

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

2 Anhui Huaxing Chemical Industry Co., Ltd.

2.1 Company info

2.1.1 Basic info

Table 2.1.1-1 Basic info of Anhui Huaxing, 2013

Company name	Anhui Huaxing Chemical Industry Co., Ltd.		
Business address	Wujiang Town, He County, Ma'anshan City 238251, Anhui Province		
Website	http://www.huaxingchem.com		
Tel.	+86-555-5962878		
Fax	+86-555-5962838		
Establishment date	1984		
Registered capital	USD [REDACTED] million (RMB [REDACTED] million)		
Company type	<input type="checkbox"/> State-owned <input type="checkbox"/> Private <input checked="" type="checkbox"/> Joint <input type="checkbox"/> Exclusively foreign-owned <input checked="" type="checkbox"/> Listed corporation <input type="checkbox"/> Unlisted joint stock <input type="checkbox"/> Limited liability		
Main business	Production and sale of pesticides and chemicals		
Employee	1,985		
Import-export right	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Party ID	34159100193405910043

Source: Anhui Huaxing

2.1.2 Key points in company history

In 1984, the Pesticide Factory of He County, Anhui Province was founded.

In Feb. 1998, the Pesticide Factory of He County, Anhui Province, was reformed to a private company and renamed Anhui Huaxing Chemical Industry Co., Ltd. (Anhui Huaxing).

In July 2004, Anhui Huaxing (SZ: 002018) got listed in the Shenzhen Stock Exchange.

In Oct. 2006, Anhui Huaxing and Atanor S.C.A. established Anhui Xingnuo Chemical Co., Ltd., which was engaged in the production of PMIDA and 2,4-D.

In Feb. 2008, Anhui Huaxing purchased 100% equity in Anhui Huaxing Hengda Biotechnology Co., Ltd., which was in charge of the sale of pesticides and fertilizers.

In 2009, Anhui Huaxing set up Aigerui International Co., Ltd., which was registered in the US and in charge of the sale of pesticides.

In June 2009, Anhui Huaxing set up Anhui Huaxing Construction Investment Co., Ltd., which focused on the exploitation and sale of real estate, estate management, real estate agency, etc.

In Oct. 2009, Anhui Huaxing and another two companies set up Anhui Huajian Chemical Co., Ltd., which is engaged in the construction business.

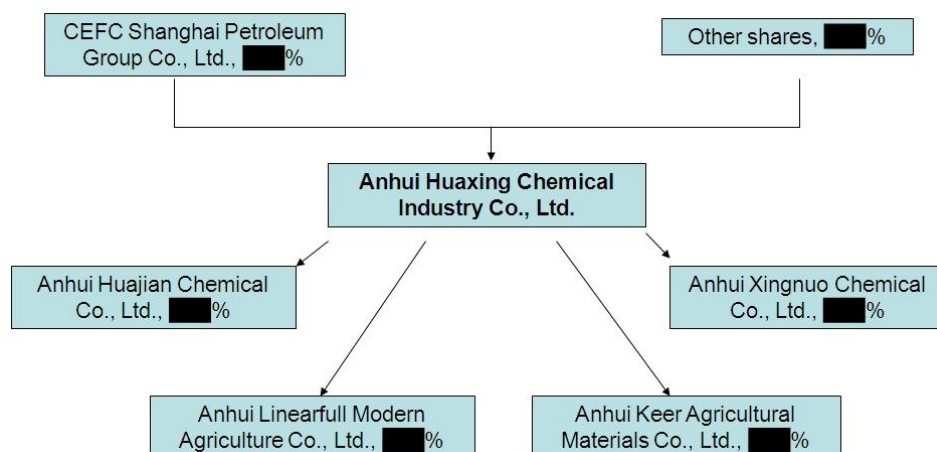
In July 2010, Anhui SinoStar Chemical Group was established.

In Sept. 2012, Anhui Huaxing announced to sell ■■■ % share of Anhui Huaxing Construction Investment Co., Ltd. publicly.

In May 2013, CEFC Shanghai Petroleum Group Co., Ltd. became the largest shareholder of Anhui Huaxing with ■■■ % shares.

2.1.3 Current ownership structure

Figure 2.1.3-1 Ownership structure of Anhui Huaxing, 2013



Source: Anhui Huaxing

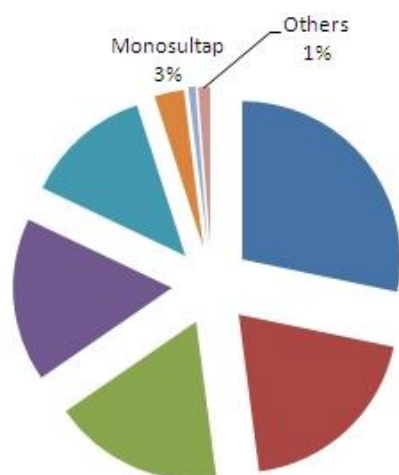
2.1.4 Overall business performance

Table 2.1.4-1 Overall business performance of Anhui Huaxing, 2010-Q3 2013

Time	Total assets	Revenue	Total profit	Share by revenue		Main business
	million USD			Export business	Domestic business	
2010	■■■	■■■	■■■	■■■	■■■	Production and sale of pesticides and chemicals
2011	■■■	■■■	■■■	■■■	■■■	
2012	■■■	■■■	■■■	■■■	■■■	
H1 2013	■■■	■■■	■■■	■■■	■■■	
Q1-Q3 2013	■■■	■■■	■■■	■■■	■■■	

