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Dairy Farm to buy stake in Yonghui



Hong Kong's Dairy Farm is to buy a 19.99 per cent stake in Chinese retailer Yonghui

Hong Kong retailer Dairy Farm International has agreed to pay US\$925m for a 19.99 per cent in China's Yonghui Superstores, reports Planet Retail.

The investment requires Yonghui shareholder approval and is expected to take at least six months to complete.

Yonghui operates some 288 hypermarkets and supermarkets across 17 Chinese provinces, and in 2013 posted full-year revenues of CNY30.5bn, the report said.

Dairy Farm also announced it has entered into a business cooperation agreement with Yonghui, with immediate effect, Planet Retail said.

Under the agreement, the two groups will collaborate in a range of areas, such as procurement, private label product development, fresh food processing and store development.

Commenting on the developments, Dairy Farm Group chief executive, Graham Allan, said: "Modern food retail is a growing category

in China and underlying consumer trends will sustain that growth for many years.

"Yonghui is a high-quality operator that has an unrivalled reputation for its outstanding fresh product offer as well as for bringing innovation and high standards of food quality to the category."