A newly arisen independent Chinese manufacturer of titanium sponge

----Tangshan Tianhe Titanium Industry Co., Ltd

Ladies and Gentlemen:

First of all, thank everybody here for giving me this precious opportunity to introduce the basic situation of Tangshan Tianhe Titanium Industry Co., Ltd!

The titanium industry in China started from the fifties of the 20th century, when several state-owned enterprises of titanium sponge were established successively. In recent years, due to the vigorous development of titanium sponge in China, many new manufacturing enterprises have sprung up in different scales. Among these sponge manufacturers, Tianhe Titanium Industry Co., Ltd is the unique one in new style, of which the production scale, technology and quality are in the forefront of titanium sponge industry in China. Tangshan Tianhe Titanium Industry Co., Ltd has the following features:

**Independent Capital Structure:**

- Tianhe Titanium is established on the basis of private capital, among which only a small part is Hong Kong shares. The decision-making mechanism, operating mechanism and management system reflects sufficient autonomy and flexibility.

- In China, the cost of investment in titanium sponge is only one-fifth of that in western countries. Under the circumstances, the capital composition and
unique characteristic of operating mechanism mentioned above will bring the cost advantages of Tianhe Titanium into full play.

**The Whole Production Process:**

- Tianhe Titanium possesses the whole production process of crude Ticl4, refined Ticl4 and titanium sponge, and also ancillary magnesium electrolysis process, with which the recycling of resources can be achieved.

- Environmental protection facilities are synchronized with the construction and utilization of production equipments, which complies with the national environmental standards.

**Original Production Technology:**

- We innovate in the “Reduction-Distillation Process”, as the key link of the sponge production. And “the open-ended direct-cooling condensing device of reduction-distillation furnace" has gained a national patent and the company owns the intellectual property rights. Instead of the enclosed indirect--cooling technologies that has been utilized in china for nearly 50 years, our vacuum distillation producing furnace I utilizes the most advanced open-style direct cooling technology, which greatly increases the cooling load of distillate, and improves the cooling effect. With the new cooling technology, the single furnace output has increased by 30% than the average level of China, and the electricity consumption has decreased by 30%.

**Fine Management of Quality and Cost:**
With our comprehensive quality control system, the Grade 0 sponge has now reached over 70%, and the high-class has reached 90%. Moreover, we can provide titanium sponge strictly in accordance with customers’ quality requirements.

Elements such as carbon, oxygen, hydrogen, nitrogen and sulphur are tested with advanced Lech analyzers such as TCH600 and SC600, which ensures the accuracy of analysis, and thus the quality of titanium sponge.

Tianhe Titanium’s precedent technology of titanium sponge production in China, its systematical enhancement of field, equipment and technology management, and also the strengthening control on raw material consumption index have contributed to notable cut down on main raw material cost such as chlorine consumption in Ticl4 production, unit consumption of high titanium slag, unit consumption of petroleum coke etc. Also, the integrated electricity consumption of reduction and distillation is keeping ahead in China.

The supplier of chlorine---the main material for titanium sponge production, is just opposite to Tianhe Titanium’s production area, which not only significantly reduces the transportation cost, but also avoids transportation risks. Moreover, Tianhe Titanium is only 80km away from our supplier Tianjin Dagang Oil Field, which is capable of producing 200,000 tons of petroleum coke per year.

Convenient Geographic Location:
Tianhe Titanium is located in Caofeidian industrial zone of Hebei Province---- the center of the "Huan Bohai Economic Circle". In this case, there are not only good conditions of Sourcing Portfolio and strong matching capacity of industry as the regional support, but also convenient port, rail and road transport network.

**Market Positioning of Tianhe Titanium**

Tianhe Titanium does not have down-stream products and therefore does not compete with its customers. Taking its own concept and unique characteristic, the company dedicates to becoming a high quality titanium sponge manufacturer, a supplier which relies on its own characteristic to compete and remains trustworthy to its own customers.

To insure that Tianhe Titanium can be in permanent contact with its customers outside China in all circumstances, Tianhe Titanium has concluded an exclusive agreement with Sudamin France (AMG Group) which is in convenient contact with all customers in Europe, America and the rest of the world.

Thank you again, ladies and gentlemen, for your kind patience in listening to me introducing Tangshan Tianhe Titanium Industry Co., ltd. We sincerely welcome and look forward to your visit to Tianhe Titanium in the near future.
A newly arisen independent Chinese manufacturer of titanium sponge

----Tangshan Tianhe Titanium Industry Co., Ltd

Tangshan Tianhe Titanium Industry Co., Ltd
September 2009

- Conference from Jung Wen LEE
- CEO Tangshan Tianhe Titanium Industry
- Presented in her absence by Alain HONNART
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The Whole Production Process:

- The production process of titanium sponge: Titanium ore concentrate — chlorination — purified TiCl4 from the crude one — reduction distillation — crashing of titanium sponge — packaging by Grade

- Environmental protection facilities are synchronized with the construction and utilization of production equipments, which complies with the national environmental standards.
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- It is only 80km between Tianhe and our supplier Tianjin Dagang Oil Field, which can produce petroleum coke 200,000 tons/year.

- There is only one road between Tianhe and our supplier of the main raw material "chlorine". In that case, it does not only significantly reduce the transportation cost, but also avoid the risk of transportation.

- Nanpu Development Zone is a provincial-level development zone. It has complete infrastructure and has a series of relating facilities, such as facilities for power, water and gas supply, facilities for telecommunication and finance and facilities for other community service as well. In the Zone, there are sewage treatment plants with treating capacity of 8 million tons/day, water pipelines with a supply capacity of 15 million tons/year and transformer substations with a total capacity of 51500 KVA. Besides, the company-owned substation, with the capacity of 110KV, has also been in operation since August 2007.
Market Positioning:

- Tianhe Titanium does not have down-stream products. Taking its own concept and unique characteristic, the company dedicates to becoming a high quality titanium sponge manufacturer, a supplier which relies on its own characteristic to compete and remains trustworthy to its own customers. To facilitate contacts with customers outside China Tianhe Titanium has elected Sudamin as its exclusive representative.
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