

BUSINESS

Indonesian tycoon Salim makes bid for China Minzhong Food



Anthoni Salim, president and chief executive of Indofood Sukses Makmur, speaks during a press conference in June.

WATARU SUZUKI, Nikkei staff writer

September 7, 2016 21:56 JST

JAKARTA -- Anthoni Salim launched a takeover bid for Chinese vegetable processor China Minzhong Food, a move that, if successful, will consolidate the Indonesian tycoon's control over the company as he expands his food operations across the world.

In a stock exchange filing on Wednesday, Singapore-listed China Minzhong said Marvellous Glory Holdings, an investment vehicle incorporated in the British Virgin Islands, has offered to acquire all of its shares. Salim owns 92.99% of Marvellous Glory.

The bid offers shareholders either 1.2 Singapore dollars (\$0.89) per share in cash or a combination of cash and bonds that can later be exchanged into China Minzhong shares. In both cases, the total acquisition value is 786.52 million Singapore dollars. China Minzhong's shares shot up 18.23% to S\$1.135 on Wednesday.

About 83% of China Minzhong's shares are already owned by **Indofood Sukses Makmur**, an Indonesian food company controlled by Anthoni's Salim Group conglomerate. The offer is aimed at buying out independent investors and delisting China Minzhong from the **Singapore Exchange**. Taking China Minzhong private will enable "greater control and management flexibility in the implementation of any strategic initiatives and/or operational changes of the company and its subsidiaries," the filing said.

Based in Fujian province, China Minzhong produces and sells fresh and processed vegetables. The company has seen earnings decline in 2015 due to weakness in China's economy. In a separate filing, Indofood said it wants to maintain a 29.94% stake in China Minzhong by choosing the cash and bond option, citing potential synergies between the two companies. The deal is subject to approval from Indofood's independent shareholders.

Salim Group has been keen on acquisitions and partnerships to build up its core food business, which is currently centered on Indofood, one of the world's largest producers of instant noodles. The group has partnered with a Malaysian poultry company to set up a chicken business in Indonesia, and is in discussions with Japan's **Nisshin OilliO Group** to start a chocolate joint venture.

The bid showed that earlier plans for China Minzhong's current CEO to buy a majority stake from Indofood in Minzhong is dead in the water. An agreement was first announced in December 2014 but had been put on hold due to funding issues.

Indofood first bought a minor stake in China Minzhong in early 2013. It boosted its stake by November the same year after a report by U.S. based research company Glaucus Research questioning China Minzhong's accounts triggered a plunge in the company's stock price.