ASIAFRUIT

For fresh fruit and vegetable marketing and distribution in Asia

By John Hey

Thursday 17th March 2016, 7:29 GMT

China Resources buys stake in Scales

Hong Kong-based Chinese state-owned enterprise to pay almost NZ$56m for 15.3 per cent stake in New Zealand's biggest apple exporter

China Resources Ng Fung has acquired a 15.3 per cent stake in Scales Corporation, New Zealand's largest apple exporter, for around NZ$56m.

The deal – announced to the New Zealand Stock Exchange on 15 March – sees the Chinese state-owned enterprise buy 21.5m shares at NZ$2.60 each from private equity company Direct Capital Investments, which is selling down its stake in Scales Corporation to 2.6 per cent.

Settlement of the deal is expected on 21 March, and will bump up foreign ownership of Scales to around 20 per cent. Overseas

Investment Office approval is not required until the foreign ownership threshold crosses 25 per cent.

China Resources has diverse global business interests that include rice production, food research and development, production, processing, wholesale, retail, transportation and international trade. The Hong Kong-based group has announced plans to become the largest fruit and vegetable brand in China.

Scales Corporation's chief executive Andy Borland said China Resources was "a good partner, from a strategic point of view". He told New Zealand's National Business Review

he was hopeful China Resources' strength in consumer goods and its interests in supermarket retailing would help support Scales' sales of its Mr Apple brand in the China market.

Led by Mr Apple's sales of higher value apples to Asia and the Middle East, the horticulture unit has been the standout performer for Scales, which doubled its annual net profit to NZ$38.9m in the year ending December 2015.

"Our Asian sales are good – it's a diverse market and we supply into many countries throughout Asia – the apple season has just started two or three weeks ago, but the market is sold," Borland told National Business Review.