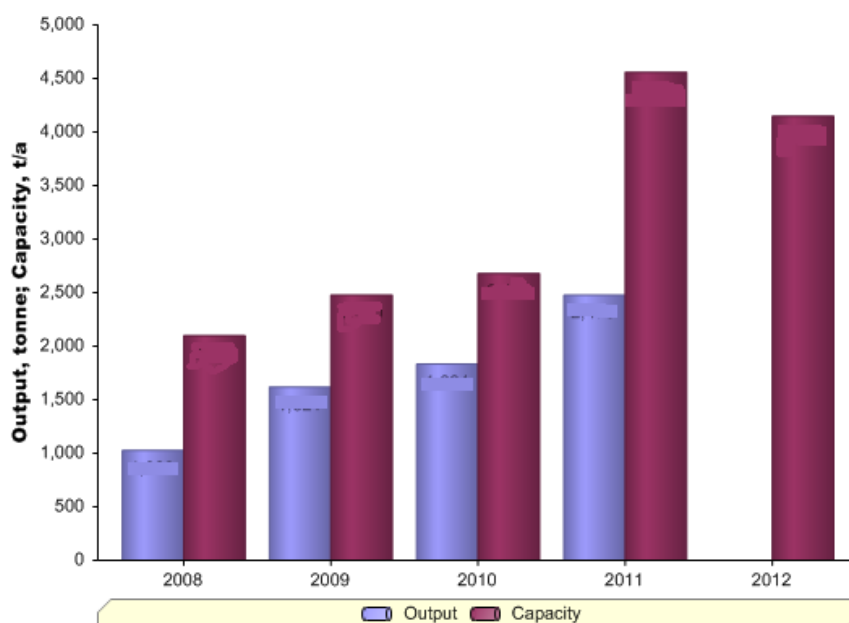


Note: Key data/information in this sample page is hidden, while in the report it is not.

3 Production of abamectin technical in China

Since 2007, more and more highly toxic pesticides have exited from the market and abamectin was used in rice fields to control pests since then. In recent years, the output of abamectin technical has seen sharp increase, with a CAGR growth rate of XX% in 2008-2011. The output of abamectin technical in 2011 is xxxx tonnes, and the capacity is XXXX/a which is xxxx% higher than the output. The market was oversupplied, abamectin technical price had dropped to the lowest point in Q1 2012 and some small producers had stopped their production as a result. Due to the production cost pressure and the intense competition from competing products, more and more weak abamectin producers will exit from abamectin technical market.

