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# Inside Hailirâ??s next growth phase: Capacity expansion, green chemistry & global ambitions

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Chinese agrochemical manufacturer Hailir Pesticides and Chemicals Group Co., Ltd. is accelerating its long-term strategy of technical material (TC) and formulation integration, as its flagship Qingdao Hengning Biotech Phase II project moves steadily toward commercial scale.

During its earnings presentation on May 8, Hailir addressed investor questions surrounding the progress of Hengning Phase II, profitability trends within its TC business, first-quarter performance fluctuations, and the companyâ??s broader growth roadmap. The message from management was clear: Hailir is doubling down on a â??dual-engineâ? strategy built around TCâ??formulation synergy and balanced domesticâ??international expansion, positioning Hengning Biotech as the core

growth platform of its technical-grade pesticide business.

The Hengning Biotech Phase II project, which broke ground in 2022, has already begun transitioning from construction to operational execution. Among the earliest projects to enter trial production were the companyâ??s 2,000 tonnes/year tolfenpyrad TC and 1,500 tonnes/year dinotefuran TC facilities in 2024.

Hailir has since expanded its investment ambitions. In April 2025, the companyâ??s board approved a new round of large-scale investments at Hengning Biotech, including planned capacities for 6,000 tonnes/year chlorfenapyr, 5,000 tonnes/year fluopyram, 6,000 tonnes/year fluxapyroxad, and 3,000 tonnes/year bixafen, alongside 10,000 tonnes/year difluoropyrazole acid and associated intermediates. Construction on the fluxapyroxad and bixafen projects is currently underway.

While Hengning Biotech remains in an investment-heavy growth phase, its financial trajectory is beginning to improve. The company reported a net loss of RMB 93.7 million in 2025, though management noted that losses narrowed significantly compared with previous periods as newer production lines entered phased commercialisation.

The ramp-up reflects a multi-year capacity expansion strategy that began in 2022, when Hengningâ??s 40,000 tonnes/year agrochemical TC and intermediates project â?? covering products such as difenoconazole, diafenthiuron, chlorfenapyr, and propiconazole â?? entered trial production. By 2023, self-produced propiconazole technical had already entered the market, followed by tolfenpyrad and dinotefuran in 2024.

At the centre of Hailirâ??s long-term strategy is tighter integration between technical-grade pesticide production and higher-margin formulation businesses. The company says it will continue strengthening both production efficiency and market coordination, leveraging proprietary TC supply advantages to expand formulation sales across domestic and export markets.

On the TC side, Hailir is accelerating commercialisation and capacity release for a broad portfolio of active ingredients, including dinotefuran, tolfenpyrad, difenoconazole, propiconazole, diafenthiuron, chlorfenapyr, imidacloprid, acetamiprid, pyraclostrobin, prothioconazole, clothianidin, and emamectin benzoate. Increasing self-sufficiency in technical materials remains central to the companyâ??s margin and supply-chain strategy.

Simultaneously, the company is pushing deeper into differentiated formulations and value-added crop solutions. By leveraging internally produced technicals, Hailir aims to strengthen strategic product portfolios, improve agronomic service systems, expand distribution networks, and increase the profitability contribution of its formulation business.

The company is also positioning sustainability and technological innovation as long-term competitive differentiators. As environmental regulations tighten across Chinaâ??s agrochemical sector, Hailir continues investing in automated and intelligent manufacturing systems while expanding R&D into low-toxicity, environmentally safer pesticide chemistries and next-generation compounds.

Management indicated that Hailir is actively building value chains around key molecules including prothioconazole, pyraclostrobin, thiamethoxam, and clothianidin, while simultaneously advancing new registrations and future compound pipelines.

With environmental compliance increasingly becoming a barrier to entry across Chinaâ??s crop-protection industry, Hailir believes large-scale, standardised manufacturers with integrated production ecosystems are likely to emerge stronger from the next phase of sector consolidation.

As capacity ramps up at Hengning and new compounds move closer to commercialisation, Hailir appears to be positioning itself not simply as a pesticide producer, but as a vertically integrated crop-protection platform targeting long-term global competitiveness.