

30 November 2020

## Annual General Meeting Chairman's Address

On behalf of the Board of Aumake International Limited (**Aumake, AU8** or the **Company**) it is a pleasure to address you, our shareholders, at our FY20 Annual General Meeting. It has been a unique year on many fronts - not least of which is the need for me to address this meeting remotely.

The unprecedented impact of COVID-19 has challenged Aumake, as it has done for almost every single organisation around the world, leading us deeply consider our place in this new normal. On reflection, COVID-19 has made Aumake refocus on its true purpose of connecting Australian brands with Asian consumers but as a more dynamic, lean and contemporary business.

We have always known Aumake's future was going to be determined by the path we chose to take in creating an online offering, and COVID-19 has made it very clear what online means for Aumake.

Our experience operating Broadway and Aumake Online combined with a deep analysis of several online business models and consumers trends in China, has allowed Aumake to take a bold step into the future with the launch of its new social e-commerce marketplace.

### **Launching our social e-commerce marketplace**

Aumake launched its social e-commerce marketplace in early October and initial growth has been very encouraging, with more than 12,000 active users now using our online platform and daily Gross Merchandise Value (GMV) averages up 200-300% compared to GMV performance prior to launch.

The growth trajectory of our social e-commerce platform provides a significant opportunity for Aumake to offer Australian brands an alternative to the traditional retail model currently being used to ineffectively reach the Asian market. We know Asian consumers well and their love for Australian brands and products. Aumake's platform and technology capability allows these brands to tell their unique story and to reach the touch points that resonate with the sophisticated Asian consumer.

The trend of online marketplaces taking over the world of traditional retail is already happening as we can see with the growing dominance of Amazon, Alibaba, eBay and with the quickly emerging social e-commerce platforms such as Pinduoduo and Douyin (TikTok) in China. China is at the forefront of this social e-commerce evolution, which converges consumer technology, online shopping, influencer interactions and back-end logistics – all in the one place. As a result, Asian consumers now expect to be able to discover products with friends, share those experiences and make a purchase all on the same platform – the product itself is part of the journey, not simply the end point.

Our social e-commerce marketplace follows these strong online trends and will allow Australian brands to access the social networks of Asian influencers, which will position influencers as promoters of their brand rather than simply purchasers of their products.

Aumake's technology buildout continues to progress rapidly with our online platform shortly featuring the latest social e-commerce marketing features such as store-in-store, group buying, short-form video, gamification and peer-to-peer reviews via a WeChat mini program, website and Android/iOS applications. It will provide a level of engagement not currently available to local Australian brands.

Our future online revenue model will be diversified and will include transaction service fees as well as advertising and marketing revenue.

### Using our physical stores to drive online traffic

We are highly optimistic about the likelihood of international borders re-opening in 2021 and the opportunity for us to significantly increase our market share within the Australian international student and tourist sectors, particularly given the consolidation activity we have seen over the last ten months. Since temporarily closing physical stores in March, we have reopened four stores in Sydney which are performing well. Our remaining 10 stores, located in Cairns, Gold Coast, Melbourne and New Zealand, are ideally positioned for the eventual return of international students and tourists.

The return of international students and tourists will provide a positive financial impact through increased foot traffic through our physical store network as well as enable the conversion of a highly affluent and valuable customer to our online platform at essentially nil customer acquisition cost. Prior to COVID-19, Aumake was on track to receive 50,000 Asian tourists through our physical store network. We were, and will be again, a sizeable and fast-growing business, however we now have a true understanding of how online and physical stores can work together to provide a once in a generation growth opportunity in our industry.

### Outlook

To reflect our new business model and strategic direction, if approved by shareholders at today's meeting, the Company will change its name to "Aumake Limited".

As a Board, we are very proud of how the Company has responded to the unprecedented challenges of FY20 and are excited for our future as operators of an Australian-based social e-commerce marketplace.

We look forward to executing on our strategic growth plans over the coming year and delivering value for our shareholders in FY21 and beyond. I wish to take this opportunity to sincerely thank our customers for their loyalty, our staff for their perseverance and our shareholders for their support.

**Keong Chan**

**Executive Chairman**

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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.