THE UNIVERSITY OF SYDNEY

Demystifying Chinese investment in Australia

20th Edition – Updated
April 2024

KPMG

About our reports

KPMG and The University of Sydney formed a strategic relationship to research and publish insights on Chinese investments. Our first report was launched in September 2011, and this is the 20th Demystifying Chinese Investment report in our series. This report examines Chinese investment in Australia for the calendar year 2023.

The catalyst for our report series was the lack of detailed factual information about the nature and distribution of China's outbound direct investment (ODI) in Australia. Without this information, there is misinformation and speculation. Our reports seek to set the record straight and debunk the myths associated with Chinese investment in this country.

Access previous Demystifying Chinese Investment in Australia **reports**

Methodology

The dataset is compiled jointly by KPMG and the University of Sydney Business School and covers investments into Australia made by corporates (not individuals) with head offices based in the People's Republic of China (excluding Hong Kong (SAR) and Macao (SAR)) through mergers and acquisitions (M&As), and joint ventures (JVs).

The data does not include portfolio investments, such as the purchase of stocks and bonds, which do not result in foreign management, ownership or legal control. Our data does not include investments made by entities set up through private family offices or private entities in Hong Kong (SAR), Macao (SAR) and other locations where corporates from People's Public of China do not hold a majority shareholding. 'Real estate' referred to in this report does not include residential apartment and private home purchases.

Our database includes direct investments recognised in the calendar year in which parties enter into legally binding contracts and if necessary, receive mandatory Foreign Investment Review Board (FIRB) and Chinese Government investment approvals. In certain instances, final completion and financial settlement may occur in a later year.

For consistency, the geographic distribution is based on the location of the head office of the Australian target company and not on the physical location of the actual investment project. Completed deals that are valued below US$5 million are not included in our analysis, as such deals consistently lack detailed, reliable information.

Unless otherwise stated, the data referred to throughout this report is sourced from the KPMG/The University of Sydney database, and our previously published reports.[1] The University of Sydney and KPMG teams obtain raw data on China's outbound direct investment (ODI) from publicly available information which is verified, analysed, and presented in a consistent and summarised fashion. Our sources include commercial databases, corporate information, and official Australian and Chinese sources, such as the Australian Bureau of Statistics, FIRB, and the Ministry of Commerce (MOFCOM) of the People's Republic of China.

Our data is regularly updated and continually revised when new information becomes available. In line with international practice, we traditionally record deals using USD as the base currency. However, since 2015 our reports have used AUD for detailed analysis.

Although our data may not encompass the full spectrum of transactions due to the complex nature and vast array of public data available, we believe the KPMG/University of Sydney dataset represents the most consistent, detailed, and current information on Chinese ODI in Australia.

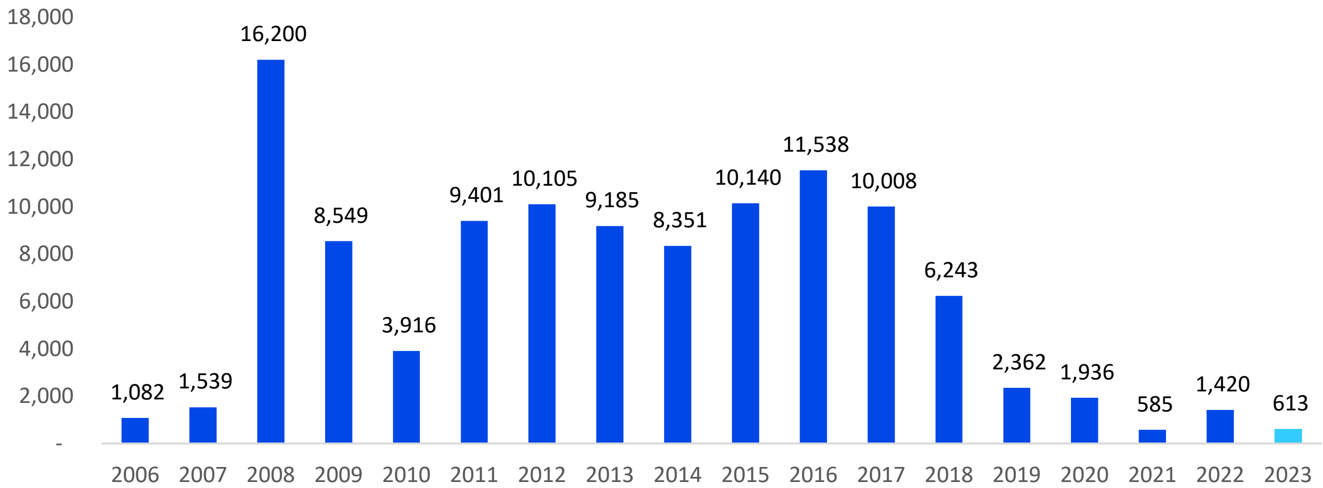
1 Includes Australia & China Future Partnership, September 2011; The Growing Tide: China ODI in Australia, November 2011; Demystifying Chinese Investment, August 2012; The Energy Imperative: Australia-China Opportunities, 25 September 2012; Demystifying Chinese Investment in Australia, March 2013; Demystifying Chinese Investment in Australian Agribusiness, October 2013; Demystifying Chinese Investment in Australia, March 2014; Demystifying SOE Investment, August 2014; Chinese Investors in Australia Survey, November 2014; Demystifying Chinese Investment in Australia, May 2015 Update; Demystifying Chinese Investment in Australia, April 2016; Demystifying Chinese Investment in Australia, May 2017; Demystifying Chinese Investment in Australian Healthcare, January 2018; Demystifying Chinese Investment in Australia, June 2018; Demystifying Chinese Investment in Australia, April 2019; Demystifying Chinese Investment in Australia, June 2020; Demystifying Chinese Investment in Australia, July 2021; Demystifying Chinese Investment in Australia, April 2022; Demystifying Chinese Investment in Australia, April 2023

Chinese investment in Australia in 2023

In 2023, Chinese investment in Australia decreased by 57 percent, from US$1,420 million in 2022 to US$613 million. In Australian dollar terms, the decrease is 56 percent from AU$2,103 million in 2022 to AU$917 million. Eleven completed transactions were recorded in 2023.

2023 is the second lowest year in investment value and the joint-lowest year in number of investment transactions (the same as 2021) since 2006.

CHINESE ODI INTO AUSTRALIA BY VALUE 2006 – 2023 (US$ MILLION)



Source: KPMG/University of Sydney database
Note(i): Prior years' annual figures are updated as new public information becomes available
Note(ii): The 2023 result was updated based on new information received and consistent with our methodology

Selected major Chinese investments in Australia in 2023

TARGET NAME	ACQUIRER NAME	INDUSTRY SECTOR	STATE	FINAL VALUE (AU$m)
Roc Oil Company (49% stake)	Hainan Mining	Energy	NSW	**247**
Moorabool Wind Farm (Holding) and Moorabool South Wind Farm (Holding) (26% stake)	Beijing Energy International Holding	Renewable Energy	VIC	**197**

Source: KPMG/University of Sydney database

By industry

Food and agribusiness represented 40 percent of the overall value through three deals totalling AU$363 million in cotton farming, pet food, and an iconic agriculture estate in Victoria. Additionally, one energy (oil and gas) investment contributed 27 percent or AU$247 million of the overall value, one renewable energy investment comprised 21 percent or AU$197 million of the overall value, and one healthcare investment accounted for AU$62 million or 7 percent of the overall value.

