

29 March 2021

## Business update: Social e-commerce marketplace

### Highlights:

- **Stage two of platform technology buildout nearing completion, with contemporary social e-commerce capabilities now available.**
- **Establishment of partnership with experienced and award-winning social e-commerce team based in Hangzhou, China, to drive influencer and active user growth.**
- **Identifying new brands that align with emerging product trends in China, including anti-aging skincare products.**
- **Recently released Chinese economic and social e-commerce forecast data supportive of Aumake's differentiated online growth strategy.**

**Sydney, Australia** – Aumake Limited (**ASX: AUK, Aumake, or the Company**), operator of an emerging Australian-based social e-commerce marketplace that connects Asian influencers and consumers with high-quality and authentic Australian brands, provides the following business update on growth initiatives undertaken since the Company's successful capital raising in December 2020.

Aumake continues to leverage its long-standing relationships with Asian influencers and brands to scale its social e-commerce marketplace, which aligns with the global consumer shift from offline to online retail.

### Online and technology platform buildout

Aumake is nearing completion of stage two of its technology buildout, enhancing the functionality of its online platform. Stage two builds on the Company's existing operating platform, which allows users to register, browse, purchase, pay and arrange for delivery of products to China.

Stage two incorporates contemporary marketing features such as store-in-store functionality, enabling influencers to set up businesses on Aumake's marketplace. Social media capabilities, including the ability to organise group buying, create social networks and use short form/live video, will provide a deeper sense of engagement between the brand, influencer, and customer.

Aumake is also updating the platform's back end to enable more sophisticated data-driven analysis and insights, such as repeat buying behaviour, product trend and age group data. The Company will use this data to further refine its new brand selection process, online platform functionality and to provide valuable feedback to brands.

To assist with its ongoing technology development, Aumake has expanded its in-house technology team. Aumake has also appointed ShopEx, one of China's largest e-commerce software solution providers, to work alongside stage one technology partner Shenzhen Jiezhou Technology Co Ltd to fast-track its technology development.

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### **Establishment of partnership in China to drive active user growth**

Aumake has established a partnership with an experienced social e-commerce team in Hangzhou, China, to provide the Company with direct access into influencer networks in China. The partnership also enables cost-effective acceleration of active user growth, mitigating the high acquisition costs normally associated with new online marketplaces.

Aumake selected the Hangzhou team based on their best-in-class use of social e-commerce to cost effectively grow influencer/active users in China. The team in Hangzhou has extensive contacts throughout the Chinese influencer community and are actively engaged across all major social networking platforms, including Meituan, Pinduoduo and Xiaohongshu.

The Hangzhou team provides Aumake with:

- Highly qualified individuals with collectively more than 25 years' social e-commerce experience, including the 2018 top influencer on social e-commerce platform Meituan (3690.HK);
- Demonstrable experience building an influencer database; and
- Local ability to more effectively identify emerging product trends in China and to source new brands and products which align with those trends.

This channel enables the development of a unique B2B2C-model influencer database, facilitating growth without directly competing with large B2C e-commerce platforms in China.

The terms of the partnership include the setting of commercial-in-confidence financial and operational targets, cash and equity incentives if targets are exceeded during the next 12 months, and standard termination rights due to non-performance or gross misconduct. Upon finalisation and agreement of the equity incentives, they will be announced to the ASX.

### **Identification of new brands that align with emerging product trends in China**

A key competitive advantage of the Hangzhou team is their ability to quickly identify emerging product trends in China, developed from active participation on influencer social e-commerce platforms and analysis of product sales metrics and momentum.

Using this product trend information, Aumake's Australian team is now identifying and negotiating with new, innovative, and high-quality Australian and New Zealand brands, enabling them to efficiently enter the Chinese market, including anti-aging skincare with active ingredients such as collagen and Nicotinamide Mononucleotide.

Aumake will continue to progressively introduce new brands and will update the market as required.

### **Recent Chinese economic and social e-commerce data**

As the only major economy in the world to record growth in 2020, the Chinese government has set an economic growth target of 6% GDP in 2021 and will create an additional 11 million urban jobs.<sup>1</sup> This growth is expected to have a flow-on effect for the retail sector, and in turn Aumake, with recent data showing social commerce sales in China are expected to increase from US\$242b in 2020 to US\$363b in 2021 (35% YoY growth) and US\$478b in 2023.<sup>2</sup>

Aumake Executive Chairman, Keong Chan, said:

"We have been extremely active in developing our social e-commerce capability and creating scalability, forming a partnership in Hangzhou and continuing our technology investment into our platform. Increased platform functionality will empower our influencers and brands, enabling them to work collaboratively to reach the sophisticated Chinese consumer in a new way."

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**ENDS**

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<sup>1</sup> <https://www.scmp.com/economy/china-economy/article/3124166/china-gdp-premier-li-keqiang-confirms-gdp-growth-target-above>

<sup>2</sup> [China's Social Commerce Sales to Soar by 36% to \\$363 Billion in 2021, Ten Times the US Figure \(finaria.it\)](#)

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

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**About Aumake Limited**

Aumake Limited (ASX:AUK) operates an emerging social e-commerce marketplace 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 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.