



DEYU AGRICULTURE

DEYU AGRICULTURE CORPORATION

DEYU AGRICULTURE CORP.
INVESTOR PRESENTATION
December 2012



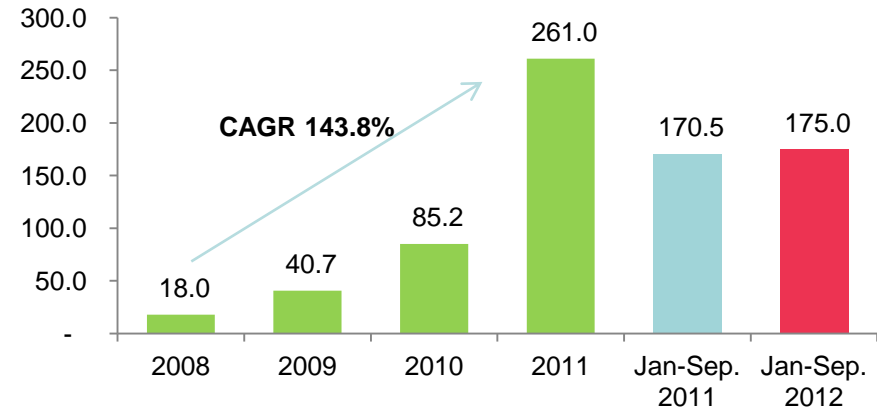
Safe Harbor Statements

This presentation contains "forward-looking statements" within the meaning of the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including changes from anticipated levels of sales, future national or regional economic and competitive conditions, changes in relationships with customers, access to capital, difficulties in developing and marketing new products, marketing existing products, customer acceptance of existing and new products, the company's ability to complete additional acquisitions and other factors. Accordingly, although the Company believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company has no obligation to update the forward-looking information contained in this presentation.

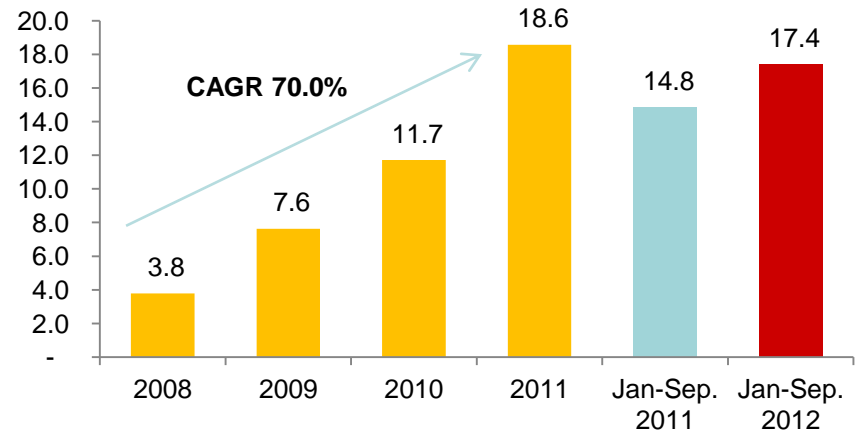
- Vertically integrated value chain of producer, processor, marketer and distributor of over 200 types of organic and other agricultural products made from corn and grains
- Headquartered in Beijing, with operations in Jinzhong City and Quwo County of Shanxi Province
- Extensive wholesale network in over 15 provinces and a retail distribution network of 20,000 stores in 29 provinces across China
- A leading corn processor and distributor in Shanxi Province with storage capacity of over 100,000 tons and an annual turnover of 700,000 tons
- Exclusive access to over 109,000 acres of farmland, including 17,000 acres owned by Deyu
- 690 fulltime employees plus a part-time/seasonal working force of varying number of additional employees

Financial Highlights

USD' milliom
Revenue



USD' milliom
EBITDA





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Investment Highlights



Experienced Management Team

- 10+ Years of experience working in the agricultural industry
- Technical support and cooperation from academic faculties and research institutes

Well Established Cultivation in a Strategic Geographic Region

- 109,000 acres fertile farmland
- Cooperation with 60,000 farmers

Scalable Production Base

- Automated facilities in Shanxi Province
- Capacity of 700,000+ tons for corn and 100,000+ tons for grain processing

Growing Brand Presence

- Marketing branded grain and other food products
- Brand names of “Deyu”, “Shi-Tie”, “Huichun” & “Taizihu”
- Products recognized in China as green, ecological, organic foods


