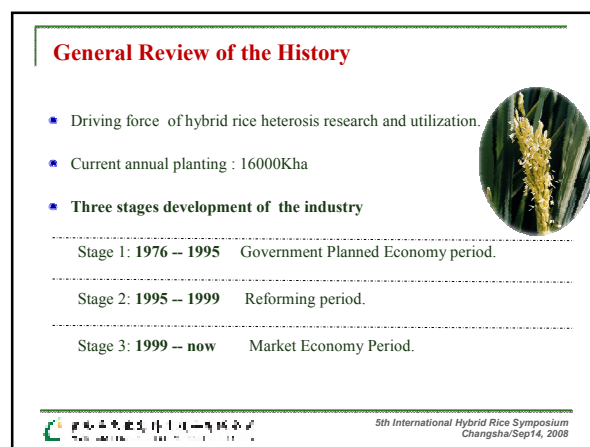


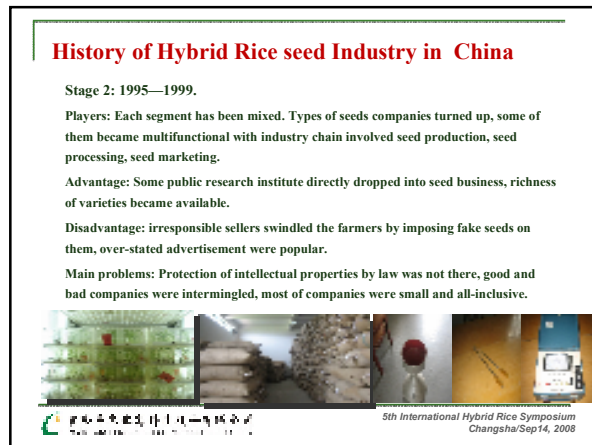
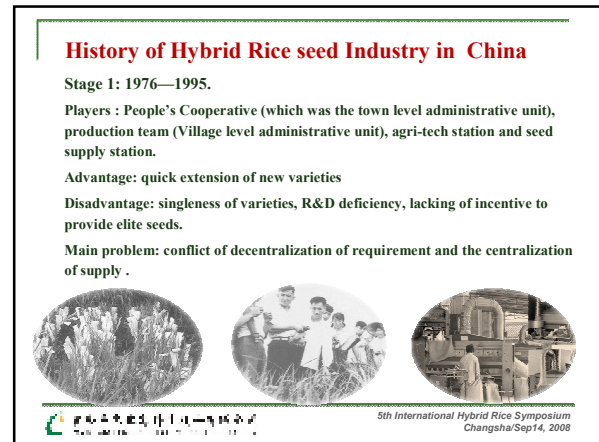
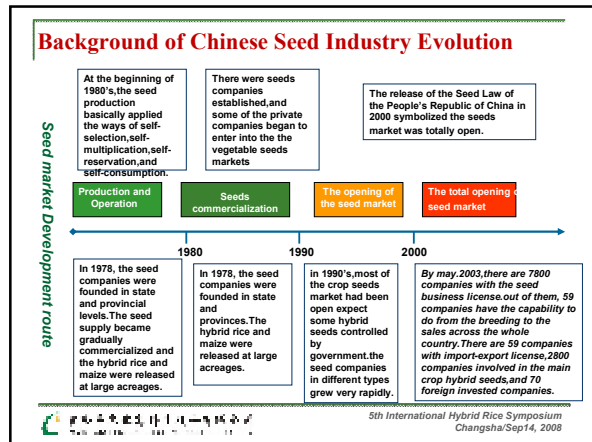
**Rice Production Evolution in China**

