



Cathay Biotech to Invest USD596.5 Million in Northwest China's Largest Synthetic Biology Project

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(Yicai Global) Oct. 12 -- Chinese biological manufacturer Cathay Biotech is penning an agreement with the Shanxi Transition and Comprehensive Reform Demonstration Zone's Management Committee to jointly build a Shanxi Synthetic Biological Industry Ecological Park for CNY8 billion (USD1.2 billion), and the company plans to invest CNY4.01 billion of this amount, it said in a statement yesterday.

The entire synthetic biology sector, investment sector and the Shanxi government deem the project important. Liu Xiucui, chairman of Shanghai-based Cathay Biotech, called it "the largest project in the history of synthetic biology."

Shanghai-based Cathay Biotech or its subsidiaries and the local management committee will jointly form a project company, which plans to use funds from state-owned entities and government-industry funds to invest a total of CNY3.99 billion in the project, and which may entail the setup of one or more units. As the main investor in the industrial park, Cathay Biotech will hold at least 50.125 percent stake in each project company, the statement said.

The park will house a corn deep processing project with an annual output of 2.4 million tons, a bio-based pentane diamine project with an annual 500,000-ton capacity, a bio-based polyamide project able to turn out 900,000 tons per year and a bio-based long-chain dibasic acid project with an annual 80,000-ton production.

The investment indicates the company's industrial chain positioning strategy, which improves close cooperation with the downstream and optimizes product structure and to place the company in a more advantageous competitive position in the chain, Cathay Biotech said.

The company's funds are mainly raised from its initial public offering, self-owned funds accumulated by operations, and others. The total CNY8 billion invested by both parties is expected to be paid in place within 3 years.

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Cathay Biotech, a unicorn in the new bio-based material field, listed on the Shanghai Stock Exchange's Nasdaq-style Star Market in August this year. It planned to raise CNY4.9 billion, but actually took in CNY5.5 billion in the offering.

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