

False Declarations of Soju Products Imported from South Korea

Prepared for Trade Risk and Enforcement,
Customs Enforcement Branch

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Introduction

Soju has become the fastest-growing sector in the alcohol industry. Our concerns centre on the false declaration of Soju products being imported from South Korea. These products are being deliberately misclassified to avoid excise duties, and I wish to bring this matter to your urgent attention.

Background and Suspicion:

We have observed that several Soju products, traditionally distilled spirits, are being imported into Australia as wine products. This misclassification appears to be a deliberate attempt to evade the excise duties applicable to spirits under Australian law. These products are misleadingly labelled and declared as "Fruit Wine," yet they do not conform to the legal definitions required for such classifications.

Legal References and Issues:

- Wine Equalisation Tax Act 1999 (WET Act):

- The definition of wine includes grape wine, grape wine products, fruit or vegetable wine, cider and perry, mead, and sake. Specifically, for a product to be classified as fruit wine:

- It must be made from the complete or partial fermentation of fruit or vegetable juice,

- It must not be flavoured.

Excisable Goods:

- According to Australian law, excisable goods include alcoholic beverages that do not meet the definitions specified in the WET Act. Therefore, products imported as "Fruit Wine" but containing added flavours do not qualify as wine and are subject to excise duties as spirits.

Observations and Evidence:

Our analysis and observations, supported by the AWRI report, particularly Section 5, indicate the following:

1. False Declaration: Soju products are being declared as wine products to benefit from lower tax rates.

2. Non-Compliance: These products do not comply with the definition of fruit wine, as they are flavoured.

3. Market Discrepancies: These products are being sold at significantly lower prices compared to duty-paying products. Notably, some of these products have been sold at Costco at prices that are less than the cost of the duty alone, strongly indicating tax evasion.

4. Manufacturers' Consistency: The products are from the same manufacturers and offer the same range of flavours as those imported into the United States, making no such claims of being Wine or Wine Products.

5. Scale of Tax Evasion: We estimate that the scale of this tax evasion reaches into the hundreds of millions of dollars.

Market Impact:

The import and sale of these falsely declared products have created an unfair market advantage, adversely affecting legitimate businesses that comply with Australian tax laws. The low prices of these products, made possible by avoiding the correct excise duties, undermine the competitiveness of duty-paying products and distort the market.

EDG holds the biggest market share in this category and in their own words, “According to Endeavour Group sales data, Korean drinks are leading the trend, with soju experiencing one of its strongest year on year growth performance ever” - 21st July 2022 National Liquor News

Request for Investigation:

Given the substantial evidence of false declarations and the significant market impact, we are requesting the Australian Border Force to:

1. Investigate the import declarations of Soju products from South Korea.
2. Examine the compliance of these products with the WET Act and excise duty requirements.
3. Take appropriate action against importers found to be falsely declaring these products.

A Brief History of Korean Soju:

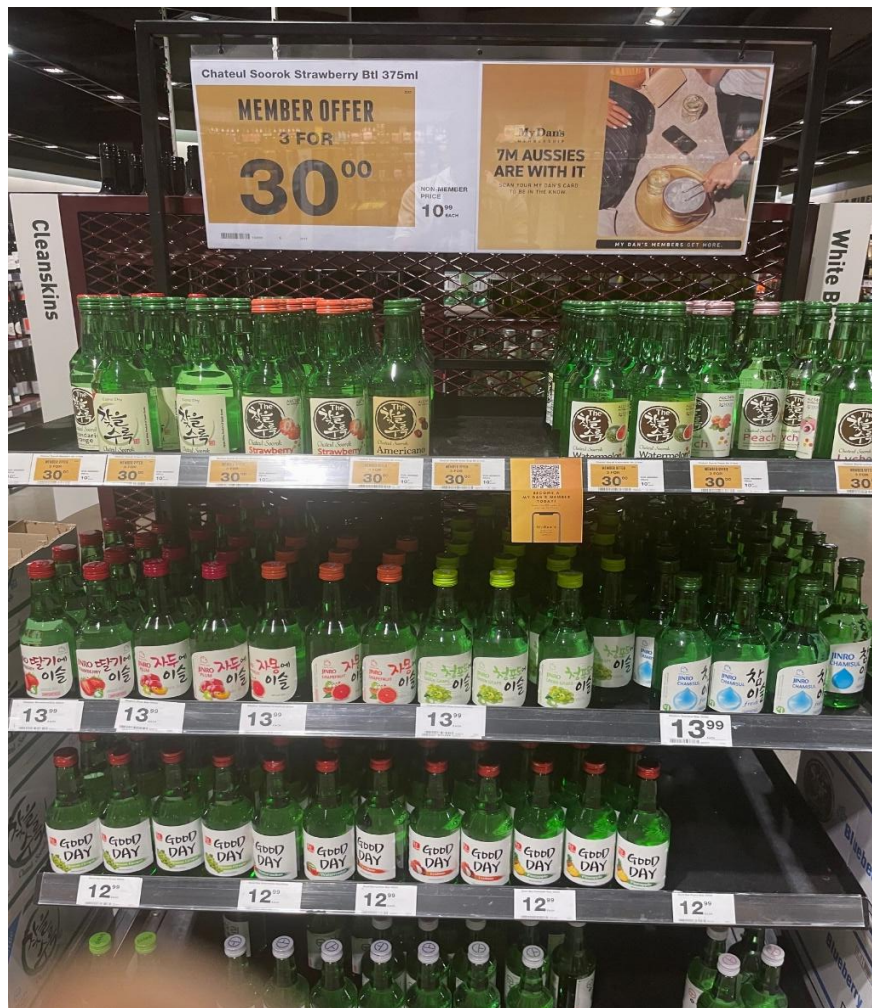
Korean “Soju” and Japanese “Shochu” are traditionally distilled spirits mainly made from rice, akin to vodka in their production method. In 1965, the government of Korea, concerned about the country’s insufficient rice crop, banned the use of rice for making Soju. In response, distilleries turned to sweet potatoes and tapioca to make the alcohol base as ultra-high proof ethanol, then used water and sweeteners to dilute it.

The ban was finally dropped in 1999, but by that time, national tastes had shifted to prefer the highly refined sweeter variant. With the exception of expensive, artisanal premium products, modern Korean Soju, including flavoured variants, are produced by diluting 96% ethanol with water and sugars like corn syrup and cane sugar. These products are typically bottled in 360ml green bottles, distinguishing them in appearance but not in production method from any other distilled spirits found in the Australian market.

The international popularity of Soju has surged, partly due to the global spread of Korean culture through K-Dramas, K-Pop, and Korean cuisine. Flavoured Soju in particular, has experienced a 30-45% growth globally in each of the last four years, largely driven by a non-Korean market.

