

Chinese eye \$30m injection to Australian startups

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The Australian - by Fran Foo

AUSTRALIA could be on the cusp of an influx of startup investors from China after a group with at least \$30 million to spare hit local shores in the hunt for new prospects.

The prospect of achieving a 700 per cent return on investment in three years has whet their appetite when compared with traditional ventures such as real estate, which promises about 30 per cent over that time frame.

This was one of few weapons in Richard Yuan's arsenal when he first mooted the idea with a select few Chinese investors on the mainland and in Australia.

Mr Yuan runs a Sydney business migration business, ABC World, that has an exclusive membership club for Chinese investors where members have millions of dollars in net assets..

A few months after floating the idea of investing in Australia, Mr Yuan had organised for 30 Chinese investors to attend a forum in Adelaide where 10 startups were pitching for investor dollars at an ANZ Innovyz START event.

Innovyz is a startup accelerator program supported by ANZ Bank. Apart from monetary support, it offers mentoring to startups to help them commercialise their ideas and expand overseas.

Today, the Chinese investors have shortlisted three startups from the event a fortnight ago. They are [bluedot](#), Agent Anything and Singa.

ANZ Innovyz START program director Jana Matthews, who was instrumental in introducing Mr Yuan to the startup scene, said bluedot had the potential to become a \$1 billion company.

The Chinese investors, including 16 from mainland China, will go through the startups' portfolios with a fine tooth comb and decide whether to invest in one or all three.

He described the group as "sophisticated, active investors and business people".

"They could start by first investing about half a million dollars in each company," Mr Yuan told The Australian.

"It is a small investment for them ... they're being very cautious because it's the first time they're investing in startups."

"But the promise of returns seems to be pretty good."

Mr Yuan said the investors were willing to give it a go because they had cash to spend and were not too risk-averse. "Some of them can even afford to lose it all," he said, adding that the investors in Adelaide had at least \$1m "in the bag" to invest into startups as seed funding.

"Actually they have the capacity to pump in millions of dollars into each startup."

He initially thought it would be difficult to convince the investors to give startups a look-in as they were tuned into conventional investments such as real estate. But Mr Yuan was pleasantly surprised.

"It didn't take a lot of convincing ... we're talking about a seven times return in three years or 700 per cent," he said.

"Real estate is between 20 per cent and 30 per cent in three years.

"I thought they wouldn't be interested but if we do make some money it will be extraordinary."

Mr Yuan believes it could also be the beginning of a new era in Chinese investments in Australia.

The event in Adelaide's Town Hall played host to about 500 people, including 100 angel and corporate investors from other parts of Australia, namely Sydney and Melbourne.

Pitches by [bluedot](#), Agent Anything and Singa had captured the Chinese investors' attention, he said. Bluedot has developed a platform that allows businesses and consumers to interact via instant, customised and high-precision location-based services and payments.

Agent Anything is a website that connects people and companies to student labour for temporary jobs or services.

Singa is a music platform to enables people to connect through real-time singing.

Dr Matthews said at least eight startups that presented at the event had the potential to become \$100m companies in five years. They include Memtell, FitUsIn, Agent Anything, TowardTheStars, and Metrixcare.

Mr Yuan, who's been in business for more than a decade, said opportunities to succeed in the startup world was a "real eye-opener".

"The investors had never seen anything like this before with over 400 are at one investment forum ... they were shocked to see so many people," he said.

"It is the beginning of an amazing journey.

"I've personally never seen anything like it."