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SE Business
HD Chinese take 79pc stake in Burra
BY Damon Kitney AGRIBUSINESS
WC 365 words
PD 5 May 2016
SN [The Australian](#)
SC AUSTLN
ED Australian
PG 26
LA English
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LP Just days after knocking back the sale of the Kidman cattle empire to the Chinese, Scott Morrison faces another test after a consortium backed by China's biggest state-owned food group agreed to take a 79 per cent stake in Victoria's [Burra Foods](#).

Under the well-flagged deal, international dairy farming group Inner Mongolia Fuyuan Farming will own the majority share in Burra, a manufacturer of infant formula and other dairy products.

TD [Burra Foods](#) founder and managing director [Grant Crothers](#) and Japanese dairy distributor [Itochu](#) have maintained a 21 per cent interest in the company.

The deal reportedly values Burra at about \$300 million. Fuyuan's investors include [China Mengniu Dairy](#), one of China's largest manufacturing and distribution companies of dairy and ice-cream that is backed by Cofco. The deal is subject to [Foreign Investment Review Board](#) approval.

The Treasurer created a storm when he knocked back a bid for pastoral operator Kidman by Chinese conglomerate Shanghai Pengxin last week, which has since withdrawn its offer for the iconic cattle business.

Last month Mr Morrison approved the purchase of Tasmanian dairy producer VDL by a Chinese bidder, which also drew a storm of protest amid claims a group of Australian bidders was willing to buy the asset.

Mr Crothers said the sales process for his company had failed to attract any Australian bidders. "We had a number of suitors who wanted to work with us, but none of them were Australian," he said. "All the interest was from offshore investors and we chose Fuyuan as a best fit." He said he anticipated [FIRB](#) approval for the deal in the next two weeks.

Cofco president Patrick Yu told The Australian's recent Global Food Forum in Melbourne that Australia was "a crucial area for Cofco's global operations".

He said China's biggest food company viewed Australia as "an important region" for expansion.

"Cofco sees Australia as a place where it could complete its coming overseas layout," Mr Yu said. In 2011, Cofco paid \$145m for [Tully Sugar](#) in Queensland, which supplies 10 per cent of Australia's annual sugar crush.

CO fgivrb : Foreign Investment Review Board | mengnu : China Mengniu Dairy Co Ltd

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AN Document AUSTLN0020160504ec5500004

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