

# Mergers and Acquisitions in Chinese Pesticide Industry in 2022–H1 2023

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## **Executive summary**

China's pesticide industry witnesses stable growths, but it still faces with problems of low industrial concentration and unreasonable resource allocation. As of Q1 2023, the number of Chinese pesticide enterprises saw some decreases, down by 19.15% compared with that in 2015.

During 2022–H1 2023, 24 selected public pesticide companies have engaged in 68 asset restructuring deals composed of 36 M&As, 21 capital increases and 11 subsidiary establishments. Meanwhile, Jiangsu Province was the top investment destination of the domestic pesticide companies' restructurings, followed by Shandong and Guangdong provinces. China's outbound investment of the pesticide industry amounted to USD150.24 million during the period.

In H1 2023, 16 restructuring deals (M&A, subsidiary establishment and capital increase) took place in China, participated by listed companies in pesticides. The number is expected to climb up in H2 2023 on the first quarter.

## **Methodology**

The report is drafted by diverse methods as follows:

### **- Desk research**

The sources of desk research are various, including published magazines, journals, government websites and statistics, industrial statistics, association seminars as well as information from the Internet. A lot of work has gone into the compilation and analysis of the obtained information.

### **- Internet**

CCM visited government websites and contacted with players in the domestic agrochemical industry through B2B websites and software as well as obtained registration information on the internet.

### **- Data processing and presentation**

The data collected and compiled are sourced from:

- CCM's database
- Published articles in periodicals, magazines, journals and third-party databases
- Statistics from governments and international institutes
- Telephone interviews with domestic producers, joint ventures, service suppliers and governments
- Third-party data providers
- Comments from industrial experts
- Professional databases from other sources
- Information from the internet

In this issue, the USD/CNY, USD/NZD and USD/EUR exchange rate used is USD1.00=CNY7.2157, USD1.00=NZD1.6245 and USD1.00=EUR0.9135 sourced from the People's Bank of China on 3 July, 2023. Unless otherwise specified, all the prices mentioned in this newsletter will include the VAT. The data from various sources have been combined and cross-checked to make this report as precise and scientific as possible. Throughout the process, a series of internal discussions were held in order to analyse the data and draw the conclusions.

# 1 China's pesticide industry landscape

## 1.1 Essential problems of China's pesticide industry

In recent years, China's pesticide industry experiences stable growths in production capacity to the world's leading scale, coupling with emerging issues of low concentration and unreasonable resource allocation, which have led to immediate concerns over such as disordered market competition, excessive installed production capacity of certain products, product homogeneity, tardy transformation and upgrades of pesticide production at home.

### -Low concentration of major Chinese pesticide enterprises

The top pesticide enterprises' revenue share has been on the rise in China. In 2010–2016, the CR5 (revenue share of top 5 players) maintained less than 10%. Notably, the merger between ADAMA Agricultural Solutions Ltd. and Hubei Sanonda Co., Ltd. in March 2017, which brought new agrochemical revenue into calculation, raised the share up to 13%. In 2022, the industry concentration rate reached record high since 2010, in which the top 5 players accounted for 25.28% of the total pesticide sales in domestic market. However, compared with the moderate concentration of global pesticide industry, which was with a 66.5% CR4 in the year, the concentration of China's pesticide enterprises was still at a low level.

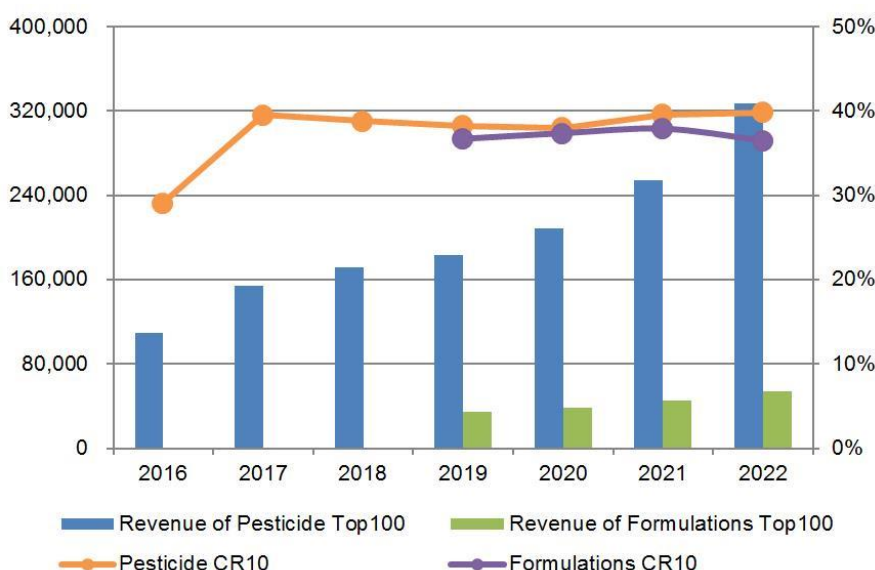
### -Unreasonable resource allocation between TC producers and formulation processors

As of Q1 2023, the number of enterprises producing pesticide technical is 756, few than 861 of those producing formulation only. China's major pesticide TC enterprises have grown with strong momentum over the past few years, with increasing market shares in the industry. According to the List of 2023 China Top 100 Pesticide Enterprises publicised by China Crop Protection Industry Association (CCPIA), the combined revenue of the top 100 enterprises (most produce pesticide TC only) reached RMB32.76 billion, 77 of which registered sales above RMB1 billion in 2022.

In comparison, a large majority of China's formulation processors are small in scale and earn insufficient industry recognition of their brands: only 12 formulation producers in the List of 2023 China Top 100 Pesticide Formulation Enterprises made revenue of over RMB1 billion in 2022. The total revenue of the 100 formulation players listed was RMB5.45 billion in 2022, less than 17% of that of the top 100 pesticide enterprises.

However, it is noticeable that in China, most pesticide TC producers wield a stronger capital power which allows them approaching the advanced technology and other resources to expand or innovate product portfolio and upgrade technologies, than the formulation producers who have limited capital at hand. This edge of technical producers over formulation producers exposes the weakness of China's current pesticide industry, which requires optimisation of industrial structure and more reasonable arrangement of new investment in production capacity to address the problems abovementioned.

