

PROJECT PROPOSAL

The Australian Hi-Tech Agricultural Display Centre

(COMMERCIAL-IN-CONFIDENCE)

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1. Background

Rapid urbanisation and growing consumer wealth are creating big opportunities for Australian agricultural products in China. There are signs that Chinese agriculture is reaching production limits, as statistics consistently highlight reductions in land and water resources available to the Chinese agriculture sector. This means that in order to meet the growing consumer demand, China has to increase agricultural imports over the next decade.

Compared with 2009, China's imported agriculture products in 2010 showed dramatic increases: wheat increased by 36% to 1,230,000 tonnes, wool increased by 2.1% to 340,000 tonnes, dairy and its related products increased by 28.75% (Australia is the 2nd largest importing country), agricultural machinery increased by 20.74%, imports of Australian wine increased by 36%. Australia's agricultural and food exports to China have increased substantially over the past decade; around \$3.0 billion in 2009, and around \$3.21 billion in 2010. This makes China our second largest agricultural and food export market.

In April 2011, Austvest International secured one of only eight self-controlled super intelligent greenhouses in the International Collaboration Park at Yangling AHIDZ. Currently, the construction of this state-of-the-art greenhouse is completed and is undergoing renovation for occupation by exhibitors by the end of the year 2011.

Upon opening, the Australian Hi-Tech Agricultural Display Centre will serve as a modern exchange platform for Australian agricultural companies to demonstrate and promote their products and innovations.

We invite you to consider this offer as an important opportunity to become a part of China's growing economy and agricultural industry, and further the business relations between Australia and China.

2. Yangling AHIDZ

Constructed by the Chinese State Council and 19 other national commissions and bureaus, the Yangling Agricultural High-Tech Industries Demonstration Zone (Yangling AHIDZ) is the only national Agricultural high-Tech industrial demonstration zone in China.

The Administrative Committee of the Yangling AHIDZ has been granted exclusive privileges with regards to the support and funding of new agricultural technologies from the central government. It also has the benefit of various preferential policies for the national hi-tech development zones and West China development, as well as policies to support national agricultural development.

After thirteen years of development and construction, the Yangling AHIDZ has become a "window" of modern agricultural city in China. At the end of 2010, 950 enterprises had set up business in Yangling AHIDZ, of which 28 are foreign invested. At the time of this report, the following modern infrastructures have either been established or built in Yangling AHIDZ:

- Modern Agricultural Demonstration Centre
- Modern Agricultural Innovation Park
- International Collaboration Park
- Modern Agricultural Business Incubation Park
- Seeding Industry Park
- Standardized Production & Demonstration Park



Science & Research Park
Agri-food Processing Park
Logistics Park

Yangling AHIDZ has also been appointed by the national Ministry of Science and Technology to administer the “Agricultural Science & Technology Pilot Program”, having distribution access to more than 200 agricultural demonstration bases in China. Furthermore, Yangling AHIDZ manages the national Agricultural Television Channel as well as the nationally distributed Agriculture and Forestry Science Newspaper.

As an added attraction, Yangling hosts the annual China Agricultural Hi-Tech Fair with more than 1.5 million visitors attending this event. Many of these visitors are government decision makers that use this event as the basis to allocate some of their agricultural budget.

Yangling has obtained both the national and international certificates of ISO14001 Environmental Management Standard. Furthermore, Yangling endeavors to win the title of National Environment Model City and National Sanitation City in China.

3. The China Yangling Agricultural Hi-Tech Fair (CAF)

The China Yangling Agricultural Hi-Tech Fair (CAF) is the most established Agricultural trade exhibition in China. It is one of the four key national-level exhibitions supported by the Chinese government, attracting 1.65 million visitors at last year’s event alone. The fair is under the direct administration of China’s primary decision making body – the Chinese National Council.

The Yangling Agricultural Hi-Tech Fair offers a unique opportunity to Australian businesses to showcase your products and services to potential Chinese customers. Additionally, the seminars and conferences will provide the latest information on markets and business opportunities.

The Sino Australian Hi-Tech Agricultural Cooperation Forum will be one of the key featured activities for China Yangling Agricultural Fair 2011 (CAF2011). It is held in conjunction with the China State Administration of Foreign Experts Affairs, Shaanxi Provincial Government, and the China Yangling Agricultural Hi-Tech Fair (CAF).



4. The Australian Hi-Tech Agricultural Display Centre

The Australian Hi-Tech Agricultural Display Centre provides a unique opportunity for businesses to display modern Australian agricultural innovations and products in China.

