

Beijing's Tsing Capital To Establish Food and Agriculture Fund In Australia

Beijing-based investment management company Tsing Capital plans to establish an AU\$1 billion (US\$752.3 million) fund for specialist food and agriculture investment in Australia.

The funds, under the Food and Agritech Fund, would invest in Australian food and agriculture services for export to China. These will include high tech fermentation and extraction of grains, cane and vegetables, with the intention on supplying the market for health foods and dietary supplements to the Asian country.

The plan is to invest in the entire supply chain, from paddock to consumer, and will therefore include founding processing factories in Victoria's Wimmera region.

Tsing Capital founder and managing partner Don Ye and Australian Charles Hunting plan to raise between AU\$500 million to AU\$1 billion in capital, with the possibility of increasing that amount to AU\$2 billion through loans.

Mr Hunting said that about a third of the funds will come from Australia. He also added that the investment is driven by Chinese demand. "We're not creating the food products for the sake of hopefully getting that food into the Chinese market," he said. "The plan is to bring strategic Chinese investors who have distribution networks in China so that we can create an end-to-end opportunity that is demand driven, not supply driven."

The end products for export to China are likely to include high-protein health supplements, tonics, pills and sports drinks, as well as vitamins and nutraceuticals.

Mr Hunting said the investment will need to fit the company's stance on sustainable ecosystems. "In food and agriculture, we are looking at high-quality food, high-quality agriculture," he said. "We believe in vertical integration but there must be focus on ecosystems."

Providing examples, Mr Hunting said: "We want to bring in biomass solutions, bring in solar solutions and electronic vehicles (to those investments in food businesses)."

The Food and Agritech Fund would be managed by Tsing Capital. The company, which has offices in Beijing, Shanghai, Hong Kong, Silicon Valley in the US and Belgium, has put together eight similar funds with investments totalling AU\$1 billion since Tsing Capital was set up in 2000.

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