Year	Item	Area Harvested	Yield	Production Quantity	Seed
1961	Rice, paddy	27044821 Ha	20786 kg/Ha	56217596 MT	3816597 MT F
1965	Rice, paddy	30574546 Ha	29667 kg/Ha	90705628 MT	4318288 MT F
1970	Rice, paddy	33107861 Ha	34161 kg/Ha	113101872 MT	4928525 MT F
1975	Rice, paddy	36483983 Ha	35282 kg/Ha	128726268 MT	5110575 MT F
1980	Rice, paddy	34482478 Ha	41434 kg/Ha	142876522 MT	4692542 MT F
1985	Rice, paddy	32633684 Ha	52497 kg/Ha	171318871 MT	4552240 MT F
1990	Rice, paddy	33518971 Ha	57166 kg/Ha	191614680 MT	4589600 MT F
1995	Rice, paddy	31107479 Ha	60209 kg/Ha	187297968 MT	4414658 MT F
2000	Rice, paddy	30301490 Ha	62641 kg/Ha	189814060 MT	4050436 MT F
2005	Rice, paddy	29116400 Ha	62528 kg/Ha	182059138 MT	4050636 MT F
2007	Rice, paddy	29495000 Ha	63414 kg/Ha	187040000 MT	

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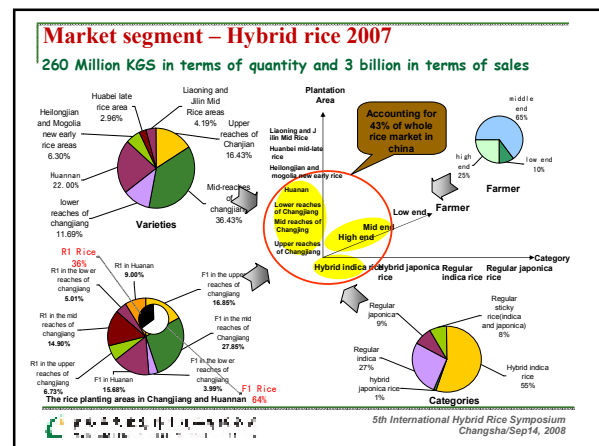


### Evolution of the Plantation Area

Province/Region	Average H-Rice Planting Area(KHa)		
	1995-2002	2002	2007
Hunan	2329	2533	2686
Sichuan	1879	1967	2000
Jiangxi	1805	2273	2333
Guangxi	1591	1733	1533
Hubei	1263	1200	1400
Anhui	1097	1067	1333
Guangdong	836	1067	1066
Fujian	727	720	633
Zhejiang	609	533	366
Jiangsu	566	400	300
Guizhou	530	633	600
Chongqing	649	600	600
Henan	328	360	300
Yunnan	265	297	366
Hainan	160	180	260
Shangxi	103	133	130
<b>Sum</b>		<b>14736</b>	<b>15857</b>
			<b>15786</b>

*Average Planting Area increased by 7.6% in 2002. In 2007, planting area of h-rice has been largely increased in major rice planted provinces, while a little bit decreasing of those more developed province. In this case, the total planting area was balancing with 2002. Since the surge of global grain price will stimulate the grain production, the planting area of h-rice will probably increase slightly in next coming years.*

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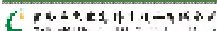
## Analysis of Current Situation

- Supply has been always much over the Requirement in the recent years

Hybrid rice seed production data from 2004 to 2007

Year	Hybrid rice seed production area (KHa)	Quantity (KMT)	Seed Inventory in the past year (KMT)	Quantity of the supply in the market (KMT)
2004	96	260	70	330
2005	104	265	60	325
2006	100	270	80	350
2007	76	215	120	335

Note : Because of the over-anticipation of the market, the supply of hybrid rice seeds has been more than the demand in recent years. The quantity of remained seed storage is more than 50,000 ton every year, and this condition can't be changed within short period.



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## Analysis of Current Situation

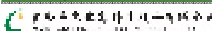
- Too much same-level varieties has been released in recent years.

The extension area of the main hybrid rice varieties in 2006

Extension area	No. of Variety	Planting area	The percentage occupying the total rice sowing area
More than 333kha	5	2,583KHa	8.8%
More than 133kha	12	2,228KHa	7.6%
More than 67kha	28	2,605KHa	8.9%
More than 33kha	59	2,736 KHa	9.3%

only 5 varieties of extension area more than 333,000ha, and the sowing area occupied 15% of the total hybrid rice sowing area.

