

Note: Key data/information in this sample page are hidden, while in the report they are not.

Policies in relation to water-saving irrigation industry

■ Financial subsidy

- ✓ With a view to promote the water-saving farming, the governments, including the central government and the local governments, have related budget on the water-saving equipment subsidy. When farmers purchase water-saving equipment from the verified suppliers in the catalog, they can obtain subsidy from the government.

✓ *Catalog of Financial Subsidy for Water-saving Equipment, 2011*

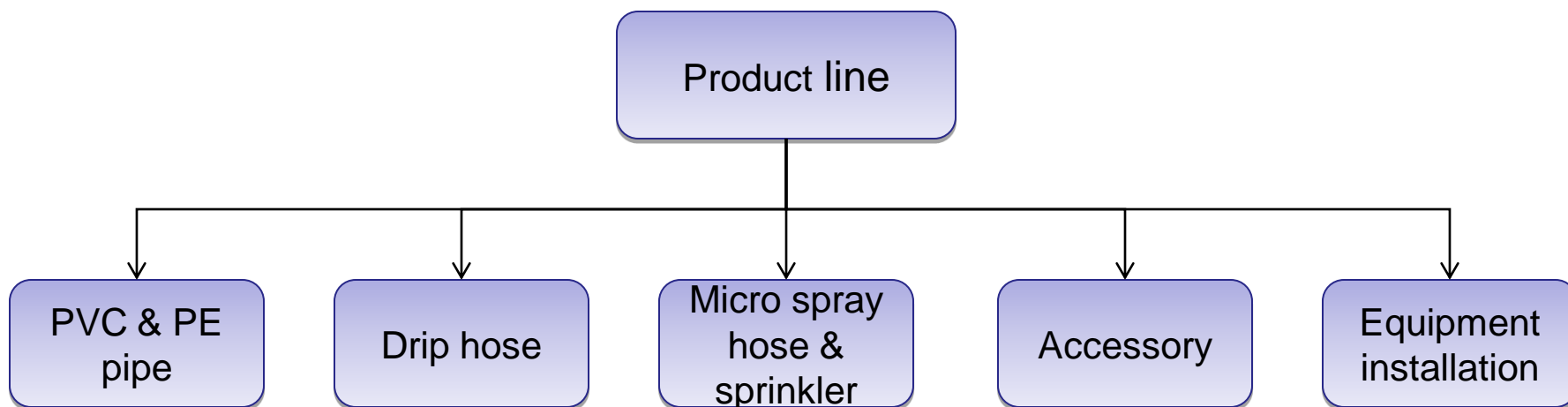
| Product | Specification | Supplier | Subsidy from central government |
|----------------------------|--------------------------------|----------|---------------------------------|
| Micro irrigation equipment | XXXX (Micro spray hose 400m) | XXXX | XXXX |
| | XXXX (Micro spray hose 1,000m) | XXXX | XXXX |
| | XXXX (Drip hose 180,000m) | XXXX | XXXX |
| | XXXX | XXXX | XXXX |

- ✓ Compared with the financial subsidy of the central government, that of the local government is more flexible. In some regions, farmers can obtain financial subsidy when purchasing water-saving products from any supplier.
- ✓ Currently, this kind of financial subsidy is more popular in southern China.

Background of micro spray hose manufacturers

■ Comprehensive water-saving product company

- ✓ This kind of comprehensive water-saving irrigation companies have rich product lines, which enable them to implement water-saving irrigation projects of large scale for the government or cooperatives.
- ✓ At present, there are about ten comprehensive water-saving irrigation companies of large scale in China, with an annual revenue of more than RMB100 million. The top ones mainly concentrate in Northwest China while others are scattered in each of province of China.
- *Typical companies: XXXX.....*



Source: CCM

Distribution of micro spray hose manufacturers

■ North China:

- ✓ Players of micro spray hose in North China are mainly concentrated on XXXX. These players are also comprehensive water-saving irrigation companies which provide irrigation system installation for customers in provinces around.
- ✓ There are only a few small players and two to three comprehensive water-saving irrigation players of middle scale in XXXX
- ✓ There are only a few players in XXXX which mainly supply spray equipment.
- ✓ Players in XXXX and XXXX are mainly specialized in garden market, instead of agricultural market.

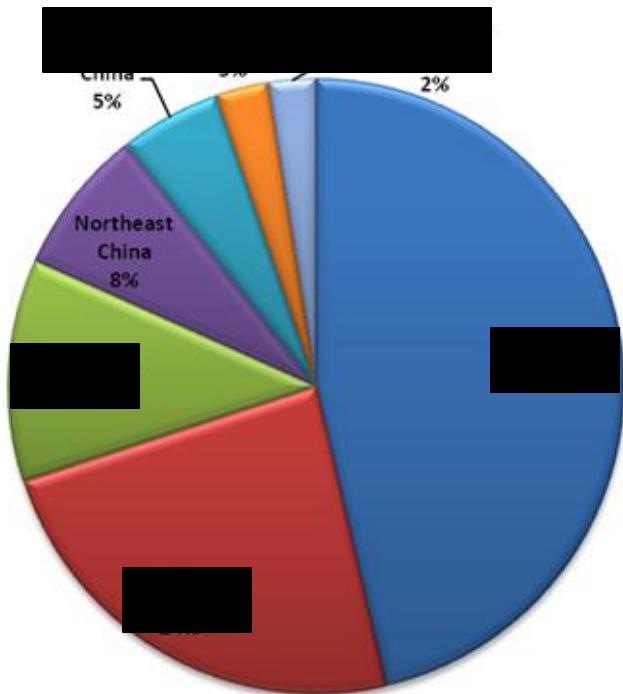
➤ Manufacturers of water-saving irrigation products in North China