Korean Soju is usually packaged in a 360ml green bottle, as shown below.

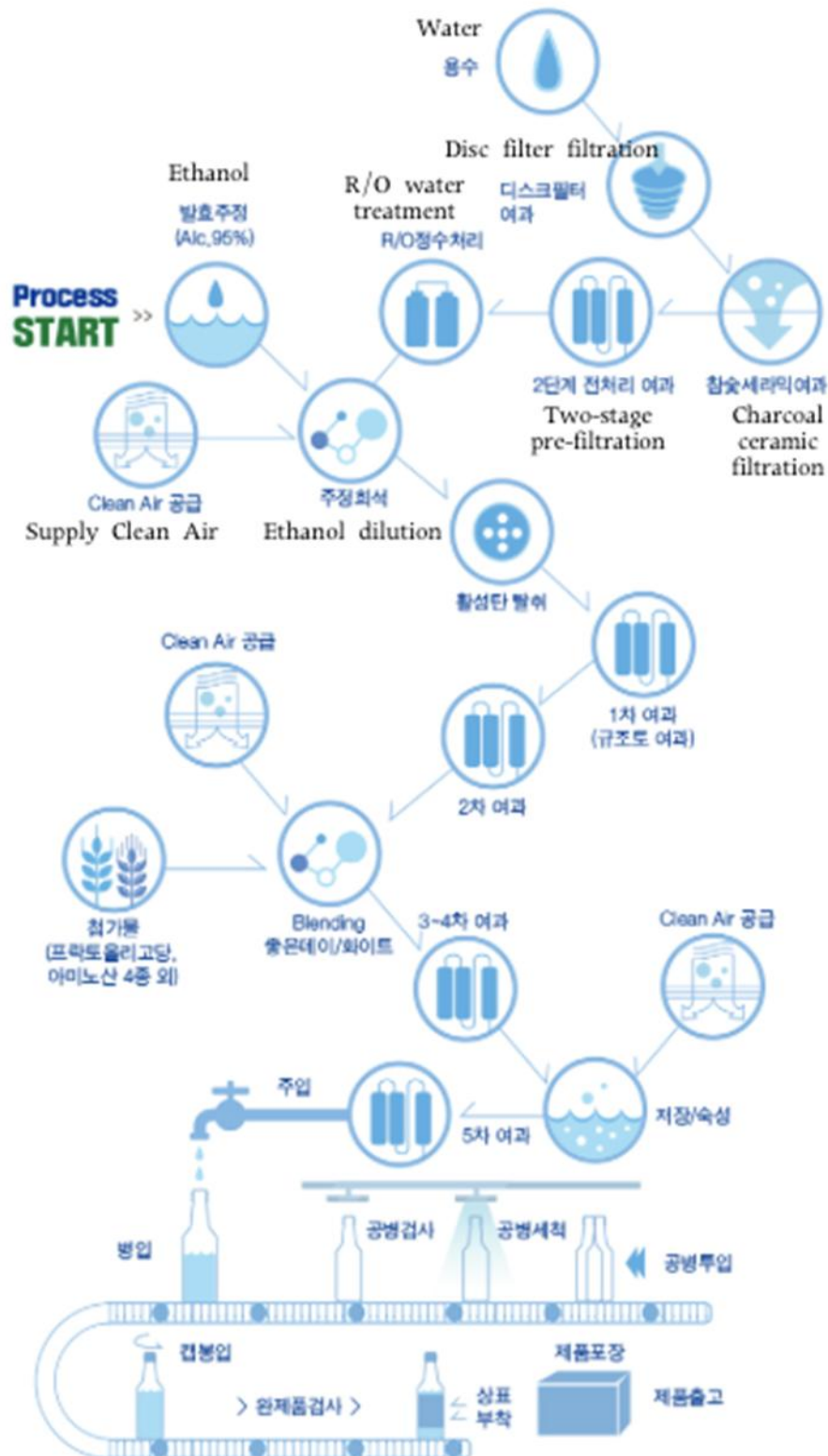
Dan Muphy's Store Top Ryde Sydney



Below is a diagram of the manufacturing process of Good Day taken from the manufacturer's own website. Good Day holds the largest market share in Australia and is being imported as Fruit Wine.

PROCESS OF MANUFACTURE

| 좋은데이 공정과정



Law

Our attached report, which includes detailed analysis and evidence from the Affinity Lab, particularly Section 5, supports these findings. Affinity is a division of the Australian Wine Research Institute, and the report identifies discrepancies in product labelling and volume declarations that contravene Australian law and standards.

According to the "A New Tax System (Wine Equalisation Tax) Act 1999" (WET Act), and the parallel customs legislation, the definition of Wine Products is specifically regulated to maintain the integrity of Wine Product and Fruit Wine categories. Section 31 of the WET Act stipulates that a beverage must only contain naturally occurring substances from the fruit from which it is fermented to be classified under fruit wines. The Act explicitly states:

"Wine products must not contain added flavours other than those derived from the fermentation of the base fruit. This definition aims to preserve the authenticity of the fruit wine category and ensure that all products labelled as such are in compliance with these standards."

Additionally for a beverage to be classified as "fruit or vegetable wine" under HS Codes 2206.00.30 and 2206.00.4, it must not have any added ethyl alcohol from other sources, except for grape spirit or neutral spirit, and only if the final alcohol content is between 15% and 22% by volume.

According to the Wine Equalisation Tax Act 1999 (WET Act), a product must adhere to these specifications to maintain its classification as a Fruit Wine and to comply with Australian taxation and customs requirements.

This is particularly relevant as many of the imported products currently under scrutiny have been enhanced with artificial flavours and additives post-fermentation, which is in direct violation of these regulations.

Many of these products declared as fruit wines, yet contain added blueberry and strawberry flavours, fall outside the legal definition of Fruit Wine as per Australian law and are therefore subject to duties in line with the excise regime.

Definition of Fruit wine and Fruit Wine Product in the Food Standard code is not relevant to excise duty/customs duty classification and falsely used to apply wrong HS Code as explained in this report.

The misdeclaration of these products as Fruit Wines not only evades proper duty and taxes but also misleads consumers and creates unfair competition in the market. By sidestepping these legal definitions, the implicated parties have engaged in a deliberate attempt to exploit legislative loopholes for financial gain, thereby compromising the transparency and fairness of the market. In this they have been assisted by retailers who should have had a thorough knowledge of the law, and processes in place to ensure that products purchased were compliant.

The combined market share of Endeavour Group and Coles Liquorland dominated its exponential growth, but independent stores are now very aggressively following the trend.

This ongoing issue not only undermines the integrity of the tax system but also harms consumers and compliant businesses alike. We urge EDG, Coles Liquorland, Costco and independent market leaders to collaborate with the relevant regulatory bodies, including the Australian Border Force and ATO, to address and rectify these violations promptly.