Figure 1.1-1 Revenue of China's top 100 pesticide enterprises and changes of CR10, 2016–2022, million RMB



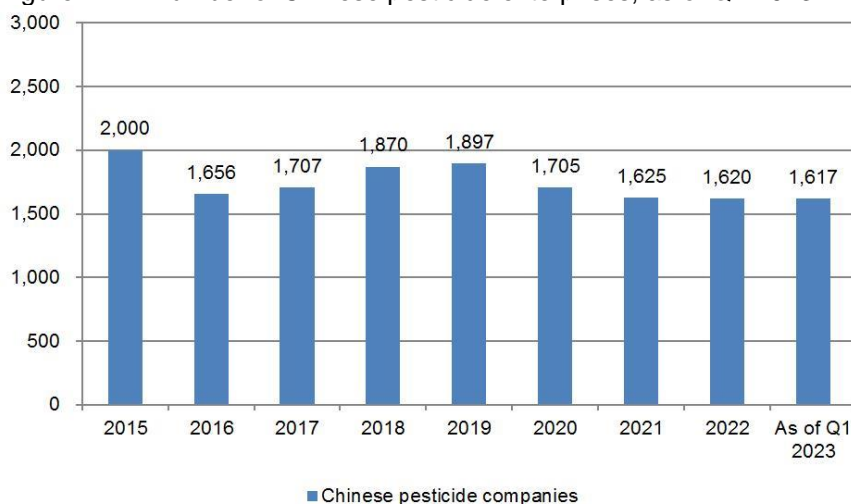
Source: CCPIA and CCM

## 1.2 Declining number of Chinese pesticide manufacturers

On 29 Jan., 2022, the Ministry of Agriculture and Rural Affairs of the People's Republic of China (MARA) and other seven government departments issued the *14th Five-Year Plan for the National Pesticide Industrial Development*, targeting to lower the number of China's pesticide enterprises to less than 1,600 by 2025 from 1,705 in 2020, and to cultivate 10 pesticide enterprises with annual output value above USD692.93 million (RMB5 billion), 50 above USD138.59 million (RMB1 billion) and 100 above USD69.29 million (RMB500 million) by 2025.

Against this backdrop, the number of pesticide enterprises in China has been declining since 2020. As of 31 March, 2023, there are 1,617 valid pesticide enterprises approved by the Ministry of Industry and Information Technology of the People's Republic of China (MIIT), including 756 enterprises of TC and 861 ones of formulation and hygienic drug. There are 1,914 enterprises with valid pesticide registration certificates granted by MARA. Among them, 707 enterprises held registrations for pesticide TC, 1,507 for formulation and 576 for hygienic formulation.

Figure 1.2-1 Number of Chinese pesticide enterprises, as of Q1 2023



Source: MIIT

Apart from the rise during 2018–2019, the number of Chinese pesticide enterprises is down by 19.15% from 2015 to 31 March, 2023. Government policies play a much greater role for such decline.

- **Environment protection and production safety:** During the 13th Five-Year Plan period (2015–2020), China has executed multiple measures to upgrade supply chain, including phasing out backward or excessive pesticide capacities by regulating administration in chemical industrial parks and strengthening scrutiny, as well as China's recent implementation of the "dual control policy" to cut energy consumption and energy intensity, and intensified supervision on the protection of eco-environment and production safety. Since 2017, enterprises who failed to meet tightened standards have been shuttered, suspended, merged or transferred, and small-scale production of backward products were removed from the market—these were exacerbated by the breakout of a safety incident in Jiangsu Xiangshui Chemical Park in March 2019.

- **High-cost registration:** Pesticide registration has become increasingly difficult in countries around the world, subject to longer pending time and larger climbing-up fee. In China, the cost for one TC product registration renewal increases from RMB200,000 in 2017 to above RMB5 million in 2023, and the estimated cost for a new product registration ranges from RMB20 million–RMB30 million. The eye-watering fee sets a higher threshold for entry, allowing those with strong capital flow and R&D capability a frequent applicant for new pesticide registrations.

- **Supported merger and acquisition:** The government continues to encourage corporate mergers and acquisitions (M&As), production transformation and upgrade to build medium-and-large-sized producers with strong competitiveness.

- **Stiff competition:** China's low concentration in pesticide industry reflects the existence of large amount of lower-scale businesses rivalling against each other for a meager market share. Meanwhile, as China promotes removal of overcapacity and outdated technology and more M&A deals are completed among top players, the competition between smaller businesses and the race between smaller businesses and top-notch players have only progressed more fiercely and even persuaded many out.

### 1.3 Policy factors in pesticide industry

In an attempt to transform the patchy landscape of pesticide industry, China has been working on industrial structure optimisation by encouraging corporate investments and M&As, corporate grouping, branding and internationalisation, to weed out those of small scale and with weak competitiveness and concentrate resources throughout industrial chains.

As for product portfolio, China's 14th Five-year Plan explicitly pointed out to develop bio-pesticides and phase out obsolete pesticide varieties and formulation types with strong resistance, poor efficacy and high risk. In March 2022, the MARA issued the *No. 536 Announcement* banning the production of phorate, isofenphos-methyl, isocarbophos and ethoprophos TC and formulations.

In administering pesticide production, the *Key Points for Pesticide Administration for 2020* publicised by MARA in Feb. 2020 set stricter market entry requirements to limit the amount of pesticide firms and demanding rules against backward capacities encompassing high pollution and risks. By doing so, the registration of low- and mild-toxicity varieties is catching on, with the proportion to total new pesticide registrations rising from 78.3% in 2013 to 86.10% in July 2023. Among the newly registered pesticides, the low and mild toxic are taking up an increasing ratio, up to 95.83% in 2021 and 93.33% in 2022.

## 2 Company dynamics of major public pesticide enterprises

This report provides a summary of 68 asset restructuring deals led by 24 selected public companies in China's pesticide industry during 2022–H1 2023, composed of 36 M&As, 21 capital increases and 11 subsidiary establishments. It is worth mentioning that all these M&As proposed or completed during the period were in the form of business transfer and acquisition and none merges with other enterprises being found.

20 of the 24 selected public pesticide companies were listed as ones of the 2023 China's Top 100 Pesticide Enterprises (the 2023 list) and accounted for 31 business transfers and acquisitions; and 4 of them that fell out of the 2023 list accounted for 5 business transfers and acquisitions during 2022–H1 2023.

Lianhe Chemical Technology Co., Ltd. (Top 17 in the 2023 list) was the biggest buyer of the concerning asset restructuring deals in China from 2022 to H1 2023, with gross transaction value up to USD357.25 million. Hunan Haili Chemical Industry Co., Ltd. (Top 34 in the 2023 list) claimed 11 such deals, the most in number.

