

HD **Chinese** money flows into Australian **dairy** sector

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Two **Chinese** companies announced plans on Tuesday to invest hundreds of **millions** of dollars in the Australian **dairy** sector, just as it emerged that the owner of Australia's largest privately owned **milk**-processing **company** had been placed in receivership.

Freedom Foods **Group** Ltd., a listed **milk** and cereals producer, said it had signed a memorandum of understanding with **China**'s New Hope **Group** to develop "large scale intensive **dairy** farms in South East Australia" to supply long-life and fresh **milk** to the **Chinese company**.

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New Hope said it had established a fund of up to A\$500 **million** (\$436 **million**), a "significant portion" of which has been earmarked for investment in **dairy** farms.

Separately, **Chinese** property developer Greenland Holding **Group** Co. said it planned to **buy** Australian **dairy**, beef and **wine** companies to secure supplies for mainland **China**. State-owned Greenland is already in talks to make a first acquisition, its chairman Zhang Yuliang told reporters.

"**Chinese** people's consumption habits are changing," Zhang said. "Our next step is to **acquire** such kinds of Australian companies and import more Australian products into **China**."

Chinese consumption of **dairy** products is expected to grow by about \$23 **billion** over the next four years, increasing the total size of the **Chinese** market by about 50% from its current \$47 **billion**, according to Euromonitor International Ltd., a London-based market research **group**.

Tuesday's announcements are part of a flurry of deals that have been announced to coincide with the signing of a trade agreement between **China** and Australia that will remove tariffs on Australian **dairy** and beef imports into **China**. **China**'s President Xi Jinping and Australian Prime Minister Tony Abbott signed off on a draft deal on Monday, with the final agreement due next year following a legal review of the documents.

Also on Tuesday, Abbott and Indian Prime Minister Narendra Modi agreed to push for a free-trade agreement in a bid to increase their countries' \$15 **billion** of annual trade.

"We have agreed to speed up negotiations on the comprehensive economic partnership agreement," Modi told reporters in Canberra, Australia. "I also asked for easier access for Indian **business** to the Australian market and quicker investment approvals."

Not all the news out of Australia on Tuesday was positive for the **dairy** sector. The future of United **Dairy** Power, a **milk** processor operating in South Australia and Victoria, was thrown into doubt after it emerged that parent **company** Five Star United Food (Aust) Pty Ltd. has been placed in receivership by lender Rabobank **Group**.

The move comes almost 10 months after **Hong Kong**-based businessman William Hui acquired United **Dairy** Power for about A\$70 **million**, using debt financing issued to Five Star.

Rabobank has appointed Rod Slattery of Australian insolvency specialist PPB Advisory as receiver and manager of Five Star. PPB has in turn replaced the CEO of United **Dairy** Power, appointing Marcus Derwin to the role.

"Disagreements between the financier and shareholders [led] the financier to take some action and appointed receivers over the parent entity," Derwin told ABC radio on Tuesday. "I am looking at all of our **business** operations and the strategic options available to UDP **Group**."

CO ausnfh : Freedom Foods Group Limited

IN i010010502 : Dairy Cattle Farming | i0 : Agriculture | i01001 : Farming | i0100105 : Cattle Farming | ilsfarm : Livestock Farming | i41 : Food/Beverages/Tobacco | icnp : Consumer Goods | ifood : Food Products | ifunfod : Functional Foods

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