

Stoner's mandarin drink business joins Chinese ASX listing trend

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Bojun Agricultural Holdings chairman, Andrew Stoner, on a wet day inspection of the company's orchards in Jiangxi Province with Bojun founder, Dr Bo Zhu, and Australian consultant, Dr Caroline Hong.

Mandarin juice might not seem like a blue chip investment stock, but former NSW Deputy Premier, Andrew Stoner, says it is a big deal in China, and getting bigger.

In fact, China's Bojun Agricultural Holdings is so confident about the growth prospects of its beverage business it wants to plant the special Nanfeng mandarin variety in Australia.

Bojun, which boasts sales leadership in a specialist fermented citrus drink category in China, is also preparing to float its business on the Australian Securities Exchange (ASX) in November.

It is following the lead of several Chinese-based agricultural companies which have listed on the local market in the past few years to raise cash from local investors and link with Australian farm sector expertise.

We have plenty of good farmers and citrus production expertise which could contribute to this venture and add value on both sides- Andrew Stoner, Bojun Agricultural Holdings Mr Stoner, who led the NSW Nationals in state parliament for 12 years until 2015, is chairman of Bojun's local offshoot.

Among various Asian business interests he now has, Mr Stoner is also a director of the China Dairy Corporation (CDC), which floated on the ASX in May last year.

Chinese ag's ASX ties

CDC breeds and leases, or jointly owns, cows supplied to large Chinese dairy farms, while also selling milk from its own northern Chinese farms which run about 31,000 head.

Other China-based farming ventures to list here since 2015 include another big citrus operation, Dongfang Modern Agricultural Holding Group, based in the same south eastern area as Bojun (Jiangxi Province), which ranks as China's largest citrus producer, and horticulture producer, Jiajiafu Modern Agriculture, which grows and markets across Shandong Province.

Beverage maker, Bojun, recently signed a memorandum of understanding with the NSW government with a view to introducing the small and sweet Nanfeng mandarin fruit in trial plantings.

Mr Stoner said other states had similar potential as sources for fresh fruit or juice for export back to China.

"We have plenty of good farmers and citrus production expertise which could contribute to this venture and add value on both sides," he said.

Attracted by Australia's big pool of superannuation funds under management and Australian interest in share ownership, Bojun will use its local listing to fund crop research here before buying or leasing orchard country and establishing ties with existing citrus growers.

It plans to raise up to \$12 million in its initial public offering which will also pay for factory upgrades and marketing expansion plans in China and elsewhere.

Beverage market growth

Mr Stoner said there was good market potential for the company's canned, low-sugar fermented beverages and a natural snack confectionery made from mandarin pulp outside China, particularly Japan and Korea, and even in among Australian migrant Asians.

Apart from its refreshing taste, the mandarin "fruit vinegar" drink is promoted for its health attributes, which the company believes could be enhanced if the ingredients were grown in Australia.

The company, founded by Chinese horticulturist and director, Dr Bo Zhu, 11 years ago, has three other Chinese-born directors, including former ASX principal advisor on company listings, Nicholas Ong.

Mr Stoner said launching in Australia created many opportunities for Bojun to develop further in China and become a prominent player in the fruit-based food and beverages industry and as a supplier of Australian agricultural products to China.

Bojun Agriculture is offering between 24m and 40m shares at 30 cents each, which Mr Stoner regarded as “a good investment” considering the company had no debt and had grown its market significantly in the past decade and continued at pace.

At maximum subscription it will have a local market capitalisation of about \$41m, with 20pc ownership retained by its original Chinese investors.

Mr Stoner’s Chinese connections began when he held the state government’s trade and investment portfolio, extending to advisory roles on leaving politics, then board positions.

He holds directorships in several Chinese-run business, plus Australian companies with interests ranging from food waste recycling to aviation training and oyster farming, while specialising in Australia-Asia investment advisory roles in the agribusiness, property and migration fields.

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