

Disposal of HP's ethnic foods business

1. Heinz wished to sell HP's ethnic foods business to Associated British Foods plc (ABF) for a total consideration of £[REDACTED] million.
2. HP's ethnic foods business manufactures and sells certain ethnic foods. These foods are generally sold to wholesalers servicing the ethnic wholesale and restaurant trade (known as 'the ethnic channel'). The HP ethnic foods business comprises:
 - (a) the packing of Rajah branded products;
 - (b) the marketing, sale and distribution of the Rajah, Green Dragon, Lotus, Cathay, Dynasty and Maharajah branded ethnic food products in any channel;
 - (c) the sale and distribution of Amoy branded ethnic food products in the ethnic channel; and
 - (d) the distribution of certain ethnic food products sourced from third parties [REDACTED].
3. At the time of Heinz's request to us, it had already entered into a conditional sale agreement to sell the ethnic foods business to ABF on [REDACTED]¹
4. [REDACTED]
5. In further support of its request to divest the ethnic foods business, Heinz argued that:
 - it was not integral to the viability of HP and had no connection to any of the relevant products (except for the limited distribution arrangements described above and discussed further below);

¹[REDACTED]

- the turnover of the business was relatively small (£[redacted] million in the UK and £[redacted] million worldwide) as was the business's contribution to HP's group profits ([redacted] per cent);²
- according to Heinz, HP considered that its continued ownership of the ethnic foods business would have a detrimental impact on HP's core business.

6. ABF told us that sales of the HP products in the ethnic channel (the distribution rights that would be granted to ABF on completion of the sale of the ethnic foods business) amounted to only approximately [redacted] per cent of overall sales of HP sauces in the UK. ABF also pointed out that these sales would mainly be of catering-size packs and not retail-size packs.

²[redacted]