

Akzo Nobel inaugurates new MCA plant in Taixing, China

Investment for new Coating Resins plant in Suzhou announced

Arnhem, the Netherlands, June 13, 2002 – Dag Strömqvist, Member of the Akzo Nobel Board of Management responsible for Chemicals, today opened a new MCA plant in Taixing, Jiangsu province, China. During the opening, a new investment for a Coating Resins plant in Suzhou was announced.

“This plant demonstrates our commitment to serving the growing Chinese market,” said Strömqvist during the inauguration. “In line with our strategy, we will be able to strengthen our position in MCA.”

Taixing MCA Plant

For Akzo Nobel Functional Chemicals, the Taixing MCA plant is of great strategic importance. “With the new plant in Taixing, we strengthen our position in general, and our position in China in particular, and are well placed to respond efficiently to market demands,” added Strömqvist. “Not only will we serve domestic customers with our quality products, but also global customers, currently expanding in this region.”

The Taixing MCA plant incorporates state-of-the-art proprietary technology drawn from existing plants in Sweden and the Netherlands. The plant has the most advanced equipment and control systems, capable of meeting all environmental and safety standards and requirements. It will employ approximately 70 people.

With a capacity in Taixing of 25,000 MT/per year of high quality product and a commitment to Responsible Care®, Akzo Nobel MCA is now ready to serve customers in China who need high quality products and require reliable supply and technical service.

Akzo Nobel Chemicals aims to have the MCA plant ISO certified by the end of 2002.

The continuous MCA process gives a high quality MCA with a standard DCA content of <1000 ppm (0.1%) and an active MCA content of >99.5 in the final product. The plant will also be able to produce low DCA (<300 ppm) surfactant grade product.

Raw material supply

The MCA plant is located in the Taixing Economic Development Area (TEDA) on the northern bank of the Yangtze River, about 200 kilometers north-west of Shanghai. Acetic acid is one of the strategic raw materials that is delivered by barge from the river and then transferred via pipelines to storage tanks on site. Chlorine is delivered via pipeline from Sing Pu Chemicals on a nearby site allowing an environmentally friendly and safe supply of raw materials. The plant has its own effluent treatment system based on locally developed technology.

Coating Resins investment in China

The Coating Resins production facility in Suzhou is the latest investment by Chemicals aimed at growth in China. Strömqvist said: "Akzo Nobel Resins already has a track record with successful Coating Resins joint ventures in Malaysia, Indonesia and Thailand. Establishing local production in China is an important and logical next step for this potentially high growth business. As one of the first international players to go for local production, we expect this to be highly beneficial in establishing a strong and leading name in the market. Akzo Nobel Resins can give customers better service, especially as several key customers are rapidly expanding their local production base in China and are looking for local supply of high quality raw materials."

The Coating Resins plant is expected to become operational in 2004 and is located in Suzhou New District near Shanghai. It will produce alkyds, amino, and acrylic resins for the coatings industry.

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Note for the editor

Akzo Nobel, based in the Netherlands, serves customers throughout the world with healthcare products, coatings and chemicals. Consolidated sales for 2001 totaled EUR 14 billion. The Company currently employs over 66,000 people in 80 countries. Financial results for the second quarter will be published on July 24, 2002. In China, Akzo Nobel currently has 18 operations, including 15 production facilities, representing its three areas of business: Pharma, Coatings and Chemicals. One major operation is a 50-50 joint venture; all other operations are majority or wholly owned. Akzo Nobel has 1,700 employees in China and has seen its sales quadruple to EUR 300 million in the last five years, stemming from organic growth and acquisitions.

Akzo Nobel Functional Chemicals is a multi-faceted business unit, headquartered in Amersfoort, the Netherlands. It includes a number of different product groups and technologies. Besides being the world's largest supplier of carbon disulfide and mono-chloroacetic acid (MCA), Functional Chemicals is a major producer of methylamines, choline chloride, carboxymethylcellulose, chelates and micronutrients, ethylene amines, lubricant and specialty chemicals and organophosphorus-based chemicals. Functional Chemicals employs 1,850 people and operates 21 production sites and 11 sales offices around the world. Sales in 2001 totaled EUR 785 million. MCA is an intermediate chemical, used for caboxymethylation chemistry. The largest application is CMC (carboxy methylcellulose) which takes more than 35% of the world's total production. The second largest is agro-chemicals, followed by thio glycolic acid, surfactants and other fine chemicals.

Akzo Nobel Resins is a leading global player in specialized resins for coatings (decorative and industrial coatings) and for printing inks. Production, research and development, technical service and sales are carried out from more than 13 locations in Europe, Asia, United States and South America. Akzo Nobel Resins employs 1,350 employees. Sales in 2001 totaled EUR 419 million.

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