| Company | Major business | Micro spray hose supply | Region | Scale |
|-------------------------------------------------|----------------------|-------------------------|--------|--------|
| XXXX Water-Saving Engineering Co., Ltd. | Water-saving product | Yes | XXXX | Large |
| XXXX Water-saving Engineering Co., Ltd. | Water-saving product | Yes | XXXX | Middle |
| XXXX Water-saving Equipment & Science Co., Ltd. | Drip hose | No | Hebei | Small |
| XXXX Water-saving Equipment Co., Ltd. | Water-saving product | Yes | XXXX | Small |
| XXXX | Water-saving product | Yes | XXXX | Large |
| XXXX Water-saving Co., Ltd. | Spray product | No | XXXX | Small |

Source: CCM

Distribution of micro spray hose consumption in China

- Generally, the consumption market of micro spray hose is mainly distributed in North China, East China and South China. Inner Mongolia is the biggest consumption region in China.



Application area of micro spray hose in China, 2012, ha

| Region | Area | Micro irrigation area | Micro spray hose area |
|--------------|-----------------|-----------------------|-----------------------|
| XXXX | XXXX | XXXX | XXXX |
| XXXX | XXXX | XXXX | XXXX |
| XXXX | XXXX | XXXX | XXXX |
| XXXX | XXXX | XXXX | XXXX |
| XXXX | XXXX | XXXX | XXXX |
| Liaoning | Northeast China | XXXX | XXXX |
| XXXX | XXXX | XXXX | XXXX |
| XXXX | XXXX | XXXX | XXXX |
| XXXX | XXXX | XXXX | XXXX |
| XXXX | XXXX | XXXX | XXXX |
| XXXX | XXXX | 2,285,000 | XXXX |
| XXXX | XXXX | 7,400 | XXXX |
| XXXX | XXXX | XXXX | XXXX |
| XXXX | XXXX | XXXX | XXXX |
| Others | | XXXX | XXXX |
| Total | | XXXX | XXXX |

Note: * data were obtained by investigation, contradictive with those from the China Agricultural Year Book

Source: China Agricultural Year Book & CCM

Source: CCM

Consumption market analysis: East China

■ Micro spray hose consumption in East China, 2012

| Region | Micro spray hose application area, ha | Major application crop | |
|----------|---------------------------------------|------------------------|-----------------------|
| | | Planted in open-field | Planted in greenhouse |
| Shandong | XXXX | XXXX | XXXX |
| Zhejiang | XXXX | XXXX | XXXX |
| Jiangsu | XXXX | Vegetables | |
| Jiangxi | XXXX | XXXX | |
| Anhui | XXXX | XXXX | XXXX |
| Fujian | XXXX | XXXX | |
| Shanghai | XXXX | XXXX | |

Source: China Agricultural Year Book & CCM

- ✓ East China is the XXXX consumption area of micro spray hose in China, whose total area of micro spray hose reached XXXX in 2012.
- ✓

Feature of applying crops

■ Fruits

- ✓ **Melon fruits**, including strawberry, watermelon and muskmelon are important fruits applying micro spray hose. Just like XXXX is replaced by drip hose. In contrast, the application on XXXX remains stable.
- ✓ Regarding **fruit trees**.....
- **Jieyang XXXX Water-saving Equipment & Engineering Co., Ltd.:** "In Guangdong, micro spray hose is mainly for
- **XXXX Water Conserving Science Co., Ltd.:** "In the water-saving irrigation of XXXX, micro spray hose irrigation take up about 70% in XXXX Province."
- **Jiande Agricultural Science Development and Service Co., Ltd.:** "Micro spray hose is mainly applied in XXXX

Feature of consumption habit

■ Preference on micro spray hose

- ✓ Farmers in southern China apply micro spray hose
- ✓ Farmers in northern China apply micro spray hose

➤ **XXXX Shuangcheng Water-saving Co., Ltd.:** *"In southern China, take banana farmers for example, they use micro spray hose products"*

➤ **Anhui XXXX Water-saving Equipment Co., Ltd.:** *"Our price of common micro spray hose is around RMBXXXX/m while the thicker ones are of higher price."*

➤ **XXXX Irrigation Eco-tech Co., Ltd.:** *"Our price of micro spray hose is RMBXXXX/m."*

■ Dependence on government support

- ✓ Buyers in XXXX China are less dependent on government support. They take the initial to purchase water-saving irrigation products, and then seize cost reduction through government subsidy.
- ✓ Farmers in XXXX China are more dependent on government support.....