Early Warning System

IFC-36905

Anyou II

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Quick Facts

Countries	China
Specific Location	Guangxi, Heilongjiang, Jiangsu, Hunan, Hubei and Sichuan Provinces
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Voting Date	2016-11-01
Borrower	Anyou Biotechnology Group Co.,Ltd.
Sectors	Agriculture and Forestry
Investment Type(s)	Loan
Investment Amount (USD)	$ 38.39 million
Project Cost (USD)	$ 90.00 million

Project Description

IFC is considering a long-term local currency loan of around RMB250 million (US$40 million equivalent) to Anyou Biotechnology Group Co., Ltd. (“Anyou” or the “Company”), an existing client of IFC (Project # 31568). The loan will be applied to support Anyou’s capital expenditure and working capital needs for further expansion into frontier regions of China and to strengthen its balance sheet by replacing part of its short-term bank borrowing.
Anyou produces a range of pig and fish feeds in more than 50 production facilities (mills) in 26 provinces in China. Anyou produced 885,000 T of feed in 2015, consisting of 95% pig feed and 5% fish feed. Feed is produced in powder, pellet and granular form depending upon the end use. Anyou’s stock feeds provide superior performance, coupled with strong research and development capability and holistic customer service that addresses feed formulation, livestock management, nutrition and animal health. Anyou owns an animal feed research institute, is an industry leader in piglet feed production, and has more than 20 patents for different types of animal feed. The Company currently employs 3,727 people.

Piglet feed accounted for 88% in of the Company’s revenue in 2015. Anyou’s piglet feeds have high palatability and high lactobacillus content, which can help newly weaned piglets get used to hard feed, reduce weaning stress and better absorb the nutrient content of feeds. For fattening pig feeds, Anyou focuses on low protein, ideal amino acid content and optimal energy consumption, which helps to improve the feed conversion ratio and reduce the production of animal waste (primarily manure and methane) by between 20-40%, contributing to a reduction in the overall environmental impact of pig raising farms.

Anyou’s main customers are small to medium scale pig producers. In 2015 the company supplied around 5,000 pig farms with average sow numbers of between 500-600 sows, that raise a total of 65 million piglets per annum (averaging 21 piglets per sow per annum).

The company has rapidly expanded its operations over the past eight years, increasing total production from 89,700 T in 2007 to 884,700 T in 2015. Anyou has the ultimate aim of reaching 3.0 million T production per annum. Production expansion is based on establishing mills close to the customer base to avoid transport costs and supply delays rather than increasing production at existing mills. Under the proposed investment Anyou plans to build new animal feed mills in a number of frontier Provinces and expand some existing feed mills, increasing total animal feed production capacity by around 800,000 tons per annum.

Anyou also commenced raising breeding sows in late 2015, with the company currently running 13,500 sows on farms leased from growers who were Anyou pig feed customers. Anyou produces genetically improved piglets by using imported semen on most sow raising farms, then selling them to producers who privately run what Anyou terms “scientific farms”. Farms with at least 1,000 sow capacity and good quality facilities are leased for a period of 10 years. Anyou plans to expand this activity to 20,000 sows by the end of 2016 and eventually to 30,000 sows on 12 farms. Anyou also supports privately owned and operated scientific farms by bundling services with the supply of piglets. Services include extension advice on improved pig raising, disease prevention and farm management, and supplying veterinary products, while Anyou feed supply is promoted but not mandatory.

IFC’s investment will be a repeat investment (2013), helping to support the Company’s expansion into frontier regions, creating a development benefit by reducing piglet mortality rates and improving frontier region farmers’ livelihoods. Anyou’s main products are compound feeds, premix feeds and concentrate feeds for pigs, with variations of each of these types of feed produced for different stages of animal life. For all feed categories Anyou has (i) weaning piglet series and (ii) fattening pig series. For premix and concentrate feeds, the Company also supplies breeding pig feed series. Feed is produced as either (i) a

Investment Description

- International Finance Corporation (IFC)

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/