



CCM Data & Business
Intelligence

Herbicide Market and Company Dynamics in China in Q2 2017

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Contents

| | |
|--|-----------|
| Executive summary | 1 |
| Methodology | 2 |
| 1 Overview of herbicide market in China, Q2 2017 | 3 |
| 1.1 Ex-works prices of herbicide products in China, Q2 2017..... | 3 |
| 1.2 Registrations of herbicide products in China, Q2 2017 | 5 |
| 2 Jiangsu Flag Chemical Industry Co., Ltd. | 7 |
| 2.1 Commercial activities..... | 7 |
| 2.2 Production | 7 |
| 2.3 Exports..... | 7 |
| 2.4 Financial situation | 8 |
| 3 Hubei Sanonda Co., Ltd. | 11 |
| 3.1 Commercial activities..... | 11 |
| 3.2 Production | 11 |
| 3.3 Exports..... | 11 |
| 3.4 Financial situation | 12 |
| 4 Jiangsu Changqing Agrochemical Co., Ltd. | 15 |
| 4.1 Commercial activities..... | 15 |
| 4.2 Production | 15 |
| 4.3 Exports..... | 15 |
| 4.4 Financial situation | 16 |

LIST OF TABLES

| |
|--|
| Table 1.2-1 New registrations of herbicide products in China, Q2 2017 |
| Table 2.2-1 Capacity and output of major herbicides in Jiangsu Flag, H1 2015, 2015 & H1 2016 |
| Table 2.3-1 Exports of 95% fenoxaprop-P-ethyl technical in Jiangsu Flag, H1 2016 & H1 2017 |
| Table 2.4-1 Financial index analysis of Jiangsu Flag, H1 2017 |
| Table 2.4-2 Balance sheet of Jiangsu Flag, H1 2017 |
| Table 2.4-3 Income statement of Jiangsu Flag, H1 2017 |
| Table 3.2-1 Capacity and output of major herbicides in Hubei Sanonda, 2015–H1 2017 |
| Table 3.3-1 Exports of 95% glyphosate technical in Hubei Sanonda, H1 2016 & H1 2017 |
| Table 3.4-1 Financial index analysis of Hubei Sanonda, H1 2017 |
| Table 3.4-2 Balance sheet of Hubei Sanonda, H1 2017 |
| Table 3.4-3 Income statement of Hubei Sanonda, H1 2017 |
| Table 4.2-1 Capacity and output of major herbicides of Jiangsu Changqing, 2015, 2016 & H1 2017 |
| Table 4.3-1 Exports of major herbicide products of Jiangsu Changqing, H1 2016 & H1 2017 |
| Table 4.4-1 Financial index analysis of Jiangsu Changqing, H1 2017 |
| Table 4.4-2 Balance sheet of Jiangsu Changqing, H1 2017 |
| Table 4.4-3 Income statement of Jiangsu Changqing, H1 2017 |

LIST OF FIGURES

Figure 1.1-1 Ex-works prices of 95% glufosinate-ammonium technical, 97% oxyfluorfen technical, 95% nicosulfuron technical and 95% cyhalofop-butyl technical in China, Q2 2017

Figure 1.1-2 Ex-works prices of 85% clethodim technical, 95% fomesafen technical and 95% bentazone technical in China, Q2 2017

Figure 1.1-3 Ex-works prices of 95% glyphosate technical, 95% atrazine technical, 97% diuron technical, 97% metolachlor technical and 95% trifluralin technical in China, Q2 2017

1. Introduction

This report is about China's herbicides market and company dynamics in Q2 2017. It contains several important parts as follows:

- Mostly ex-works prices of 12 major herbicides with price analysis in China in Q2 2017, which can help you better learn about the herbicides market situation in the second quarter;
- New registrations of herbicides in Q2 2017, from which you can peek into the domestic pesticide development trend;
- Company commercial dynamics of some listed enterprises who were mainly engaged in herbicides production during Q2 2017, which will help you get to know the commercial trend of major companies in insecticide industry;
- The production and exports of the selected listed enterprises during Q2 2017, which can provide you production and sales information of major herbicides;
- Financial analysis of the selected listed enterprises during Q2 2017, from which you can know about the financial situation of these major players in the herbicides market.

2. Approach for this report

Desk research

Sources of desk research are various including published magazines, journals, government statistics, industrial statistics, customs statistics, associated seminars as well as information from the Internet. A lot of work has been done to compile and analyze the information obtained. When necessary, checks were made with Chinese market players regarding market information such as production, demand, consumption, competition, etc.