Table 2-1 Number of restructuring deals of public pesticide companies listed as 2023 top 100 enterprises in 2022–H1 2023

Investment mode	2023 Top 100 enterprise	Others	Total
M&A (Business transfer and acquisition)*	31	5	36
Capital increase	21	0	21
Subsidiary establishment	10	1	11
<b>Total</b>	<b>62</b>	<b>6</b>	<b>68</b>

Note: In 2022 to H1 2023, M&As of the selected public pesticide companies are all in the forms of business transfer and acquisition.  
Source: CCM

Table 2-2 24 Selected public pesticide companies in China, as of July 2023

No.	Company name (EN)	Company name (CN)	Stock code	Abbreviation	Location	Date of establishment	Number of cases	Ranking in 2023 List
1	Hunan Haili Chemical Industry Co., Ltd.	湖南海利化工股份有限公司	600731	Hunan Haili	Hunan Haili	15 April, 1994	11	34
2	Shenzhen Noposion Agrochemicals Co., Ltd.	深圳诺普信农化股份有限公司	002215	Shenzhen Noposion	Guangdong Province	18 Sept., 1999	7	26
3	Nantong Jiangshan Agrochemical & Chemicals Co., Ltd.	南通江山农药化工股份有限公司	600389	Nantong Jiangshan	Jiangsu Province	18 Oct., 1990	5	15
4	Lianhe Chemical Technology Co., Ltd.	联化科技股份有限公司	002250	Lianhetech	Zhejiang Province	14 Sept., 1998	5	17
5	Suli Co., Ltd.	江苏苏利精细化工股份有限公司	603585	Jiangsu Suli	Jiangsu Province	22 Dec., 1994	5	56
6	Sichuan Guoguang Agrochemical Co., Ltd.	四川国光农化股份有限公司	002749	Sichuan Guoguang	Sichuan Province	30 Dec., 1985	5	73
7	Jiangsu Fengshan Group Co., Ltd.	江苏丰山集团股份有限公司	603810	Jiangsu Fengshan	Jiangsu Province	12 Sept., 1996	3	50
8	Jiangsu Lanfeng Bio-chemical Co., Ltd.	江苏蓝丰生物化工股份有限公司	002513	Jiangsu Lanfeng	Jiangsu Lanfeng	11 Oct., 1990	3	61



No.	Company name (EN)	Company name (CN)	Stock code	Abbreviation	Location	Date of establishment	Number of cases	Ranking in 2023 List
9	ADAMA Ltd.	安道麦股份有限公司	000553	ADAMA	Hubei Province	27 March, 1998	2	1
10	Anhui Guangxin Agrochemical Co., Ltd.	安徽广信农化股份有限公司	603599	Anhui Guangxin	Anhui Province	15 March, 2000	2	8
11	Limin Group Co., Ltd.	利民化工股份有限公司	002734	Limin Group	Jiangsu Province	17 Dec., 1996	2	20
12	Hailir Pesticides and Chemicals Group Co., Ltd.	海利尔药业集团股份有限公司	603639	Hailir Group	Shandong Province	1 Dec., 1999	2	22
13	Shandong Cynda Chemical Co., Ltd.	山东先达农化股份有限公司	603086	Shandong Cynda	Shandong Province	20 Sept., 2002	2	29
14	Jiangsu Flag Chemical Industry Co., Ltd.	江苏中旗科技股份有限公司	300575	Flagchem	Jiangsu Province	7 Aug., 2003	2	30
15	ABA Chemicals Corporation	雅本化学股份有限公司	300261	ABA CHEM	Jiangsu Province	13 Jan., 2006	2	/
16	Grand Industrial Holding Co., Ltd.	远大产业控股股份有限公司	000626	Grand Industrial)	Jiangsu Province	28 Nov., 1996	2	/
17	Shandong Weifang Rainbow Chemical Co., Ltd.	山东潍坊润丰化工股份有限公司	301035	Weifang Rainbow	Shandong Province	23 June, 2005	1	3
18	Sino-Agri Leading Biosciences Co., Ltd.	中农立华生物科技股份有限公司	603970	Sino-Agri Leading	Beijing Municipality	8 April, 2009	1	4
19	Zhejiang Wynca Chemical Industrial Group Co., Ltd.	浙江新安化工集团股份有限公司	600596	Zhejiang Wynca	Zhejiang Province	12 May, 1993	1	6
20	Lier Chemical Co., Ltd.	利尔化学股份有限公司	002258	Lier Chemical	Sichuan Province	26 July, 2000	1	7
21	Hubei Xingfa Chemicals Group Co., Ltd.	湖北兴发化工集团股份有限公司	600141	Hubei Xingfa	Hubei Province	17 Aug., 1994	1	9
22	Shaanxi Meibang Pharmaceutical Group Co., Ltd.	陕西美邦药业集团股份有限公司	605033	Shaanxi Meibang	Shaanxi Province	19 May, 2010	1	79
23	Shaoxing BSM Chemical Co., Ltd.	绍兴贝斯美化工股份有限公司	300796	Shaoxing BSM	Zhejiang Province	31 March, 2003	1	/
24	Zhejiang Qianjiang Biochemical Co., Ltd.	浙江钱江生物化学股份有限公司	600796	Qianjiang Biochemical	Zhejiang Province	28 Oct., 1993	1	/

Note: 1. Restructuring deal refers to M&A, capital increase and subsidiary establishment. 2. The 2023 list refers to the List of 2023 China's Top 100 Pesticide Enterprises.

Source: CCM

Table 2-3 Top 11 pesticide companies ranked by gross value of restructuring deals in 2022–H1 2023

No.	Name of listed company	Ranked in 2023 List	Location	M&A fund, million USD	Number of M&A cases
1	Lianhe Chemical Technology Co., Ltd.	17	Zhejiang Province	357.25	5
2	Shenzhen Noposition Agrochemicals Co., Ltd.	26	Guangdong Province	171.47	7
3	Nantong Jiangshan Agrochemical & Chemicals Co., Ltd.	15	Jiangsu Province	164.76	5
4	Suli Co., Ltd.	56	Jiangsu Province	119.61	5
5	Grand Industrial Holding Co., Ltd.	/	Zhejiang Province	115.00	2
6	Jiangsu Lanfeng Bio-chemical Co., Ltd.	61	Jiangsu Lanfeng	100.48	3
7	Jiangsu Fengshan Group Co., Ltd.	50	Jiangsu Province	95.60	3
8	Hunan Haili Chemical Industry Co., Ltd.	34	Hunan Haili	70.02	11
9	Sichuan Guoguang Agrochemical Co., Ltd.	73	Sichuan Province	44.55	5
10	Lier Chemical Co., Ltd.	7	Zhejiang Province	41.58	1
11	ADAMA Ltd.	1	Hubei Province	40.80	2
Others				187.98	19
<b>Total</b>				<b>1,508.38</b>	<b>68</b>

Note: 1. Restructuring deal refers to M&A, capital increase and subsidiary establishment. 2. The 2023 list refers to the List of 2023 China's Top 100 Pesticide Enterprises.

Source: CCM

## 2.1 M&As of major public pesticide enterprises

According CCM's research, there were 36 M&As proposed or completed in China's pesticide industry in 2022–H1 2023, all of which were business transfers and acquisitions, involving operations in pesticide technical, formulation, bio-pesticide, etc.

### -Major deal in pesticide formulation

In April 2023, Jiangsu Flag Chemical Industry Co., Ltd. (FLAGCHEM, Top 30 of the 2023 List) completed transfer of 100% equity shares of Jiangsu Suke Agricultural Chemical Co., Ltd. (Jiangsu Suke) to its wholly-owned subsidiary Jiangsu Flagchem Crop Protection Technology Co., Ltd. at the value of USD1.61 million (RMB11.60 million). Jiangsu Suke has extensive experience and intellectual property rights regarding pesticide formulation and has built strong distribution networks and customer bases for formulation products. FLAGCHEM bought out Jiangsu Suke from Jiangsu Guojin Group Asset Operation Management Co., Ltd. with USD1.54 million (RMB11.08 million) in Sept. 2022.

