-by-16.4-meter type, the world’s largest plate vulcanizer spec, which has been ordered by a famous foreign rubber belt enterprise.

At present, the company’s large plate vulcanizing machines have 70% of the domestic market and are exported to more than 20 regions worldwide including the United States, Sweden, Mexico, Brazil and South Africa. Three of the world’s top five non-tire rubber manufacturers have selected Yiyang Machinery as their supplier.

BlueStar (Lanzhou) 200,000 t/a Methanol Unit Operational  

Qiu Lanlian

Recently, a 200,000 t/a refined methanol unit of BlueStar (Lanzhou) Chemical Co., Ltd. became fully operational. Lanzhou Mayor Lu Wucheng made a survey tour of BlueStar (Lanzhou) New Chemical Material Industry Park at Hekou in Lanzhou, Gansu Province and paid a visit to the new methanol facility.

The methanol unit uses natural gas as raw material and adopts advanced processes that include a distributed control system (DCS) to monitor operations with a greater degree of automation through process checking, data processing, process control, energy assessment and circuit displays. Refined methanol, the facility’s major product, is commonly used in formaldehyde and acetic acid production, while a new type derivative also has good prospects for use in automotive fuel and dimethyl ether. Commissioning of the unit started in October 2008 and it became fully operational on November 10th. The launch of the new unit will generate annual sales revenues of RMB400 million for the company and at the same time help boost the local economy.
Haohua
South China’s
Giant Tire Passes
Acceptance Test

On November 15th, the state-sponsored "Key manufacturing process and equipment for the giant all-steel radial engineering tire project" by Haohua South China (Guilin) Rubber Co., Ltd., passed an acceptance test by the Department of Science and Technology of Guangxi Zhuang Autonomous Region. Begun in May last year, the project’s first 36.00R51 giant tire rolled off the line half a year later. Pilot production soon started and a road test followed in May 2008. With sound performance during the road test, Haohua South China has begun mass production and export of the giant all-steel radial tires.

To support manufacture of the giant tire, the company also developed molding machines, vulcanizers and other key equipment. The company has applied for 56 national patents as a result of the project, 21 of which have been approved. The project now leads 36.00R51 all-steel radial tire production in China’s giant tire industry.

Nantong Xingchen
Named Hi-tech Enterprise

On October 21st Nantong Xingchen Synthetic Material Co., Ltd. won approval as a "hi-tech enterprise," which brings favorable tax policies, yet the criteria were challenging to meet.

Since joining BlueStar Group, Nantong Xingchen’s combination of scientific and technical innovation and large scale production have developed from an experimental factory with annual output value of about RMB10 million into a large scale enterprise with total assets of more than RMB1 billion. Its scientific research projects that are complete or progressing include high-performance PBT engineering plastics, halogen-free flame retardant engineering plastics, epoxy resin for fan blades in wind power generators and modified PPE alloys.

In 2005, Nantong Xingchen began the construction of BlueStar Chemical (Nantong) Advanced Materials Industry Base at the new site at the Nantong Economic and Technological Development Zone, where color developing agents, modified engineering plastics and the newly established 60,000 t/a PBT facilities are now in operation. Along with other new facilities beginning operation - including a 50,000 t/a epoxy resin unit and a 90,000 t/a bis-phenol A unit - the project will generate annual sales revenues of RMB3 billion. With the investment of more than RMB10 million on world-class hi-tech research equipment, its new engineering R&D center will make great contributions to sci-tech innovation.

Haohua’s Employee Library Sets Good Example in Guangxi

An employee library at the tire factory of Haohua South China (Guilin) Rubber Co., Ltd. was recently honored as a “Demonstrative employee library of the Trade Union of Guangxi Zhuang Autonomous Region.” The library has received more than 900 books donated by the Trade Union of the Guangxi Zhuang Autonomous Region and 250 from the Guilin Municipal Trade Union, and now boasts a collection of over 6,000 volumes on various subjects to facilitate employees learning in their spare time.
Two BlueStar Firms to Set National Standards

Cai Liangzhen

On November 5th, the Standardization Administration of China announced 154 newly approved 2008 national standards including for industrial bisphenol A submitted by the Wuxi Resin Factory and methyl RTV (room temperature vulcanizing) silicone rubber submitted by Jiangxi Xinghuo Organic Silicone Plant, both in the name of BlueStar, authorizing the two firms to draft the respective standards. It is the first time the two technologies have qualified as national standards. When put in force, they will be of great importance to standardize the domestic markets of bisphenol A and methyl RTV silicone rubber in China.

Guilin Latex Plant: Revisions to National Standards Approved

Liu Bin

In mid-September two new mandatory national standards primarily drafted by Guilin Latex Plant - the "Once-off non-sterilization surgical rubber gloves" and "Natural latex rubber condoms: Technical requirements and test methods" - passed review at the Zhuzhou Research Institute of Rubber, Hunan Province. According to the expert panel, the first "provides technical support for regulating the production and testing of once-off non-sterilization surgical rubber gloves," while the latter "provides more scientific and reliable basis for product quality supervision by the quality supervisors." Both will be released and implemented late this year or early next year.

Four Patents Granted to Wuxi Resin Factory

Gong Jingxia

Wuxi Resin Factory recently received four patents on technologies, including "Reuse of benzene-containing wastewater in production of phenolic and epoxy resins (invention patent)," "Device for regulating concentration of diphenylol propane in purification via two-stage crystallization (utility patent)," "Device and process for regulating concentration of diphenylol propane in purification via two-stage crystallization (invention patent)" and "Reducer for screw feeder (utility patent)."

In addition to the four already awarded, the factory is applying for two other patents.

Changsha Institute Celebrates 30th Anniversary with New Start

Liu Qiliang

November 23rd was the 30th anniversary of the founding of the Changsha Design and Research Institute, an institution now in the name of BlueStar. More than 500 employees assembled at the ceremony to mark the event.

Over the past 30 years, the Changsha Institute has made great progress for the country on exploitation and utilization of potassium salts and saline lake mineral resources, as well as R&D of liquid phase mining technology. Its considerable contributions to China’s mining industry have won national recognition and it has been granted a number of national and industrial awards. To date, the institute has been built into a scientific research and design enterprise with technical strength and recognized brands, and significant restructuring is now underway.

The ceremony unveiled China BlueStar Changhua Engineering Technology Co., Ltd. - its temporary English name - which is a newly registered enterprise originated and transformed from the Changsha Institute. The company’s new name and logo that have been submitted for official registration were also displayed.
The Christmas Party themed “We are Family” was held at BlueStar on December 13th. Assembled from Beijing, Shanghai, Shenyang, Tianjin, Shanxi, etc., over 40 foreign employees of BlueStar and their families got together with their Chinese workmates and enjoyed a wonderful evening. Ren Jianxin, President of ChemChina and Chairman of BlueStar, appreciated the foreign employees’ hard work for the corporation and their contributions to cultural exchanges between China and the world. He extended best wishes to all foreign staffs of ChemChina and BlueStar, expressing sincere hope that they will have a wonderful Christmas and Happy New Year with health, happiness and prosperity.

ChemChina now owns five overseas companies and the number of its foreign employees in China is approximately 40. (Photos by Wang Xiaoxue)