

II-1 Brief introduction to the industry scale of herbicide

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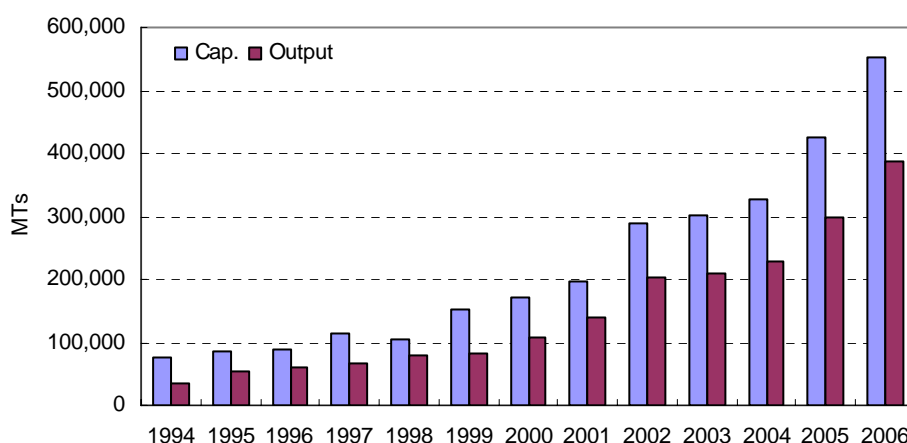
China has become a large herbicides producer and is playing a more and more important role in the global market. For example, Zhejiang Xinan Chemical Industrial Group Co., Ltd. has become the largest glyphosate producers in the world.

II-2 Overview of herbicides technical (moleculars) in China

China herbicide industry is very prosperous in recent years, with huge demand from global market and the adjustment of China agriculture structure. Because with more and more labor moving out from rural regions to cities, more herbicide are needed, which is to compensate the reduced labors.

By far, there are 213 herbicides technical producers. In 2006, the output of herbicides was 387,000 tonnes, which accounted for 70% of total capacity.

Figure II-2.2-1 Capacity and Output of Herbicide in the Past Years



The average annual growth rate of herbicides output was 17.60% from 2002 to 2006. The fast growth is attributed to the demand of oversea market and domestic market. The following figure shows that the growth rate in 2005 and 2006 was exploding. In fact, the production of glyphosate, major kind of herbicides, supports this exploding growth.

Figure II-2.2-1 Herbicide output in China from 2002 to 2006

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Here, the major kinds of herbicides are listed as follows:

Table II-2.2-1 Current Production Situation of Herbicide (volume is calculated by active ingredient)

| Item | Category | Capacity'07(t/a) | Percentage | Output '06(t) | Percentage |
|--------------|----------------------------|------------------|----------------|----------------|----------------|
| Glyphosate | Organophosphorus herbicide | xxx | xxx | xxx | xxx |
| Acetochlor | Amides herbicides | xxx | xxx | xxx | xxx |
| 2,4-D | Others | xxx | xxx | xxx | xxx |
| Paraquat | Pyridine herbicide | xxx | xxx | xxx | xxx |
| Butachlor | Amides herbicides | xxx | xxx | xxx | xxx |
| Metolachlor | Amides herbicides | xxx | xxx | xxx | xxx |
| Alachlor | Amides herbicides | xxx | xxx | xxx | xxx |
| Propanil | Amides herbicides | xxx | xxx | xxx | xxx |
| Others | - | xxx | xxx | xxx | xxx |
| Total | - | 650,000 | 100.00% | 387,000 | 100.00% |

The largest category of herbicides in China is glyphosate, which accounted for 34.26% of China's total herbicides output in 2006.

◆ Geographical distribution of Chinese herbicides

The production of Chinese herbicides industry is concentrated on Jiangsu, Zhejiang, Shandong, Liaoning and Anhui, where has the perfect herbicides production.