Good Day Soju has recently been selling in Costco for as low as \$5 per bottle. This is less than the cost of the Duty which should have been paid on the product at the border. The violations in this sector have become egregious and cannot be permitted to continue.

The genuine scale of the Duty fraud can to an extent be quantified by reconciling what Endeavour Group, Coles Liquorland, Costco etc. have purchased against what had been imported with the correct duty paid. Korean customs export figures will also show the extent of this fraud.

HS CODE AND DUTY PAYABLE

<https://www.abf.gov.au/importing-exporting-and-manufacturing/tariff-classification/current-tariff/schedule-3/section-iv/chapter-22>

It is important to note that all these products belong to HS Code 2208.90.90 subject to \$101.85/L of Alcohol Customs Duty as none of them are partial or complete fermented fruit wine. However, for the products falsely claiming to be the fruit wine regardless of its recipe and production considerations and its integrity, the product still belongs to HS code 2206.00.14 and subject to \$101.85/L Alcohol customs duty.

As stated in the Chapter 22 Additional Notes 6 clearly specifies **“d. has not added to it, at any time, any liquor or substance that gives colour or flavour”**.

All the ‘flavoured soju’ do not qualify as they have added substance to give flavour.

Chapter 22 - Beverages, spirits and vinegar

6. For the purposes of 2206.00.30 and 2206.00.4, "fruit or vegetable wine" is a beverage that:
- a. is the product of the complete or partial fermentation of the juice or must of fruit or vegetables, or products derived solely from fruit or vegetables; and
 - b. has an alcoholic strength by volume of at least 8% vol but not exceeding 22% vol; and
 - c. has not had added to it, at any time, any ethyl alcohol from any other source, except ethyl alcohol from grape spirit or neutral spirit may be added, but only if the resulting beverage has an alcoholic content by volume of at least 15% vol and not exceeding 22% vol; and
 - d. has not had added to it, at any time, any liquor or substance that gives colour or flavour.

Reference Number	Statistical Code	Unit	Goods	Rate#	Tariff concession orders
2208			UNDENATURED ETHYL ALCOHOL OF AN ALCOHOLIC STRENGTH BY VOLUME OF LESS THAN 80% VOL; SPIRITS, LIQUEURS AND OTHER SPIRITUOUS BEVERAGES:		
★2208.90.90*			--- Other	5%, and \$101.85/L of alcohol NZ/PG/FI/DC/LDC/SG: \$101.85/L of alcohol DCS:3%, and \$101.85/L of alcohol	

Reference Number	Statistical Code	Unit	Goods	Rate#	Tariff concession orders
2206			OTHER FERMENTED BEVERAGES (FOR EXAMPLE, CIDER, PERRY, MEAD, SAKÉ); MIXTURES OF FERMENTED BEVERAGES AND MIXTURES OF FERMENTED BEVERAGES AND NON-ALCOHOLIC BEVERAGES, NOT ELSEWHERE SPECIFIED OR INCLUDED:		
★2206.00.14*	23	L al and L	---- Having an alcoholic strength by volume exceeding 10% vol	\$101.85/L of alcohol NZ/PG/FI/DC/LDC/SG: \$101.85/L of alcohol	

Some products are claiming to be Apple wine without additional flavours. These are usually called “Original”, “Red” or “Blue”. In our professional estimation these, like the flavoured varieties, are not a product of partial or complete fermentation but are essentially soft drinks with ethanol added. This is shown by the lack of sulphur, or any other products normally associated with fermentation as shown by our laboratory product analysis.

As shown in the Affinity report, there are no traces of any fermentation such as Free and Total SO₂ in the analysis and the manufacturer has confirmed that fermentation does not take place with the illustration of the manufacturing process as taken from their website. The labels shown below for Korean consumption or US market consumption are different to the labels for Australian products despite being the same product. The Australian labels appear to have been designed to assist the manufacturer in customs duty fraud.

Evidence from overseas markets

US LABEL



KOREAN LABEL

Korean Label

Ingredients : water, ethanol, xylitol, stevia, steviol glycosides, glycine, thaumatin

원재료명: 정제수, 주정, 자일리톨, 효소처리스테비아, 스테비올배당체, 글리신, 토마틴



AUSTRALIAN LABEL




Soonhari Chumchurm / Jinro Fresh / Jinro Flavoured Soju


These products state that they are not a product of fermentation, and many of the websites describe that these are simply diluted and flavoured spirit product.

We believe these importers have previously always imported with duty paid but due to continued import and expansion of Good Day, Chatuelsook and many new brands imported in Fruit Wine classification, they have also begun import, from last year, as Fruit Wine.

<https://www.tradekorea.com/product/detail/P632834/SOONHARI-CHUM-CHURUM-FLAVORED.html>


Alcoholic beverage products







Chum-Churum Flavored – Citron/Peach/Apple

- Classification : Soju
- Net Contents : 250mℓ, 360mℓ, 400mℓ
- Alcohol : 14.0%
- Package Type : Bottle, PET, Pouch
- Released Date : 2015
- Major Export Market : U.S.A., China



Chum Churum Citron / Peach are newly released flavored soju of Lotte Liquor. The products are booming in Korean market, selling 40million bottles within 100days from the release date. After a great number of experiments and researches to find out the ideal flavor of citron and peach, we finally discovered the very essence of the fruity taste. Though the color of Chum Churum Citron / Peach is crystal-like and transparent, you can experience the real fully aromatic drop of citron / peach flavor, lingering until you take another shot of Chum Churum. After hard works of a day, shower your mouth with Chum Churum and take an aromatic rest.

Duty calculations:

Good Day Original			Good Day Peach or Watermelon	
				
		Per Case		Per Case
Alc Content	16.90%		13.50%	
Size ml	360		360	
Export Price US\$16 per case (20bottle per case) won	\$ 1.20		\$ 1.20	
Export Freight per bottle	\$ 0.14		\$ 0.14	
IMPORT DUTY \$101.85	\$ 6.20		\$ 4.95	
COST PER BOTTLE IMPORTER	\$ 7.53	\$ 150.67	\$ 6.29	\$ 125.76
Total Price INC GST	\$ 8.29	\$ 165.74	\$ 6.92	\$ 138.33

The Good Day Peach minimum cost is \$6.92, yet this is sold at Costco at \$5.50 per bottle as seen below.

The product is currently sold at Costco for \$49.98 per case of 8 bottles or \$6.24 per bottle. It had been sold as low as \$5.00 per bottle in December 2023. This is simply not possible if duty had been paid. In many of independent stores, all Soju are sold between \$5 - \$12 per bottle and importers are wholesale \$75 - \$120 per case recently with average price \$90 - \$100 as currently accepted market price.

