

Lanfeng Biochemical plans RMB300 Million share placement to reduce debt

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The Chinese agrochemical producer will offer shares to two investment companies controlled by its actual controller, Zheng Xu, with all net proceeds earmarked for repaying borrowings from financial institutions



Jiangsu Lanfeng Biochemical Co., Ltd. plans to raise up to RMB300 million through a private placement of A-shares, directing the entire net proceeds towards repaying borrowings from financial institutions as it seeks to ease debt pressure and strengthen its financial position.

The company announced the proposed placement on 28 September 2026, citing the need to optimise its capital structure, reduce financing costs and support business development across its operating segments. The proposed shares will be listed and traded on the Shenzhen Stock Exchange. The placement will be subscribed to in cash by Anhui Xuhe Capital Holding Co., Ltd. and Anhui Ximing Capital Holding Co., Ltd., both controlled by Lanfeng Biochemical's actual controller, Zheng Xu. As a result, the transaction constitutes a connected transaction.

The two subscribing entities operate primarily in investment and consulting. Xuhe Capital was established on 8 July 2021, while Anhui Ximing was established on 21 June 2024.

Debt reduction takes priority as funding needs rise

Lanfeng Biochemical said its expanding business operations require additional capital for materials and equipment procurement, manufacturing, market development and competition. At the same time, the company faces a relatively high debt-to-asset ratio and tight net cash flow, increasing the need to ease repayment obligations. The proposed placement is intended to reduce liabilities, lower financial expenses and improve the company's financing position. Repaying institutional borrowings, it said, would help stabilise day-to-day operations while preserving the financial capacity needed to execute its business strategy.

The decision places balance-sheet repair at the centre of Lanfeng Biochemical's funding plans. Rather than allocating the proceeds directly to new projects or capacity expansion, the company intends to use the funds to reduce existing debt, potentially improving its financial flexibility as its operating requirements grow. Established agrochemical manufacturer seeks greater financial flexibility

Founded in 1976, Lanfeng Biochemical was listed on the Shenzhen Stock Exchange in 2010 under stock code 002553. Its agrochemical business manufactures and sells technical-grade active ingredients and formulated products across fungicides, insecticides and herbicides.

The company operates a scaled production base that uses phosgene as a core raw material. Its latest capital-raising plan reflects the financial demands that can accompany manufacturing operations, from procuring inputs and maintaining production to competing for market share. The proposed placement remains subject to the applicable approval and implementation procedures. Its financial impact will ultimately depend on the amount raised, the terms of the share issuance and the extent to which debt repayment eases interest costs and improves liquidity.