

HD **UPDATE 1-Australia's TreasuryWine denies in talks to be bought by Bright Food**

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* Treasury **Wine**, Bright Food deny they are in talks

* Treasury **Wine** rejected \$2.9 bln KKR bid three days ago

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* Bright Food struck deal for control of Israel's Tnuva this week (Recasts and adds analyst comments)

By Byron Kaye

SYDNEY, May 23 (Reuters) - Australia's Treasury**Wine** Estates Ltd, the world's No. 2 **wine company**, denied it was talks to be acquired by **China's** Bright Food **Group** Co Ltd, the latest potential suitor named in a string of media reports that have sent its share price surging.

Bright Food also denied the report of talks by the Australian Financial Review, which comes just three days after Treasury **Wine** rejected a A\$3.1 **billion** (\$2.9 **billion**) takeover bid from U.S. private **equity firm** KKR & Co.

Treasury **Wine**, spun off from Fosters **Group** Ltd in 2011, has been considered a takeover target since late 2013 when it slashed earnings forecasts, ousted its CEO and revealed that its U.S. arm was forced to destroy **wine** because of oversupply.

Its portfolio, which includes the Beringer and high-end Penfolds labels, makes it especially attractive for companies hoping to capitalise on growing demand for luxury goods in Asia as the region's middle class expands.

Earlier this month, the Australian **firm** denied French liquor giant Pernod Ricard SA and U.S. **wine** behemoth Constellation Brands had made separate approaches for its U.S. **business**.

Treasury **Wine's** shares have jumped since it disclosed the KKR bid, and on Friday the stock was trading at A\$5.21 as of 05.00 GMT, up 5.5 percent and a 10 percent premium to the KKR offer.

"Given that there's other potential buyers out there that may have a lower cost of capital (than KKR), I guess it's not inconceivable that someone comes out with a higher bid and that's what's got the market excited," said Morningstar analyst Daniel Mueller.

A Treasury **Wine** spokesman said there were no discussions between Treasury **Wine** and Bright Food. A Shanghai-based Bright Food spokesman said the **company** had no plans to **buy** Treasury **Wine** or other **wine** makers in Australia.

Bright Food just struck a deal on Thursday to **buy** a 56 percent **stake** in Israel's largest food **company**, **dairy firm** Tnuva, from private **equity** house Apax in a deal estimated to value the **company** at about \$2.5 **billion**.

Others noted that Bright Food does not have that much experience with the **wine** market.

"Bright are more a grocery-based **company** rather than an alcoholic beverages-based **company** - it's what they know and what they do. I would suggest it would be unlikely," said Evan Lucas, market strategist at IG.

"However, the **Chinese** do look for good assets where they can find it. It doesn't matter what it's in, they'll look at snapping it up."

In January it bought Western Australian yoghurt and **cheese** producer Mundella Foods for an undisclosed sum.

In 2011, it paid A\$530 **million** for a 75 per cent **stake** in Australian food supplier Manassen. In 2012, it bought 60 percent of British cereal maker Weetabix for £1.2 **billion** and four years ago picked up a 51 per cent **stake** in New Zealand **dairy** producer Synlait for \$US58 **million**.

(\$1 = 1.0828 Australian Dollars) (Additional reporting by Thuy Ong in Sydney and David Lin in Shanghai; Editing by Edwina Gibbs)

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CO autry : Australia Treasury | eldixl : Foster's Group Ltd | kkr : KKR & Co. L.P. | trzwn : Treasury Wine Estates Ltd | brgfdc : Bright Food (Group) Co Ltd | sabrew : SABMiller PLC

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