For the retailers, including major national chains, these are a profitable and high margin product and have now turned into a high-volume product. In Dan Murphy's and BWS stores, these products are currently given shelf space that is larger than any other product in the spirit category.

COSTCO PHOTOS



It is important to note that many of these importers use shell companies to import goods under false classifications, superficially proving they have paid the proper duty through the current trading

company. In reality, most of the stock is imported under incorrect classifications. If they are caught by customs, they appear to be planning to adopt a phoenix strategy, opening another shell company to continue importing under false classifications and limit their liability.

It is believed that certain customs brokers and freight forwarders actively participate in this fraud for a share of the profits. They openly assist in these actions, exploiting the customs system.

While this type of activity was once the province of shady importers and small Asian grocery stores, the fraudulent activity has been allowed to continue and even thrive to the point that it is now in major retailers such as Dan Murphy's, BWS, 1st Choice Liquor, and Liquorland. Existing suppliers who have paid proper duties in the past have also adopted the same tactic, importing goods under incorrect classifications because their market share has been significantly diminished and they see that other market players have been allowed to continue in this practice without facing repercussions.

Customs Brokers suspected of assisting in Duty fraud

PNL GLOBAL LOGISTICS

87 Egerton St, Silverwater NSW 2128

(02) 9700 1188

Kago Australia P/L

26 Byrnes St, Botany NSW 2019

(02) 9025 6660

Ace Cargo International PTY Ltd.

424 Botany Rd, Alexandria NSW 2015

(02) 9319 6500

Pin Cargo Limited

27/49 Carrington Rd, Marrickville NSW 2204. Australia

0404 827 764

info@pincargo.com.au

PRODUCT LIST AND IMPORTERS DETAILS

These companies wholesale to the national chains (Dan Murphy's BWS, 1st Choice Liquor, Liquorland), Independent bottle shops and On-Premises Market(restaurants) across Australia.

GOODDAY SOJU

Importer:

DY GLOBAL PTY LTD (A.C.N: 159 648 325 / A.B.N: 77 159 648 325) (DEREGISTERED)

DY GLOBAL AUSTRALIA PTY LTD (A.C.N: 644 461 861 / A.B.N: 33 644 461 861)

CASTLE HILL INTERNATIONAL PTY LTD T/AS DY GLOBAL TRADING (A.C.N: 618 391 236 / A.B.N: 42 618 391 236)

HAS INTERNATIONAL PTY LTD T/AS DY GLOBAL TRADING (UNTIL 8 Aug 2019) (A.C.N: 41 603 322 774 / A.B.N: 41 603 322 774)

BIG MART AUSTRALIA PTY LTD T/AS DY GLOBAL TRADING (UNTIL 1 AUG 2018) (A.C.N: 129 158 265 / A.B.N: 73 129 158 265)

BIG MART PTY LTD (A.C.N: 624 502 781 / A.B.N: 68 624 502 781) (DEREGISTERED)

Liquor License Number: LIQW880014788 (NSW)

Licensed Premise: 2 / 110 – 118 Asquith Street Silverwater NSW 2128

Registered Address: (Director's home address)

Principle Place of Business: (Director's home address)

Product Label Address: 2/110 Asquith St Silverwater NSW 2128

ACTUAL OPERATING ADDRESS: 2/110 Asquith St Silverwater NSW 2128

Email: dybeer@hotmail.com

https://www.picuki.com/profile/goodday_australia

<https://www.facebook.com/Cass.GooddaySoju/>

Tel: 02 9748 2444

Mob: 0451 786 800

This company has the widest distribution of Soju in the Australian market, selling through all major distribution channels. They fully leverage the support and extensive sales networks of Endeavour Group (Dan Murphy's and BWS) and Coles Liquorland. Additionally, their sales to Costco last year significantly bolstered their market position. The sales to independent bottle shops and Korean restaurants are also substantial.

Previously, they were known for selling Korean beers CASS and OB under duty-paid prices and were widely recognized as major importers of Korean beers without paying duty. It is understood that they were caught smuggling CASS (primarily) and OB, but their activities in this market have substantially decreased due to their significant wealth accumulation through Good Day Soju, ensuring protection for these activities.

As mentioned, they employ a phoenixing strategy, changing the company when operations encounter issues with Border Force and the ATO.

It is important to note that companies dealing with Endeavour Group, Coles, and Costco will only engage with a single company that has a current active account. Therefore, they use a number of other companies to shield their primary company, whose value in dealing with these national chains is immense. The actual sales figures from these national chain companies, if provided to government authorities, would reveal the true scale of their fraud.

Customs Duty Fraud Methodology:

They use label fraud to support Method 1 in fruit-flavoured products, falsely claiming them to be Apple Wine. However, there are no traces of wine such as SO₂, acidity produced during fermentation, or residual fruit sugar from winemaking. These products are made by diluting water and high-proof ethanol, with no trace of apple or apple juice fermentation.

Despite claiming to be apple wine, these flavoured products are subject to a Customs Duty of \$101.85 per Liter of alcohol but frequently claim to be fruit wine to evade Customs Duty. They also use label fraud by wrongly claiming "extract juice" gives the product wine status. They claim to use flavours of fruit extract juice (regarded as flavour under the Customs Act and WET Act), but their label status is false. In fact, for some flavours such as coffee and Yakult, it makes no sense as there is no such ingredient as Yakult extract juice or coffee extract juice.

The manufacturer supports this false labelling to assist the Australian importer in customs duty fraud, in partnership with their customs broker, who is licensed and trusted by the Australian Border Force.

KORNET GLOBAL PTY LTD

(A.C.N: 617 538 780 / A.B.N: 49 617 538 780)

Liquor License Number: LIQW880014787 (NSW)

Licensed Premise: 10 177 Arthur Street Rookwood NSW 2141

Registered Address: 37, 1 Owens Ave Newington NSW 2127 (Director's home address)

Principle Place of Business: 37, 1 Owens Ave Newington NSW 2127 (Director's home address)

Product Label Address: 11/50 Cosgrove Rod Strathfield South 2136 (Operates from this address and there is no liquor license to attached to the premise)

11/50 Cosgrove Rd. Strathfield South, NSW 2136

<http://kornetglobal.com.au/>

Email: info@kornetglobal.com.au

Mob: 0449 177 470

Chateul Soorok :

Flavoured (14% alc)/ non-flavoured 16.8%(alc) and 19.3%(alc)

Distribution: Dan Murphy's and BWS main supplier. Also, strong presence in the independent market.

Customs Duty Fraud Methodology:

The product engages in label fraud to support Method 1 in fruit-flavoured products, falsely claiming to be Apple Wine. However, it lacks traces of typical wine components such as SO₂, fermentation-induced acidity, and residual fruit sugar. Instead, it is produced by diluting water with high-proof ethanol, with no evidence of apple or apple juice fermentation.