Source: Anhui Huaxing

Figure 2.1.4-1 Pesticide export of Anhui Huaxing by market value and variety, Q1-Q3 2013



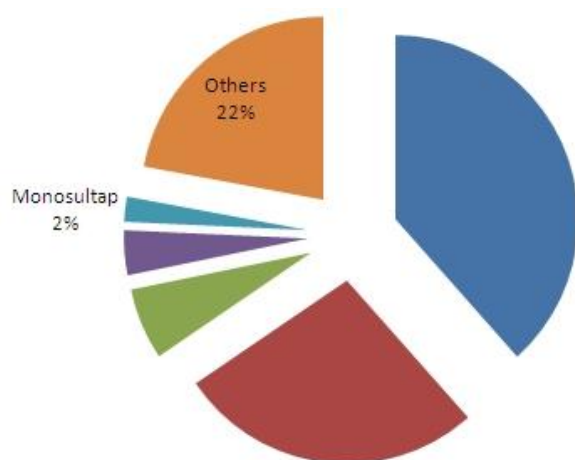
Source: China Customs & CCM

Figure 2.1.4-2 Pesticide export of Anhui Huaxing by market value and variety, 2012



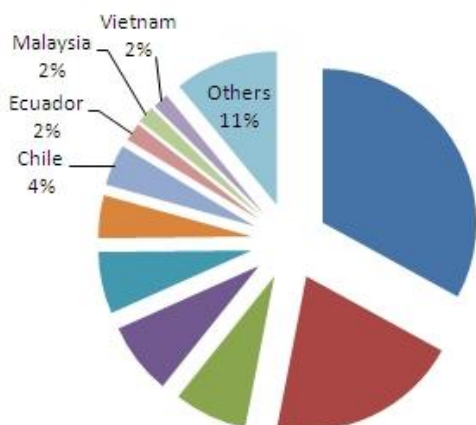
Source: China Customs & CCM

Figure 2.1.4-3 Pesticide export of Anhui Huaxing by market value and variety, 2011



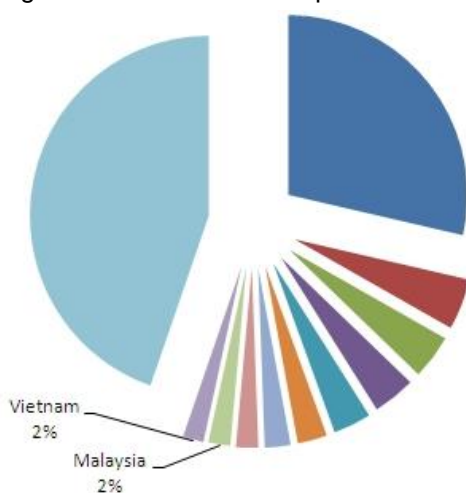
Source: China Customs & CCM

Figure 2.1.4-4 Pesticide export of Anhui Huaxing by market value and region, Q1-Q3 2013



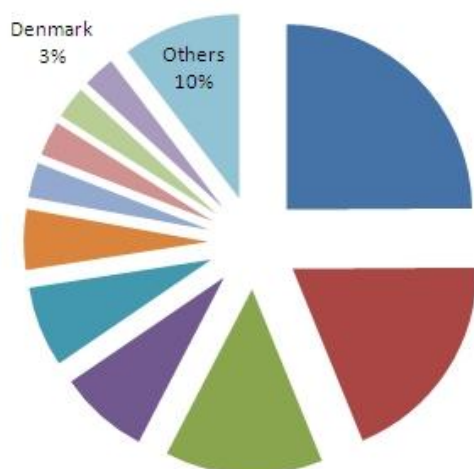
Source: China Customs & CCM

Figure 2.1.4-5 Pesticide export of Anhui Huaxing by market value and region, 2012



Source: China Customs & CCM

Figure 2.1.4-6 Pesticide export of Anhui Huaxing by market value and region, 2011



Source: China Customs & CCM

2.1.5 Product registration

Table 2.1.5-1 Anhui Huaxing's valid technical registrations, as of Nov. 4, 2013

No.	Registration No.	Product	Content	Effective date	Expiration date
1	■	2,4-D	■	■	■
2	■	Acetamiprid	■	■	■
...
36	■	Thiophanate-methyl	■	■	■
37	■	Tribenuron-methyl	■	■	■

Source: ICAMA

Table 2.1.5-2 Anhui Huaxing's valid formulation registrations, as of Nov. 4, 2013

No.	Registration No.	Product	Content	Formulation	Effective date	Expiration date
1	■	Fenoxaprop-P-ethyl	■	■	■	■
2	■	2,4-D butylate	■	■	■	■
...
102	■	Tribenuron-methyl	■	■	■	■
103	■	Tribenuron-methyl-bensulfuron -methyl	■	■	■	■

