

Dear Mr. Chambers,

In relation to your email of 11/09/2012 requesting me to give opinions on the best position for Tasmanian wines in China,

It has been more than 10 years since I started selling Tasmanian wines from Stoney and Nocton Park vineyards in the Chinese market. Based on my experiences in and knowledge of the Chinese market, I believe Tasmanian wines will sooner or later hold a position of prestige in the Chinese market, like French wines do today.

As early as in 1998, Mr. Peter Althaus of Stoney Vineyard and two directors of Nocton Park Vineyard participated in the 1st Chinese International Wine Expo in Shanghai and carried out field research on the Chinese wine market. They then set down their China-focus marketing policy for both vineyards.

From 1999, when the 1st container of Stoney wines arrived in China, to the year 2008, it was very difficult to sell Tasmanian wines in China, challenged by cheap wines from other 5 states in Australian continent.

Since 2nd half year of 2008, sales of Tasmanian wines started climbing. From 1st July 2011 to 30th June 2012, 6 containers of wines from the two vineyards have arrived in China. It is estimated that Tasmanian wines will soon be out of stock after their arrivals.

According to demand of the Chinese market, only 10% population of Chinese is drinking wines, and therefore the potential is huge and immeasurable. Directed by Mr. Peter Althaus this year, we established another vineyard, K Hilton Vineyard which is located right above Nocton Park Vineyard. K Hilton Vineyard is invested by Hualu Wine in China. It has been planned to produce 200 to 300 thousand bottles of high quality wines yearly. The left side of Nocton Park Vineyard, Carrington Vineyard is also in the works. After all in place, say in 6 to 8 years, annual volume of wines produced from the above 3 vineyards, Nocton Park, K Hilton, and Carrington will reach 600 – 700 thousand bottles. Our goal is to export 800 to 1000 thousand bottles to China each year in 10 year time frame. Until then, there is no reason not to believe that Tasmanian wines are strongly positioned in the Chinese market.

In order to effectively develop and sustain the Chinese market, we joined Tianjin Vocational and Technical College and set up a Tasmanian wine training centre. Both Sir Guy Green and Mr. Peter Althaus were present at the centre opening ceremony on the 30th May 2012.

Question: How can Tasmanian wines achieve parity with French wines in the Chinese market?

The only solution is to establish brand identity which means 1) to be able to produce

quality wines and 2) to let people know your wines are top quality. Although we have had a large number of Tasmanian wine fans, there is still a long road to go to reach the goal of “everyone knows Tasmanian wine; everyone trust Tasmanian wine; everyone accepts Tasmanian wine”. Although the road ahead can be twisty and bumpy, we believe the future years will be becoming better and better.

At present, many of our Chinese agents request us to give them training in cool area wines in Tasmania. We are not capable of doing it..

Our Suggestions:

(1) Tasmanian TAFE should be in alliance with Tianjing Vocational and Technical College (The college is under administration of China State Department of Education, Tianjin Municipal government, and Tianjin No.1 Light-industry Committee.) to run Chinese Tasmanian Wine Training Centre, and focus on coaching teachers. Courses can be like, for example, wines from cool areas, western food, and etc. We have begun to build a Tasmania House to promote Tasmanian food and wine. Western wine is like a vast ocean backed by 5000 years of history. Coincidentally, the whole nation of Chinese people likes listening to stories.

(2) to set up tourism centre in coal-river wine area.

There are approximate 1400 acres of land cross the above mentioned 3 vineyards, Nocton Park, K Hilton, and Carrington. Except the vineyards, it is sensible to establish tourism village.

At the time of promoting Tasmanian wines, we often meet people who want to visit Tasmania. In 2010, Mr. Chang Hong BAI, Dean of School of Tourism & Service, Nan Kai University and dean of China Tourism Management Institute visited Tasmania and University of Tasmania. Nan Kai University is running courses for ministers of China’s provincial and municipal tourism departments each year.

When Sir Guy Green and Mr. Peter Althaus made public speeches at Nan Kai University on 3rd June 2012, Dean BAI expressed interest of marketing Tasmania tourism in China. To establish a tourism village in Coal River is to establish a Tasmanian wine centre.

Questions: Coal River area is stipulated by Tasmanian government as “Intensive Agriculture Zone” and therefore there are many limitations hindering our plan’s implementation. We wonder if a more lenient policy can be granted by the state government on the land where it is not suitable

for vine production. We also suggest the University of Tasmania ally with Nan Kai University and set up a joint research unit aiming at promotion of Tasmania tourism.

(3) Further propaganda effort should be made to promote Tasmania in China

Most Chinese urban people know 5 states of Australia. However, when we mention Tasmania, many of them believe it is a nation. We suggest that Chinese influential magazines, newspapers, TV stations and the press should be invited to visit Tasmania so that they will be able to give Tasmania tremendous build-up in China.

For the time being, we are in talk with government of Inner Mongolian Antonymous Region and Film Studio. They have expressed intention to make a film in Tasmania. They are planning to visit Tasmania March or April next year.

Sorry, I am a little bit in hurry. I am profoundly grateful for Mr. Alan Campbell giving us constant help over the past years. Especially I must thank you for sparing your valuable time to meet my Chinese business guests each year.

Yours Sincerely

Wang, Shan

Nocton Park Developments Pty Ltd