Early Warning System

IFC-40616

Chenguang Bio

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Quick Facts

Countries	China
Specific Location	The company's headquater is based in Handan, Hebei province
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Borrower	CHENGUANG BIOTECH GROUP CO LTD
Sectors	Agriculture and Forestry
Investment Type(s)	Grant
Investment Amount (USD)	$ 30.00 million
Project Cost (USD)	$ 40.00 million

Project Description

The objective of the proposed investment of up to US$30 million for Chenguang Biotech Group Co., Ltd. (Chenguang" or the "Company") is to support the company's permanent working capital needs to increase production. Chenguang is a leading producer of natural, plant-based food extracts and additives in China.

The Company currently sources raw materials from Xinjiang Province, China and Andhra Pradesh, India, and is looking to expand its sourcing footprint to Africa, which is the subject of an IFC advisory engagement. Chenguang is headquartered in Hebei Province and is listed on the Shenzhen Stock Exchange with a market capitalization of US$700 million.

The Company uses plant-based inputs including paprika, capsicum, marigold to extract flavoring and coloring ingredients for the food industry as well as active substances for pharmaceutical use. Chenguang's procurement of plant-based inputs provides an invaluable market access for farmers in its supply chain. The company has historically relied on short-term loans for its financing needs and is seeking a long-term loan from IFC to help strengthen its balance sheet and support growth in China as well as in India.

Early Warning System Project Analysis

Investment Description

- International Finance Corporation (IFC)

The total Project cost is around US$30-40 million and IFC investment is an up to US$30 million equivalent.

Private Actors Description

Mr. Lu Qingguo, Chairman, Founder and General Manager, is the largest shareholder of Chenguang with a shareholding of 18.58%. He is an executive council member of the China Food Additives and Ingredients Association. He has over 20 years of industry experience in the natural extracts space.

Chairman Lu Qingguo owns 18.58% of Chenguang and his wife, Ms. Li Yuezhai (board member of the Company) holds 4.17%. 13 senior management team members own 5.35%. The remaining shares are owned by public investors.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Chenguang Biotech Group Co Ltd	Client	-

Contact Information

1/ The Project Contact

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3/The Project Information Access

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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/