

## THE AUSTRALIAN

### Chinese plan \$500m food and agriculture investment fund



Charles Hunting and Tsing Capital founder Don Ye

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A Chinese-based venture capital funds business specialising in green technology is spreading its wings into Australia, establishing a \$500 million specialist food and agriculture investment fund by the end of this year.

Tsing Capital, with fund managing partner and China specialist Charles Hunting, plans to create a vertically integrated Australian farming and food business to supply the booming Chinese market for health and wellbeing supplements.

The fund will focus on investing in cutting-edge technology based on fermentation to extract, boost and process grain, cane and vegetables to produce high-protein health supplements, tonics, pills and sports drinks, as well as vitamins and nutraceuticals.

Mr Hunting said initial investments would be made in technology and existing food processing businesses that could be adapted to produce health-focused foods and pharmaceuticals.

The bigger picture, once the fund exceeds \$1 billion in size, is to buy or co-invest in sugar cane, vegetable, legume and grain farms to secure the supply of plant-based

proteins needed by the business.

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Building specialist processing factories in regional towns close to the farms is also part of the vision, with Victoria's Wimmera region near Horsham a key target.

Fermentation and other hi-tech processes using bacteria and potentially algae to enhance the protein content of the plants and seeds crushed — “so one plus one gives you five”, explains Hunting — is part of the business's strategic plan.

Mr Hunting envisaged the “wellness” products produced by companies owned by the new fund would be similar to the Blackmores range of supplements and vitamins so sought after in China.

But he said a key difference was that his new company planned to own the supply chain from paddock to Chinese consumer to lock in supply certainty.

“There's a massive shift happening in diet towards designer-tailored food eaten for its health, protein and nutraceutical content,” Mr Hunting said.

“We want to make investments all along that supply chain; some will be in technologies and some will be in food processors — and if you own the farm, you have additional value-add.”

Integral to the new fund is Tsing Capital and its founder Don Ye, who runs eight funds in the US and China with more than \$US1bn under management, investing in start-up technologies geared towards greater energy efficiency and environmental clean-ups.

Mr Ye, who has won many awards for Tsing Capital fund's triple bottom line focus and “doing well by doing good” investment philosophy, is both investing in the Australian Food Fund and planning to use some of the commercialised technologies developed via his other interests to make the new business more environmentally friendly and efficient.

He said the Australian food processing plants might be run by biomass energy, while converting waste products into commercial compost-based fertilisers is another one of his business arms.

“The fund will have a broad mandate but I am specifically looking at innovation and new technologies in food and agriculture in Australia,” Mr Ye said.

“We might buy strategic stakes in existing food companies where we already own or have (clean green or new) technologies to change the way that company works or what it produces — and then scale those businesses up to take advantage of the China market.

“Each investment (the fund) makes will have to stand up in its own right, but the aim is that by strategically investing right along the supply chain we create an ecosystem that grows together and can take advantage of the distribution and product opportunities that result.”

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