Chinese investment in mining saw a significant decrease from AU$1,809 million in 2022 to AU$34 million in 2023. Chinese investors noted increasing uncertainty regarding investments in the mining sector, especially in critical minerals.

Chinese investment in commercial real estate continued to decline. This significant downturn in investment has been observed over the last few years and is attributed to challenges such as increased financing and construction costs in Australia, regulatory approvals from China, and shifts in sentiment in the Chinese domestic real estate market. We recorded only one completed transaction in commercial real estate in 2023 that complies with our methodology. We observed a number of new investments in the commercial real estate sector executed by family offices and private entities with shareholders of Chinese or Asian backgrounds.

By state

NSW received the largest share of Chinese investment with AU$598 million, accounting for 65 percent of total investment. This is followed by VIC with 32 percent or AU$291 million, and WA with 3 percent or AU$28 million.

By ownership

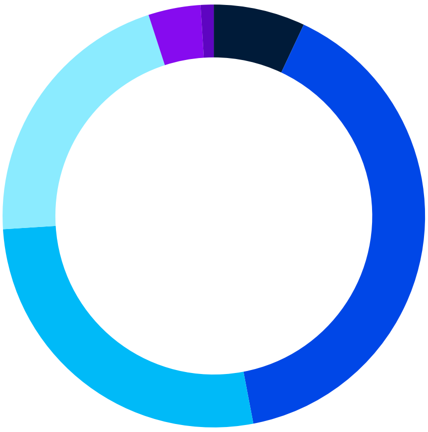
In 2023, investment from privately owned enterprise (POE) dropped from AU$641 million in 2022 to AU$378 million. This investment was distributed across seven transactions in food and agribusiness, healthcare, mining, and commercial real estate. Investments from private Chinese companies accounted for 41 percent of the total investment value in 2023.

State-owned enterprise (SOE) investment experienced a notable decline from AU$1,462 million in 2022 to AU$539 million in 2023. SOE investment represented 59 percent of the total investment value in 2023. The four investments were across mining, energy (oil and gas), food and agribusiness, and renewable energy sectors.

By deal size

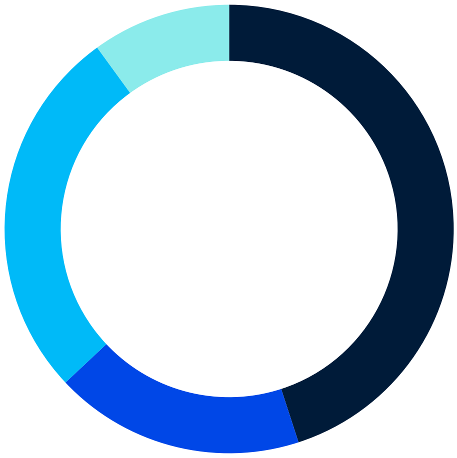
In 2023, the average deal size was AU$83 million, 57 percent lower than the average deal size in 2022 of AU$191 million. Four deals valued above AU$100 million were completed in the year.

CHINESE INVESTMENT IN AUSTRALIA BY INDUSTRY IN 2023 (% OF TOTAL VALUE)



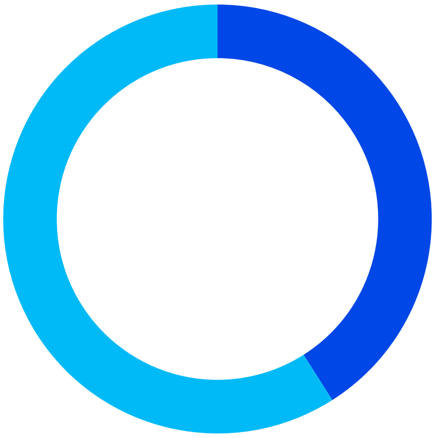
Commercial Real Estate	1%
Mining	4%
Healthcare	7%
Renewable Energy	21%
Energy (oil & gas)	27%
Food and Agribusiness	40%

CHINESE INVESTMENT IN AUSTRALIA BY DEAL SIZE IN 2023 (% OF TOTAL DEAL NUMBER)



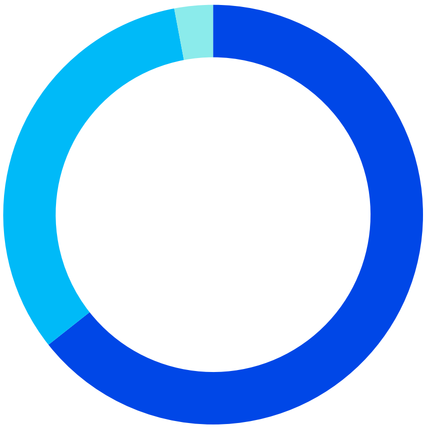
AU$500m–200m	10%
AU$200m–100m	27%
AU$100m–25m	18%
AU$25m–5m	45%

CHINESE INVESTMENT IN AUSTRALIA BY OWNERSHIP IN 2023 (% OF TOTAL VALUE)



POE	41%
SOE	59%

CHINESE INVESTMENT IN AUSTRALIA BY STATE IN 2023 (% OF TOTAL VALUE)



WA	3%
VIC	32%
NSW	65%

Source: KPMG/Sydney University database

Global context 2023

Global Foreign Direct Investment

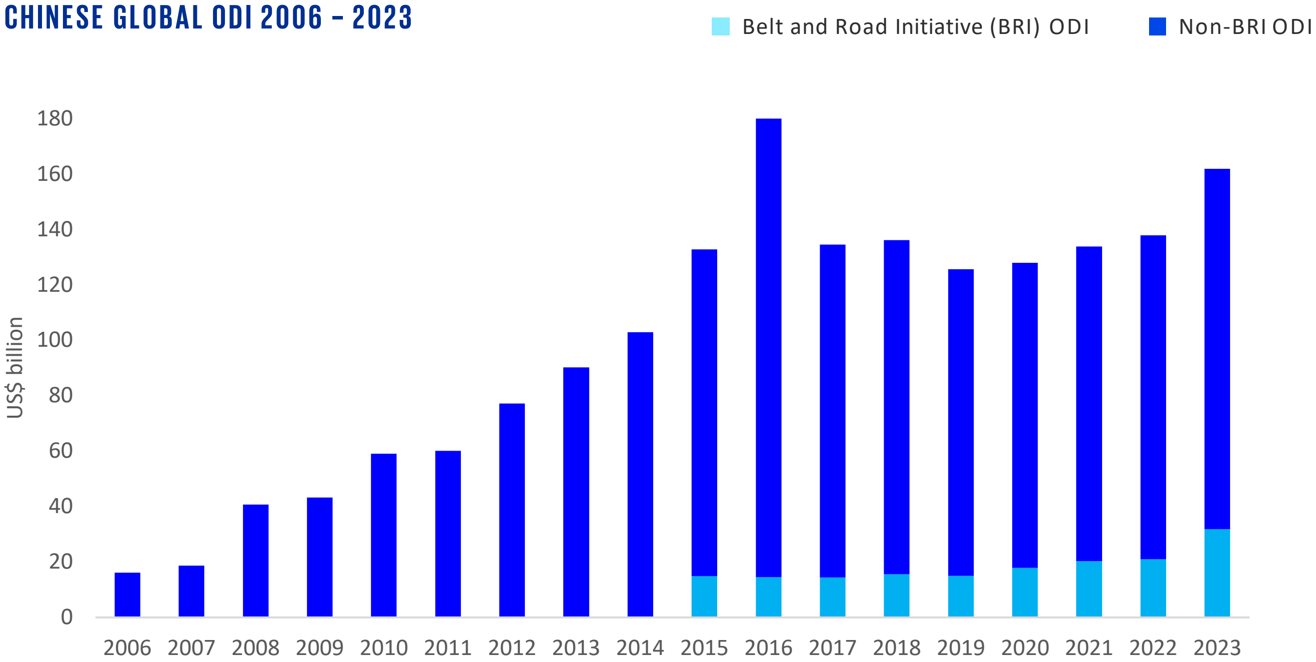
In 2023, overall worldwide Foreign Direct Investment (FDI) flows showed a slight recovery, increasing by 3 percent to reach US$1,365 billion, following a 12 percent decline in the previous year. The 2024 UNCTAD Global Investment Trends Monitor showed a strong recovery of flows into developed countries and a further decline for developing countries. Notably, developed countries experienced a significant rebound of 29 percent, with FDI reaching US$524 billion, up from US$406 billion in 2022. Despite a 3 percent decrease, the United States continued to be the largest recipient country of global FDI.[2]