Large and Flexible Storage Facilities

- Six self-owned warehouses
- Storage capacity of over 100,000 tons

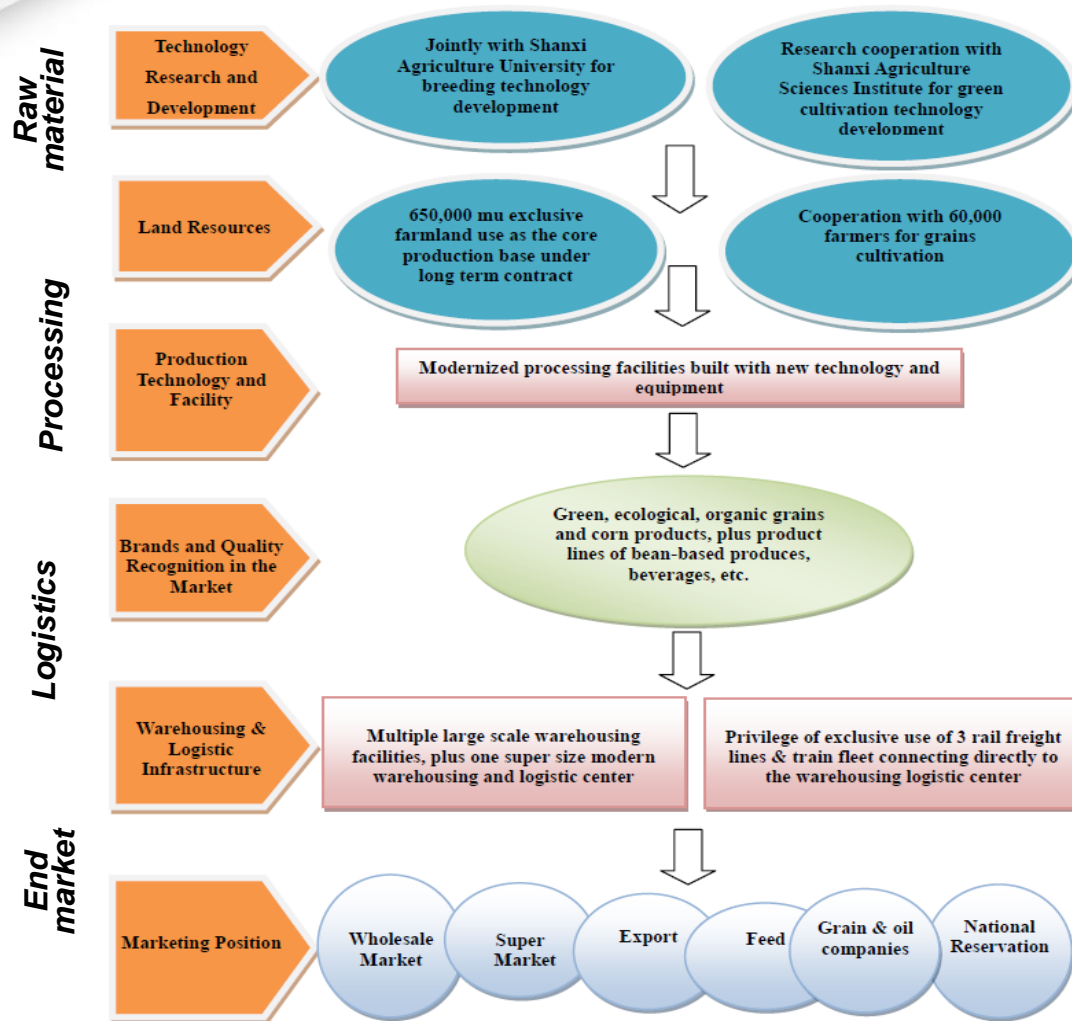
Logistic Advantages

- Close proximity to railway and the transportation hub
- Exclusive lease agreements with three major railway lines

Diversified Product Portfolio & Extensive Marketing Network

- 200+ types of organic and non-organic products
 - Wholesale network in 15+ provinces,
 - 20,000+ retail stores in 29 provinces
 - Exports to Germany, Japan and other countries
- 

Deyu's Business Model



- Vertical value chain from farmland to end market
- Unique partnership with farmers on shared farmland to deliver strategic industrial and market advantages
- To enter a market demanding highly integrated multiple commercial and community based resources
- High entry barriers for new competitors: agricultural expertise; crop access; logistics advantages; sales network
- **Vision:** to be a global leader in vertical agriculture value chain to provide diversified product lines delivered to commercial and consumer markets



- Extend **Deyu's** operation to other producing areas such as Jilin and Hebei Provinces



- Develop a diversified vertical agricultural value chain by adding more food products beyond staple foods to **Deyu's** product lines



- Increase commercial sales to the institutional clients, particularly the grain products for the consumer market
- Utilize available global resources and organic certifications to expand exporting to US and other regions



Fiscal Year 2011 Highlights:

- Revenue increased 207.0% year-over-year to \$261.6 million
- Corn division sales improved 155.7% to \$177.7 million
- Grain division sales increased 253.0% to \$40.5 million
- Bulk trading division sales increased 936.2% to \$43.3 million
- Gross profit improved 96.8% to \$43.1 million
- Net income available to common stockholders increased 50.4% to \$17.3 million

	FY 2011	FY 2010	CHANGE
Revenue	\$261.6 million	\$85.2 million	+207.0%
Gross profit	\$43.1 million	\$21.9 million	+96.8%
Net Income	\$17.3 million	\$11.5 million	+50.4%
EPS (Diluted)	\$1.42	\$1.16	+22.4%

For the Nine months ended September 30, 2012 Highlights:

- From Q3 2011 to Q3 2012, revenue increased 2.7% to 175.0 million;
- Corn division sales decreased 1.6% to \$115.5 million;
- Grain division sales rose 76.8% to \$46.7 million;
- Bulk trading division gross margin increased by 150 basis points;
- Gross profit improved 17.3% to \$33.1 million;
- Net income available to common stockholders decreased 10.7% to \$12.51 million

	Jan – Sep. of 2012	Jan – Sep. of 2011	CHANGE
Revenue	\$175.0 million	\$170.5 million	+2.7%
Gross profit	\$33.1 million	\$29.5 million	+12.3%
Net Income*	\$12.8 million	\$13.6 million	-5.8%
EPS (Diluted)**	\$1.02	\$1.15	-11.3%



Equity Snapshot

Ticker Symbol	DEYU.OB
Recent Price (Nov. 16, 2012)	\$1.00
Common Shares Outstanding (6/30/2012)	10.6 million
Fully Diluted Shares Outstanding (6/30/2012)	12.6 million
Market Capitalization (Fully Diluted) (6/30/2012)	\$12.6 million
Revenue (FY 2011)*	\$261.6 million
Net Income (FY 2011)*	\$17.3 million
Diluted EPS (FY 2011)*	\$1.42
P/E (FY 2011)*	X0.71

* FY 2011: based on the operation results of fiscal year ended December 31, 2011



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Market Highlights



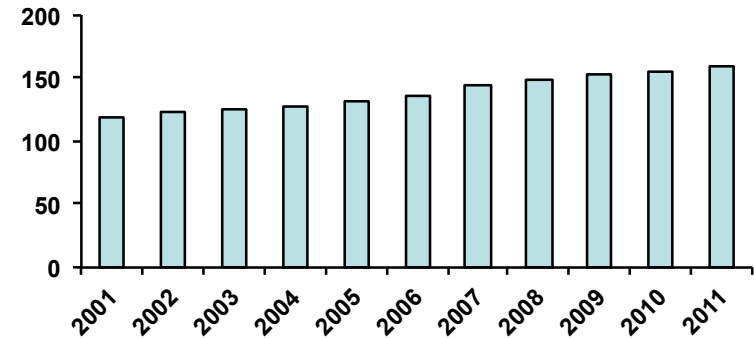
Corn products

- Partially processed – cleaned, husked, sifted and dried
- Sold in bulk to major food companies and livestock feed producers
- Deyu's corn is among the very best in China due to its high germ protein and germ oil contents, rich resources of 10 types of fatty acids, more than 50% of which are rich in vitamins A and E
- A difficult market to enter as China no longer issues new licenses to new corn processors in Shanxi Province



China Corn Consumption

Million tons



Source: USDA

End Product Usages

- Cooking oil, Corn starch
- Corn-based sweeteners
- Livestock feed
- Fermentation products
- Petroleum substitutes ethanol fuels

China's Corn Market

- The world's second-leading consumer and producer, second only to the United States
- Accounts for over 20% of the world's corn consumption
- 7% annual market demand growth for corn

Source: USDA

Deyu Grain Products

- Value-added processing, including peeling, cleaning, grinding and packaging, etc.
- Organic and non-organic deep-processed products
- Sold directly to consumers in Chinese supermarkets and convenience stores
- High levels of vitamin B1, dietary fiber and trace elements
- Coarse grains beneficial to diabetic or high blood pressure conditions*

Broad Product Offerings

- **Beans**—*soybeans, mung beans, bean-based products*
- **Wheat**—*buckwheat, bitter buckwheat*
- **Rice**—*millet, black rice, purple rice*
- **Potatoes**—*sweet potatoes, taro, yams*



Fine Millet



Whole Wheat Flour

* Source: The Chinese Nutrition Society

China's Grain Market Dynamics

- Highly competitive yet fragmented with no major national brands
- Chinese consumers increasingly becoming health and nutrition conscious
- Fast growing market demands for packaged and unpackaged grain products

China's Potential Market Size

Processed grain food	250-400 g / day *
Coarse grain and whole grain food	50-100 g / day *
Bean or bean-based products	30-50 g / day *
Number of urban residents	691 million
Potential market size	>\$100 billion/year

* Based on dietary guidelines 2011 by the Chinese Nutrition Society, which recommends that adults consume 250-400 grams per day of processed grain foods, 50-100 grams per day of coarse grains and whole grain foods, 30- 50 grams per day of bean or bean-based products



