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HD China's spirited move on a fine SA winemaker

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LP ONE of China's oldest state-owned liquor producers, Luzhou Laojiao, has bought a multimillion dollar stake in McLaren Vale's Shottesbrooke Vineyards.

The equity and investment deal will see China's third-biggest bai jiu producer responding to changing sensibilities in its home market after more than 400 years in business. Bai jiu is an alcoholic drink made from sorghum and other grains.

TD The spirit maker's investment in the South Australian winery – its sole Australian investment to date - is aimed at helping it corner a share of the growing wine market at home, Shottesbrooke winery owner Hamish Maguire said.

The group has spent more than two years looking for the right partner and chose the McLaren Vale producer over at least 60 other wineries, he said.

Sources said Luzhou Laojiao had paid close to \$5 million to acquire majority stake in the South Australian winery, which also includes sole distribution rights for the China market. Mr Maguire said the investment figure finalised in December was confidential and the deal a “win-win” for both partners.

"It's an investment into our future, which was necessary to ensure we could handle future demand," Mr Maquire said.

Shottesbrooke Vineyards produces 100,000 cases of mostly red wine per year. Mr Maguire said he expected at least half of this would be taken up by the Chinese partner.

Shottesbrooke Vineyards' history dates back to 1984 when former owner Nick Holmes began with the first planting of vines by founder Nick Holmes.

Australia China Business Council SA president Sean Keenihan said he was expecting to see more of this activity in the coming year. "The City of Onkaparinga is one example of how local governments are establishing links with emerging Chinese cities," he said. The City of Onkaparinga hosted a delegation from Luzhou in December, the home of Luzhou Laojiao, and signed a Memorandum of Understanding to enhance the bilateral economic and trade cooperation and cultural exchange between the two cities.

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