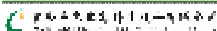
In recent years, there are more than 100 new varieties pass the national or provincial-level approval. In 2007, there were more than 50 new varieties passed the national-level release approval, and more than 1000 varieties were under commercial promotion in the market.



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## The Main Policies in China for the Industry

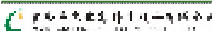
- Access to the industry:
  - 1997 Regulation for Foreign Companies to Invest in Crop Seed Industry
  - FDI Industry Category Guidebook ,2007 Revised Version
- Law:
  - 《Regulation of the protection to new plant varieties》 released in Mar.1997
  - 《Seed Law》 was released on July 08 2000
- Department Regulation
  - Seed administration Regulation
  - Measures for the implementation of crop variety certification
  - Agro-product safety management



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## IP Policies in China

- China has implemented all necessary tools for an efficient IP policy
  - China is a member of UPOV since April 1999 and has developed UPOV 78-like regulation to protect plant varieties
  - Chinese patent law exists since 1984 and has been revised in 1992 and 2000
  - Specific provisions exist regarding copyright, unfair competition, biological deposit, etc.
  - Historical and recent cases show that IP enforcement is efficient in all Chinese regions

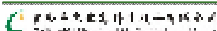


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## Analysis of Current Situation

- Industry concentration level is still low although it has risen in recent years, and administrative forces still play a great important role in the market.

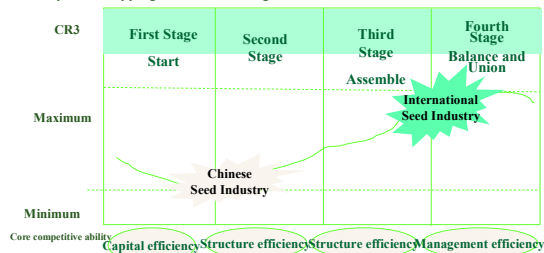
- The top 5 seed companies in Hunan, Sichuan and Jiangxi got more than half of market shares based on market researches in each of the above three provinces.
- Up to now no company has got an annual seed sales revenue of above one billion RMB .
- The limited business scale and low profitability of the operation became a big pressure for the seed companies to invest in their R&D, human resources and facility improvement.
- “Elite Seed Subsidize Program” and other favorite policies to promote the growers to choose elite seed.
- It is a must to change the way of thinking as well as the behavior of the agriculture administration agencies.



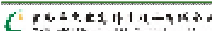
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## Analysis of Current Situation

We are locating at primary stage of seed industry while the international seed companies stepping in the senior stage.



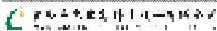
The homoplasy and coherence become the main facts in competitions to the world wide seed industry.



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## Main Restraints and Concerns to the Development

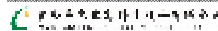
- The history of seed business development is short, the industrialization was launched in 1990's.
- Small size and capabilities of further investment is very limited.
- Low input on R&D, lack of professional R&D talents.
- Weakness in competitions in overseas market since the lack of experience.
- Not ready for GMO



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## Trend of Hybrid Rice Seed Industry Development

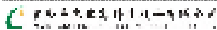
- Generally speaking, hybrid rice seed industry is stepping into an upgrading period.
- Competition transfers from product and price to the value of the supply and service.
- Companies started their research programs with own property right.
- Step into the international markets.



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## Conclusion

*After 30 years development, the business model of Chinese Hybrid Rice Industry has been greatly changed and improved. As time goes-by, China is turning to a free market economy, seeding companies, even is not big right now, must become major players in the market. "Let hybrid rice make greater contributions to people all over the world" is not only the great desire of Prof. Yuan Longping, but also the ideal of LHPT, of myself.  
Let's try our best to do something for that!*

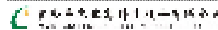


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## Thank You!

*Views in this presentation is only the personnel opinion from Yan Weibin, not necessarily represents the official views of LPHT.*

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