### -Major deals in bio-pesticide

In April 2023, Sichuan Guoguang Agrochemical Co., Ltd. (Top 73 of the 2023 list) proposed to transfer of 51% shares of Hebi Quanfeng Biological Technology Co., Ltd. to its subsidiary Sichuan Run'er Technology Co., Ltd. Under the impact of COVID-19 pandemic, the battered production and sales operations of its controlling subsidiary Hebi Quanfeng Biological Technology Co., Ltd. failed in meeting its 2022 sales target.

In Nov. 2022, Grand Industrial Holding Co., Ltd. (Grand Industrial) announced that its wholly-owned

subsidiary, Yuanda Ecological Technology (Ningbo) Co., Ltd. (Yuanda Ecological) was to acquire 100% equity of Shaanxi Microbe Biotechnology Co., Ltd. (Shaanxi Microbe) at the value of USD115 million (RMB830 million) in total. Shaanxi Microbe is major producer of biological pesticide TC with registered capital of USD6.94 million (RMB50 million), with specifically large production capacity and output of kasugamycin and the related products.

Table 2.1-1 Business transfers and acquisitions of selected public pesticide companies, 2022–H1 2023

No.	Parent	Ranking in 2023 List*	Buyer/Acquisition subsidiary	Target company	Date	M&A fund, million USD	Status	Remark
1	ADAMA Ltd.	1	Adama New Zealand Ltd.	AgriNova New Zealand Ltd.	2022/12/6	23.08	Completed	Adama New Zealand Ltd. acquired 100% stake of Agrinova New Zealand Limited.
2			Chileagro Bioscience S.A. (Chile), Makhteshim Agan Chile SpA	Adama Chile S.A.	2023/3/14	17.00	Completed	Chileagro Bioscience S.A. (Chile) and Makhteshim Agan Chile SpA acquired 40% equities of Adama Chile S.A.
3	Shandong Weifang Rainbow Chemical Co., Ltd.	3	Shandong Rainbow Agrosiences Co., Limited	Exclusivas Sarabia, S.A.	2022/12/1	N/A	Completed	Weifang Rainbow acquired 99.98% shares of Exclusivas Sarabia,S.A.
4	Zhejiang Wynca Chemical Industrial Group Co., Ltd.	6	Zhejiang Wynca Chemical Industrial Group Co., Ltd.	Ruili Jingcheng Silicon Industry Co., Ltd.	2022/1/26	34.09	Completed	Zhejiang Wynca acquired 100% equities and assets of Ruili Jingcheng
5	Hubei Xingfa Chemicals Group Co., Ltd.	9	Yidu Xingfa Chemicals Co., Ltd.	Yichang Xingxing Lantian Technology Co., Ltd.	2022/4/30	35.91	In progress	Hubei Xingfa transferred 51% shares of Yichang Xingxing Lantian to Yidu Xingfa
6	Nantong Jiangshan Agrochemical & Chemicals Co., Ltd.	15	Leshan Wutongqiao District Development Industry Investment Co., Ltd.	Nantong Jiangshan Agrochemical & Chemicals Co., Ltd.	2022/3/1	90.66	Completed	Fuhua Tongda sold 5.99% shares of Nantong Jiangshan to Leshan Wutongqiao District Development Industry Investment Co., Ltd.
7			Nantong Jiangshan Agrochemical & Chemicals Co., Ltd.	Harbin Limin Agrochemical Technology Co., Ltd.	2022/7/20	16.91	In progress	Nantong Jiangshan acquired 33% equities in Harbin Limin Agrochemical Technology Co., Ltd.
8			Nantong Jiangshan Agrochemical & Chemicals Co., Ltd.	Nantong Uniphos Chemicals Co., Ltd.	2022/12/20	N/A	In progress	Nantong Jiangshan planned to acquire no less than 67% shares of Nantong Uniphos Chemicals Co., Ltd.
9	Limin Group Co., Ltd.	20	Limin Group Co., Ltd.	Hebei Veyong Bio-Chemical Co., Ltd., Inner Mongolia New Veyong Biochemical Co., Ltd.	2022/5/5	20.56	Completed	Limin acquired 10% shares in Hebei Veyong Bio-Chemical Co., Ltd. and Inner Mongolia New Veyong Biochemical Co., Ltd.

No.	Parent	Ranking in 2023 List*	Buyer/Acquisition subsidiary	Target company	Date	M&A fund, million USD	Status	Remark
10			Limin Group Co., Ltd.	Hebei Veyong Pharmaceutical Co., Ltd.	2022/5/5	3.47	Completed	Limin acquired 10% shares in Hebei Veyong Pharmaceutical Co., Ltd.
11	Hailir Pesticides and Chemicals Group Co., Ltd.	22	Hailir Pesticides and Chemicals Group Co., Ltd.	Shaanxi Jinxinyi Chemical Technology Co., Ltd.	2022/7/13	8.99	Completed	Hailir acquired 26% shares of Shaanxi Jinxinyi Chemical Technology Co., Ltd.
12	Shenzhen Noposion Agrochemicals Co., Ltd.	26	Liu Zhenren, Li Qingxin, Wang Yunhui	Shandong Lvbang Chemicals Co., Ltd.	2022/7/7	5.48	Completed	Shenzhen Noposion Agrochemicals Co., Ltd. accepted 30.41% shares of Shandong Leeder Cropsience Co., Ltd. from Liu Zhenren, Li Qingxin, Wang Yunhui.
13	Jiangsu Flag Chemical Industry Co., Ltd.	30	Jiangsu Flag Chemical Industry Co., Ltd.	Jiangsu Suke Agrochemical Co., Ltd.	2023/1/11	1.54	Completed	Flagchem acquired 100% shares of Jiangsu Suke Agrochemical Co., Ltd.
14			Jiangsu Flagchem Crop Protection Technology Co., Ltd.	Jiangsu Suke Agrochemical Co., Ltd.	2023/4/18	1.61	Completed	Flagchem transferred 100% shares of Jiangsu Suke Agrochemical Co., Ltd. to Jiangsu Flagchem Crop Protection Technology Co., Ltd.
15	Suli Co., Ltd.	56	Suli Co., Ltd., Wuxi Suli Zhuoheng Trading Co., Ltd.	Jiangyin Suli Chemical Co., Ltd.	2023/4/15	20.93	Completed	Together with its wholly-owned subsidiary Wuxi Suli, Jiangsu Suli acquired 23% and 1% shares of Jiangyin Suli respectively, after which Suli would hold 99% of Jiangyin Suli's equities. Since then, Jiangyin Suli becomes the wholly-owned subsidiary of Jiangsu Suli.
16	N/A	/	Anhui Xunshun Investment Partnership (Limited Partnership)	Jiangsu Lanfeng Biochemical Co., Ltd.	2023/6/17	17.46	In progress	7.65% shares of Jiangsu Lanfeng were transferred to Anhui Xunshun.
17	N/A	/	Zheng Xu, Chairman of Anhui ENF Solar New Energy Technology Co., Ltd.	Jiangsu Lanfeng Biochemical Co., Ltd.	2023/6/17	41.16	Completed	18.04% shares of Jiangsu Lanfeng was transferred to Zheng Xu.
18	Sichuan Guoguang Agrochemical Co., Ltd.	73	Sichuan Guoguang Agrochemical Co., Ltd.	Hebi Quanfeng Biological Technology Co., Ltd.	2022/4/2	22.73	Completed	Sichuan Guoguang acquired 31% equities of Hebi Quanfeng.
19			Sichuan Guoguang Agrochemical Co., Ltd.	Sichuan Jiazhi Agricultural Technology Co., Ltd.	2022/9/29	N/A	In progress	Sichuan Guoguang acquired 100% shares of Sichuan Jiazhi.
20			Sichuan Run'er Technology Co., Ltd.	Hebi Quanfeng Biological	2023/4/17	6.71	In progress	Sichuan Guoguang transferred 51% equities