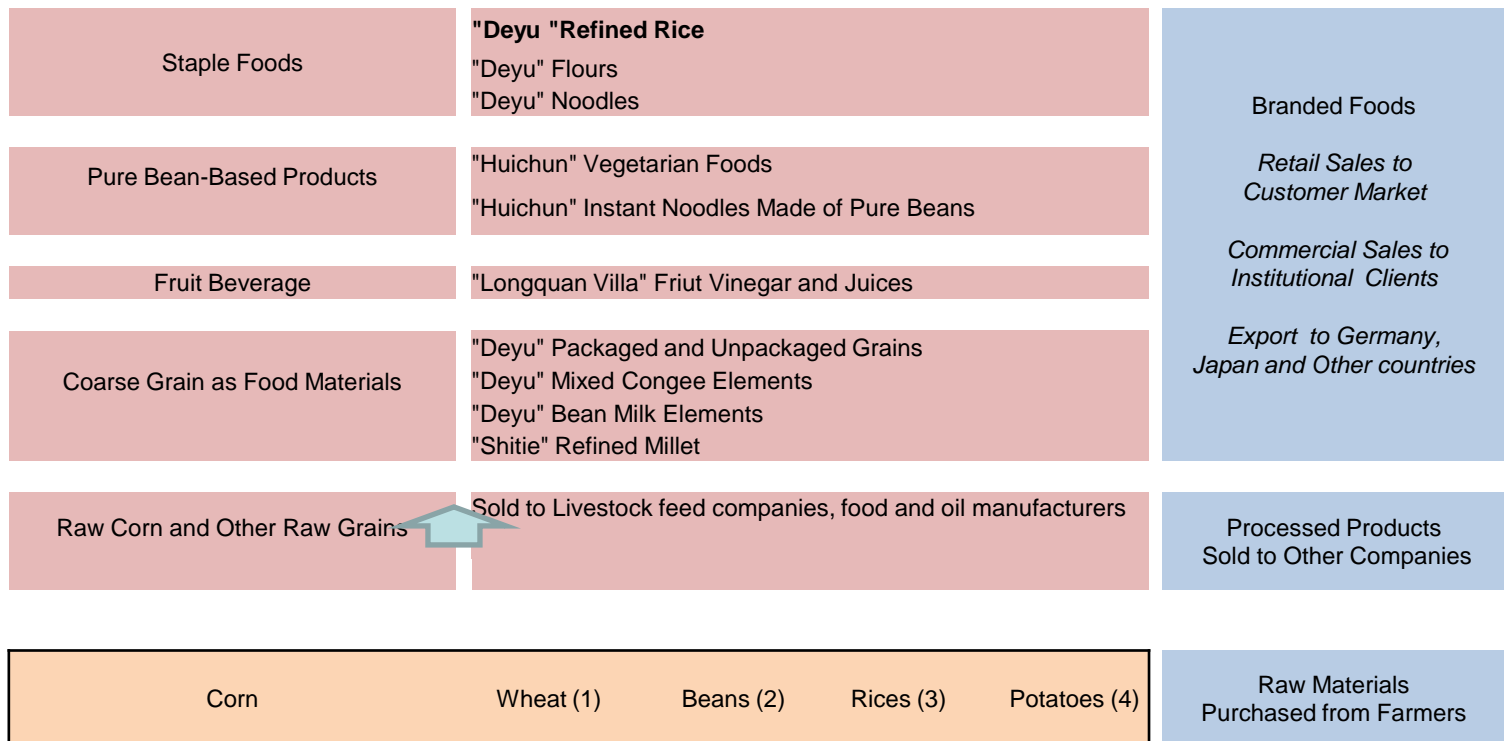
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Product Lines and Strategies



During the past several years, we have developed the following diversified product lines based on **corn** and **grain**:



(1)The category of Wheat includes Wheat, Oat, Buckwheat, Sorghum, etc.

(2)The category of Bean inclues Soya bean, Mung bean, Red bean, Kidney bean, Black bean, etc.

(3)The category of Rice include Rice, Millet, Coix seed, Black rice, Sticky rice and Buckwheat rice, etc.

(4)The category of potato includes potatoes, sweet potatoes, taro, yams, etc.



Product Development Strategies

- Develop multi-level food product lines and offer series of products to meet the needs of different consumer groups, such as:
 - consumer product lines for families and restaurants
 - food products packaged as gifts for social and commercial special needs
 - food selections for high consumer markets and corporate clients
- Enhance quality control, preserve grain products nutrient values, promote green and organic concepts, and develop top domestic brands for grain products
- Develop an integrated agriculture value chain to extend product lines (by adding varieties of staple foods, including high-quality rice, flour and edible oil etc.) to a full range staple grain food products portfolio to meet the China market's ever increasing need for healthy and quality foods.





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Cultivation Base and Farmer



Ideal ecological environment for grain cultivation



- Located in the Jinzhong region of Shanxi Province, next to Taihang Mountain at an altitude of between 5,000 to 8,000 feet above sea level
- Ideal climate and soil condition for organic grain cultivation
- Approximately 10 degree day and night temperature variation
- About 158 days of bright sunshine with no frost annually
- 135+ days long annual growing season, one of the longest in China
- Grains, being highly drought resistant, require little irrigation and no chemical fertilizers and pesticides
- Grains are rich in nutrients, especially in the contents of minerals, rutin, cellulose, amino acids, chlorophyll, lecithin and linoleic acid



Farmland Access


- Agricultural co-operative agreements signed with the governments at both county and village levels in the Jinzhong region
- 20-year exclusive farming rights to access approximately 109,000 acres of farmland, established as Deyu's core agriculture base in Shanxi Province
- Deyu also owns 17,000 acres of farmland in the same region



