

ADAMA to acquire Huifeng's Crop Protection biz

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ADAMA aims to significantly enhance its business both globally and in China



Leading global crop protection company ADAMA Ltd of Israel has entered into a non-binding memorandum of understanding (MOU) with Jiangsu Huifeng Bio-Agriculture Co., Ltd ("Huifeng"), a chemicals manufacturer located in Dafeng, Jiangsu Province, for the potential acquisition of key parts of its crop protection business.

With this potential acquisition, ADAMA aims to significantly enhance its business both globally and in China. Globally, ADAMA will gain access to backward-integrated and competitive positions in key molecules, which it intends to use to drive significant growth through its worldwide market reach. In China, Huifeng has a strong commercial presence and wide portfolio of product registrations which complement ADAMA's, and thereby will bolster its position and offering in this key market.

Huifeng has been a supplier of intermediates and active ingredients to ADAMA and other leading global crop protection companies, until in March of last year when production at Huifeng's sites was halted due to an investigation by environmental regulators.

ADAMA understands that Huifeng has since invested significant resources to rectify all outstanding environmental matters and is working towards full resumption of production as soon as possible.

All of Huifeng's formulation lines have successfully passed environmental inspections, allowing its formulation activities to resume operation in November. Huifeng has recently announced that eight of its synthesis lines have now resumed operation following the latest inspections confirming their compliance with the relevant environmental requirements. ADAMA further understands that Huifeng is working intensively with the relevant authorities to expedite the full resumption of all production activities.

The two companies have agreed that any potential transaction will be subject to the rectification of all environmental matters which were identified, as well as the full resumption of at all in-scope production facilities.

The business to be acquired is expected to include the agrochemical-related commercial and operational activities of Huifeng's main site located in Dafeng, with the potential to expand the scope of the transaction to also include other selected relevant assets. It is envisaged that relevant assets will be transferred by Huifeng into a new, wholly-held subsidiary prior to Closing, which will then be acquired by ADAMA.

Any potential transaction will be subject to completion of a due diligence review, the execution of definitive agreements, as well as the receipt of all requisite corporate and regulatory approvals.