

Macro Shifts to Lead

- 30 years ago, Russia wanted to be part of Europe
- Commencing circa 2004, Russia began to focus on building a Siberian based LNG business (60% less hydrocarbons than fuel). Japan first investor in 2009; followed by France in 2011. China, Japan and Korea followed post USA 2014 sanctions
- By 2016, producing 16mt/yr. By 2024, on course to produce 80 mt/yr – on par with Qatar- but with shipping security and substantially lower than western LNG (see Novatek 2021 shareholder presentations)
- In 2020/21, India, Saudi and UAE join. These will lead to shift from 50% to the west in 2019/2020 to over 85% to asia by 2030

China Inbound FDI/Trade (Peterson institute –USA 29th March 2022)

- Foreign corporates investing in China surged in 2021
- 2021 China inbound FDI increased by one-third to \$334 billion, an all time high (SAFE data)
- China attracted circa 20% of all global direct investment flows in 2021
- Growth driven by COVID 19 less of a drag than in other countries, China's export growth was 30% in 2021, versus 10.8% for the entire world and finally, China continued to liberalise its environment for foreign firms.

China Inbound v Outbound 2021 (China Investment Research Ltd)

- Announced China outbound fell from \$222 billion in 2016 to \$60 billion in 2021
- Following the 2018 openings and the 2020 dual circulation launch, announced China inbound has surpassed announced outbound quarterly (consistent with the Peterson research)

Q4 2021 EU

Outbound – 26 investments. Germany led in volume, Finland led in amounts, followed by Germany, a renewable acquisition in Spain, a minority stake in a Greek port and land in St Petersburg. Focus remains on growth capital into tech, consumer/games, healthcare and fintech/crypto.

Inbound – 27 announced, with over 50% from Germany (NEV, industrial), as well as from France, Switzerland, the Netherlands, Norway and Denmark. Aggregate amounts with disclosed values were \$5.0 billion (down 12.3% from Q3 – understated since no amounts disclosed in Allianz's acquisition of CITIC's share of their insurance JV, and Daimler acquiring control of its JV with BYD). The largest deal was Maersk's \$3.6 billion in a Hong Kong based, 14 country Asian logistics business.

In 2021, there a number of inbound Italian consumer sector investments, major French renewable JV/investments, a series of smaller JV/investments by Scandinavian groups and a very important mRNA JV with BioNTech (Germany) and Fosun Pharma.

Q1 2022 – EU into China

Germany

- In March, Volkswagen signed a JV in China with Hanyou Cobalt and Tsingshan Group, aimed at the supply of nickel and cobalt in China and Indonesia for batteries in electric cars.
- In March, Symrise AG, the parent company of Diana Pet Foods, signed a purchase agreement for the acquisition of Wing Pet Food, the Chinese leader. This is expected to extend Symrise's access to the Asia/Pacific (APAC) markets
- In March, Chinese authorities finally approved the US\$3.3bn JV between FAW Group and Audi to manufacture EVs in China
- In February, BMW agreed to pay €3.7 billion (\$4.2 billion) to increase its stake from 50% to 75% in its Brilliance Auto Group JV (agreed previously in 2018)
- In February, BASF and Heraeus agreed to form a 50/50 JV to recover precious metals from spent automotive catalysts.
- In February, DSM Engineering Materials is expanding its high-performance materials production capacity at its plant in Jiangsu Province. The new line will help DSM to meet growing demand for high-performance polymers used in a wide range of end-applications—particularly for electric vehicles—and will help drive the shift to a low-carbon, circular economy.

Switzerland

- In March, Geely Holding & Concordium Foundation announced a Blockchain JV with Headquarters in Wuxi, China with the goal to develop blockchain technologies and improve blockchain standards in the automotive industry and other industries. The JV will use Concordium's Blockchain technology to become a leading Blockchain Technology- and Service Provider in China
- In March, UBS Group AG increased its stake in its Chinese securities JV to 67% from 51%
- In February, ABB increased its majority stake in Chinese EV charging provider Chargedot Shanghai New Energy Technology Co. to 80% (up from 67% in March 2020). The additional investment is part of ABB E-mobility's growth strategy and further strengthens ABB's position in the rapidly growing Chinese e-mobility market.
- Swiss based, USA listed, Energy Vault develops sustainable, grid-scale energy storage solutions designed to advance the transition to a carbon free, resilient power grid. Energy Vault's mission is to accelerate the decarbonization of the economy through the development of sustainable and economical energy storage technologies. Over the past several months, Energy Vault built strategic relationships with leading companies in Korea, China and Mexico. It listed in the USA, via a SPAC, in February.

Netherlands

- In January, Stellantis announced the plan to increase its shareholding in GAC-Stellantis from 50% to 75%. The announcement is a key element of Stellantis' plan to set a new basis for its business in China. GAC-Stellantis is a JV formed between China Guangzhou Automobile Group Co., Ltd. (GAC Group) and Stellantis in March 2010.

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Q1 2022 – China into Europe – selected from a much larger set

Germany

- In March, Shanghai Prosnav Capital invested in Ayoxxa Biosystems
- In February Medicine agreed to invest \$118 million for a 35% stake in Heidelberg Pharma, plus up to \$930 million in a licensing deal for four oncology assets

Switzerland

- In March, Lenovo invested in a Swiss metaverse group
- In February, Shanghai Fenbushi invested in ALgo Trader AG

Scandinavia

- In February, Alibaba invested in Maria DB Corp (Finland)
- In January, Dongguan Liesheng Electronic acquired Suunto Oy (Finland)

Netherlands

- In March, Tencent invested in Future Crops

France

- In February, Tencent invested in Alma SAS

Spain

- In March, Tencent invested in Tequila works

Italy

- In March, Efort Intelligent Equipment acquired a minority stake in Robox SPA

Malta

- ABA Chemicals Corp invested in A2W Pharma LTD

For much more detail, please visit:

- www.chinainvestmentresearch.org
- www.asiainvestmentresearch.org