Early Warning System

IFC-38272

Muyuan Loan 3

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Quick Facts

Countries	China
Specific Location	Fugou and Zhengyang County of Henan province
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2016-07-30
Borrower	MUYUAN FOODSTUFF CO LTD
Sectors	Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 39.14 million
Project Cost (USD)	$ 102.00 million

Project Description

Founded in 1992, Muyuan Foodstuff Co. Ltd. ('Muyuan" or the "Guarantor" or the "Group"), is a large-scale, integrated, farrow-to-finish intensive pig breeder and hog producer headquartered in Neixiang County, Henan Province, China. Muyuan is an existing IFC investee. IFC has an equity investment in Muyuan (committed in 2010, project #29089) and has processed two loans, (in 2012, #32156 and 2014, #33505). Muyuan is publically listed in the Shenzhen Stock Exchange since January 2014.Besides its core operations in Neixiang County, Muyuan operates 16 wholly owned subsidiaries scattered in Henan, Shandong, Hubei and Shanxi Provinces. Among them, Dengzhou county (Dengzhou Muyuan), Wolong county (Wolong Muyuan, an IFC loan borrower), Caoxian county (Caoxian Muyuan) and Zhongxiang county (Zhongxiang Muyuan, another IFC loan borrower) are operational close to full capacity, while the rest are either newly-built or at an early stage of operations. The group also has a 40% stake in a slaughter house joint venture with Longda Muyuan Slaughter House (Longda Muyuan) in which the majority partner is Shandong Longda Group Limited, one of the top 10 pork processors and marketers in China.Considering the group's core and subsidiary operations, Muyuan has more than 100 farms, boar stations and breeder farms.

The farms are located away from local communities in rural/agricultural areas. The majority of the land area of each farm is occupied by housing for the pigs. Pigs are provided with on-demand feed and water, the feed being delivered from silos located outside each unit. Sloped floors with mechanical scrapers provided under the farrows allow for the collection and storage of solid waste and urine with subsequent pumping or gravity flow to biogas digestors. Summer cooling is provided through ceiling or wall fans and shutters: buildings are designed to maximize air flow through the unit. Winter heating is provided by piping warm water through a ground level piping system. Farms also have offices, accommodation and a canteen. Additionally, within each county/subsidiary, feed mills (owned by the group in Neixiang and the respective subsidiaries in the remaining counties) are established to provide feed to the farms. Also, each county/subsidiary has an animal waste (dead pigs) treatment plant. At the end of 2015, Muyuan had a capacity of 5.5 million pigs and an annual production of around 2 million hogs and breeders.The proposed investment is a US$40 million long-term local currency loan from IFC to Muyuan's two wholly owned subsidiaries - Fugou Muyuan and Zhengyang Muyuan (the companies) to support Muyuan's further capacity expansion in Henan province by building (a) a 340,000 hog farm in Fugou County; and (b) a 240,000 hog farm in Zhengyang County of Henan Province (the "Project"). After project completion at the end of 2017, Muyuan's production capacity will be increased by 580,000 hogs per annum.

Investment Description

- International Finance Corporation (IFC)

Contact Information

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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/

Other Related Projects

- IFC-43279 Muyuan ASF