Despite its claim of being apple wine, the flavoured products should be subject to a Customs Duty of \$101.85 per L/Alc. By falsely claiming to be Fruit Wine, it evades this duty. The label fraudulently suggests that using fruit extract juice grants it wine status. According to the Customs Act and WET Act, these extracts are merely considered flavours, making the label's status false. For instance, flavours like Coffee and Yakult are nonsensical as there are no such ingredients as Yakult extract juice, Coffee extract juice, or Ginger extract juice.

Chareul Soorok Original Blue and Red (16.8% and 19.3% alcohol by volume, respectively, and non-flavoured) claim to contain apple, yeast, and sugar. Unlike the flavoured product labels, these do not state apple wine, reflecting the common knowledge that fermented alcoholic beverages rarely reach such high alcohol levels. Achieving 19.3% alcohol through fermentation is nearly impossible without a rare yeast strain, and no common commercial yeast can achieve this without leaving strong fermentation residuals, particularly when made from apple juice.

Clearly, this constitutes label fraud, as the products are imported as Fruit Wine and aim to compete in the non-flavoured market, such as vodka and gin, for use in cocktails and as straight shots. The manufacturer supports the false labelling, aiding the Australian importer in customs duty fraud, in collaboration with its customs broker, who is licensed by the Australian Border Force and holds a position of trust and duty of care.

Chum Churum Soju / Soonhari Soju

These products are imported by two unrelated entities. It is understood that Korea Liquor Cellar Cellars is the main entity bringing products without paying duty.

They are fully aware their products are subject to spirit duty, but they joined ranks of others to not lose the market share. Their labels and its ingredient clearly show the products are not wine. This is one of the best-selling items in the national retailing chains.

Importer 1 : Everyday Internation PL

U5/112 Benaroon Road Lakemba NSW 2144

Tel: 02 9740 9000

Importer 2 : Korea Liquor Cellar Cellars KAL Sydney

U4 / 164 Adderley Street W, Auburn NSW 2144

Tel : 1300 224 121

Jinro Fresh

Produce; Jinro Flavored Soju, Jinro Original and more.

These products are also imported by two unrelated entities. Ettason Pty Ltd sells to all the national chains and commenced selling to the independent market from 2023 against wishes of the 2nd importer.

Like Soonhari / Chumchurm, they are fully aware their products are subject to spirit duty. Their labels and its ingredient clearly show the products are not wine. This is the most famous Korean Soju brand and almost every store. We believe they have now chosen to evade duty and compete aggressively with Soonhari/Chumchurum to take back the market share from late 2023 selling well below than duty itself in 2024.

Importer 1 : Ettason Pty Ltd

(Sells to Dan Murphy's, BWS, Coles Liquor and independent stores)

2A Birmingham Ave Villawood NSW 2163

Importer 2 : YOOSUNG AUSTRALIA PTY LTD

(Sells to Independent market, Restaurants)

ABN 86 628 315 980

Contact Details

rwkang@gmail.com

0430 458 207

Pinnacle Drinks

owned by Endeavour Group Limited (EDG), manages and distributes a broad portfolio of exclusive beverage brands. The company's contact details are as follows:

- **Address:** Level 1, 26 Waterloo Street, Surry Hills, NSW 2010
- **Phone Number:** 1300 721 920 (within Australia)
- **Website:** [Pinnacle Drinks](#)

Pinnacle drinks import: Bigtanbok, Bokbunja-Um, and Simsool 7 Rice Wine. Please see the appendix for details on these products.

NEW MAJOR PLAYER

COMPANY NAME : SPLA GROUP PTY LTD

IMPORTING COMPANY : OPTIMAX AUSTRALIA PTY LTD

ACN: 637 469 991

ABN: 25637469991

MAIN OPERATING COMPANY : SPLA GROUP PTY LTD

ACN: 635 509 081

ABN: 70635509081

OPERATING ADDRESS: U5 / 7 STUBBS STREET AUBURN NSW 2144 (also has contract warehouses where further store their stock)

Current Registered address: 2 Vernon Street, SOUTH TURRAMURRA, NSW, 2074.

WEBSITE : www.vividsoju.com

Contacts:

- 1. Roy (BYUNG EUN LEE) 0449 252 997 / info@splagroup.com**
- 2. John (HYOUNG JONG LEE) 0434 404 348 / info@splagroup.com**

Products : Charmalguen Soju (VIVID SOJU) and SAINT D9

SPLA formally sourced legally produced product in Australia however it has recently begun aggressively importing from OEM manufacturers using, we believe, the usual false declarations of product as fruit wine. These products have an allergen warning 'Contains Preservative (220)' which is usually used on wine labels. Our lab analysis confirmed it has no SO2 (preservative 220) or any traces of wine in its formulation and these products appear to be made in the same way as other illegally imported products, i.e. soft drink and ethanol.

They currently sell to independent stores nationally and have also began selling to Coles Liquorland, initially in limited stores in Sydney, but ready to expand nationally in case existing importers have issues in supply or supply at current duty unpaid prices.

When the current major importers are either closed or forced to pay proper duty, this company is poised to take over the market and benefit from their own duty unpaid products.

We understand that the company is currently under investigation by the ATO in relation to unpaid WET tax.

RECENT EMERGING IMPORTERS AND KOREAN SOJU OEM (OWN BRAND) LABELS SPECIALISING MANUFACTURER

There are many new importers Appearing in the market seeking to exploit the perceived loophole in the Customs Duty. This will continue to grow and take place where and if current illegal importers are stopped with their duty fraud practices by Australian Border Force.

The new entrants need to sell cheaper and often higher alcohol volume than current importers, further distorting the market.

As shown below, there are also many new brands being produced by manufacturers who specialise in OEM (Own Brand) labels for the importers and appear to be willing to falsify the labels to assist their clients.

CHEERS



SIZAK



OPPA



Andong



Sense



THE KOREAN SOJU PRODUCER MAKING OWN BRAND LABELS AND WHERE MANY OF NEW ENTRANTS ARE BUYING.

<https://www.tradekorea.com/product/detail/P809180/Fruit-Soju-Arirang-Peach-12-.html>

- Year Established	2021
- No. of Total Employees	1-50
- Company introduction	<p>Naturelica Co., Ltd. is located in city of Chungju, where sweet and fruitful apple is produced thanks to clean air and fertile land. We were established in year 2021 by people who has long experience brewing Korean Soju with Chungju apple using conventional soju brewing method.</p> <p>We are providing OEM brand soju to exporters and distributors as well as manufacturing own brand of Arirang Soju to worldwide distributors. We are suggesting wide range of popular Korean fruit flavor folded soju based on apple wine fermented with Korea pear to enhance sweetness and refreshness of next day. The fruit selection is wide open to tropical fruits too and the shelf is expanding up on customer demands.</p>

Because of the bewildering array of brands and flavours of products in the market a comprehensive survey of products in breach of the labelling and formulation laws is beyond the scope of this report however, please find in the following appendix a brief outline of some of the more egregious breaches by the major players operating in the market today.