Deyu
Agriculture

Cooperation with Farmers

- Deyu provides seeds, cultivation technology and other support and training to farmers
- Deyu offers above market purchasing prices to farmers as added incentives to ensure the delivery of contracted volumes and quality
- Deyu works closely with over 60,000 farmers and 200 farmer agents to ensure production efficiency and quality
- A partner for local government and an UN farming development project

- 
- **Privilege to government issued licenses for farming cooperatives, land use, etc.**
 - **Farmland expansion by entering more local cooperative agreements**
 - **Strategic move to setup operations in Shanxi, Jilin, Hebei and other key Provinces.**



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Facilities and Logistics



Manufacturing Facilities

- Located in Jinzhong and Quwo regions
- 1,780,000 sq. feet lot allocated for facility, of which 482,000 sq. feet has been fully built.
- A logistic center of annual corn turnover of 700,000 tons
- Advanced grain production lines with annual capacity of 105,000 tons



Production Lines

- Various production equipment, including rice milling machines, filtering machines, elevators, color selection machines, exhaust fans, automatic packing machines, etc.
- 4 production lines for simple processed grain products
- 3 production lines for deep processed grain products, which use advanced technology in oil extraction, oil purification filling, milling, squeezing and shaping, sterilization, packaging

We have also well established OEM partnerships with many cereal food processors which have full specialized production lines and advanced technology to complement Deyu's production capacity and the need for a diversified product portfolio.



Storage Capacity

- New storage Facilities
 - Five drying cylinders and six warehouses
 - Enter services in June 2011
 - Added 70,000 tons storage capacity
- Current total storage capacity: 100,000 tons with turnover capacity of 700,000 tons per year



Warehouse Facilities

- Equipped with air ventilation and detection devices to ensure the optimal condition needed for cereal storage
- Infrared temperature sensors and 360-degree high resolution security cameras
- 24-hour real-time monitoring for water, moisture, mildew and pest control



Logistics

- Short link to main local transportation hub
- Exclusive access to 3 dedicated Jinzhong regional railway lines under leases
- Fast, reliable and low cost transportation services



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Distribution and Marketing



Bulk sales to diversified customers in 15 Chinese provinces

Customers including:

- livestock feed companies and food manufactures
- corn oil/corn starch manufacturing companies
- governmental procurement agencies
- grain trading companies and wholesalers

Contracts with **over 20,000+** retail stores
Covering **60 cities** in **29 provinces**

Targets large- and mid-sized supermarkets



WAL*MART



Export to Germany, Japan and other countries



Grain and Corn Properties

- ◆ Rich in vitamin B1, dietary fiber and trace elements, which are known to be beneficial for those with diabetic and high blood pressure conditions*
- ◆ Corn and corn by-products are frequently used in healthy food; corn oil is low in cholesterol to help mitigate high blood pressure*

Growing Consumption

- ◆ Grain- and corn-based foods increasingly become indispensable ingredients for healthy and balanced daily diet for Chinese consumers*
- ◆ The general population in China, particularly the growing middle class, is more conscious about health and willing to spend more for healthy food

Regulatory Support

- ◆ Integration of the rural and urban economies is thought to increase farmers' living standards and to help build an environmentally friendly, resource-efficient agricultural sector with increasing support from the governments and public

- Focus on promoting our name brand and increase per-store sales
- Expand product line portfolio through proactive development of new products
- Increase bulk purchase and wholesale of rice, flour, wheat and other products

* Source: The Chinese Nutrition Society



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Research and Development



Seed Breeding

- crop seeds (non-transgenic) developed in cooperation with Chinese Academy of Agricultural Sciences and other leading academic institutions
- Hybridization leads to increased output as well as pest and drought resistance

Cultivation

- Developed soil and irrigation upgrades that have boosted yields, quality and acreage

Processing

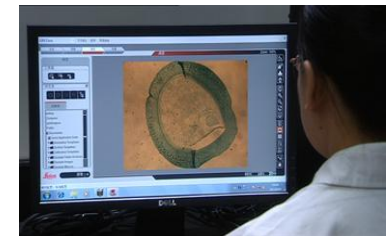
- Modern equipment, processes and technology
- Preserve nutritional content throughout production
- Keep products' natural flavor and organic qualities

Storage

- Advanced quality control system
- Professional storage management in full compliance to China's highly strict food storage rules to ensure food safety

Product Development

- 10+ Years of expertise in producing grain-based foods





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Company Timeline





History and Milestones

Feb 2012 Acquired Taizihu Group, an operation in deep processed foods and export sales

Dec 2011 Enlarged sales network to include over 20,000 retail outlets in 29 provinces in China

May 2011 Storage capacity expansion: now 100,000 tons with turnover capacity of 700,000 tons per year

July 2010 Enlarged sales network to include over 10,000 retail outlets in 12 provinces in China

April 2010 Completed a share-exchange transaction with Eco Building International, Inc. (now called Deyu Agriculture Corp.); quoted on the OTC Bulletin Board

2H 2009 Strategically realigned business focus to processed grain foods and aggressive branded grain foods marketing