Conversely, FDI into developing countries decreased by 9 percent to US$841 billion. Specific regions faced notable declines, including a 47 percent reduction in India, a 16 percent drop in the ASEAN region, and a 22 percent decrease in Brazil. China experienced a 6 percent fall in inbound FDI, according to UNCTAD's data. UNCTAD's forecast suggests a cautiously optimistic outlook for FDI in developing countries in 2024, underpinned by a surge in announced greenfield projects across India, ASEAN, China, West Asia, and Latin America, particularly in sectors closely linked to Global Value Chains.[3]

Trends in Chinese Global Outbound Direct Investment

China's State Council reported an 11 percent increase in the country's global non-financial outbound direct investment (ODI) in 2023, totalling US$130 billion.[4] This growth signifies a return to the pre-pandemic investment levels of approximately US$120 billion observed in 2017 and 2018, after a decline to US$110 billion in 2019 and 2020. The recovery brings Chinese ODI back to pre-Covid levels but with a focus towards different regions. Some major destinations for Chinese ODI, such as the United States, have seen Chinese investment fall to levels last seen more than a decade ago.

CHINESE GLOBAL ODI 2006 – 2023



Source: Statistical Communiques of the People's Republic of China on the National Economic and Social Development, various years[5]

[2] Global Investment Trends Monitor No. 46, UNCTAD, accessed 21 March 2023

[3] Foreign direct investment in developing countries fell 9% in 2023, UNCTAD, 22 January 2024

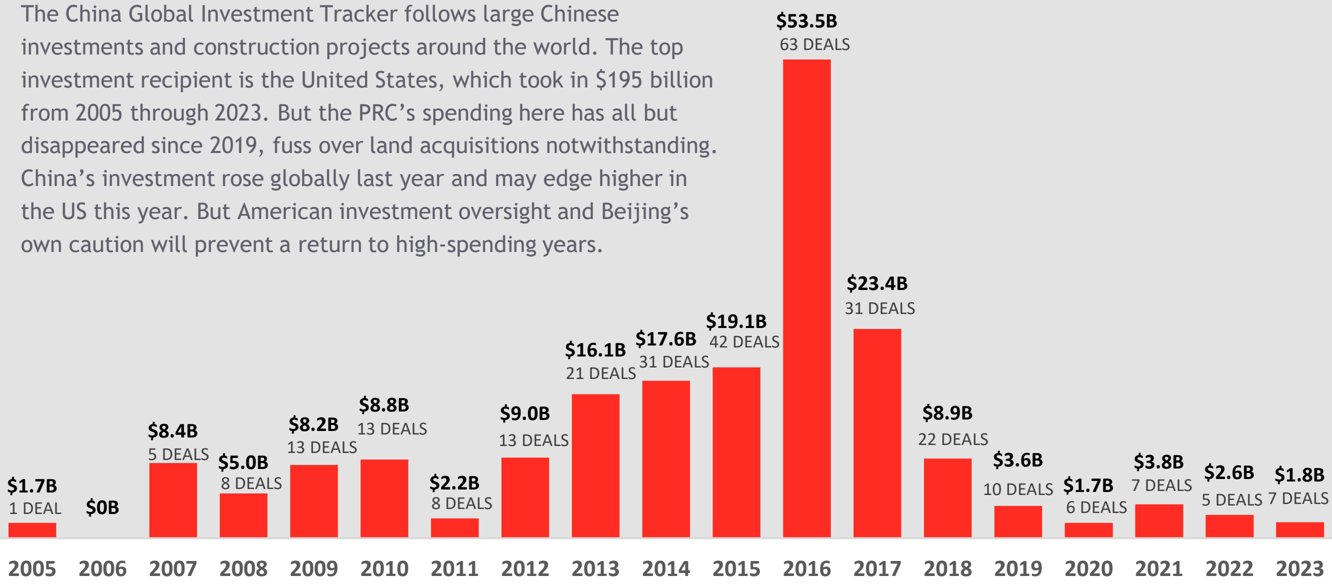
[4] China's outbound investment rises steadily in 2023, The State Council, The People's Republic of China, 10 February 2024

[5] Statistical Communiqués of The People's Republic of China 2005-2021; Statistical Communiqué of The People's Republic of China on the 2022 National Economic and Social Development, National Bureau of Statistics of China, 28 February 2023; Statistical Communiqué of The People's Republic of China on the 2023 National Economic and Social Development, National Bureau of Statistics of China, 29 February 2024

CHINESE INVESTMENT IN THE US

Recent Chinese Investment

The China Global Investment Tracker follows large Chinese investments and construction projects around the world. The top investment recipient is the United States, which took in $195 billion from 2005 through 2023. But the PRC's spending here has all but disappeared since 2019, fuss over land acquisitions notwithstanding. China's investment rose globally last year and may edge higher in the US this year. But American investment oversight and Beijing's own caution will prevent a return to high-spending years.



Source: Derek Scissors, Chinese Investments in the US—Handout, AEI, 24 January 2024

The recent surge in China's global ODI reflects an increased focus on countries participating in the Belt and Road Initiative (BRI). Investments in BRI countries increased by 28 percent to US$32 billion. For the first time, the share of China's ODI going to BRI countries surpassed 20 percent of its total global ODI, marking a milestone in China's global investment strategy.

This trend holds particular significance for Australia, given the potential shift in Chinese BRI investments from infrastructure and resource off-take towards processing sectors. Such a move could present competitive challenges in sectors where Australia has historically attracted investment, exemplified by the nickel mining industry in Indonesia. This evolving landscape suggests the need for strategic adjustments to navigate the potential shifts in global market dynamics.