Appendix 1. Real world examples of products in breach.

"Simsool 7 Rice Wine,"

This is being imported by Pinnacle Drinks and sold in Australia. The attached photograph provides a visual representation of the product in question.

Product Details:

- Brand Name: Simsool 7 Rice Wine
- Importer: Pinnacle Drinks
- Ingredients Listed: Water, Corn Starch, High Fructose Corn Syrup, Rice, Sugar, Carbon Dioxide, Fruit Concentrate (Grape, Blueberry), Lactic Acid (270)
- Alcohol Content: 7% ALC/VOL
- Bottle Size: 330 mL

Reasons for Non-Compliance:

Product Classification and Labelling:

- The term "rice wine" traditionally refers to an alcoholic beverage made primarily from fermented rice. The inclusion of ingredients such as corn starch, high fructose corn syrup, and fruit concentrate in significant quantities may mislead consumers regarding the nature of the product.
- The label makes no mention of yeast or sulphur dioxide or any other ingredients which would indicate that this is a fermented beverage.
- The labelling must accurately reflect the primary ingredients and comply with the Food Standards Australia New Zealand (FSANZ) guidelines. Given the diverse ingredients listed, the product's classification as "rice wine" is questionable and potentially misleading.



Conclusion:

Due to the above reasons, the product "Simsool 7 Rice Wine" does not comply with Australian regulations for alcoholic beverages, specifically under the WET Act and FSANZ guidelines. As the product is misleadingly labelled, it should not be permitted for importation and sale as "wine" in Australia.

"Good Day Mint Choco,"

This is being imported and sold in Australia. The attached photograph provides a visual representation of the product in question.

Product Details:

- Brand Name: Good Day Mint Choco

- Flavour: Mint Chocolate

- Importer:

DY GLOBAL PTY LTD (A.C.N: 159 648 325 / A.B.N: 77 159 648 325) (DEREGISTERED)

DY GLOBAL AUSTRALIA PTY LTD (A.C.N: 644 461 861 / A.B.N: 33 644 461 861)

CASTLE HILL INTERNATIONAL PTY LTD T/AS DY GLOBAL TRADING (A.C.N: 618 391 236 / A.B.N: 42 618 391 236)

HAS INTERNATIONAL PTY LTD T/AS DY GLOBAL TRADING (UNTIL 8 Aug 2019) (A.C.N: 41 603 322 774 / A.B.N: 41 603 322 774)

BIG MART AUSTRALIA PTY LTD T/AS DY GLOBAL TRADING (UNTIL 1 AUG 2018) (A.C.N: 129 158 265 / A.B.N: 73 129 158 265)

BIG MART PTY LTD (A.C.N: 624 502 781 / A.B.N: 68 624 502 781) (DEREGISTERED)

Reasons for Non-Compliance:

1. Inappropriate Flavouring for Fruit Wine:

- Under Australian regulations, including the Food Standards Australia New Zealand (FSANZ) guidelines, fruit wine is defined as an alcoholic beverage made primarily from the fermentation of fruit and may not have other flavours added.

- The inclusion of chocolate flavouring in "Good Day Mint Choco" is inconsistent with the definition and traditional production methods of fruit wine. Fruit wine should derive its primary flavours from the fruit used in fermentation, not from additional flavourings like chocolate.

2. Product Classification and Labelling:

- The term "fruit wine" implies a product primarily made from fermented fruit. The addition of chocolate flavouring can mislead consumers regarding the nature of the product, as chocolate is not a typical ingredient in traditional fruit wines.

- Accurate labelling is required under FSANZ guidelines to ensure consumers are fully informed about the product they are purchasing. Labelling this product as "fruit wine" with a mint chocolate flavour does not align with regulatory expectations and may constitute misleading representation.

Conclusion:

Due to the above reasons, the product "Good Day Mint Choco" does not comply with Australian regulations for alcoholic beverages, specifically under the FSANZ guidelines. As the product is

misleadingly labelled as "fruit wine" despite containing chocolate flavouring, it should not be permitted for importation and sale as such in Australia.

We recommend a thorough review of this product's compliance with Australian regulations and taking appropriate enforcement action to prevent its continued importation and sale.

Photograph of the "Good Day Mint Choco" bottle and label



"Jinro Strawberry,"

Is being imported by Ettason Pty, Ltd and sold in Australia. The attached photographs provide visual representations of the product and relevant regulatory guidelines.

Product Details:

- Brand Name: Jinro Strawberry
- Importer: Ettason Pty, Ltd
- Ingredients Listed: Rice, Fructose, Sucrose, Strawberry Extract
- Alcohol Content: 13% ALC/VOL
- Bottle Size: 360 mL

Reasons for Non-Compliance:

1. Definition and Classification under WET Act:

- According to the Wine Equalisation Tax (WET) Act and associated guidelines, if the alcohol source is derived from barley or rice, it does not meet the definition of fruit or vegetable wine.
- The "Jinro Strawberry" product lists rice as a primary ingredient, indicating that its alcohol source is derived from rice. This classification disqualifies it from being labelled as fruit wine under Australian regulations.

2. Fortified Wine Alcohol Content Requirements:

- If barley or rice is the source of the neutral spirit that is added to fortify the product, it must contain at least 15% ethyl alcohol by volume to be applicable for WET.
- The "Jinro Strawberry" product has an alcohol content of 13% by volume, which does not meet the minimum requirement for fortified wine under the WET Act.

3. Product Pricing and Duty Compliance:

- This product is being sold nationally. Given the low retail price, it is likely that the appropriate duties and taxes have not been applied or calculated correctly, suggesting a potential issue with customs declaration and duty payment compliance.

Conclusion:

Due to the above reasons, the product "Jinro Strawberry" does not comply with Australian regulations for alcoholic beverages, specifically under the WET Act and customs duty regulations. As

the product does not meet the minimum alcohol content requirement for fortified wine and is derived from rice, it should not be permitted for importation and sale as such in Australia.

We request a thorough review of this product's compliance with Australian regulations and taking appropriate enforcement action to prevent its continued importation and sale.

- Photograph of the "Jinro Strawberry" bottle and label



"Soonhari Yogurt,"

Is being imported by Everyday International Pty Ltd and Korea Liquor Cellars Kal Sydney and sold in Australia. The attached photograph provides a visual representation of the product in question.

