

Broadway acquisition and update

Highlights:

- Settlement of Broadway transaction now complete
- Broadway continues to observe strong trading conditions with 80% improvement in tour group revenue and visitation for July which is anticipated to continue

(Sydney, Australia) – AuMake International Limited (“AuMake” or the “Company”) is pleased to advise that the acquisition of Broadway has now settled, with the Company assuming full operational control.

As detailed in the acquisition announcement on the 17 April 2019, AuMake issued 17.2m ordinary shares at \$0.151 per share (voluntary escrow two years) and paid \$2.8m in cash, as the first tranche of consideration for the Broadway business,

The acquisition of Broadway is integral to AuMake’s platform which consists of offline and online stores and a strategic partnership with JD.com. Broadway is expected to significantly improve financial performance (material earnings in FY20) while enhancing AuMake’s ability to incubate new brands for the Chinese market.

Overview of the Broadway business

Broadway has over 20 years’ experience in the Chinese tourism industry and is a market leader in Australia and New Zealand (ANZ) with their ability to attract Chinese tour groups to their retail stores where they are able to purchase ANZ brands and products. Chinese tourists are highly open to new ANZ brands and spread brand awareness.

Integration of Broadway business

AuMake will immediately begin the process of expanding Broadway’s product mix (including AuMake’s owned brands), providing online services to allow for repeat purchases and increase the number of tour groups that visit the Broadway and AuMake offline stores.

Significant increase in July performance

To date during July, the Broadway business has experienced an 80% increase year-on-year (YoY) in tour group visitation and revenue which is expected to continue in the coming months. Performance is anticipated to improve further as the market moves towards high season (October to March) in line with further increases in tour group visitation from both existing and new Chinese travel agencies.

Broadway founder, Mr Jacky Yang, states:

“We are delighted to be a part of the AuMake business for the long term, which allows Broadway to grow at a rate beyond what would be possible as a private business. We are now able to access AuMake’s supply chain, online expertise and corporate experience to change our industry and to exponentially grow the number of Chinese travel agencies we deal with.”

Executive Chairman, Mr Keong Chan, states:

“AuMake, with the acquisition of Broadway, is now the only company that can deliver an ANZ brand growth ecosystem through its integrated offline and online daigou, Chinese tourists and Chinese ecommerce platforms.

Through Broadway, AuMake provides for the first time genuine ANZ brands with unparalleled brand awareness and marketing opportunities to promote their products to the lucrative Chinese market via Chinese tourists visiting our region in tour groups.

The completion of the acquisition of Broadway exemplifies one of AuMake’s key advantages in the Chinese facing market, being our ability to identify brand building businesses and to unleash their growth potential by providing access to our resources.”