No.	Parent	Ranking in 2023 List*	Buyer/Acquisition subsidiary	Target company	Date	M&A fund, million USD	Status	Remark
			Ltd.	Technology Co., Ltd.				of Hebi Quanfeng to its subsidiary Sichuan Run'er.
21	Grand Industrial Holding Co., Ltd.	/	Grand Eco-Tech (Ningbo) Co., Ltd.	Shaanxi Microbe Bio Technology Co., Ltd.	2022/11/19	113.50	In progress	Yuanda Ecological Technology (Ningbo) Co., Ltd. proposed to acquire Weng Jing's 98.7% shares of Shaanxi Microbe Bio Technology Co., Ltd.
22					2022/11/19	1.50	In progress	Yuanda Ecological Technology (Ningbo) Co., Ltd. proposed to acquire other shareholders' 1.3% shares of Shaanxi Microbe Bio Technology Co., Ltd.
23	ABA Chemicals Corporation	/	Amino Chemicals Limited	A2W Pharma Ltd.	2022/3/12	N/A	In progress	Wundr Holdings Malta Limited will transfer 10% equities of A2W Pharma Ltd. to ABA Chemical's subsidiary Amino Chemicals Limited.
24	Shaoxing BSM Chemical Co., Ltd.	/	Shaoxing BSM Chemical Co., Ltd.	Ningbo Generic Chemicals Co., Ltd.	2022/12/27	11.78	In progress	Shaoxing BSM acquired 20% equities of Ningbo Generic for foreign trades.

Note: The 2023 list refers to the List of 2023 China's Top 100 Pesticide Enterprises.

Source: CCM

Table 2.1-2 Other business transfers and acquisitions of selected pesticide companies, 2022–H1 2023

No.	Parent	Ranking in the 2023 list*	Buyer/Acquisition subsidiary	Target company	Date	Transaction value, million USD	Status	Remark
1	Sino-Agri Leading Biosciences Co., Ltd.	4	Sino-Agri Leading Biosciences Co., Ltd.	Sino-Agri Seed Holding Co., Ltd.	2022/7/14	3.74	Completed	Sino-Agri Leading acquired 18% shares in Sino-Agri Seed Holding Co., Ltd.
2	Anhui Guangxin Agrochemical Co., Ltd.	8	Anhui Guangxin Agrochemical Co., Ltd.	Liaoning Shixing Pharmaceutical & Chemical Co., Ltd.	2022/6/2	29.1	Completed	Anhui Guangxin acquired 70% shares in Liaoning Shixing Pharmaceutical & Chemical Co., Ltd.
3	Nantong Jiangshan Agrochemical & Chemicals Co., Ltd.	15	Nantong Jiangshan New Energy Technology Co., Ltd.	Nantong Jiangshan New Energy Technology Co., Ltd.	2022/6/7	49.08	In progress	Nantong Jiangshan proposed to transfer assets including machinery devices, electronic equipment and instruments to Nantong Jiangshan New Energy Technology Co., Ltd.
4	Shenzhen Noposion Agrochemicals Co., Ltd.	26	Hunan Haili Chemical Industry Co., Ltd.	Hunan Haili Lithium Battery Technology Co., Ltd.	2022/3/31	13.55	Completed	Hunan Haili acquired 100% shares of Hunan Haili Lithium Battery Technology Co., Ltd.

No.	Parent	Ranking in the 2023 list*	Buyer/Acquisition subsidiary	Target company	Date	Transaction value, million USD	Status	Remark		
5	Hunan Haili Chemical Industry Co., Ltd.	34	Hunan Haili Chemical Industry Co., Ltd.	Hunan Xinshu Seed Co., Ltd.	2022/2/23	1.16	Completed	Hunan Haili acquired 60% shares in Hunan Xinshu Seed Co., Ltd.		
6			Hunan Haili Chemical Industry Co., Ltd.	Hunan Plastic Research Institute Co., Ltd.	2022/12/8	2.11	Completed	Hunan Haili acquired 100% shares of Hunan Plastic Research Institute Co., Ltd.		
7			Hunan Chemical Research Institute Co., Ltd.	Hunan Ketian New Materials Co., Ltd.	2023/3/25	N/A	In progress	Hunan Chemical Research Institute Co., Ltd. proposed to acquired 45.67% shares in Hunan Ketian New Materials Co., Ltd.		
8			Hunan Chemical Research Institute Co., Ltd.	Hunan Plastic Research Institute Co., Ltd.	2023/3/25	N/A	In progress	Hunan Chemical Research Institute Co., Ltd. proposed to acquired 100% shares of Hunan Plastic Research Institute Co., Ltd.		
9			Hunan Chemical Research Institute Co., Ltd.	Hunan Safety Science Research Co., Ltd.	2023/3/25	N/A	In progress	Hunan Chemical Research Institute Co., Ltd. proposed to acquired 100% shares of Hunan Safety Science Research Co., Ltd.		
10			Hunan Chemical Research Institute Co., Ltd.	Changsha Kecheng Polymer Material Co., Ltd.	2023/3/25	N/A	In progress	Hunan Chemical Research Institute Co., Ltd. proposed to acquired 100% shares of Changsha Kecheng Polymer Material Co., Ltd.		
11			Jiangsu Lanfeng Biochemical Co., Ltd.	61	Jiangsu Lanfeng Biochemical Co., Ltd.	Jiangxi Deshipu New Material Co., Ltd.	2022/5/24	41.85	Completed	Jiangsu Lanfeng acquired 100% shares of Jiangxi Deshipu New Material Co., Ltd.
12			Zhejiang Qianjiang Biochemical Co., Ltd.	/	Zhejiang Qianjiang Biochemical Co., Ltd.	Haining Haiyun Yiju Environmental Engineering Co., Ltd.	2022/8/4	0.47	Completed	Zhejiang Qianjiang acquired 25% shares in Haining Haiyun.

