

Evonik and Chinese partner GCL planning to build plants for silicon compounds in China

- Capacities of more than 20,000 metric tons planned
- Construction and automotive industries in China driving demand for fumed silica
- Expansion of Chinese communications and IT infrastructure requires ultra-pure silicon tetrachloride for fiber-optic cables
- Start of operation planned for 2016

Evonik Industries and Jiangsu Zhongneng Polysilicon Technology Development Co. Ltd., a wholly owned subsidiary of GCL-Poly Energy Holdings Limited (GCL-Poly), have signed a letter of intent to establish a joint venture for the production of fumed silica and ultra-pure silicon tetrachloride in China. Evonik will hold a 60 percent share in the joint venture. The plants, which will have an annual capacity of over 20,000 metric tons, will be built in Xuzhou (Jiangsu Province, China) and are scheduled to start-up operation in 2016. The entire project has yet to be approved by the executive bodies.

As a listed company on the Hong Kong Stock Exchange (stock code: 3800 HK), GCL-Poly specializes in the generation of green and conventional energy. Jiangsu Zhongneng, a wholly owned subsidiary of GCL-Poly, is a global leading manufacturer of polycrystalline silicon (PCS). Silicon tetrachloride is a byproduct of PCS production, and the joint venture will purchase this to produce AEROSIL® fumed silica and Siridion® STC HP ultra-pure silicon tetrachloride.

“By making the planned investment we are aiming to further strengthen our market position for fumed silica and ultra-pure silicon tetrachloride and to promote growth, particularly in the attractive Chinese market,” said Klaus Engel, CEO of Evonik Industries. “In GCL we have found a strong partner for this.”

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“Dedicated to promoting the application of solar energy worldwide, GCL–Poly is the largest global supplier of photovoltaic materials. This cooperation can combine Evonik’s advanced technologies of producing silica and ultra–pure silicon tetrachloride with Jiangsu Zhongneng’s leading technologies of silicon material production. The partnership will enhance GCL–Poly’s overall competitiveness by diversifying the silicon products, better serving its main business, and meeting market demand,” said Zhu Gongshan, Chairman of GCL–Poly. “Evonik is a perfect partner for long term cooperation.”

“The collaboration between leading manufacturers of PCS and fumed silica is an ideal combination,” said Dr. Johannes Ohmer, head of the Inorganic Materials Business Unit. “Together we will establish an efficient, competitive production for AEROSIL® and Siridion® in China, which will enable us to supply our customers locally with high–quality products and solutions for growing markets.”

The main drivers of the positive market development for AEROSIL® fumed silica in China are the silicon industry for adhesives and sealants in buildings and vehicles as well as gel batteries, used in e–bikes, for example. Ultra–pure silicon tetrachloride, marketed under the Siridion® STC HP brand name, is used in the fiber optics needed to expand China’s communications and IT infrastructure. The growth rate for ultra–pure silicon tetrachloride in China is well above the growth rate for the global market. Half of the demand for fiber optics worldwide now comes from China.

Evonik is one of the leading manufacturers of silica and ultra–pure silicon tetrachloride. Apart from AEROSIL® fumed silica, the specialty chemicals company produces precipitated silica for tires with low rolling resistance, for instance. Overall, Evonik has a global capacity of over 500,000 metric tons per annum for precipitated and fumed silica as well as matting agents. In addition to ultra–pure silicon tetrachloride, Evonik markets a

portfolio of ultra-pure chlorosilanes for the electronics industry under the Siridion® brand.

Company information

Evonik, the creative industrial group from Germany, is one of the world leaders in specialty chemicals. Profitable growth and a sustained increase in the value of the company form the heart of Evonik's corporate strategy. Its activities focus on the key megatrends health, nutrition, resource efficiency and globalization. Evonik benefits specifically from its innovative prowess and integrated technology platforms. Evonik is active in over 100 countries around the world. In fiscal 2013 more than 33,500 employees generated sales of around €12.7 billion and an operating profit (adjusted EBITDA) of about €2.0 billion.

Evonik Industries has been producing specialty chemical products in the Greater China region (Mainland China, Hong Kong and Taiwan) since the late 1970's; with wide-ranging trading relations already in place prior to this in the region. Evonik regards Greater China as one of the driving forces of the global economy and we consequently endeavour to grow our business in the region. The company now has around 3,200 employees in the Greater China region, the regional sales reached over €1 billion in 2013.

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