



01 Jul 2017

Asia Today International, National

Section: General News • Article type : News Item • Audience : 6,106 • Page: 13

Printed Size: 155.00cm² • Market: National • Country: Australia • Words: 341

Item ID: 792082978

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Wine exporters consolidate their China footprint

SYDNEY — With the total value of Australian wine exports to China in 2016 up 43% to AUD568 million, according to Wine Australia, China has become the leading export market – prompting key players to strengthen their distribution networks.

Australian Vintage Limited (AVL), parent company of wine brands Tempus Two, McGuigan and Nepenthe, has signed an agreement with Vintage China Fund L.P., a new partnership established by the founders of China's largest online wine retailer, YesMyWine.

The deal provides for the placement of 15% of AVL's existing capital to Vintage China Fund, L.P. to raise AUD16.5 million in capital for AVL.

AVL will enter an exclusive distribution agreement with Vintage China Fund, L.P., covering supply of specific AVL products (excluding the McGuigan brand) into China, to complement the company's existing distribution agreement with COFCO W&W International Co. – part of China's largest food processing, manufacturer and trader, COFCO.

Neil McGuigan, CEO of AVL, says the opportunity for Australian wine in China is unparalleled and unquestionable. "But if you want to be a key player in the market, you have

to invest in growing your brands and partner with like-minded businesses."

Meanwhile, Dawine, the ASX-listed wine distributor specialising in the China market, has signed an agreement with Tmall.com and WeChat store management provider Alea E-Commerce Co. Ltd (Alea), providing access to more than 400 million consumers in China. Dawine says the deal complements its own China portal.

Piers Lewis, Executive Chairman of Dawine, describes the initiative as "another big step towards" the launch of Dawine's multiple online sales channels in China's e-commerce market

"The introduction of our Tmall.com store and WeChat store further open up a massive consumer access base, at least 13-14 times larger than Australia's population," he said.

Part of China's Alibaba Group, Tmall.com far outpaced its competitors with a 56.6% share of retail ecommerce sales in 2016 and revenue of US\$680 billion.

Dawine expects its Tmall.com and WeChat store to be live in the second quarter of 2017, resulting in multiple online sales channels being opened. www.dawine.com