Note: 1. Other business transfers and acquisitions refer to deals concerning to pesticide-related products and other fields, such as new materials, seed, plastics, etc. 2. The 2023 list refers to the List of 2023 China's Top 100 Pesticide Enterprises.

Source: CCM

### -Major M&As of top 20 pesticide players

In Dec. 2022, ADAMA New Zealand Ltd., a wholly-owned subsidiary of ADAMA Ltd. (ADAMA, Top 1 of the 2023 list), signed a Share Purchase Agreement on acquiring 100% stake of Agrinova New Zealand Limited, who mainly engaged in the R&D, production and sale of crop protection products, plant growth regulators, biological solutions and plant nutrients for gardening market. The transaction laid the ground for the company to crack the New Zealand market in the realm of highly complementary products, enriched the product mix and would help to open up a key segment market in local.

In Dec. 2022, Shandong Rainbow Agrosiences Co., Limited, a wholly-owned subsidiary of Shandong Weifang Rainbow Chemical Co., Ltd. (Weifang Rainbow, Top 3 of the 2023 list) acquired 100% shares of Exclusivas Sarabia, S.A., which would become the company's wholly-owned subsidiary in Spain. The transaction would help Weifang Rainbow perfect the construction of the global sales network, open up sales channel for more product portfolio to the EU market and reduce investment risks.

In July 2022, Sino-Agri Leading Biosciences Co., Ltd. (Sino-Agri Leading, Top 4 of the 2023 list) acquired 18% shares of Sino-Agri Seed Holding Co., Ltd., the latter was a wholly-owned subsidiary of China National Agricultural Means of Production Group Corporation before this transaction.

In Jan. 2022, Zhejiang Wynca Chemical Group Co., Ltd. (Zhejiang Wynca, Top 6 of the 2023 list) acquired 100% of equity and all assets of Ruili Jingcheng Silicon Industry Co. Ltd. (Ruili Jingcheng), the subsidiary of Yunnan Jingcheng Group Co., Ltd., with USD38.32 million (RMB246 million). Given the current industrial silicon production capacity of 54,000 t/a and the schedule of the division of property rights, Zhejiang Wynca could achieve self-sufficiency of industrial silicon after this transaction.

In June 2022, Anhui Guangxin Agrochemical Co., Ltd. (Anhui Guangxin, Top 8 of the 2023 list) acquired 70% equities of Liaoning Shixing Pharmaceutical & Chemical Co., Ltd. as the two have complementary advantages and synergy in the extension of industrial chain, product R&D, market expanding, environmental protection and information administration, which would help to improve the comprehensive competitiveness and realise the goal of consolidating strengths in industrial chain and developing pharmaceutical field..

In April 2022, Hubei Xingfa Chemicals Group Co., Ltd. (Xingfa Group, Top 9 of the 2023 list) released an announcement, saying that its wholly-owned subsidiary Yidu Xingfa Chemical Co., Ltd. (Yidu Xingfa) plans to acquire the 51% equity stake in Yichang Xingxing Lantian Technology Co., Ltd. (Xingxing Lantian), which is held by Yichang Xingfa Group Co., Ltd, also the controlling shareholder of Xingfa Group. The transaction would be made in cash, and after the deal Xingxing Lantian will be a wholly-owned sub-subsidiary of Xingfa Group. Mainly engaged in ammonia synthesis, Xingxing Lantian has 400,000 t/a ammonia production capacity. It provides Xingfa Group with raw materials for glyphosate and phosphate fertiliser production.

In May 2022, Limin Group Co., Ltd. (Limin Group, Top 9 of the 2023 list) acquired 10% shares in Hebei Veyong Bio-Chemical Co., Ltd. and Inner Mongolia New Veyong Biochemical Co., Ltd., and Suzhou Limin Biotechnology Co., Ltd. (Suzhou Limin), a wholly-owned subsidiary of Limin Group, acquired 10% shares in Hebei Veyong Pharmaceutical Co., Ltd. (Hebei Veyong). Earlier on 7 Oct. of 2021, Limin Group issued the Proposal of Internal Transfer of Subsidiary Equity and the Increase of Subsidiary Capital. According to the proposal, with regard to the company's future development and resource integration, Limin Group decided to transfer 65% of equity from Hebei Veyong to Suzhou Limin.

## 2.2 Subsidiary investments led by pesticide players

In China, 12 selected public companies have engaged in asset restructuring of subsidiary establishment and/or capital increase of subsidiaries.

Table 2.2-1 Subsidiary establishment of selected public companies, 2022–H1 2023

No.	Parent	Ranking in the 2023 list*	Shareholder	New establishment of subsidiary	Date	Funds for registration, million USD	Status	Remark
1	Anhui Guangxin Agrochemical Co., Ltd.	8	Anhui Guangxin Agrochemical Co., Ltd.	AGX Infiniteness Corporation	2022/7/26	10.00	Completed	New overseas operation in the US
2	Nantong Jiangshan Agrochemical & Chemicals Co., Ltd.	15	Nantong Jiangshan Agrochemical & Chemicals Co., Ltd., Guizhou Wengfu Chemical Co., Ltd.	Guizhou Jiangshan Crop Science Co., Ltd.	2023/6/7	8.11	Completed	A joint venture of Nantong Jiangshan Agrochemical & Chemicals Co., Ltd. (65%) and Guizhou Wengfu Chemical Co., Ltd. (35%)

No.	Parent	Ranking in the 2023 list*	Shareholder	New establishment of subsidiary	Date	Funds for registration, million USD	Status	Remark
3	Lianhe Chemical Technology Co., Ltd.	17	Lianhe Chemical Technology Co., Ltd.	Shanghai Lianhe Heliou New Energy Co., Ltd.	2023/3/29	69.29	Completed	/
4	Hailir Pesticides and Chemicals Group Co., Ltd.	22	Qingdao Audis Bio-technology Co., Ltd.	Hailir Brasil Defensivos Agricolas LTDA	2022/2/26	0.10	Completed	New overseas operation in Sao Paulo, Brazil
5	Shandong Cynda Chemical Co., Ltd.	29	Shandong Cynda Chemical Co., Ltd.	Jinan Cynda Chemical Technology Co., Ltd.	2022/5/24	0.28	Completed	/
6		29	Jinan Cynda Chemical Technology Co., Ltd., Qian Nihu and Wo Xuejia	Anhui Xianhe Innovative Agricultural Technology Co., Ltd.	2022/10/18	0.71	Completed	A joint venture of Jinan Cynda Chemical Technology Co., Ltd. (51%), and Qian Nihu (27%) and Wo Xuejia (22%)
7	Hunan Haili Chemical Industry Co., Ltd.	34	Hunan Haili Chemical Industry Co., Ltd., Jiangxi Zhoushi Dingxin Technology Co., Ltd.	Jiangxi Haili Dingxin Biotechnology Co., Ltd.	2022/6/15	9.15	Completed	A joint venture of Hunan Haili Chemical Industry Co., Ltd.(66%) and Jiangxi Zhoushi Dingxin Technology Co., Ltd.(34%)
8	Jiangsu Fengshan Group Co., Ltd.	50	Jiangsu Fengshan Group Co., Ltd.	Hubei Fengshan New Material Technology Co., Ltd.	2022/9/17	13.86	Completed	/
9			Jiangsu Fengshan Group Co., Ltd.	Jiangsu Fengshan Biochemical Technology Co., Ltd.	2022/10/29	13.86	Completed	/
10	Suli Co., Ltd.	56	Suli Co., Ltd.	Wuxi Suli Zhuoheng Trading Co., Ltd.	2022/4/12	0.07	Completed	/
11	ABA Chemicals Corporation	/	ABA Chemical (Nantong) Co., Ltd., Shanghai Pinwo Chemical Co., Ltd.	Gansu Lannong Technology Co., Ltd.	2022/8/26	22.17	Completed	A joint venture of ABA CHEM's subsidiary ABA Chemical (Nantong) Co., Ltd. (80%) and Shanghai Pinwo Chemical Co., Ltd. (20%)

