

## Daigou demand powers China store listing



HOLLIE ADAMS

AuMake executive chairman Keong Chan says the plan is to expand from five stores to nine by the end of this year

### EXCLUSIVE

GLENDIA KORPORAAAL  
RETAIL

The growing market to supply Chinese tourists and Australia-based personal shoppers, or daigous, sending consumer goods back to China, is behind the first ever listing of a Chinese store chain on the ASX today.

Malaysian-born, Perth-based businessman Keong Chan and Sydney-based Chinese couple Joshua Zhou and Lyn Zheng, who have developed a thriving daigou business with five stores, are the key players in new listed company AuMake International.

"We have very big plans," Mr Chan, who is AuMake's executive chairman, told *The Australian* in an interview yesterday.

He said the plan was to expand the current five stores — which sell Australian-made goods that appeal to Chinese consumers, such as baby formula, vitamins and healthcare products — to nine by the end of the year.

It will open a new flagship store in Sydney's QVB building in George Street later this month as well as another in Haymarket, in

Sydney's Chinatown. Mr Chan said there was a growing market to supply Chinese tourists visiting Australia with locally made goods they could not get in China.

There was also increasing demand for Australian consumer goods being developed by an estimated 40,000 daigous — or Chinese personal shoppers — living in Australia, who buy goods for sale to friends and family back home.

"The rise in the number and influence of daigous on product purchases has grown with Chinese consumers' lack of trust in products made in China and past experience with counterfeit overseas brands," Mr Chan said.

"There has been an increasing appetite for directly sourcing Australian products, and a heavy reliance by Chinese consumers on their family and friends living in Australia, and other trusted countries, to recommend and buy goods on their behalf," he said.

Mr Chan said AuMake had raised \$6 million for its Australian listing, mainly from Australia-based daigous who were keen to invest in a growing chain of Australian stores aimed at Chinese consumers.

He said the current five stores

in Sydney operated by the Zhou's turned over \$10m per year.

He said there were plans to expand or link up with stores in Melbourne, Brisbane and the Gold Coast that were also popular with Chinese tourists.

The growing army of foreign-based Chinese daigous is estimated to be sending some \$100 billion worth of goods a year to China from around the world.

### 'This is a huge step forward'

KEONG CHAN  
AUMAKE CHAIRMAN

The Australian market is becoming increasingly sophisticated as daigous — Chinese students and migrants to Australia — have moved away from buying goods in supermarkets and pharmacies and are looking to source Australian product from stores that can cope with bulk orders at wholesale prices.

"Every mainland Chinese living in Australia is a potential daigou," Mr Chan said.

He said the stores would offer popular brands of Australian

products such as Blackmores and Swisse vitamin products, Bellamy's, A2 and Aptamil infant formula and Sukin skin care products made by ASX-listed BWX.

But he said AuMake was keen to look for new Australian products and brands that might appeal to Chinese consumers.

"We want to help Australian suppliers and brands that may not be so well known to engage with the market," he said.

"If we decide we like a product we can promote it as a brand across our network of stores."

Mr Chan said complaints by Australians of Chinese shoppers buying too many cans of infant formula in supermarkets and pharmacies were a reflection of the strong demand for Australian-made goods in China.

He said the expansion of the AuMake retail store chain in Australia would better help manage the demand for these products and ensure there was enough supply.

"The daigou market doesn't want one or two cans of infant formula," he said. "They want to buy 50. We will be able to work with Australian suppliers and tell them how much we need for the daigou

market." The Zhou, who are from mainland China, initially worked as tour guides for Chinese tourists visiting Sydney.

Over the past seven years they have developed their own daigou business based in western Sydney, buying Australian goods to send to buyers in China.

Mr Zhou will be managing director of the business, which will continue to be run by the couple, with Mr Chan handling the investor market.

Mr Chan said listing the company on the ASX would help raise its profile and provide an incentive for more Australia-based daigous to do business with the AuMake stores.

He said the stores would provide packaging and postage facilities to the daigou, allowing goods purchased in the stores to be sent directly to China.

"We want to encourage them to become shareholders in the business," he said.

Mr Chan said AuMake's listing involved producing the first ever prospectus for an ASX company written in Chinese.

He noted the daigou market in Australia was becoming more mature. "This is huge step forward for the industry."