Product Details:

- Brand Name: Soonhari Yogurt
- Importer: Everyday International Pty Ltd, Korea Liquor Cellars Kal Sydney
- Ingredients Listed: Water, Ethyl Alcohol (distilled from grain at 95% alc./vol), High Fructose Corn Syrup, Citric Acid, Yogurt Flavour
- Alcohol Content: 12% ALC/VOL
- Bottle Size: 360 mL

Reasons for Non-Compliance:

1. Inappropriate Flavouring for Fruit Wine:

- Under Australian regulations, including the Food Standards Australia New Zealand (FSANZ) guidelines, fruit wine is defined as an alcoholic beverage made primarily from the fermentation of fruit and flavoured with fruit or vegetable flavours.
- The "Soonhari Yogurt" product includes yogurt flavour, which is not derived from fruit or vegetables. This classification disqualifies it from being labelled as fruit wine under Australian regulations.

2. Fortified Wine Alcohol Content Requirements:

- If a product contains ethyl alcohol as an ingredient, it indicates fortification. According to the Wine Equalisation Tax (WET) Act, fortified wine must have a minimum alcohol content of 15% by volume to be applicable for WET.
- The "Soonhari Yogurt" product has an alcohol content of 12% by volume, which does not meet the minimum requirement for fortified wine under the WET Act.

Conclusion:

Due to the above reasons, the product "Soonhari Yogurt" does not comply with Australian regulations for alcoholic beverages, specifically under the FSANZ guidelines and WET Act. As the product does not meet the minimum alcohol content requirement for fortified wine and includes a non-fruit flavouring, it should not be permitted for importation and sale as such in Australia.

We recommend a thorough review of this product's compliance with Australian regulations and taking appropriate enforcement action to prevent its continued importation and sale.

- Photograph of the "Soonhari Yogurt" bottle and label



"Soonhari Blueberry,"

Is being imported by Everyday International Pty Ltd and Korea Liquor Cellars Kal Sydney and sold in Australia. The attached photographs provide visual representations of the product and relevant regulatory guidelines.

Product Details:

- Brand Name: Soonhari Blueberry
- Importer: Everyday International Pty Ltd, Korea Liquor Cellars Kal Sydney
- Ingredients Listed: Water, Ethyl Alcohol (distilled from grain at 95% alc./vol), High Fructose Corn Syrup, Citric Acid, Blueberry Flavour
- Alcohol Content: 12% ALC/VOL
- Bottle Size: 360 mL

Reasons for Non-Compliance:

1. Fortified Wine:

- According to the regulatory guidelines, if a product is fortified with spirit, it must contain at least 15% ethyl alcohol by volume.
- The "Soonhari Blueberry" product includes ethyl alcohol as an ingredient, indicating fortification. However, its alcohol content is 12% by volume, which does not meet the minimum requirement for fortified wine under Australian regulations.

2. Flavour Additives:

- The product contains blueberry flavour as an additive, rather than as an ingredient used at the time of fermentation; assuming any fermentation has been used in the production of this product at all.

Conclusion:

Due to the above reasons, the product "Soonhari Blueberry" does not comply with Australian regulations for alcoholic beverages, specifically under the guidelines for fortified wines. As the product does not meet the minimum alcohol content requirement for fortified wine and includes flavour additives, it should not be permitted for importation and sale as such in Australia.

We recommend a thorough review of this product's compliance with Australian regulations and taking appropriate enforcement action to prevent its continued importation and sale.

- Photograph of the "Soonhari Blueberry" bottle and label



"Bokbunja-Um,"

Is being imported by Pinnacle Drinks and sold in Australia. The attached photograph provides a visual representation of the product in question.

Product Details:

- Brand Name: Bokbunja-Um
- Importer: Pinnacle Drinks
- Ingredients Listed: Raspberry, High Fructose Corn Syrup, Sucrose, Neutral Spirit (1.08%), Yeast, Malic Acid (296)
- Alcohol Content: 12% ALC/VOL
- Bottle Size: 375 mL

Reasons for Non-Compliance:

1. Fortified Wine Alcohol Content Requirements:

- According to the Wine Equalisation Tax (WET) Act, fortified wine must have a minimum alcohol content of 15% by volume.
- The "Bokbunja-Um" product lists neutral spirit as an ingredient, indicating fortification. However, its alcohol content is 12% by volume, which does not meet the minimum requirement for fortified wine under Australian regulations.

2. Product Classification and Labelling:

- The product is labelled as a "fruit wine," which traditionally refers to an alcoholic beverage made primarily from the fermentation of fruit. However, the inclusion of high fructose corn syrup and neutral spirit can mislead consumers regarding the nature of the product.
- Accurate labelling is required under Food Standards Australia New Zealand (FSANZ) guidelines to ensure consumers are fully informed about the product they are purchasing. Labelling this product as "fruit wine" despite its low alcohol content and fortification does not align with regulatory expectations and may constitute misleading representation.

Conclusion:

Due to the above reasons, the product "Bokbunja-Um" does not comply with Australian regulations for alcoholic beverages, specifically under the WET Act and FSANZ guidelines. As the product does not meet the minimum alcohol content requirement for fortified wine and includes potentially misleading labelling, it should not be permitted for importation and sale as such in Australia.

We recommend a thorough review of this product's compliance with Australian regulations and taking appropriate enforcement action to prevent its continued importation and sale.

- Photograph of the "Bokbunja-Um" bottle and label



"Bigtanbok,"

Is being imported by Pinnacle Drinks and sold in Australia. The attached photograph provides a visual representation of the product in question.

Product Details:

- Brand Name: Bigtanbok
- Importer: Pinnacle Drinks
- Ingredients Listed: Raspberry, High Fructose Corn Syrup, Neutral Spirit (13.05%), Sucrose, Carbon Dioxide, Malic Acid (296), Yeast
- Alcohol Content: 7% ALC/VOL
- Bottle Size: 370 mL

Reasons for Non-Compliance:

1. Alcohol Content Requirements:

- According to the Wine Equalisation Tax (WET) Act, fruit wine that includes neutral spirit must have a minimum alcohol content of 15% by volume.
- The "Bigtanbok" product has an alcohol content of 7% by volume, which falls significantly short of this requirement. This discrepancy means the product cannot be classified as fruit wine containing added neutral spirit under Australian regulations.

2. Product Classification and Labelling:

- The term "fruit wine" traditionally refers to an alcoholic beverage made primarily from fermented fruit. The inclusion of ingredients such as high fructose corn syrup and a significant percentage of neutral spirit may mislead consumers regarding the nature of the product.
- The labelling must accurately reflect the primary ingredients and comply with the Food Standards Australia New Zealand (FSANZ) guidelines. Given the diverse ingredients listed, the product's classification as "sparkling fruit wine" is questionable and potentially misleading.