The Rhodium Group's 2024 study on Chinese electric vehicle (EV) investment highlights a strategic pivot by Chinese investors towards diversifying resources and manufacturing across Europe, the Middle East, North Africa, and Asia. This shift is driven by international supply chain collaboration initiatives which, while lowering the visibility of Chinese investors, embed them more deeply within host markets. This integration is facilitated through joint venture investments with local partners, which marks another shift in global market dynamics.[6]

[6] Gregor Sebastian, Reva Goujon & Armand Meyer, Pole Position: Chinese EV Investments Boom Amid Growing Political Backlash, Rhodium Group, 29 February 2024

Summary

Chinese investment in Australia in 2023 remained subdued with just eleven transactions across 6 industries. The data confirms that Chinese investment in Australia is in a contraction phase, with declines across industries that have traditionally attracted Chinese investment, such as commercial real estate and mining. This reduction in investment activity corresponds with a larger global shift in China's ODI, which is increasingly flowing to countries associated with the BRI.

While Chinese investor confidence towards M&A in the Australian market remains low, we are seeing increasing interest in greenfield investments, particularly in the EV, PV module and batteries, and industrial machinery sectors. This is driven by the perception that these investments offer lower upfront financial risks and the potential for higher long-term rewards. Such investments also help Chinese investors avoid the complexities and entrenched challenges associated with merging with or acquiring existing businesses in Australia.

Our review shows that the fluctuation in Chinese ODI in Australia can be attributed to a variety of factors. The emergence of Chinese-funded mining and processing ventures in alternative markets, such as Southeast Asia, intensifies these dynamics by creating competitive pressures and diverting attention from Australian opportunities.

Despite these challenges, Australia can leverage its established relationships with Chinese investors in sectors with a long history of cooperation and mutual trust between corporate partners, notably in resources, health, food and agribusiness, and renewables. These sectors represent strategic opportunities for Australia, benefitting from established partnerships, conducive regulatory environments, and collaborative innovation. A strategic focus on these sectors could serve as a foundation for navigating the current investment climate and fostering sustainable economic growth for both Australia and China.

SPECIAL SECTION

Summary of Chinese investment in Australia since 2006

About this summary

Since 2011, KPMG and The University of Sydney have produced a series of detailed reports on Chinese investment in Australia, making this report the 20th edition. This collaboration has been key to delivering comprehensive insights into the dynamics of Chinese investments in Australia, an essential element of the economic ties between the two countries.

This year's report includes a special summary of Chinese investment in Australia, offering a comprehensive analysis of long-term trends and the evolving scale and nature of Chinese ODI into Australia from 2006 to 2023. Over these years, the investment landscape has undergone substantial changes shaped by geopolitical shifts, economic policies, and market dynamics.

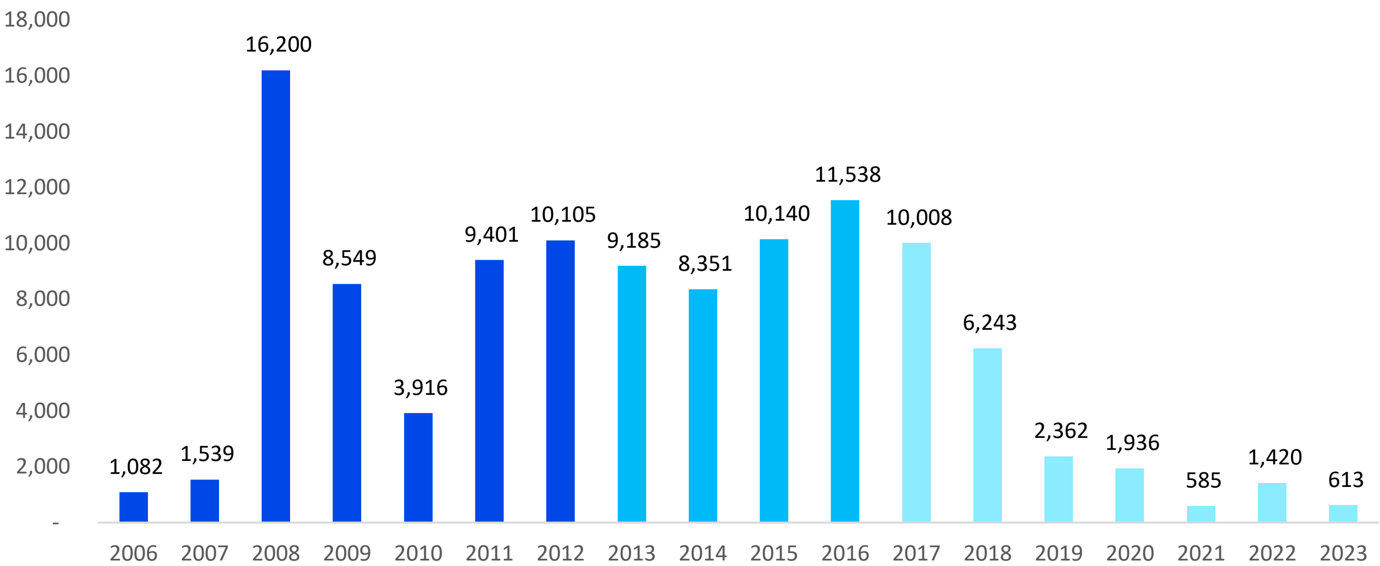
All investment figures presented in this special section are sourced from the KPMG/University of Sydney database, consistent with the methodology outlined at the start of this report.

We hope this report will be a valuable resource for government agencies, investors, businesses, and researchers interested in the trajectory of Chinese investment in Australia. It sheds light on historical and current trends and offers foresight that could assist with strategic planning.

The three phases of Chinese investment in Australia

Between 2006 and 2023, an accumulated total of US$113,173 million was invested by Chinese companies in Australia. The KPMG and University of Sydney dataset recorded 667 completed transactions during this period.

CHINESE ODI INTO AUSTRALIA BY VALUE 2006 – 2023 (US$ MILLION)



Source: KPMG/University of Sydney database
Note(i): Prior years' annual figures are updated as new public information becomes available
Note(ii): The 2023 result was updated based on new information received and consistent with our methodology

The history of Chinese investment in Australia can be divided into three periods: the resources boom period (2006–2012), the diversification period (2013–2016) and the contraction period (2017–2023).

Resources boom period (2006 – 2012)

Between 2006 and 2012, Australia was the leading recipient country of Chinese ODI globally. A total of 128 transactions were completed, amounting to US$50,792 million. During this period, Chinese ODI in Australia was concentrated in the resource industry, with 73 percent in mining and 14 percent in oil and gas.

The transactions were significant in average deal size, with 20 percent of deals having a transaction value of more than US$500 million. There were 45 SOEs involved in 92 transactions, contributing 95 percent of total investment. Their preference in this period was to invest in publicly listed companies.

2008 recorded the peak volume of Chinese investment (US$16,200 million), as a result of Chinalco's investment into Rio Tinto Group.

Diversification period (2013 – 2016)

Since 2013, together with the United States and Europe, Australia has become a strategic investment destination for Chinese enterprises targeting long-term economic integration in growth industries. Between 2013 and 2016, a total of 268 transactions were completed, amounting to a total of US$39,214 million.

