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HD China's New Hope hungry for \$1bn of food assets

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LP China's largest private agribusiness conglomerate, New Hope Group, is on the hunt for food and agricultural assets in Australia.

New Hope Group chairman and billionaire founder Liu Yonghao, in Sydney this week to open his company's first Australian office, plans to invest more than \$1 billion in Australia's farm, food processing and property sectors in the next three years.

TD New investments in fish farming and aquaculture, beef feedlots, organic enterprises, food processing and irrigation farming — but not the vast Kidman beef empire — top New Hope's shopping list.

Mr Liu, whose personal wealth is estimated at more than \$8bn, declined to comment on the recent controversy over the \$300 million bid by Chinese company Shanghai Pengxin to buy the Kidman cattle company, which was vetoed by the federal government. China's state-owned power distributor State Grid was also knocked back from buying the NSW power network AusGrid.

But Mr Liu believes the already considerable investment in local food and agricultural assets by his New Hope Group in Australia has won the tacit approval of the Australian government.

"We feel as a company we have been approved by local authorities (here) for doing the right thing," Mr Liu said.

"By our investments here we have shown to local authorities that we bring more jobs, employment, market opportunities, capital and tax — and that we invest in our business to grow and expand with our local partners.

"We are very confident about investing in Australia." Mr Liu said his preference was to take majority stakes in existing agricultural and food businesses in partnership with local Australian companies, often leaving existing management in place.

"We are focusing on finding strategic partners that we can invest in and together grow bigger and stronger; often the biggest limiting factor here is scale." New Hope Group bought Australia's fourth-biggest abattoir, at Kilcoy in southern Queensland, in 2013 and is increasing its annual slaughter capacity through new investment from 240,000 cattle to more than 500,000. It has also spent more than \$100m funding a majority share of Australian Fresh Milk Holdings, the joint venture company established with the Perich and Moxey dairy families and Freedom Foods to buy and expand the large Moxey Farms intensive dairy operation in the Lachlan Valley near Forbes.

This year New Hope acquired small online vitamin producer Australian Naturalcare, providing New Hope with its third pillar to export in-demand Australian food and health products to China.

All three existing businesses are currently being expanded, thanks to significant investment by New Hope to buy more farms and more dairy cows for AFMH, new Kilcoy processing lines and expansion of its small direct-selling vitamin plant.

Mr Lui said New Hope — which has more than 80,000 employees and annual sales in excess of \$15 billion as China's biggest producer and processor of pork, chicken, eggs, and stock feed, as well as one of its largest dairy producers — is in Australia for the long term.

"People say we are very diversified with healthcare, property, dairy and meat, but I say no, everything is about the health and wellbeing of people in the end," Mr Liu said yesterday.

"That is why Australia is one of our major focus; your farmers are excellent in local expertise and you have some of the best pastures, and clean air, in the world — we realised we don't need to have 100 per cent Chinese control and management to produce great milk and other products." New Hope Group and its listed subsidiary New Hope Liuhe — headed by Mr Liu's daughter Angela — is also a key player in the joint Australia-China ASA 100 group, championed by Australian mining and beef entrepreneur Andrew "Twiggy" Forrest.

The group has won approval to establish a bonded China-Australia food and agricultural Free Trade Zone on the Zhoushan Island, adjacent to deepwater Ningbo Port and across the Gulf from Shanghai.

Mr Liu said his vision was for the special Sino-Australian agricultural export Free Trade Zone to become a food processing hub, with companies like New Hope able to ship their Australian food produce direct to Zhoushan for processing, before it was sold into China or exported to other regions such as Europe, North America and Southeast Asia.

China's food demand is expected to escalate sharply over the next few decades as its population soars and becomes more affluent. Mr Liu was emphatic that China's degraded soils, pollution and urbanisation made food self-sufficiency impossible.

IN i0 : Agriculture

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