1H 2009 Modified corporate structure as required for U.S. public listing

2007-2008 Started to focus on organic growth of corn and grain operations

2006 Established corn processing operations; secured several large customers

2004 Founded **Deyu** Agriculture in Shanxi Province with focus on partially processed grains

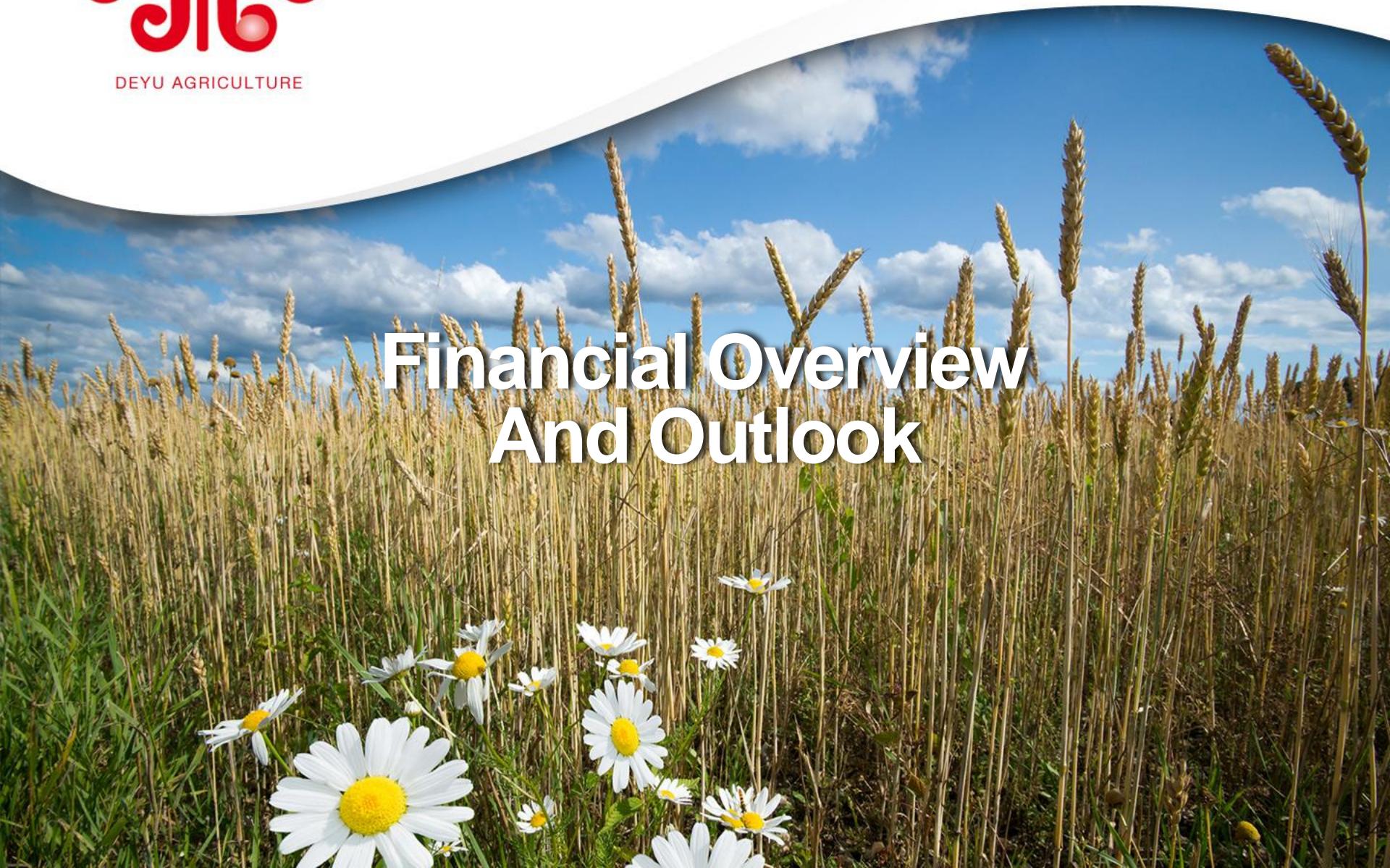




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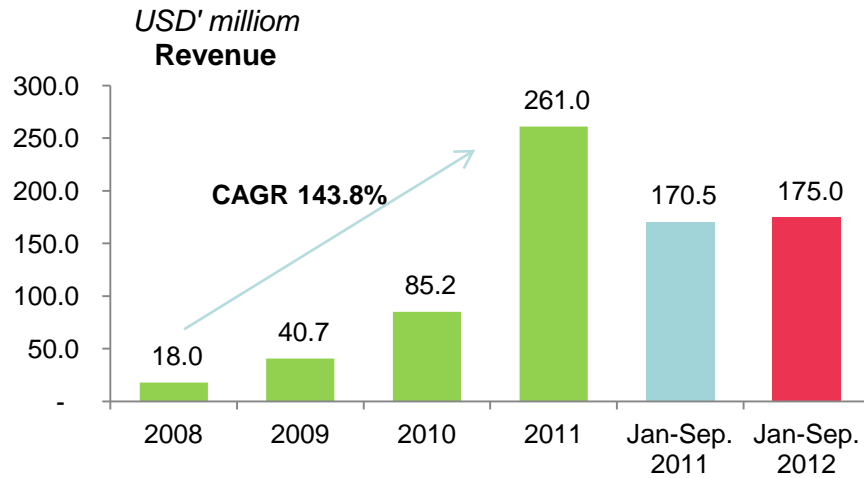
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Financial Overview And Outlook