Source: ICAMA

2.2 Products & investments

Table 2.2-1 Fields of business in Anhui Huaxing, 2011-H1 2013

Category	Share by revenue			Main product
	H1 2013	2012	2011	
Insecticides	■	■	■	■
Herbicides	■	■	■	■
Fungicides	■	■	■	■
Others	■	■	■	■

Source: Anhui Huaxing

Table 2.2-2 Major pesticide products in Anhui Huaxing, 2011-2013

Product	Capacity, t/a	Output, tonne		
	2013	2013E	2012	2011
Chlorpyrifos TC	■	■	■	■
Fipronil TC	■	■	■	■
Glyphosate TC	■	■	■	■
Imidacloprid TC	■	■	■	■
Kresoxim methyl TC	■	■	■	■

Source: CCM

Table 2.2-3 New projects in Anhui Huaxing, H1 2013

Product	Designed capacity, t/a	Process
Ion film caustic soda	■	■

Source: Anhui Huaxing

Table 2.2-4 Anhui Huaxing's investments, 2011-Q3 2013

Time	Investment
April 2011	Anhui Huaxing purchased some permanent assets and 24 formulation technologies of pesticides such as carbendazol from Jiangyin Kaijiang Agro-chemical Co., Ltd., with USD ■ million (RMB5 million).
Oct. 2012	It agreed to make an accumulative payment of USD ■ million (RMB1 million) to Anhui Agricultural University within three years for R&D.
2011-H1 2012	It ran an entire relocation.

Source: Anhui Huaxing

2.3 Marketing, sales mode and commercial activities

2.3.1 Marketing and sales mode

Anhui Huaxing is principally engaged in the production and sale of pesticides and chemical products. The company builds a huge network over the domestic and overseas markets; its products are sold in more than 30 provinces and cities across the country and exported to more than 50 countries in Southeast Asia, South Asia, Europe, America and Africa. The company has set up offices or branches in Vietnam, Pakistan, Argentina and five other countries, established extensive product cooperation and technology communion with multiple international agricultural enterprises and research institutes, and registered many products in Southeast Asia, Europe, North and South America and Africa.

Through the brand strategy, the company has been honored as "National Important High-tech Enterprise". The brand of "Huaxing" has been honored Well-known Trademark of China.

Figure 2.3.1-1 Distribution structure of Anhui Huaxing, 2012



Source: CCM

2.3.2 Commercial activities

In 2009, Anhui Huaxing cooperated with Anhui Huajian Chemical Co., Ltd. to produce phosphorus trichloride.

In 2009, the company announced to cooperate with Anhui Xiyangyang Agricultural Chain Co., Ltd. to sell its products.

In Nov. 2011, it canceled its subsidiary namely Anhui Huaxing Chemical Industry Chongqing Co., Ltd., whose major business of IDAN met weak market expectation.

In Sept. 2012, it announced to sell ■■■ % share of Anhui Huaxing Construction Investment Co., Ltd. publicly in order to enhance its pesticide business.

In May 2013, CEFC Shanghai Petroleum Group Co., Ltd. became the largest shareholder of Anhui Huaxing with ■■■ % shares.

- Overseas market expansion

Now Anhui Huaxing stays at the primary phase of its overseas market expansion, which is usually run by sale cooperation with overseas companies or establishment of branch offices. But the company's steps of overseas expansion slowed down more and more. Its holding subsidiary in the US, namely Aigerui International Co., Ltd. (Aigerui International), has been under preparation these years. However, in Dec. 2012, Anhui Huaxing gave up the shares of Aigerui International because of the high cost to obtain the permission of sale qualification. In addition, it can be said that Anhui Huaxing stands at a relatively low position in the value chain of pesticide products that about ■■■ % of its export value is attributed to PMIDA, a glyphosate intermediate.

2.4 SWOT analysis

- Strength

Anhui Huaxing has applied for 50 patents, including 11 for invention.

The company has established a global marketing network and e-commerce platform with a stable market.

The company actively implements the strategy of forming upstream and downstream industry chain, to reduce production costs and improve competitiveness of products in the market.

The company has advantages in rice insecticides such as monosultap and dimehypo, which are its focuses. It enjoys good brand identification.

- Weakness

Since getting listed, the company's major shareholders continue to sell shares. Still, the company has external financing difficulties.

The company's product structure is simple, with weak risk-resistant capacity. For example, it was confronted with a loss in 2010 because of the sluggish market and oversupply of glyphosate, one of the company's main products.

- Opportunity

With the increasing market demand for pesticides, the company enjoys opportunity to enhance its market share.

The company has registered many products in Southeast Asia, Europe, North and South America and Africa, which helps to improve export of its products.

- Threat

From 2008 to 2011, the company saw an unstable performance in its profit, so the company has external financing difficulties owing to its long-term losses.

With the enhanced resistance of pests, the consumption of monosultap will decrease, which will impact its profitability because the company's output of monosultap is the largest in China at present.