Telephone Interview

- The interviewees cover:
- Pesticide producers
- Agricultural experts
- Traders
- Local governments
- Researchers
- Farmers
- Associations

CCM carried out extensive telephone interviews with many producers of selected herbicides. From those active producers, potential producers, even producers who stopped production, CCM sourced and verified the detailed production information and market situation as well as players' comments on selected herbicides.

To directly analyse the export situation of selected herbicides, many importers and exporters were contacted whenever the verification was needed and three major herbicides

manufacturers in China have been selected to be analysed in this report.

Data processing and presentation

- Tonne: equals to metric ton in this report
- /t: per tonne
- t/a: tonne/annual, tonne per year
- USD: US dollar, currency unit in the US
- RMB: currency unit in China, also named yuan

The data from various channels have been combined to make this report as precise and scientific as possible. Throughout the process, a series of internal discussions were held in order to analyze the data and draw conclusions from it.

Monthly exchange rates of USD against CNY from Jan. 2017 to July 2017 are as follows:

- In Jan. 2017, USD100 = RMB694.98
- In Feb. 2017, USD100 = RMB685.56
- In March 2017, USD100 = RMB687.98
- In April 2017, USD100 = RMB689.58
- In May 2017, USD100 = RMB697.98
- In June 2017, USD100 = RMB685.56
- In July 2017, USD100 = RMB677.72

3. Executive summary

In Q2 2017, the ex-works prices of most herbicides remained XXX but some XXX in China. Among the XXX insecticide products registered during this period, XXX was the most frequently registered at five times.

Three major listed companies (Jiangsu Flag Chemical Industry Co., Ltd., Hubei Sanonda Co., Ltd. and Jiangsu Changqing Agrochemical Co., Ltd.) were chosen as examples of the herbicide market players in China, covering aspects of commercial activities, production, exports and financial situations. These three companies all had achieved profitability in the first half of 2017 according to their semi-annual reports.

Because the fourth round of XXX has been carried out from July 2017 by the Chinese government, the ex-works prices of most herbicide products are supposed to XXX continuously next quarter in China.

4. What's in this report?

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

1 Overview of herbicide market in China, Q2 2017

1.1 Ex-works prices of herbicide products in China, Q2 2017

In the second quarter of 2017, the prices (ex-works prices, unless otherwise mentioned) of most herbicides remained stable but some fluctuated in China.

Some main herbicides technical were picked out and analysed with ex-works price changes in China in Q2 2017.

The price of 95% glufosinate-ammonium technical showed a relatively XXX trend as a whole in the second quarter of 2017, being USDXXX/t on 8 April and USDXXX/t on 8 July. From the end of 2016, Hebei Province, Sichuan Province, Jiangsu Province and some other areas have expanded the supply of glufosinate-ammonium, but only several manufacturers can produce glufosinate-ammonium in Hebei Province and Sichuan Province at present, and manufacturers in Jiangsu Province currently have been in the testing stage. The price of glufosinate-ammonium will XXX slowly in the short term with more capacity release.

The price of 95% fomesafen technical showed an XXX trend as a whole in the second quarter of 2017. On 8 July 2017, the price of 95% fomesafen technical reached USDXXX/t. from USDXXX/t on 8 April. Specifically, the price of 95% fomesafen technical XXX markedly in April 2017 thanks to the great demand from the foreign market and domestic soybean market as well as the inventory shortage of 95% fomesafen technical in domestic, then the price reached USDXXX/t on 25 April. After May 2017, the price of 95% fomesafen technical kept XXX because the demand for the product decreased due to its high price.

Figure 1.1-1 Ex-works prices of 95% glufosinate-ammonium technical, 97% oxyfluorfen technical, 95% nicosulfuron technical and 95% cyhalofop-butyl technical in China, Q2 2017



Source: CCM

Figure 1.1-2 Ex-works prices of 85% clethodim technical, 95% fomesafen technical and 95% bentazone technical in China, Q2 2017



Source: CCM

1.2 Registrations of herbicide products in China, Q2 2017

Table 1.2-1 New registrations of herbicide products in China, Q2 2017

| No. | Registrant | Registration No. | Active ingredient | Type of formulation | Content | Expiry date |
|-----|------------|------------------|----------------------------|---------------------|---------|-------------|
| 1 | XXX | PD20170991 | Iodosulfuron-methyl-sodium | TC | 94% | XXX |
| 2 | XXX | PD20120690 | Clodinafop-propargyl | TC | 95% | XXX |

| No. | Registrant | Registration No. | Active ingredient | Type of formulation | Content | Expiry date |
|-----|------------|------------------|-------------------|---------------------|---------|-------------|
| 3 | XXX | LS20170211 | 2,4-DB | TC | 95% | XXX |
| ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... |