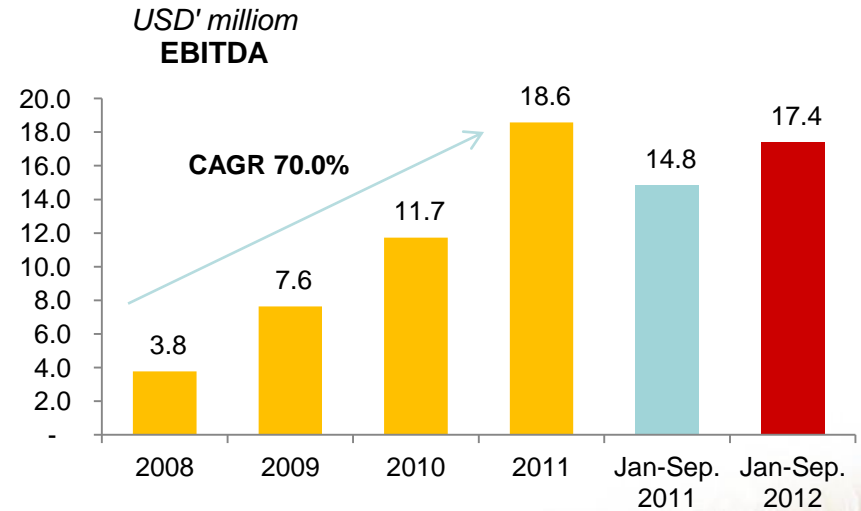
Revenue

(US\$ millions)

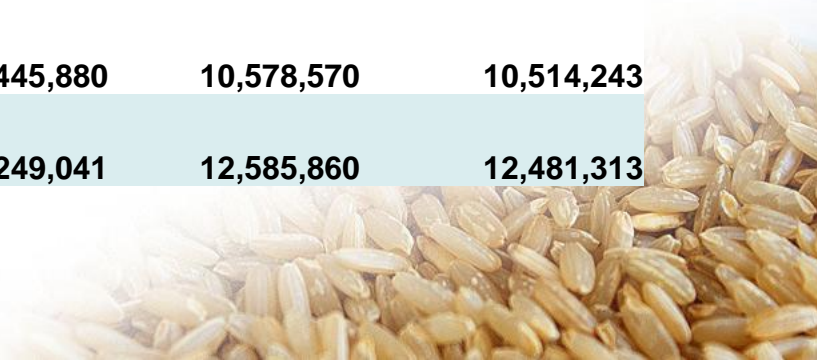


EBITDA

(US\$ millions)

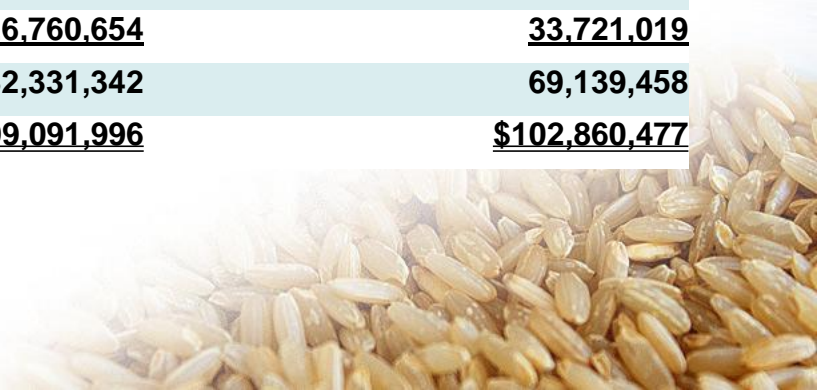


	2011 FY	2010 FY	Jan-Sep. 2012	Jan-Sep. 2011
Net revenue	\$261,576,666	\$85,174,884	\$175,048,803	\$170,482,201
Gross Profit	43,096,657	21,924,521	33,137,577	29,496,498
Operating expenses	(21,453,276)	(9,909,628)	(18,203,465)	(12,586,704)
Operating income	21,643,381	12,014,893	14,934,112	16,909,794
Net income	16,623,431	11,829,974	12,792,626	13,579,977
Preferred Stock Dividends	(427,917)	(327,721)	(332,087)	(313,550)
EBITDA (million)	18,592,713	11,747,123	17,330,132	14,767,292
Net Income available to Common Stockholders	17,335,442	11,502,253	\$12,505,234	\$14,006,735
Net income per share - basic	\$1.64	\$1.36	\$1.18	\$1.34
Net income per share - diluted	\$1.42	\$1.16	\$1.02	\$1.15
Weighted average number of shares outstanding - basic	10,522,432	8,445,880	10,578,570	10,514,243
Weighted average number of shares outstanding - diluted	12,497,164	10,249,041	12,585,860	12,481,313



