

# INDUSTRY UPDATES

**HD**      **Bright Food sees bright M&A options**

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**LP**

Bright Food **Group** Co, the **Chinese** owner of British cereal maker Weetabix Ltd, said it is seeking acquisitions and has the ability to pay as much as 10 **billion** yuan (\$1.6 **billion**) for a target.

Bright Food is open to buying domestic and overseas companies and it isn't interested in deals that are "too small" and prefers to work on one **acquisition** at a time, Chairman Lyu Yongjie said in an interview on June 18, without providing further details. The **company** is also preparing an initial public offering for its Australian unit Manassen Foods.

**TD**

Bright Food has joined **Chinese** companies including WH **Group** Ltd, Fosun International Ltd and Alibaba **Group** Holding Ltd in pursuing assets overseas. The Shanghai-based **company**, which has interests that span food and beverages, farming and retailing, bought Israel's Tnuva Food Industries Ltd last month following Weetabix, as rising incomes in **China** spur demand for consumer goods.

"**Chinese** food firms seek overseas deals to **acquire** product research capabilities and better resources," said Todd Yang, Shenzhen-based analyst at Guosen Securities Co. "Imported foods are also growing in popularity in **China** and they may also be seeking foreign food brands to address the trend."

Bright Food, which controls Shanghai-listed Bright **Dairy** & Food Co, reached a preliminary agreement last month with private-**equity firm** Apax Partners LLP to **buy** its 56 percent **stake** in Tnuva for about \$960 **million**, according to a person with knowledge of the matter. The Israeli **company** is the country's largest food manufacturer and distributor.

Mivtach Shamir Holdings Ltd, Tnuva's second-largest shareholder with 21 percent, has said it is in talks to sell its holding to the **Chinese company**.

Bright Food, which aims to develop into an international **company**, would consider **acquisition** targets with goods that can be **sold** in **China** and which would allow it to expand its products in their home market, Lyu said. They must also be suitable for a future IPO.

The **group**, established from the merger of four State-owned companies in 2006, has begun preparing to list its Australian unit Manassen Foods overseas and it hasn't decided on the IPO size of the maker of Albatros **bread** and Harringtons chocolates.

The share **sale** could give Bright Food additional financial resources to expand the unit and help fund future buyouts.

The **Chinese company** paid A\$400 **million**, or about \$416 **million**, for 75 percent of Manassen Foods in 2011, according to two people familiar with the deal then. That gave the Australian **company** an enterprise value of A\$530 **million**.

Manassen Foods, whose founder started selling sardines and olive **oil** in Sydney in 1952, currently employs more than 350 people and has businesses in sectors ranging from biscuits to frozen foods. The **company** also distributes brands such as Jelly Belly jelly beans and Castello **Cheese** in Australia.

Bright Food, whose domestic brands include White Rabbit candy, has retail outlets across **China** and also operates tea, **dairy** and rice farms. It sells fresh **milk**, yogurt and baby formula in **China**.

**CO**      alibab : Alibaba.com Corporation | brgfdc : Bright Food (Group) Co Ltd | fosuni : Fosun International Limited | lhihsc : WH Group Limited | mnssfd : Manassen Foods | tnva : Tnuva Central Cooperative for

the Marketing of Agricultural Products in Israel Ltd | wbks : Weetabix Ltd | amezza : Castle Harlan  
 Australian Mezzanine Partners Pty Ltd | mmg : Apax Partners LLP

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