2 Jiangsu Flag Chemical Industry Co., Ltd.

2.1 Commercial activities

In April 2017, the board of Jiangsu Flag Chemical Industry Co., Ltd. (Jiangsu Flag) had approved the proposal of increasing investment to its subsidiary Huai'an Guorui Chemical Co., Ltd. with USD XXX million (RMBXXX million) which was part of the raised funds. At the same time, Jiangsu Flag announced that a series of projects would be implemented, including the capacity construction of 98% novaluron technical (XXX t/a), 96% spiromesifen technical (XXX t/a), 97% imazamox technical (XXX t/a), 97% imazapic technical (XXX t/a), HPPA (XXX t/a) and HPPA-ET (XXX t/a). Among these projects, the capacity construction of HPPA and HPPA-ET will be carried out by Huai'an Guorui Chemical Co., Ltd.

Also in April 2017, during the 2017 New Material Creation Contest in Nanjing, China, the chairman of Jiangsu Flag said that the company would increase investment in the independent R&D of new materials and accelerate mergers and acquisitions in the field of new materials, which would speed up the development of new material layout of the company.

2.2 Production

Jiangsu Flag is mainly engaged in the research, production and sales of pesticides and intermediates. The main products of the company are herbicides and insecticides. Herbicides in Jiangsu Flag include XXX, XXX, XXX, XXX, XXX, etc.; insecticides include XXX, XXX, etc.

Table 2.2-1 Capacity and output of major herbicides in Jiangsu Flag, H1 2015, 2015 & H1 2016

| Product | 2016 H1 | | 2015 H1 | | 2015 | |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Capacity (t/a) | Output (tonne) | Capacity (t/a) | Output (tonne) | Capacity (t/a) | Output (tonne) |
| Clodinafop-propargyl technical | XXX | XXX | XXX | XXX | XXX | XXX |
| Fenoxaprop-P-ethyl technical | XXX | XXX | XXX | XXX | XXX | XXX |
| Cyhalofop-butyl technical | XXX | XXX | XXX | XXX | XXX | XXX |
| Diflufenican technical | XXX | XXX | XXX | XXX | XXX | XXX |

Sources: CCM

2.3 Exports

Imidacloprid takes up a large share in the insecticide export business of Hailir at present, while acetamiprid only accounts for very little.

Table 2.3-1 Exports of 95% fenoxaprop-P-ethyl technical in Jiangsu Flag, H1 2016 & H1 2017

| Time | Export volume (tonne) | Export value (USD) | Export price (USD/t) |
|---------|-----------------------|--------------------|----------------------|
| H1 2017 | XXX | XXX | XXX |
| H1 2016 | XXX | XXX | XXX |

Source: CCM

The export volume of 95% fenoxaprop-P-ethyl technical by Jiangsu Flag was XXX tonnes in the first half of 2017, while it was XXX tonnes in the first half of 2016. The increase of the export volume of 95% fenoxaprop-P-ethyl technical was mainly due to the decline of the export price, which fell from USDXXX/t in H1 2016 to USDXXX/t in H1 2017. This was mainly due to a sufficient supply and a relatively low domestic market price of the product in china in the first half of 2017.

2.4 Financial situation

Table 2.4-1 Financial index analysis of Jiangsu Flag, H1 2017

| Item | Reference index | Index value |
|------------------------|------------------------------|-------------|
| Earning power | Return on equity | XXX |
| | Return on assets | XXX |
| | Operation profit of entirety | XXX |
| | Cost and expense ratios | XXX |
| Operation capability | Total assets turnover | XXX |
| | Receivables turnover | XXX |
| | Current assets turnover | XXX |
| Debt-paying ability | Asset-liability ratio | XXX |
| | Quick ratio | XXX |
| | Current ratio | XXX |
| Development capability | Revenue growth ratio | XXX |
| | Operating profit growth rate | XXX |
| | Total assets growth rate | XXX |

Source: Jiangsu Flag Chemical Industry Co., Ltd & CCM

Table 2.4-2 Balance sheet of Jiangsu Flag, H1 2017

| Item | Terminal of the period (RMB) | Beginning of the period (RMB) |
|---------------------------|------------------------------|-------------------------------|
| Cash and cash equivalents | XXX | XXX |
| Settlement fund | XXX | XXX |
| ... | XXX | XXX |

Source: Jiangsu Flag Chemical Industry Co., Ltd

Table 2.4-3 Income statement of Jiangsu Flag, H1 2017

| Item | Terminal of the period (RMB) | Beginning of the period (RMB) |
|---------------|------------------------------|-------------------------------|
| Total revenue | XXX | XXX |
| Revenue | XXX | XXX |
| ... | XXX | XXX |
| ... | XXX | XXX |

Source: Jiangsu Flag Chemical Industry Co., Ltd

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If you want more information, please feel free to contact us

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