Figure 3-1 Production of abamectin technical in China, 2008-2012

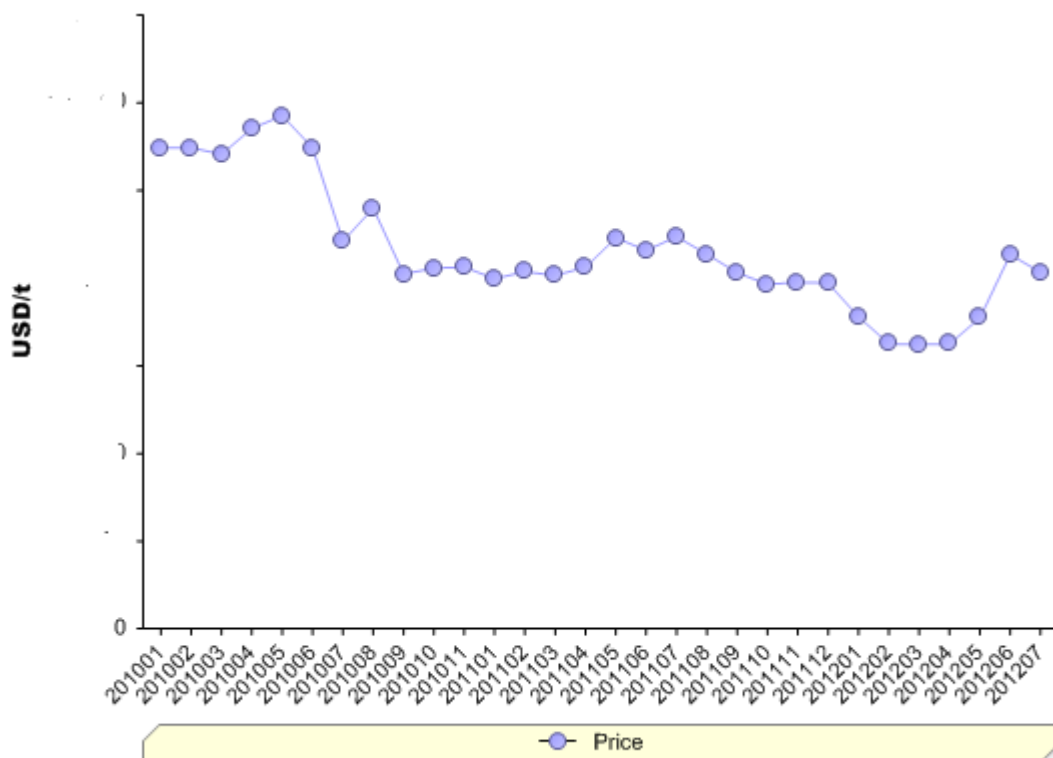


Source: CCM International

4 Price of abamectin in China

In 2011, Qilu Pharmaceutical Co., Ltd., the largest abamectin technical producer in China, built an abamectin factory with capacity of xxxxt/a in Inner Mongolia Autonomous Region (Inner Mongolia). This is the largest abamectin capacity expansion, causing great impact on abamectin technical price. In addition, the competition from foreign competing products is intense. In Q1 2012, abamectin technical price dropped to the lowest point in history—USD xxxxt which is very close to the cost price. Some producers had stopped their production such as xxxx.

Figure 4-1 : Ex-works price of abamectin 95% technical in China, Jan.2010-July 2012



Note: Ex-works price includes VAT.

Source: CCM International

5 Current supply situation of abamectin in China

The abamectin market structure remains floating. Vicious competition makes the price close to the production cost. Rising cost and intense competition against foreign pesticides make technical manufacturers hard to survive. Some producers had developed downstream products, such as abamectin formulations and emamectin benzoate. But as technical producers, the role transformation is not easy. On one hand, they are lack of market sensitivity and R&D ability of formulation. On the other hand, it's now too late to enter the market of emamectin benzoate technical whose capacity is xxxxx% higher than its output in 2011. They should concentrate on R&D and marketing instead of production expansion. xxxxx and xxxxx are good cases in point.

Table 5-1 Major producers of abamectin technical in China, 2011

No.	Company	Location	Situation 2012 (Technical)	Situation 2012 (Formulations)	Situation 2012 (Emamectin benzoate TC)	Capacity'11 (t/a)	Output'11 (tonne)
1	Qilu Pharmaceutical Co., Ltd.	Shandong	Active	Not produce	XXXX	1,400	XXXX
2	Hebei Xingbai Pharmaceutical Group Co.,Ltd.	Hebei	Active	Active	XXXX	XXXX	XXXX
3	Hebei Veyong Bio-chemical Co., Ltd.	Hebei	Active	Active	XXXX	XXXX	XXXX
4	XXXX	Zhejiang	Active	Active	XXXX	XXXX	XXXX
5	XXXX	Zhejiang	Active	Not produce	XXXX	XXXX	XXXX
6	XXXX	Heilongjiang	Active	Idle	XXXX	XXXX	XXXX
7	XXXX	Ningxia	Active	Not produce	XXXX	XXXX	100
...

Note: XXXX. had stopped abamectin production in H2 2011.

XXXX. had stopped abamectin production in Q1 2012.

The XXXXt/a capacity of XXXX includes the XXXXt/a capacity of its Inner Mongolia factory.

The XXXXt/a capacity of XXXX includes the XXXXt/a capacity of its Inner Mongolia factory.

The XXXXt/a capacity of XXX includes the XXXXt/a capacity of its Inner Mongolia factory.

Source: CCM International