

## Blackstone takes stake in China Animal

It is buying \$63m in bonds and shares from the S'pore-listed firm

BY JONATHAN KWOK

CHINA Animal Healthcare, which produces drugs to combat diseases linked to animals, is to receive a major cash injection from one of the world's largest private equity firms.

A fund held by New York-based Blackstone Group is buying about US\$45 million (S\$62.7 million) worth of convertible bonds and new shares in China Animal – the private equity giant's first investment in a Singapore-listed firm.

For its part, China Animal is planning a dual listing in Hong Kong, and on Thursday announced that it has appointed Macquarie Capital as a sponsor for its Hong Kong listing.

China Animal's chief financial officer Edwin Goh said the funds raised from the Blackstone investment will be used for working capital purposes and possible expansion plans. Some of the net proceeds of US\$43.7 million may be used to acquire a research house or another entity with the production licence for the bird flu vaccine in China, if the chance arises.

China Animal holds the production rights for the vaccines for a number of common ailments linked to animals, but not bird flu.

Investors are likely to draw parallels between the latest developments from China Animal and an announcement earlier this week by industrial fishing

firm China Fishery Group that another large private equity firm, Carlyle Group, will plough in up to US\$190 million to become a strategic investor.

Just like China Animal, China Fishery had said that it could conduct another listing, this time in Oslo. But while China Fishery yesterday said it will call off the secondary listing after the cash injection, China Animal said it is full steam ahead for its dual listing plans despite the injection of Blackstone funds. "We are focused and we would like to complete the Hong Kong listing as soon as possible," said Mr Goh. "It is not in the interests of anybody to drag the Listing."

Mr Wang Yan Gang, China Animal's chairman and chief executive, said Hong Kong offers more liquidity than Singapore for shares. In return for the investment, China Animal will issue 20 million new shares to

Blackstone at 35 Singapore cents a share, a total of S\$7 million.

The issue price is at a 9 per cent premium over the counter's last traded price of 32 cents. Blackstone will subscribe to US\$40 million in convertible bonds from China Animal, due for maturity in 2015.

The bonds can be held to maturity or they can be converted to China Animal shares from 2012 onwards.

Mr Goh said that depending on the conversion price and including the placement of new shares, Blackstone would hold between 9.3 per cent and 12.1 per cent of China Animal. The payment for the bonds and new shares will total about US\$45 million or S\$62.7 million.

**Blackstone** ([www.blackstone.com](http://www.blackstone.com)) is one of the world's largest and highly respected private equity fund with fee-earning assets under management of US\$24.3 billion at 30 September 2010. Blackstone has been known for delivering consistent performance & with net IRR ranking in the top quartile or better. Over the last 2 decades between 1987 and 30 September 2010, Blackstone invested in 146 transactions across industries & geographies, with a total transaction value of more than US\$290 billion. Its past investments included the Hilton, Orangina, Nielson and Deutsche Telecom. China Animal Healthcare is Blackstone's 1st investment in a Singapore-listed company & 3rd investment in a PRC-based company.