Chinese ODI in Australia diversified into non-resources sectors including infrastructure, food and agribusiness, commercial real estate, renewable energy and healthcare.

An increasing number of provincial and smaller SOEs and POEs began to invest in Australia from 2013 onwards. Among these companies were large, established, privately owned and/or listed Chinese companies such as Fosun and New Hope. 2016 was the second highest year of Chinese investment since 2008, with US$11,538 million invested and a total of 103 transactions evenly distributed between SOEs and POEs.

Contraction period (2017 – 2023)

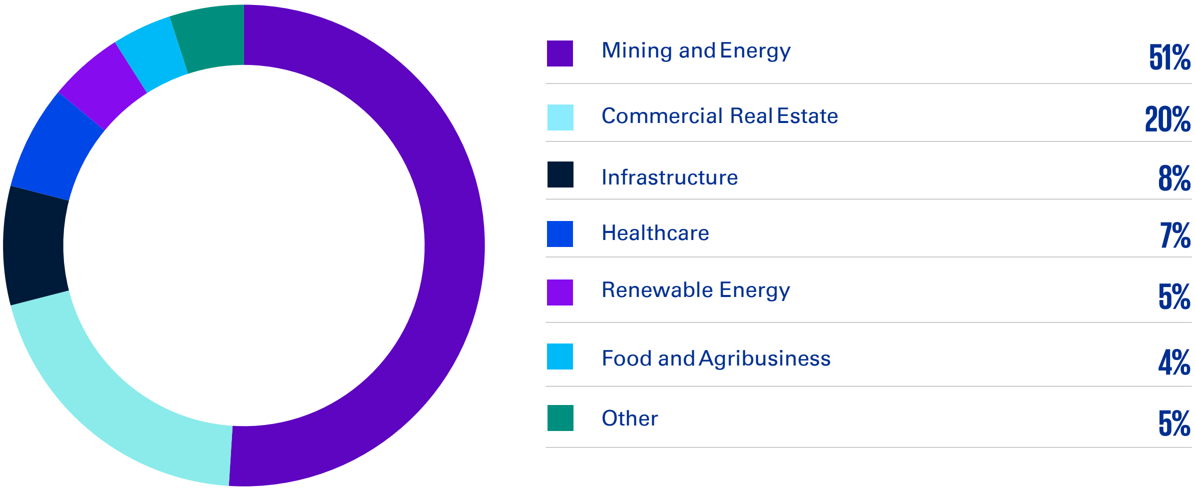
Since 2017, amid global uncertainty, Chinese investment in Australia has experienced a continuous decline. Between 2017 and 2023, a total of 271 transactions were completed, amounting to a total of US$23,167 million. New investment has remained at a very low level since 2019, due to various factors, with the number of completed transactions on a year-by-year basis falling significantly from previous periods. There have been no major infrastructure transactions observed in this period.

In this contraction period, Chinese ODI has primarily been directed into mining, healthcare, food and agribusiness, renewable energy, and commercial real estate.

The six major industries for Chinese investment

The six major industries receiving Chinese ODI are mining and energy, commercial real estate, infrastructure, healthcare, renewable energy, and food and agribusiness.

CHINESE INVESTMENT IN AUSTRALIA BY INDUSTRY 2006 – 2023 (AU$ MILLION)



Source: KPMG/University of Sydney database

CHINESE INVESTMENT IN AUSTRALIA BY INDUSTRY 2006 – 2023

SECTOR	VALUE (AU$ MILLION)	% OF TOTAL INVESTMENT
Mining and Energy	70,836	51%
Commercial Real Estate	27,989	20%
Infrastructure	11,251	8%
Healthcare	9,065	7%
Renewable Energy	6,662	5%
Food and Agribusiness	4,993	4%
Other	6,336	5%

Source: KPMG/University of Sydney database

Mining and Energy

Between 2006 and 2023, the mining and energy sector in Australia emerged as the prime focus for Chinese investors, attracting AU$70,836 million in investments. This accounts for 51 percent of the total investment value from China in AUD.

Since 2006, investments in the mining sector from China into Australia have totalled AU$55,398 million, representing 40 percent of China's cumulative investments in Australia. Meanwhile, the energy sector, including oil and gas, has received a total of AU$15,438 million, representing 11 percent of China's overall investment in Australia.

The bulk of this investment occurred during the resources boom period from 2006 to 2012.

SELECTED MAJOR MINING AND ENERGY TRANSACTIONS

YEAR	TARGET	INVESTOR	VALUE (AU$ MILLION)
2022	Western Range JV	Baowu Steel	1,077
2017	Coal & Allied Industries	Yancoal Australia	3,400
2017	Kwinana Plant and Talison Lithium	Tianqi Lithium	720
2014	Aquila Resources	Baosteel Resources	910
2013	Queensland Curtis LNG	China National Offshore Oil Corporation	1,994
2013	Rio Tinto Northparkes Projects	China Molybdenum Co	892
2012	Extract Resources	Taurus (China Guangdong Nuclear Power Group)	2,200
2012	Gloucester	Yancoal Australia	2,100
2012	Australia Pacific LNG	Sinopec Corp	1,710
2012	Anvil Mining	Minmetals Resources	1,640
2011	Syntech Resources	Yancoal Australia	203
2010	OZ Minerals	Minmetals Resources	2,600
2010	Arrow Energy	PetroChina	1,750
2010	Loscam	China Merchants Group	650
2009	Felix Resources	Yancoal Australia	3,300
2008	Rio Tinto Group (9% stake)	Chinalco	15,000
2008	Midwest Corp	Sinosteel	1,360
2008	AED Oil	Sinopec Corp	600

Source: KPMG/University of Sydney database
Note: Some transactions happened across more than one calendar year. We took the later year as the transaction year for consistency purposes.

Commercial Real Estate

Commercial real estate ranks as the second most significant sector for Chinese investment in Australia, with a total of AU$27,989 million, accounting for 20 percent of the total Chinese investment in AUD terms.

The flow of investments into this sector began to increase in 2013 and hit its highest point in 2015. It started to decline from 2016, falling to AU$14 million in 2023. Investment from China in Australian commercial real estate has been seen across a variety of subsectors, including residential apartment developments, offices, hotels, land and industrial properties.

SELECTED MAJOR COMMERCIAL REAL ESTATE TRANSACTIONS

YEAR	TARGET	INVESTOR	VALUE (AU$ MILLION)
2020	45 Clarence Street	Peakstone Capital	530
2018	One Circular Quay Development	Yuhu Group	804
2016	W Hotel and Ribbon Residences	Greaton Holdings	700
2016	Homebush City Garden, Lidcombe	Yunnan Metro Construction Investment	660
2015	Investa Property Group's portfolio of nine office towers	China Investment Corporation	2,450
2015	Sydney Hilton	Bright Ruby	442
2014	Sheraton on the Park	Sunshine Insurance Group Corporation	463
2014	1 Alfred Street (One Circular Quay Development)	Dalian Wanda	425

Source: KPMG/University of Sydney database

Infrastructure

Infrastructure is the third most popular sector for Chinese investment in Australia. Despite a lack of significant large-scale transactions since 2018, this sector has attracted AU$11,251 million in Chinese investment. This represents 8 percent of China's total investment in Australia.

