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Mandarin Capital sells Euticals stake with 3 times return

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SHANGHAI, Feb 27 (Reuters) - Mandarin Capital Partners, the largest Sino-European private equity fund, said on Monday it has sold parts of its stake in Italian pharmaceutical firm Euticals to another fund, realising an investment return of three times -- a record for a China outbound investment fund.

Mandarin Capital, whose investors include Chinese policy lender China Development Bank, sold the stake in Euticals -- which has an estimated enterprise value of more than 300 million euros (\$403 million) -- to Italian private equity fund Clessidra. Mandarin Capital reduced its ownership in the firm to 24 percent from 54 percent, it said in a statement, without disclosing the size of the deal.

Mandarin said that it would still retain control over the company after the transaction. Euticals plans to expand capital in future through business expansion and initial public offerings in China or overseas stock markets.

Mandarin Capital, whose main investors include CDB, the Export-Import Bank of China and the second-largest Italian bank Intesa SanPaolo, is one of the funds set up with the mission of facilitating cross-border investment and aiding overseas expansion by Chinese companies.

In addition to Mandarin Capital, state-backed CDB has also invested in cross-border funds such as Infinity Group and China-Africa Development Fund. Earlier this month, China launched a 50 billion yuan (\$7.94 billion) fund in Shanghai to aid overseas acquisitions by Chinese companies.

Gao Zhen, Managing Partner of Mandarin Capital, said that the Euticals deal exemplifies Mandarin's investment strategies of helping portfolio companies expand in Chinese or European markets and fuel growth through mergers and acquisitions.

Mandarin Capital bought a controlling stake in Euticals in December 2008 and has helped the company build partnerships with Chinese and European companies, and completed four acquisitions.

Mandarin said it would continue to support growth of Euticals, which will seek a presence in Asian markets such as India and China, where the company plans to establish a production base this year.

(\$1 = 6.2978 Chinese yuan)

(\$1 = 0.7428 euros) (Reporting by Samuel Shen and Jacqueline Wong)

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