Note: The 2023 list refers to the List of 2023 China's Top 100 Pesticide Enterprises. Qian Nihu is the former general manager of Anhui Tianhe Huirui Agricultural Technology Co., Ltd., and Wo Xuejia used to be the regional marketing manager of Jinan Cynda.

Source: CCM



Table 2.2-2 Capital increase in China's pesticide industry, 2022–H1 2023

No.	Parent	Ranking in the 2023 list*	Shareholder	Target company	Date	Increase of registered capital, million USD	Status	Remark
1	Lier Chemical Co., Ltd.	7	Lier Chemical Co., Ltd.	Jingzhou Sancaitang Chemical Technology Co., Ltd.	2023/6/7	41.58	In progress	Lier Chemical's shareholding of Jingzhou Sancaitang up from 81.982% to 95.4755%.
2	Lianhe Chemical Technology Co., Ltd.	17	Employee shareholders of Shanghai Baofeng Machinery Manufacturing Co., Ltd.	Shanghai Baofeng Machinery Manufacturing Co., Ltd.	2022/4/28	7.8	Completed	/
3			Lianhe Chemical Technology Co., Ltd.	Lianhe Chemical Technology (Dezhou) Co., Ltd.	2022/4/28	110.87	Completed	/
4			Lianhe Chemical Technology Co., Ltd.	Lianhetech Holdco Limited	2022/8/26	100.00	In progress	Capital increase in UK operation
5			Lianhe Chemical Technology Co., Ltd.	Lianhe Chemical Technology (Dezhou) Co., Ltd.	2023/6/1	69.29	Completed	/
6	Shenzhen Noposion Agrochemicals Co., Ltd.	26	Shenzhen Noposion Agrochemicals Co., Ltd.	Shaanxi Biogen Crop Science Co., Ltd.	2022/3/26	12.47	In progress	/
7			Shenzhen Noposion Agrochemicals Co., Ltd.	Guangdong Xinian Plastic Technology Co., Ltd.	2022/3/26	1.39	In progress	/
8			Shenzhen Noposion Agrochemicals Co., Ltd.	Shenzhen Noposion Crop Science Co., Ltd.	2022/5/28	62.36	In progress	Investment in plastics
9			Shenzhen Noposion Agrochemicals Co., Ltd.	Dongguan Ruidefeng Biotechnology Co., Ltd.	2022/7/7	34.65	In progress	/
10			Shenzhen Noposion Agrochemicals Co., Ltd.	Suninfinit Agriculture Group Co., Ltd.	2022/8/19	41.58	Completed	/
11	Hunan Haili Chemical Industry Co., Ltd.	34	Hunan Haili Chemical Industry Co., Ltd.	Hunan Haili Engineering Installation Co., Ltd.	2022/6/21	2.08	Completed	Investment in engineering
12			Hunan Haili Chemical Industry Co., Ltd.	Ningxia Haili Technology Co., Ltd.	2022/9/24	27.72	Completed	/
13			Hunan Haili	Haili Guixi New Material	2022/9/24	13.95	Completed	Investment in new

No.	Parent	Ranking in the 2023 list*	Shareholder	Target company	Date	Increase of registered capital, million USD	Status	Remark
			Chemical Industry Co., Ltd.	Technology Co., Ltd.				materials
14			Hunan Haili Chemical Industry Co., Ltd.	Hunan Haili Lithium Battery Technology Co., Ltd.	2022/9/24	13.86	Completed	Investment in lithium battery
15	Jiangsu Fengshan Group Co., Ltd.	50	Jiangsu Fengshan Group Co., Ltd.	Sichuan Fengshan Biotechnology Co., Ltd.	2022/7/16	67.88	In progress	/
16			Suli Co., Ltd.	Suli (Ningxia) New Material Technology Co., Ltd.	2022/3/15	28.44	Completed	Jiangsu Suli (76%) and OXON ASIA S.R.L (24%) increased individual capitals in Suli (Ningxia) New Material Technology Co., Ltd. in the same proportion, with RMB205.2 million and RMB64.8 million respectively.
17	Suli Co., Ltd.	56	Suli Co., Ltd.	Dalian Yongda Suli Pharmaceutical Co., Ltd.	2022/4/28	55.43	In progress	Suli increased capital in Dalian Yongda Suli Pharmaceutical Co., Ltd.
18			Suli Co., Ltd.	Suli (Ningxia) New Material Technology Co., Ltd.	2022/7/20	14.75	Completed	Jiangsu Suli (76%) and OXON ASIA S.R.L (24%) increased individual capitals in Suli (Ningxia) New Material Technology Co., Ltd. in the same proportion, with RMB106.4 million and RMB33.6 million respectively.
19	Sichuan Guoguang Agrochemical Co., Ltd.	73	Sichuan Guoguang Agrochemical Co., Ltd.	Hubei Quanfeng Biological Technology Co., Ltd.	2022/3/21	14.69	Completed	Sichuan Guoguang's shareholding of Hubei Quanfeng Biological Technology Co., Ltd. up to 20%
20			Sichuan Guoguang Agrochemical Co., Ltd.	Chengdu Xi'er Crop Technology Co., Ltd.	2022/7/16	0.42	Completed	/
21	Shaanxi Meibang Pharmaceutical Group Co., Ltd.	79	Shaanxi Meibang Pharmaceutical Group Co., Ltd.	Shaanxi Asia-Pacific Testing and Evaluation Co., Ltd.	2023/5/20	3.46	Completed	/

Source: CCM

### 2.3 Major investments by geographic distribution

By geographic distribution, domestic markets made up 90% of the total value of asset restructuring deals of the selected public pesticide companies in 2022 to H1 2023, with Jiangsu Province leading with USD236.36 million of investment amassed from 5 companies, followed by Shandong and Guangdong provinces.