SELECTED MAJOR INFRASTRUCTURE TRANSACTIONS

YEAR	TARGET	INVESTOR	VALUE (AU$ MILLION)
2018	Railway engineering business from RCR Tomlinson	China Communications Construction Company	100
2017	Trinity	Beijing Enterprises Water Group	250
2016	Asciano	China Investment Corporation	2,450
2016	50-year lease of the Port of Melbourne	China Investment Corporation	1,940
2015	Lease of the Port of Darwin	Landbridge Group	506
2014	John Holland	China Communications Construction Company	1,150
2014	99-year lease (50% stake) of the Port of Newcastle	China Merchants Port Holdings	875
2013	SPI (Australia) Assets (Jemena)	State Grid Corporation of China	2,951
2013	AusNet (19% stake)	State Grid Corporation of China	810
2012	ElectraNet	State Grid Corporation of China	500

Source: KPMG/University of Sydney database

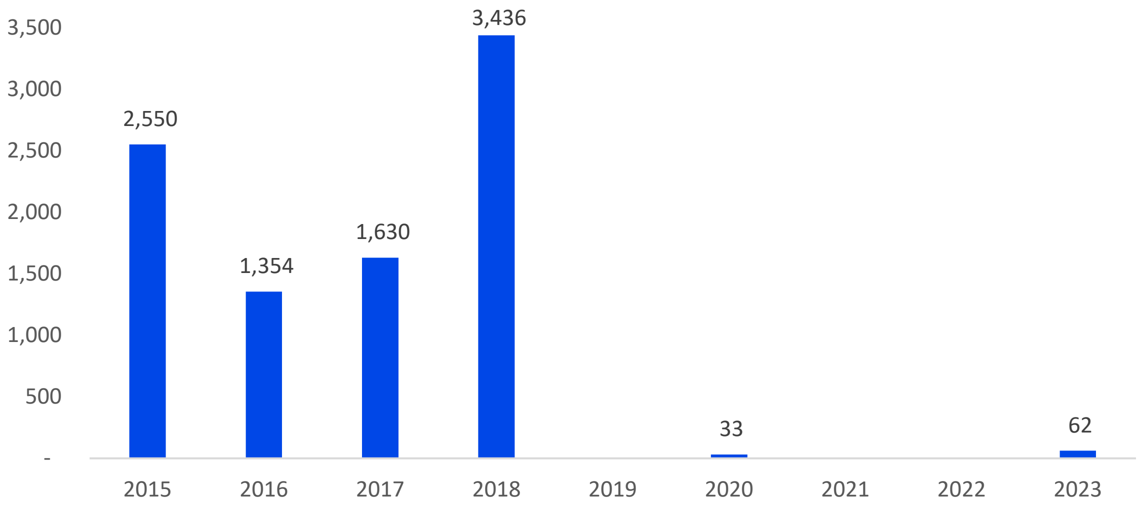
Healthcare

Chinese companies have invested over AU$9,065 million in Australia's healthcare sector since 2015. This corresponds to 7 percent of the total value of Chinese investment in Australia, measured in AUD. The healthcare sector recorded 26 transactions, mostly in the years from 2015 to 2018, with investments divided between healthcare services and health products.

Chinese investment into this sector became significant in 2015 with two major deals: the sale of Swisse Wellness to Biostime and the acquisition of Archer Capital's Healthe Care by Luye Medical Group. In 2018, eight transactions were recorded. The largest deal was by CDH Investments and China Grand Pharmaceutical and Healthcare Holdings to acquire Sirtex Medical for AU$1,900 million.

There were no sizable M&A transactions recorded from 2019 to 2022. In 2023 there was one new investment in the subsector of assisted reproduction.

CHINESE INVESTMENT IN AUSTRALIAN HEALTHCARE 2015 – 2023 (AU$ MILLION)



Source: KPMG/University of Sydney database

SELECTED MAJOR HEALTHCARE TRANSACTIONS

YEAR	TARGET	INVESTOR	VALUE (AU$ MILLION)
2018	Sirtex Medical	CDH Investments and China Grand Pharmaceutical and Healthcare Holdings	1,900
2018	Nature's Care	China Jianyin Investment and Tamar Alliance Fund	800 (total transaction value)
2018	Life-Space Group	By-Health	702
2017	Icon Cancer Care Group	QIC, Goldman Sachs Private Equity Group and Pagoda Investment	1,100 (total transaction value)
2017	Ansell's Sex Wellness Division	Humanwell Healthcare (Group) and CITIC Capital China Partners III	800

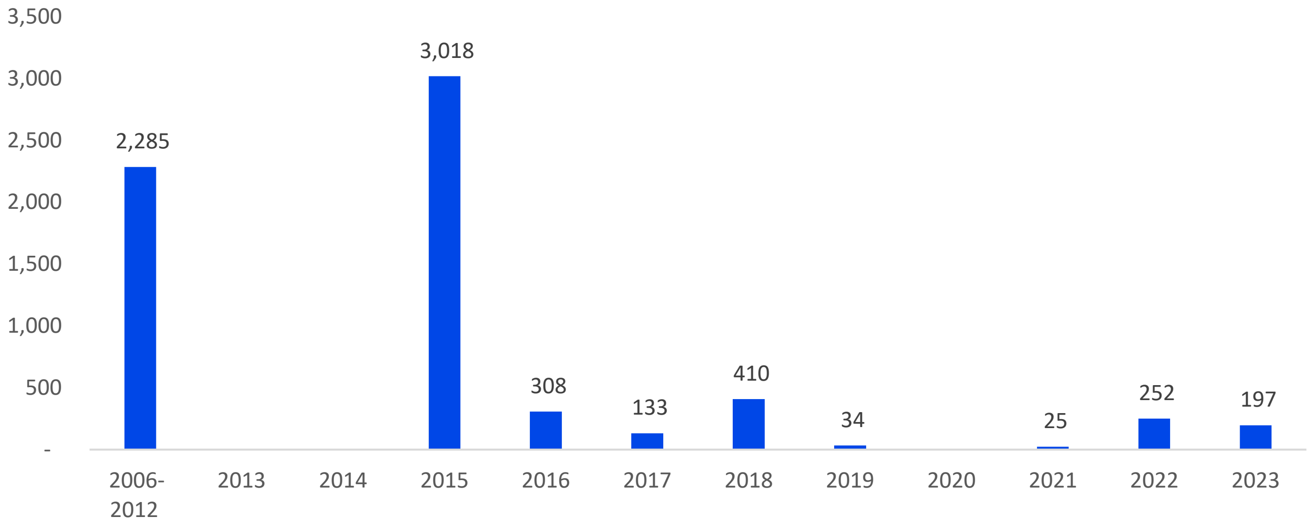
YEAR	TARGET	INVESTOR	VALUE (AU$ MILLION)
2017	PPR Diagnostic Imaging	Hengkang Medical Group	337
2016	Genesis Care	China Resources and Macquarie Capital Group	1,700 (total transaction value)
2016	Vitaco Holdings	Shanghai Pharmaceuticals and Primavera Capital Fund	314
2016	Swisse Wellness Group	Biostime International Holdings	311
2015	Swisse Wellness Group	Biostime International Holdings	1,380
2015	Archer Capital's Healthe Care	Luye Medical Group	938

Source: KPMG/University of Sydney database

Renewable Energy

Chinese investment in Australia's renewable energy sector has totalled AU$6,662 million since 2006, representing 5 percent of China's total investment in AUD terms. There has been more investment into wind farm related projects than solar. The largest transaction in this sector was SPIC's acquisition of Pacific Hydro in 2015.

