

Court declares bankruptcy of Sanlu Group

A Chinese local court declared Thursday the Sanlu Group at the heart of the country's milk contamination scandal goes bankrupt.

Related readings:

- ◆ [Sanlu ex-boss gets life for milk scandal](#)
- ◆ [Two get death in tainted milk case](#)
- ◆ [Sanlu Group fined nearly 50m yuan over melamine scandal](#)
- ◆ [China exports fewer dairy products on Sanlu milk scandal](#)

The Intermediate People's Court of Shijiazhuang, capital of the northern Hebei province, accepted the bankruptcy petition for Sanlu, who faced a 1.1 billion yuan (\$161 million) debt, last December.

Sanlu Group had failed to repay the outstanding debts, and its debts surpassed its assets. It met the conditions for bankruptcy, according to the court order.

Sanlu Group has 274 creditors, with the largest being Sanlu Business and Trade Company, a wholly-owned subsidiary of the group itself. The other creditors include banks, distributors and suppliers.

On December 19, the group borrowed 902 million yuan (\$132 million) to pay the medical fees of children sickened by its melamine-tainted baby formula and to compensate the victims, which increased its debt to 1.1 billion yuan.

Beijing Sanyuan Foods Co Ltd, a potential buyer of Sanlu assets, said Thursday it did not know the details of Sanlu's bankruptcy, but was watching developments closely.

"When the auction notice for Sanlu is published, our board of directors will meet to decide whether to bid and discuss related details," Wang Qian, secretary of the board of Sanyuan, told Xinhua.

Sanlu leased its plants to a subsidiary of Beijing Sanyuan Foods Co Ltd in December, days after the bankruptcy petition was accepted by the Shijiazhuang Intermediate People's Court.

Sanlu stopped production on September 12, after its melamine-tainted baby milk powder was found to have caused the deaths of at least six children and kidney problems in thousands of others.

Last month, it was fined 49.37 million yuan by the Shijiazhuang court, which also handed down a life sentence to Sanlu chairwoman Tian Wenhua.

(For more biz stories, please visit [Industries](#))