

AuMake stores ride the tide of Chinese daigou to an ASX listing

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Sydney-based retailer AuMake, which turns over \$13 million a year, is preparing for an ASX listing next month, seeking expansion founded on a novel joint target: daigou — Chinese buyers, often students, who onsell and mail to customers back in China — and the fast-growing Chinese tourist market.

It has five stores, with a sixth that will be its flagship opening later this year in George Street in the CBD, as well as an online platform. The company, whose leading executives Zhou Jiahua, Xu Gang and Chan Keong and non-executive director Quentin Flannery together own about 40 per cent, is looking to raise \$6m from selling 31.4 per cent of its shares.

The stores have Chinese-speaking staff and sell regular tourism souvenirs as well as cos-

metic, vitamin and infant formula products usually exported by daigou. At present, turnover is dominated 80 per cent by daigou.

But executive chairman Chan Keong told *The Australian* that, after the listing, the company aims to achieve “a 50/50 split over the next few months (between tourism and daigou sales) ... as we refocus our business with a targeted marketing campaign”.

He said a core driver in this strategy was the relationships

forged by Mr Zhou as a tour guide before establishing AuMake seven years ago. “The Australian Chinese Tour Guide Association, which has 500 independent members, is forming an alliance with our business,” Mr Chan said.

“While in Australia, Chinese tourists are always looking for new products, ready to purchase for friends and family, and will continue to promote and purchase back home those brands they have seen and bought while

they were in Australia.” Many Chinese tourists were concerned about prices being artificially inflated in “traditional Chinese tourist stores” to provide sufficient margins to pay Chinese tour guides a commission, but he said they had gained confidence in the AuMake brand.

Mr Chan said that unlike in major retail chains, there were no limits on infant formula that AuMake could supply.

With more capital following

the listing, “we can get closer to the supplier or manufacturer, and purchase sufficient inventory to offer better prices than our competitors”.

It was also “vitaly important to the AuMake brand that the products we sell are Australian-made or owned wherever possible”, Mr Chan said.

Gaining a listing, he said, “is highly respected in Chinese culture, and allows our customers and suppliers to be shareholders”.