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HD EXCLUSIVE; **Chinese buy** nation's largest **dairy**

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LP Australia's largest and oldest **dairy** farm has been effectively **sold** for \$220 **million** to **Chinese** owners. Herman Shao-ming Hu and Kenny Zhang are finalising the **purchase** of a majority interest in the 190-year-old Van Diemen's Land **Company** (VDL) in Tasmania.

Chinese buy nation's largest **dairy**

TD The near-completed deal comes in the same week as federal parliament prepares to debate the **Chinese** - Australia free-trade agreement, and will be a test of Treasurer Scott Morrison's attitude to foreign investment.

Mr Hu and Mr Zhang through their respective companies, [Ryoden Development](#) and the Australia-registered Waratah Corporation, will each **buy** about 35 per cent of VDL from current owner New Zealand's New Plymouth Council.

The other third of Australia's biggest single **milk** producer is set to be bought by the Lempriere Capital **equity** managers, linked to the Melbourne-based Lempriere family, noted wool traders.

The deal is one of Australia's biggest agricultural sales to foreign investors and will require approval by the Foreign Investment Review **Board** as it is significantly larger than the new \$15m approval threshold set earlier this year.

In 2012, the Lempriere **group** also organised the **sale** of Australia's largest cotton farm and irrigation water holder, Cubbie Station, to another **Chinese company**, Shandong Ruyi, for \$240m, retaining a 20 per cent **stake** for itself.

Hong Kong-based Mr Hu and former Howard government communications minister Richard Alston, chairman of Waratah Corporation, visited Tasmania last week to inspect the 25 **dairy** farms owned by VDL.

They met Premier Will Hodgman and State Growth and **Energy** Minister Matthew Groom.

Neither Mr Hu, who is a deputy of **China**'s National People's Congress and chairman of [Hong Kong's City University](#), or Australian-educated mainland **Chinese** property developer and **coal billionaire** Kenny Zhang, have any previous agricultural interests.

But both **Chinese** companies have access to distribution and marketing channels in **China** and **Hong Kong**, where any food and farm products they produce in Australia can be **sold** directly.

VDL's new **Chinese** owners plan to further expand and develop its farms and associated infrastructure to focus on **China**'s growing demand for infant baby formula and **milk**-based health drinks for its ageing population.

There are also suggestions the **company** may build its own **milk** powder plant to enable all its **milk** production, processing and distribution systems to remain within its own networks.

One of the key reasons for Mr Hu and Mr Zhang's interest in VDL is understood to be the location of its **dairy** farms and the 19,000ha of land it owns in remote Tasmania.

They believe foods grown and produced from Tasmania, and potentially marketed under a special new **brand** highlighting VDL's centrepiece station Woolnorth as the location of the world's cleanest air and water at Cape Grim, will sell particularly well in **China**.

VDL runs a massive herd of 29,000 **dairy** cattle on a combined 19,000ha of fertile farmland in northern Tasmanian.

Its 18,000 milking cows, most located on Woolnorth station on the state's isolated northwest tip, as well as 12 other farms, produce more than 100 **million** litres of **milk** a year, making the VDL **company** Australia's largest single **milk** supplier.

The Bureau of Meteorology also has an air-testing station at Cape Grim, while VDL's Woolnorth farm is already home to 62 **wind** turbines, majority-owned by another **Chinese company**, the Shenhua **Energy Group**

Mr Zheng, managing director of Waratah Corporation which started life as his first **business** Waratah Paint, earlier this year flagged his move out of investment in the slowing **mining** and resources sector into agribusiness in Australia and New Zealand.

"With the domestic food safety problem becoming more and more serious, most **Chinese** are paying more attention to safety and healthy food," Mr Zheng wrote in a recent message on his **company** website.

The Tasmanian government, which did not respond to requests for comment yesterday, is understood to be thrilled by the **Chinese** interest — and much-needed foreign capital — into Australia's smallest and poorest state and its booming **dairy** industry.

There are also hopes other **Chinese** investors may now invest in Tasmania's ageing container port at Launceston or at Burnie — as well as in direct shipping services between Tasmania and **China**.

None of the companies involved in the **sale** would comment yesterday.

The **company** has been informally on the market for the past three years, with potential **Chinese** investors always prominent in talks.

Sources told The Australian that, while formal **purchase** papers had not been signed, contracts were well advanced and would proceed to signing ahead of FIRB approval within days.

Lempriere Capital's **purchase** of one-third of Tasmania's biggest **dairy** operation marks a nostalgic return to its roots.

Its heritage goes back to 1823, when Tasmanian woolgrower and trader Thomas Lempriere founded the Bank of Van Diemen's Land, Australia's second bank.

CO ryodn : Ryoden Group Ltd

IN i010010502 : Dairy Cattle Farming | i4131 : Non-frozen Dairy Products | i0 : Agriculture | i01001 : Farming | i0100105 : Cattle Farming | i41 : Food/Beverages/Tobacco | i413 : Dairy Products | icnp : Consumer Goods | ifood : Food Products | ilsfarm : Livestock Farming

RE china : China | austr : Australia | tasman : Tasmania | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRICS Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

IPD Chinese owners | dairy farms | Chinese company | Chinese investors | Chinese buy nation | Chinese interest | mainland Chinese property | Chinese owners plan | Chinese companies | agricultural interests | ageing container | majority interest | air-testing station | Chinese property developer | poorest state | respective companies | wind turbines | booming dairy industry | foreign investors | associated infrastructure | infant baby formula | government communications | managing director | slowing mining | marketing channels | fertile farmland | federal parliament | RURAL REPORTER | State Growth | brand highlighting | noted wool traders | resources sector | northwest tip | formal purchase | dairy operation | ageing population | near-completed deal | domestic food | equity managers | massive herd | company website | milk powder | foreign capital | agricultural sales | approval threshold | milk-based health | distribution systems | China | Tasmania | Australia | coal billionaire | City University | New Plymouth Council | Ryoden Development Ltd. | Congress of the People | Scott Morrison | Richard Alston | Zheng | Lara Giddings | Matthew Groom | Will Hodgman | Kenny Zhang

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