Table 2.3-1 Investment location led by major listed pesticide enterprises, 2022–H1 2023

No.	Province/Region	Investment amount, million USD	Number of investing enterprises	Number of asset restructuring deals
1	Jiangsu Province	236.36	5	10
2	Shandong Province	185.92	3	4
4	Guangdong Province	139.97	1	4
5	Shaanxi Province	139.92	4	5
6	Hubei Province	135.48	2	6
7	Liaoning Province	84.54	2	2
8	Shanghai Municipality	77.09	1	2
9	Ningxia Hui autonomous region	70.90	2	3
10	Sichuan Province	68.29	3	3
11	Jiangxi Province	64.95	2	3
	Others	154.77	13	19
	Overseas*	150.18	6	7
	<b>Total</b>	<b>1,508.38</b>	<b>25*</b>	<b>68</b>

Note: 1. Overseas refer to Brazil, UK, US, Chile, New Zealand, Spain and Malta 2. Pesticide companies have invested in one or more regions, so the sum of the number of enterprises might not equal the total.

Source: CCM

#### -Outbound investment

In 2022–H1 2023, China's major outbound investments of the pesticide industry amounted to USD150.24 million, involving 7 deals of business transfer and acquisition, subsidiary establishment and capital increase proposed by six public pesticide companies such as ADAMA, Anhui Guangxin, Lianhetech.

Table 2.3-2 Outbound investments of selected listed pesticide company, 2022–H1 2023

No.	Parent	Ranking in the 2023 list*	Buyer/Acquisition subsidiary	Target company	Date	Transaction value, million USD	Status	Remark	Investment type
1	ADAMA Ltd.	1	Adama New Zealand Ltd.	AgriNova New Zealand Ltd.	2022/12/6	23.08	Completed	Adama New Zealand Ltd. acquired 100% stake of Agrinova New Zealand Limited.	M&A (Business transfer and acquisition)

No.	Parent	Ranking in the 2023 list*	Buyer/Acquisition subsidiary	Target company	Date	Transaction value, million USD	Status	Remark	Investment type
2			Chileagro Bioscience S.A. (Chile), Makhteshim Agan Chile SpA	Adama Chile S.A.	2023/3/14	17.00	Completed	Chileagro Bioscience S.A. (Chile) and Makhteshim Agan Chile SpA acquired 40% equities of Adama Chile S.A.	
3	Shandong Weifang Rainbow Chemical Co., Ltd.	3	Shandong Rainbow Agrosciences Co., Limited	Exclusivas Sarabia, S.A.	2022/12/1	N/A	Completed	Weifang Rainbow acquired 99.98% shares of Exclusivas Sarabia, S.A.	
4	ABA Chemicals Corporation	/	Amino Chemicals Limited	A2W Pharma Ltd.	2022/3/12	N/A	In progress	Wundr Holdings Malta Limited proposed to transfer 10% equity shares in A2W Pharma Ltd. to Amino Chemicals Limited, ABA Chemical's Malta operation.	
No.	Parent	Ranking in the 2023 list	Shareholder	New establishment of subsidiary	Date	Funds for registration, million USD	Status	Remark	Investment type
1	Hailir Pesticides and Chemicals Group Co., Ltd.	22	Qingdao Audis Bio-technology Co., Ltd.	Hailir Brasil Defensivos Agricolas LTDA	2022/2/26	0.10	Completed	New overseas operation in Sao Paulo, Brazil	Subsidiary establishment
2	Anhui Guangxin Agrochemical Co., Ltd.	8	Anhui Guangxin Agrochemical Co., Ltd.	AGX Infiniteness Corporation	2022/7/26	10.00	Completed	New overseas operation in the US	
No.	Parent	Ranking in the 2023 list	Shareholder	Target company	Date	Increase of registered capital, million USD	Status	Remark	Investment type
1	Lianhe Chemical Technology Co., Ltd.	17	Lianhe Chemical Technology Co., Ltd.	Lianhetech Holdco Limited	2022/8/26	100.00	In progress	Capital increase in UK operation	Capital increase

Note: The 2023 list refers to the List of 2023 China's Top 100 Pesticide Enterprises.

Source: CCM

### 3 Summary and outlook

According to CCM's research, 68 restructuring deals (M&A, subsidiary establishment and capital increase) took place in China from 2022 to H1 2023, participated by listed pesticide companies, valued to over USD1.5 billion in total; that means more than USD83 million value of transactions were progressing or completed each month during the period.

Purposes of restructurings:

- M&A: Most listed companies in China's pesticide industry have resorted to acquisition of external companies, counted to 36 deals (=52.9% of 68) from 2022 to H1 2023, to reinforce and extend their industrial chains with a case in point of Grand Industrial Holding Co., Ltd. buying 100% shares of Shaanxi Microbe Bio Technology Co., Ltd., a bio-pesticide producer; or to dabble in new fields, such as Sino-Agri Leading Biosciences Co., Ltd. entering acquisition deal of seed company in H2 2022, and Hunan Haili Chemical Industry Co., Ltd. raising proposal to buy operations of lithium battery and new materials in H2 2022 and H1 2023.
- Capital increase: Pesticide groups increased bets on their subsidiaries, accounting to 21 deals (=30.9% of 68) from 2022 to H1 2023, to optimise their existing operations and boost product and technology R&D.
- Subsidiary establishment: Some built new operations, amounting to 11 deals (=16.2% of 68) from 2022 to H1 2023, either to scale current businesses or to move upward the supply chain. In 2022 Qingdao Audis Bio-technology Co., Ltd., owned by Hailir Pesticides and Chemicals Group Co., Ltd. set up a formulation operation in Brazil; Nantong Jiangshan Agrochemical & Chemicals Co., Ltd. and Wengfu Group Co., Ltd. co-invested Guizhou Jiangshan Crop Science Co., Ltd. in phosphorus chemicals.

The scale of such restructuring cases by Chinese companies has been relatively small, compared to the global case in value terms: from 2022 to H1 2023 only 9 (=13% of 68) were at a level of above RMB400 million, 51 (=75% of 68) were of RMB400 million or below, and the total value of the rest 8 deals raised during the period remained undisclosed as of the report issue date. In H1 2023 alone, 16 M&A, subsidiary establishment and capital increase deals that were proposed or closed were valued to USD298.14 million in total (excluding 4 with undisclosed amounts), down by 53.9% YoY; and Lianhe Chemical Technology Co., Ltd.'s founding of Shanghai Lianhe Heliou New Energy Co., Ltd. and increased capital in Lianhe Chemical Technology (Dezhou) Co., Ltd. were the only deals of above RMB400 million among them.

For H2 2023, the number and value of M&As, subsidiary establishments and capital increases in China are expected to rise with the majority pivoting around M&A to push industry concentration. Still the whole year of 2023 will register shrinkages in gross number and value compared with 2022 in the country where the pesticide industry is subject to stiffer measures for environmental protection and workplace safety, higher market entry, and fiercer competition.

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