Summary Balance Sheet

	As of Sep. 30, 2012	As of December 31, 2011
Cash and cash equivalents	\$11,963,208	\$10,592,702
Accounts receivable, net	27,658,431	36,167,136
Inventory	26,741,018	20,314,090
Other current assets	<u>7,076,083</u>	<u>12,051,224</u>
Total current assets	73,438,740	79,125,152
Property, plant, and equipment, net	19,621,491	12,355,946
Intangible assets, net	13,335,500	10,651,844
Other assets	2,696,265	727,535
Total Assets	<u>\$109,091,996</u>	<u>\$102,860,477</u>
Short-term loan	\$11,196,379	\$14,413,480
Other liabilities	15,564,275	19,307,539
Total Liabilities	<u>26,760,654</u>	<u>33,721,019</u>
Total Equity	82,331,342	69,139,458
Total Liabilities and Stockholders' Equity	<u>\$109,091,996</u>	<u>\$102,860,477</u>



Mr. Jianming Hao

*Chairman of the Board of Directors
Chief Executive Officer*

- 10+ years of experience in corporate management
- Former Manager-in-charge, Finance Dep. with China Merchants Group in HK (publicly listed)
- Master's degree in Finance, CPA of China

Ms. Amy He

Chief Financial Officer

- 7+ years of experience in accounting, finance and manufacturing operations management
- Former Audit Manager, Deloitte Touche Tohmatsu CPA Ltd, former Financial Controller of Deyu
- Masters Degree, CPA of China and CGA of Canada

Mr. Greg Chen

President

- 15+ years of international business strategy, development and management
- Former Chief Executive Officer of the P-Media Group
- Former Director of Capital Market Services Inc,
- Masters of Science degree in EE/Control-Theory

Mr. Jianbin Zhou

Chief Operating Officer

- 20+ years of experience in business operations
- Former VP, Dongsheng International (Beijing) Investment Co., Ltd., former GM, Antai Global (Beijing) Risk Management Co., Ltd.



Mr. Junde Zhang

Vice President of the Grain Division

- 10+ years of experience in grain breeding, cultivation, processing, marketing and management
- Production Director and GM of our Grain Division since April 2004, a member of the Yuci People's Congress

Mr. Yongqing Ren

Vice President of the Corn Division

- Well experienced in corn breeding, cultivation, processing, marketing and management
- Vice President and General Manager of our Corn Division since April 2004
- To be conferred the honorable title of Industrial Restructuring Leader

Mr. Yunlin Ding

Vice President

- 10+ years of experience in strategy management and finance
- Former credit manager for the Industrial and Commerce Bank of China, former senior project manager of Beida Qingniao Group, and vice GM of investment department of Beida Qingniao Group, Masters Degree in Economics

Mr. Timothy C. Stevens, *Independent Director and Chairman of the Audit Committee*

- 30+ years executive leadership, management and client services experience leading law, public accounting, and consulting firms
- Chief Operating Officer of an international law firm, Former Executive Director of Saul Ewing LLP, a Philadelphia law firm, Former Officer with Baker & McKenzie's Hong Kong/China Practice, Former Finance and Administrative partner with PricewaterhouseCoopers
- Graduated from Clifton College and Bristol University, United Kingdom
- ACA from the UK Chartered Accountants' Qualification Program, Licensed CPA in Massachusetts and a Hong Kong FCPA

Mr. Al Carmona, *Independent Director and Member of Audit Committee*

- 25+ years of experience in cost and supply chain optimization, brand strategy and competitive analysis
- Executive VP and Senior Advisor of Mars & Co, a high-end international strategy consulting firm
- Well-versed in cost and supply chain optimization, brand strategy, competitive analysis and acquisitions, and divestiture analysis
- Bachelor of Science in Chemical Engineering, Princeton University, MBA from the Wharton Business School, University of Pennsylvania

Mr. Jan Poulsen, *Independent Director and Member of Audit Committee*

- 20+ years of experience management experience working for international organizations within the food & beverage industry
- M&A advisor for H.T. Capital, Former Chief Financial Officer, Former Finance Manager and Business Development Manager for Arla Foods Inc.
- Master of Science in Business Administration and an Auditing degree from Aarhus School of Business in Aarhus, Denmark

Mr. Hong Wang, *Director*

- 10+ years of experience in corporate management; agricultural business expert
- Former Vice President of Detian Yu, Former GM of Shanxi Dongsheng Guarantee Company Limited
- Bachelor's degree in Agriculture

Mr. Longjiang Yuan, *Director*

- An acknowledged expert in agricultural technology
- Vice Director of the Science and Technology Bureau of the Chinese Academy of Agricultural Sciences (CAAS),
- Former senior executive of the R&D team at the Institute of Crop Science of the CAAS
- Former independent director of the board of Shanxi Tunya Seed Industry Co.
- Master in Plant Genetic Breeding and Bachelor in Genetic Breeding Technology



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KCCW Accountancy Corp.

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K&L Gates LLP





Thank You!