Conclusion:

Due to the above reasons, the product "Bigtanbok" does not comply with Australian regulations for alcoholic beverages, specifically under the WET Act and FSANZ guidelines. As the product does not meet the minimum alcohol content requirement and may be misleadingly labelled, it should not be permitted for importation and sale as "fruit wine" in Australia.

We recommend a thorough review of this product's compliance with Australian regulations and taking appropriate enforcement action to prevent its continued importation and sale.

- Photograph of the "Bigtanbok" bottle and label



"Vivid Malgeun Yogurt,"

Is being imported by SPLA Group Pty Ltd and sold in Australia. The attached photograph provides a visual representation of the product in question.

Product Details:

Brand Name: Malgeun Yogurt

Importer: SPLA Group Pty Ltd

Ingredients Listed: Purified Water, Pear & Apple Wine, Flavour

Alcohol Content: 12% ALC/VOL

Bottle Size: 360 mL

Reasons for Non-Compliance:

Inappropriate Flavouring for Fruit Wine:

Under Australian regulations, including the Food Standards Australia New Zealand (FSANZ) guidelines, fruit wine is defined as an alcoholic beverage made primarily from the fermentation of fruit and flavoured with fruit or vegetable flavours.

The "Malgeun Yogurt" product includes yogurt flavour, which is not derived from fruit or vegetables. This classification disqualifies it from being imported as Fruit Wine under Australian regulations.

Product Classification and Labeling:

The product is labelled as a "Traditional Korean Wine Beverage" with yogurt flavour, which can mislead consumers regarding the nature of the product. Accurate labelling is required under FSANZ guidelines to ensure consumers are fully informed about the product they are purchasing.

Labelling this product as wine despite its non-fruit flavouring does not align with regulatory expectations and may constitute misleading representation and a breach of HS codes on importation.

Conclusion:

Due to the above reasons, the product "Malgeun Yogurt" does not comply with Australian regulations for alcoholic beverages, specifically under FSANZ guidelines. As the product includes a non-fruit flavouring and is misleadingly labelled as wine, it should not be permitted for importation and sale as such in Australia.

We recommend a thorough review of this product's compliance with Australian regulations and taking appropriate enforcement action to prevent its continued importation and sale.

Photograph of the "Malgeun Yogurt" bottle and label



"Saint D9 Lemon,"

Is being imported by Optimax Australia Pty Ltd and sold in Australia. The attached photograph provides a visual representation of the product in question.

Product Details:

Brand Name: Saint D9 Lemon

Importer: Optimax Australia Pty Ltd

Declared Ingredients: Contains sulphites, preservative (220)

Alcohol Content: 9.9% ALC/VOL

Can Size: 500 mL

Reasons for Non-Compliance:

Misleading Information on Sulphite Content:

The product label claims that the beverage contains sulphites and preservative (220). However, laboratory tests have proven that there is no sulphur dioxide (sulphites) present in the product.

This discrepancy indicates that the product label is misleading, which is a breach of Australian regulations regarding accurate product information.

Lack of Product Identification and Labelling:

Nowhere on the can is there a definitive statement identifying the contents of the package. This lack of clear identification breaches the labelling laws that require food products to describe the type of food contained within the package.

Under the Food Standards Australia New Zealand (FSANZ) guidelines, it is mandatory for food labels to accurately describe the nature of the product to inform consumers appropriately. The absence of such a description on this product is a clear violation of these standards.

Conclusion:

Due to the above reasons, the product "Saint D9 Lemon" does not comply with Australian regulations for alcoholic beverages, specifically under the FSANZ guidelines and labelling laws. As the product contains misleading information about its ingredients and fails to provide a definitive statement about its contents, it should not be permitted for importation and sale in its current state.

We recommend a thorough review of this product's compliance with Australian regulations and taking appropriate enforcement action to prevent its continued importation and sale.

Photograph of the "Saint D9 Lemon" can and label



"Good Day multi packs "

Are imported by QJ Global Trading and sold in Australia. The attached photograph provides a visual representation of the product in question.

Product Details:

- Brand Name: Good Day
- Importer: QJ Global Trading
- Ingredients Listed: Alcohol, Watermelon Juice Concentrate, Water
- Alcohol Content: 13.5% ALC/VOL
- Bottle Size: 360 mL

Reasons for Non-Compliance:

1. Fortified Wine Alcohol Content Requirements:

- According to the Wine Equalisation Tax (WET) Act, fortified wine must have a minimum alcohol content of 15% by volume.
- The "Good Day Watermelon" product lists alcohol as an ingredient, indicating it is a fortified wine. However, its alcohol content is 13.5% by volume, which does not meet the minimum requirement for fortified wine under Australian regulations.

2. Product Pricing and Duty Compliance:

- This product is being sold at Costco for less than \$5 per bottle. This price is below the expected cost of the duty that should be imposed on such a product at the border, even before considering the actual production, beverage, and associated freight costs.
- Given the low retail price, it is likely that the appropriate duties and taxes have not been applied or calculated correctly, suggesting a potential issue with customs declaration and duty payment compliance.

Conclusion:

Due to the above reasons, the product "Good Day" does not comply with Australian regulations for alcoholic beverages, specifically under the WET Act and customs duty regulations. As the product does not meet the minimum alcohol content requirement for fortified wine and is being sold at a price below the expected duty-inclusive cost, it should not be permitted for importation and sale in its current state.

We recommend a thorough review of this product's compliance with Australian regulations and taking appropriate enforcement action to prevent its continued importation and sale.

- Photograph of the "Good Day multi packs" bottle and label





GOODDAY WATERMELON BRAND 13.5% ALC **CHILLED SERVE**
ingredients: Alcohol, Watermelon Juice Concentrate, Water
IMPORTED BY DY GLOBAL TRADING 2/110 Asquith St. Silverwater NSW 2128 Australia
Tel: 02 9748 2444

GOVERNMENT WARNING: (1) ACCORDING TO THE SURGEON GENERAL, WOMEN SHOULD NOT DRINK ALCOHOLIC BEVERAGES DURING PREGNANCY BECAUSE OF THE RISK OF BIRTH DEFECTS. (2) CONSUMPTION OF ALCOHOLIC BEVERAGES IMPAIRS YOUR ABILITY TO DRIVE A CAR OR OPERATE MACHINERY, AND MAY CAUSE HEALTH PROBLEMS.

10c refund at collection depots/points
in participating State/Territory
of purchase

APPROX 3.8
STANDARD DRINKS

AUSTRALIA ONLY

ALC. 13.5% BY VOL. 360mL

www.gooddaywine.com.au

PRODUCT OF SOUTH KOREA
MUHAK CO., LTD.



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