

8 October 2020

# Launch of new online platform and creation of social e-commerce marketplace

**Sydney, Australia** – Aumake International Limited (ASX:AU8) (**Aumake, AU8** or the **Company**), is pleased to provide the market an update on its online strategy.

## Highlights

- AuMake is shifting its business model through a transformative online initiative
- Aumake in partnership with Shenzhen Jiezhou Technology Co, Ltd. (part-owned by Ant Financial) has launched a new online platform, the first stage of an Australian social e-commerce marketplace allowing Australian brands to connect more directly with Asian influencers and their social networks
- The online platform will allow Aumake to grow its member database, Gross Merchandise Value (GMV) and market share by initially attracting influencers by providing them with the best possible prices, streamlined logistics and a seamless customer experience
- Aumake will soon incorporate contemporary social media marketing features such as peer-to-peer review, gamification, short form video and group buying capability - all on one integrated platform - to create a social e-commerce marketplace specifically tailored to the Australian market
- Social e-commerce is one of the fastest growing e-commerce segments in China, driven by the emergence of NASDAQ listed Pinduoduo, Douyin (Tiktok) and Xiaohongshu
- The new online platform and forthcoming social e-commerce marketplace is a natural evolution of the Company's business model, leveraging its established trusted relationships with Australian brands and Asian influencer social networks
  - Aumake has sold more than \$125m of Australian and New Zealand products to Asian influencers over the past three years with more than \$60m of sales in the last financial year
- An extensive marketing campaign is underway to support the new online platform launch, targeting over 15 million views during October across Australia, New Zealand and China

Executive Chairman, Mr Keong Chan said: "We are absolutely delighted to provide a new way for Australian brands to meet the demands of the fast-changing Asian consumer market. The launch of our new online platform today as the first stage of the creation of a social e-commerce marketplace has been the result of many months planning, as part of the evolution of the Company's long-term online strategy.

"Asian consumers are increasingly using integrated platforms to buy products based on opinions within their social network and increasingly less on what the brands, retailers or advertisers are telling them. In China, it is now about discovering products with friends, sharing that experience and buying on that same platform – the product is part of the journey, not simply the end point.

"The social-e-commerce marketplace we will create in the next stage will be specific to the Australian market, to allow high-quality Australian brands to form a closer connection to Asian influencers who can in turn relay brand stories to their social network and allow them to buy it immediately on the same platform. This has been historically difficult to do via existing traditional retail/marketing networks. Aumake will soon offer the tools and features seen on Chinese social e-commerce platforms to Australian brands and Asian influencers to provide a level of engagement not experienced before."

### **Social e-commerce in China**

China is a global leader in converging consumer technology, online shopping, influencer interactions and back-end logistics – all in the one place. Social media has helped shopping channels evolve, assisted buyers in getting information and altered the way brands engage with consumers to drive brand awareness. The Chinese consumer has been at the forefront of the social e-commerce marketplace:

- China's social e-commerce market is estimated to be valued at 2,419.4 billion yuan in 2022.
- Strong investor demand with the sector attracting over 2 billion yuan of financing in 2019 to fund the development of e-commerce platforms.
- Social media integrated with retail platforms have become a popular marketing and sales channel with brands and retailers increasingly using social media to market and sell their products.
- "Content is king". In China, user-generated content is one of the most effective ways to increase engagement and customer reach.

### **An online platform tailored to Australian brands to reach the Asian market**

Aumake's social e-commerce marketplace will provide an Australian-based, culturally aligned online platform that enables Australian brands to leverage Asian influencer social networks to target local and offshore Chinese consumers. Asian influencers are able to independently communicate and endorse the quality and provenance of Australian brand's products, rather than relying on existing retail and traditional marketing models where a brand story is normally heavily diluted.

#### **Technology**

Aumake's new online platform has been developed with its strategic technology partner, Jiezhou Technology Co, Ltd, (part-owned by Ant Financial Services Group) and features the latest e-commerce trends initially offered via the WeChat store. Android/iOS apps and website interfaces will be added in the near future.

Aumake will embed its existing 40,000+ user database into the new platform, enabling analysis of users' spending behaviour and more effective direct marketing promotion. Popular social e-commerce capabilities including store-in-store, group buying, short-form video, gamification and peer-to-peer review content will also be added.

Aumake will securely retain all customer data on the platform.

#### **Asian influencers and Australian brands**

Aumake will leverage its deep, long-lasting and trusted relationships with Australian brands and Asian influencers to facilitate effective engagement directly with Chinese consumers via influencers' social channels, increasing product awareness and distribution potential. The Company's new online platform will form the basis for the marketplace, which along with the power of Key Opinion Leaders (KOL's) and Key Opinion Consumers (KOC's) in the social media context, will provide a source of trusted recommendations regarding quality and provenance, to build the equity of Australian brands in Asia.

Aumake's social e-commerce marketplace will address a well-developed industry where it has a history of providing high-quality and authentic Australian products to Asian consumers, including through the Asian tourism industry. This history has afforded the Company with deep insights into the products and brands that attract Asian shoppers and influencers.

#### **Marketing and promotion**

Aumake is engaging in an extensive marketing campaign to educate potential users and KOL/KOC's about the benefits of its new online platform and future social e-commerce marketplace to drive individuals, businesses and brands to its online platform. Marketing and PR campaigns will be run on major Chinese electronic and social media across Australia, New Zealand and China, targeting more than 15 million views during October.

The campaign will re-introduce Aumake as a new online platform offering the best possible prices, end-to-end customer service and a comprehensive product range.

The marketing campaign is designed to grow the number of users on Aumake's database, which exceeds 40,000 users and consolidates all users from Aumake's various existing channels (WeChat networks, websites, physical stores, tourism networks) onto the one online platform. The development of the customer database and user profile is a key feature of the new online platform and will drive future marketing and promotion campaigns.

#### **Monetisation of marketplace**

Several options exist to monetise marketplaces, including levying transaction service fees. Transaction service fees will result in a net transaction margin in a range similar to other marketplaces in China and the USA.

Advertising and marketing revenue can also be derived from the development of customised data for brands, enabling them to improve their market awareness through the social e-commerce marketplace.

#### **Physical store network**

The Company aims to rationalise its physical store footprint. However remaining stores will continue to play an important role in converting in-store traffic to the new online platform and future marketplace. This will be especially important as international borders start opening, international students return and Asian tourism resumes, which capitalises on Broadway's enduring tourism relationships in Asia.

#### **Corporate rebranding**

The Company will be changing name to "Aumake Limited" and ticker code to "AUK" subject to shareholder approval at the Company's upcoming AGM.

Aumake looks forward to updating the market on the progress of its new online platform in the near future.

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### **ENDS**

This announcement has been authorised for release by the Board of Aumake International Limited.

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#### **About Aumake International**

Aumake (ASX:AU8) operates an online platform that directly connects Asian influencers with high-quality and authentic Australian brands. It offers the best possible prices, end-to-end customer service and a comprehensive product range – all on one integrated platform. Aumake also operates 14 physical stores, located in key precincts on Australia's east coast and in New Zealand, delivering a fully integrated online and in-store shopping experience for Asian consumers.