CHINESE INVESTMENT IN AUSTRALIAN RENEWABLE ENERGY 2006 – 2023 (AU$ MILLION)



Source: KPMG/University of Sydney database

SELECTED MAJOR RENEWABLE ENERGY TRANSACTIONS

YEAR	TARGET	INVESTOR	VALUE (AU$ MILLION)
2023	Moorabool Wind Farm (Holding) and Moorabool South Wind Farm (Holding) (26% stake)	Beijing Energy International Holding	197
2022	Moorabool Wind Farm (Holding) and Moorabool South Wind Farm (Holding) (25% stake)	Beijing Energy International Holding	188

YEAR	TARGET	INVESTOR	VALUE (AU$ MILLION)
2018	Cattle Hill Wind Farm	PowerChina Resources	330 (total project investment)
2017	Stockyard Hill Wind Farm	Goldwind International	110
2016	Taralga Wind Farm	State Power Investment Corporation	300
2015	Pacific Hydro	State Power Investment Corporation	3,000

Source: KPMG/University of Sydney database

Food and Agribusiness

The food and agribusiness sector in Australia has received AU$4,993 million from Chinese investors, making up 4 percent of the total Chinese investment, as measured in AUD. Interest from Chinese investors in this sector has remained high since 2006, though actual transactions were sparse before 2013. A noticeable surge in large-scale investments occurred after 2015. Investments peaked in 2016, 2017, and 2019 with over AU$1,000 million received by this sector in each of these years. Chinese investors invested in dairy, sugar, cotton, livestock, meat processing, vineyards, and other agribusinesses.

A notable transaction took place in January 2023 when Zhejiang Sunrise Garment Group, a textile manufacturer from China, acquired Gundaline Station, a significant irrigated cotton farm near Darlington Point in the Riverina area of New South Wales, for AU$121 million.

SELECTED MAJOR FOOD AND AGRIBUSINESS TRANSACTIONS

YEAR	TARGET	INVESTOR	VALUE (AU$ MILLION)
2023	Gundaline Station	Zhejiang Sunrise Garment Group	121
2019	Bellamy's Australia	China Mengniu Dairy	1,500
2017	Real Pet Food Company	New Hope Group, Temasek Holding and Hosen Investment Management	1,000 (total transaction value)
2016	Van Diemen's Land Company	Moon Lake Investments	280
2012	Cubbie Station	Shandong Ruyi Scientific & Technological Group	232
2011	Manassen Foods	Bright Food (Group)	500

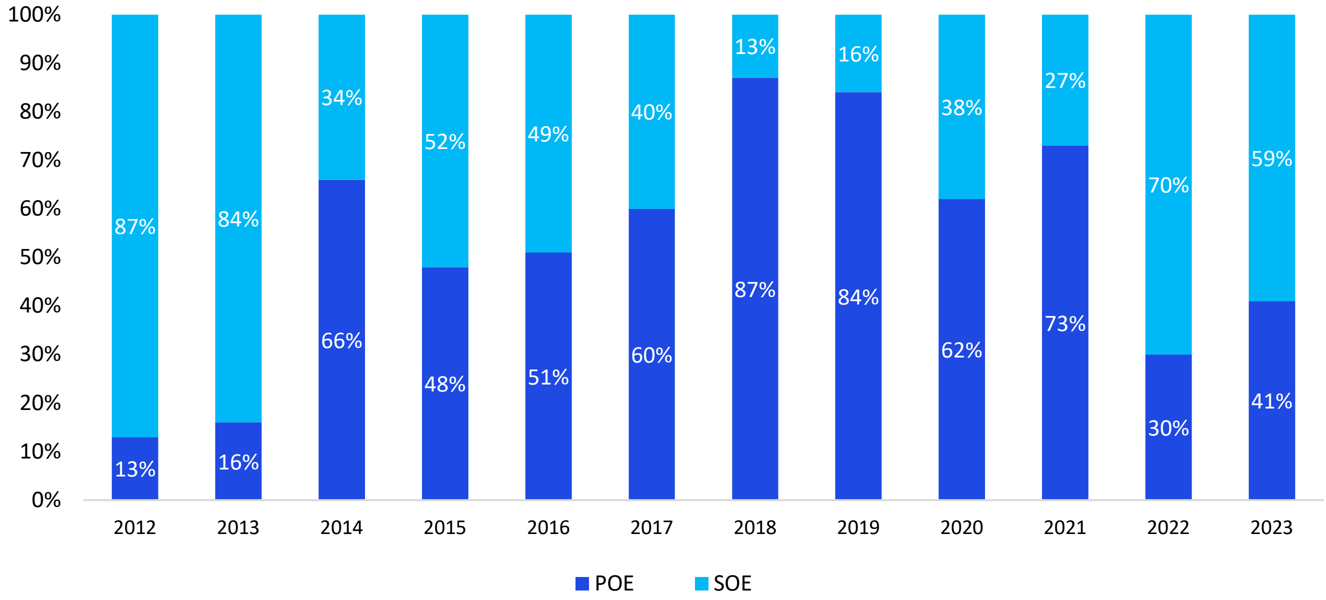
Source: KPMG/University of Sydney database

Chinese investment in Australia by ownership

Before 2013, Chinese SOEs were dominant in terms of investment value in Australia. From 2014 onwards, POEs began to increase their relative share of Chinese investments as SOE investment declined. By 2015 and 2016, the investment distribution between SOEs and POEs was relatively equal.

Based on data and observation over many years, the investment preferences of these two groups differ significantly: SOEs tend to concentrate on natural resources, renewable energy, and infrastructure; while POEs show a greater interest in sectors such as commercial real estate, healthcare, leisure, food and agribusiness.