The participating client can subscribe a dedicated section in the Display Centre to exhibit their products and services to both Chinese professionals and the public, on a year-round basis.

(1) Project Name

The Australian Hi-Tech Agricultural Display Centre

(2) Objective

Provide an exchange platform for Australian agricultural businesses to demonstrate and promote modern hi-tech agricultural products and services.

(3) Location

No 6, the Super Intelligent Greenhouse

International Collaboration Park

Yangling Agricultural High-Tech Industries Demonstration Zone

(4) Project Implementation Agency

China Ministry of Agricultural

Shaanxi Provincial Government

Foreign Affairs Bureau of Yangling Demonstration Zone

Australian Council for the Chinese Trade & Investment

Austvest International



(5) Project Timeline

Phase 1 (Completed) - The building construction, design and architectural plans for renovation of the greenhouse. Completed on 31 May 2011.

Phase 2 (2011.7-2011.12) - The centre will be sub-divided and renovated according to the plan. Exhibitors will begin to move-in and display the products in the centre.

(6) Project Scale

The Australian Hi-Tech Agricultural Display Centre consists of a fully featured greenhouse, which is

about 5,000 square meters. In addition, the display centre project has been allocated 30 acres of land for seedling and cultivation purposes to showcase large scale outdoor demonstrations.

(7) Project Participation

Australian agricultural companies are now being invited to participate in the project.

5. Display and Marketing Packages

Please find information on our file:

No: AV2011CE002 / Packages and Services Charge Schedule

6. Introducing the Export Market Development Grant (EMDG) and TCF Services Pty Ltd

The Export Market Development Grants (EMDG) scheme is a key Australian Government financial assistance program for aspiring and current exporters. Administered by Austrade, the scheme supports a wide range of industry sectors and products. The EMDG scheme encourages small and medium sized Australian businesses to develop export markets by reimbursing up to 50% of eligible export promotion expenses.



The Export Market Development Grant (EMDG) is administered by Austrade and focuses on small and medium sized businesses with a turnover of less than \$50 million.

What are the benefits?

- Cash rebates of up to 50%, to a maximum of \$150,000 for eligible expenses above a \$10,000 non grant threshold for 09/10
- The pool of funds is capped at \$150m so grants

over \$27,500 are paid in two instalments – the first after assessment, the second in late June – the latter is modulated as the pool of funds is over subscribed

- Special rules provide for payment of \$5,000 for expenditure of \$10,000 to \$20,000 for micro businesses except from Claim 3 onwards

Who can apply?

- Exporters of products and specified services made in Australia to non residents outside Australia

- Exporters of Intellectual Property
- Event promoters
- Goods made offshore are eligible if it can be demonstrated that the export generates significant net economic benefit to Australia
- Expenditure related to exports to New Zealand, Iran and North Korea are ineligible

What expenses are claimable?

- Up to \$200k per application of the cost of maintaining permanent overseas marketing representatives (salary, rent, accommodation, travel, entertainment)
- Up to \$50k per application of the cost of engaging independent consultants to undertake market research or advice on marketing and promotion
- Travel costs relating to airfares, hire cars and taxis plus a daily per diems allowance of \$300 per person a day for up to 21 days per trip in lieu of actual costs of accommodation, meals and entertainment
- Communications costs. (Option available to take a 3% uplift on all other expenses rather than actual communication costs)
- Costs of product samples including the cost of delivery
- Costs of participating in export oriented trade shows both locally and overseas
- Costs of advertising, PR and general promotional material
- Up to \$45k per application or \$7,500 per individual of the cost of bringing overseas buyers to Australia
- Up to \$50k per application of the cost of registration of Intellectual Property

The TCF

TCF Services Pty Ltd provides hands - on delivery of government grants and financial tools to help clients grow their business.

While leveraging grant schemes that encourage business investment in Australian innovation and manufacturing, TCF Services also help clients stay compliant with the regulations of the Australian Government industry assistance programs.

Success with the EMDG requires good business records and forward planning. TCF offers a complete EMDG service package including advice and assistance with export marketing plans, preparation and lodgement of claims, and managing the audit process with Austrade.

TCF fees are performance based and therefore they try to maximize your EMDG return so it can be built into the forward development of your business.

Austvest Pty Limited (ABN: 72 095 065 366) has had a substantial presence in Chinese market since 2001 and has rapidly expanded its network over the past few years. Austvest created a complete range of solutions for its clients by leveraging its local government and business relationships and business expertise in China. These solutions focus on providing strategic differentiation and marketing superiority to Australian companies.

With Austvest, clients are assured of a transparent business partner, world-class processes, speed of execution and the power to stretch their budget.