CHINESE INVESTMENT IN AUSTRALIA BY OWNERSHIP (SHARE OF TOTAL VALUE) 2012 – 2023



Source: KPMG/University of Sydney database

TOP 5 TRANSACTIONS BY SOE

YEAR	TARGET	INVESTOR	SECTOR	VALUE (AU$MILLION)
2008	Rio Tinto Group (9% stake)	Chinalco	Mining	15,000
2017	Coal & Allied Industries	Yancoal Australia	Mining	3,400
2015	Pacific Hydro	State Power Investment Corporation	Renewable Energy	3,000
2013	SPI (Australia) Assets (Jemena)	State Grid Corporation of China	Infrastructure	2,932
2015	Investa Property Group's Office Portfolio	China Investment Corporation	Commercial Real Estate	2,450

Source: KPMG/University of Sydney database

TOP 5 TRANSACTIONS BY POE

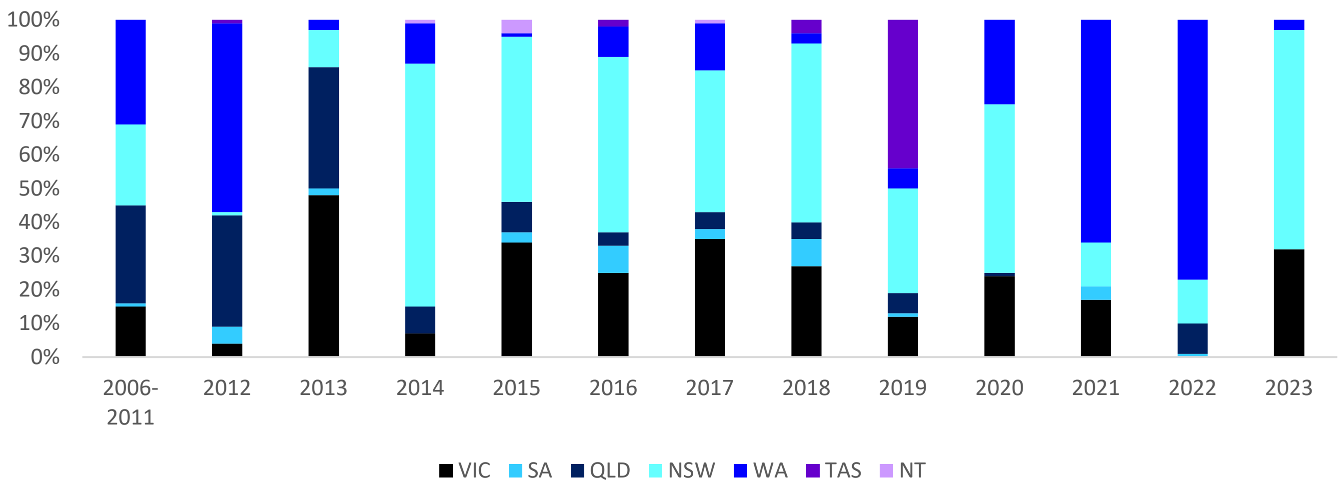
YEAR	TARGET	INVESTOR	SECTOR	VALUE (AU$MILLION)
2018	Sirtex Medical	CDH Investments and China Grand Pharmaceutical and Healthcare Holdings	Healthcare	1,900
2015	Swisse Wellness Group	Biostime International Holdings	Healthcare	1,386
2014	Hoyts Group	ID Leisure International Capital	Leisure	1,000
2017	Real Pet Food Company	New Hope Group, Temasek Holding and Hosen Investment Management	Food and Agribusiness	1,000 (total transaction value)
2016	Santos	ENN Ecological Holdings	Energy	990

Source: KPMG/University of Sydney database

Chinese investment in Australia by state

New South Wales, Victoria and Western Australia are the top three states in terms of total value of investment received from China between 2006 and 2023, accounting for 35 percent, 22 percent and 20 percent respectively.

CHINESE INVESTMENT IN AUSTRALIA BY STATE (SHARE OF TOTAL VALUE) 2006 – 2023



Source: KPMG/University of Sydney database

New South Wales was the top destination for Chinese investors from 2014 to 2017, and in 2020 due to activities in the commercial real estate sector. NSW's top position in 2018 was driven by investments in the healthcare sector. In 2023, NSW ranks No. 1 due to investments in food and agribusinesses as well as oil and gas.

Victoria has been consistently ranked second, and stood out in 2013, accounting for nearly half of that year's Chinese investment due to State Grid's investment in SPI (Australia) Assets (Jemena).

Western Australia was the top destination for Chinese direct investment in 2012, 2021 and 2022.

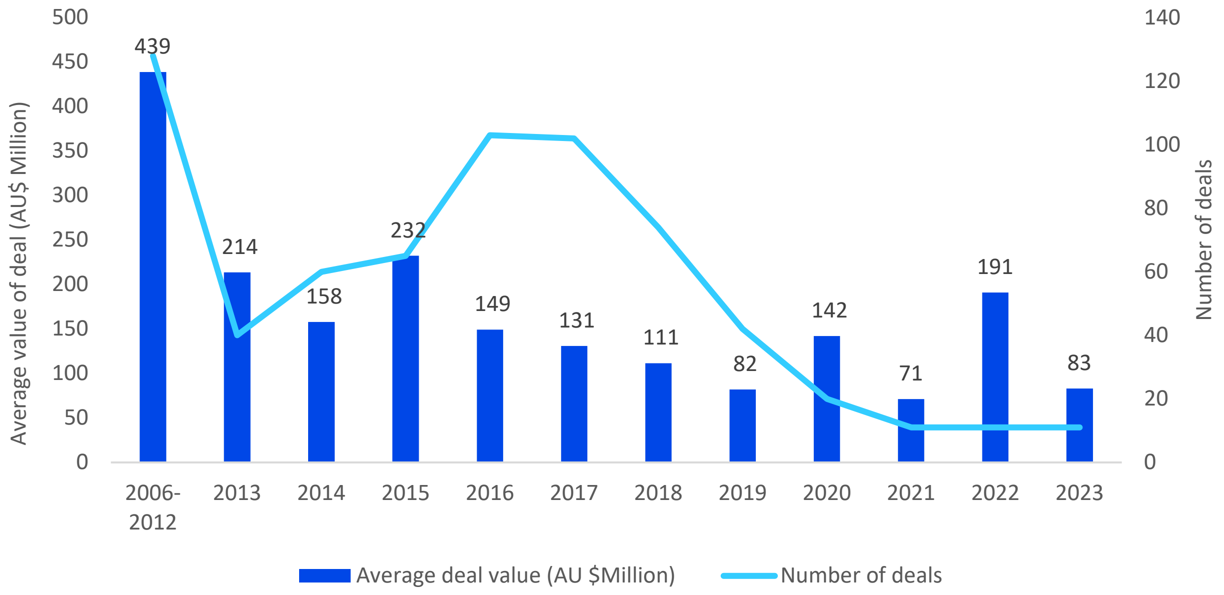
Chinese investment in Australia by deal size

In the period from 2006 to 2012, the average deal size and number of deals were both significantly higher than in later years. This was driven by several mega deals in the mining and energy sectors.

In 2015, the average deal size was AU$232 million, driven by three mega-sized deals exceeding AU$500 million each and four deals surpassing AU$1 billion each.

As of 2023, the year-to-date average deal size since 2006 is AU$206 million.

CHINESE INVESTMENT IN AUSTRALIA BY AVERAGE DEAL SIZE 2006 – 2023



Source: KPMG/University of Sydney database

Final words

The evolving nature of Chinese investment offers avenues for renewal and growth in the bilateral investment relationship between Australia and China.

By adapting to the new realities of global trade and investment, both countries can explore collaborative opportunities that leverage their economic strengths and address shared challenges. This includes focusing on areas where Australia's resource endowments, commitment to Net Zero by 2050, premium food and agricultural produce, innovation capabilities, and strategic location intersect with China's investment interests and global economic objectives.

The path of Chinese investment in Australia reflects broader global economic patterns and strategic shifts within China and Australia. Looking ahead, navigating the complexities of the current contraction period with an eye towards strategic realignment and collaboration can open new chapters of growth and partnership, and help both China and Australia navigate the changing landscape of global investment.

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