



7 August 2023

Strategy Update

Sydney, Australia – Aumake Limited (ASX:AUK, Aumake, or the Company) releases its Strategy Update.

Aumake's Business Enhancement and Transformation

Introduction

Aumake Limited (ASX: AUK) (**Aumake**, or the **Company**) pioneered the delivery of high-quality brands and products from Australia and New Zealand to the Chinese market, utilising an omnichannel approach that encompassed three critical pillars: products, market channels and resource integration.

During the Covid-19 pandemic, Aumake and the world faced substantial challenges. The Company, in weathering the Covid generated challenges, re-focussed its business structure and objectives and successfully navigated the storm and learned from the crisis. As a result, Aumake has transformed its product development and market channel strategies and is leveraging its robust sales network to introduce new brands and products. In so doing, Aumake is looking to introduce an expanded product and brand range to not only China, but also throughout Asia.

Moving forward and in anticipation of the return of Chinese tourism to Australia, Aumake is building relationships with its key stake holders and is planning to enhance its online activities with the return of offline physical store shopping in Australia.

Product development strategy - Vertical integration and capitalising on market trends

Beyond distributing and incubating new brands, Aumake is planning to diversify its product range and leverage its resource base to further develop and enhance its own brands.

The Company has, in the past, experienced significant success with its own branded products, including health supplements, wool products and skincare products. In the financial year ended 30 June 2020, the own branded and exclusive products achieved over A\$14 million in revenue, which contributed to more than 50% of the Company's total gross margin. This illustrates the value and revenue potential of Aumake brands.

Aumake is now focussing its efforts on integrating its resources to offer new unique, competitive high-margin own branded products, through both its online and offline channels. Understanding market trends and guided by research data, Aumake has in the past successfully diversified its product range into 'booming' market sectors. In that regard, in 2021 Aumake partnered with Wiseway to cater for the Chinese consumers appetite for high-quality imported perishable food by offering premium seafood, vegetables and meat sourced from Australia and New Zealand. Furthermore, in 2022 Aumake experienced considerable retail interest when it ventured into the lucrative and booming Chinese pet products industry.

In summary, Aumake is broadening its portfolio to include new and diverse products and bolstering its own branded offerings. These strategies are expected to not only solidify its foothold in the Chinese market, but also to fuel Aumake's growth in both the Chinese and Asian markets.

Market channel strategy and resource integration

Aumake is expanding its presence by collaborating with its established and successful strategic partners. These partnerships will broaden Aumake's reach into the Chinese market and beyond.

One such partnership is with HK Huibeijia Brand Manage Co Ltd (**HKH**), which operates both online and offline stores across China. HKH manages an impressive network of 30 flagship stores and numerous POP stores on various platforms, along with access to up to 1,000 physical retail stores spread across 20 Chinese provinces. Aumake and HKH (a substantial shareholder of Aumake) are working together to facilitate the use, by Aumake, of HKH's extensive network and experienced team to sell Aumake branded products (in conjunction with Aumake's current WeChat Mini-Program), thus effectively and efficiently increasing brand awareness and generating revenue.

Another key partner is Grand Aust International Pty Ltd (**GAT**), a major provider of customised group and private tours for Chinese tourists in Australia. GAT, also a substantial shareholder, was established in 2010 with offices in Sydney, New Zealand and China and offers high-quality tour services to customers, handling over 50,000 tourists annually before COVID-19. GAT is an important player in fostering economic and cultural ties between China and Australia, offering various travel packages, including approved destination services, free independent tourist services and outbound travel, whilst also promoting educational exchanges through summer and winter camps for students. Aumake and GAT are working together to form a strategic alliance that capitalises on GAT's existing infrastructure. As part of this alliance, GAT's tour buses will visit Aumake-branded stores (yet to be established), thus providing Chinese tourists with personal shopping experiences with Australian branded products. This strategic alliance is expected to generate a significant numbers of tourist visitors to Aumake stores, boosting both brand recognition and generating meaningful revenue.

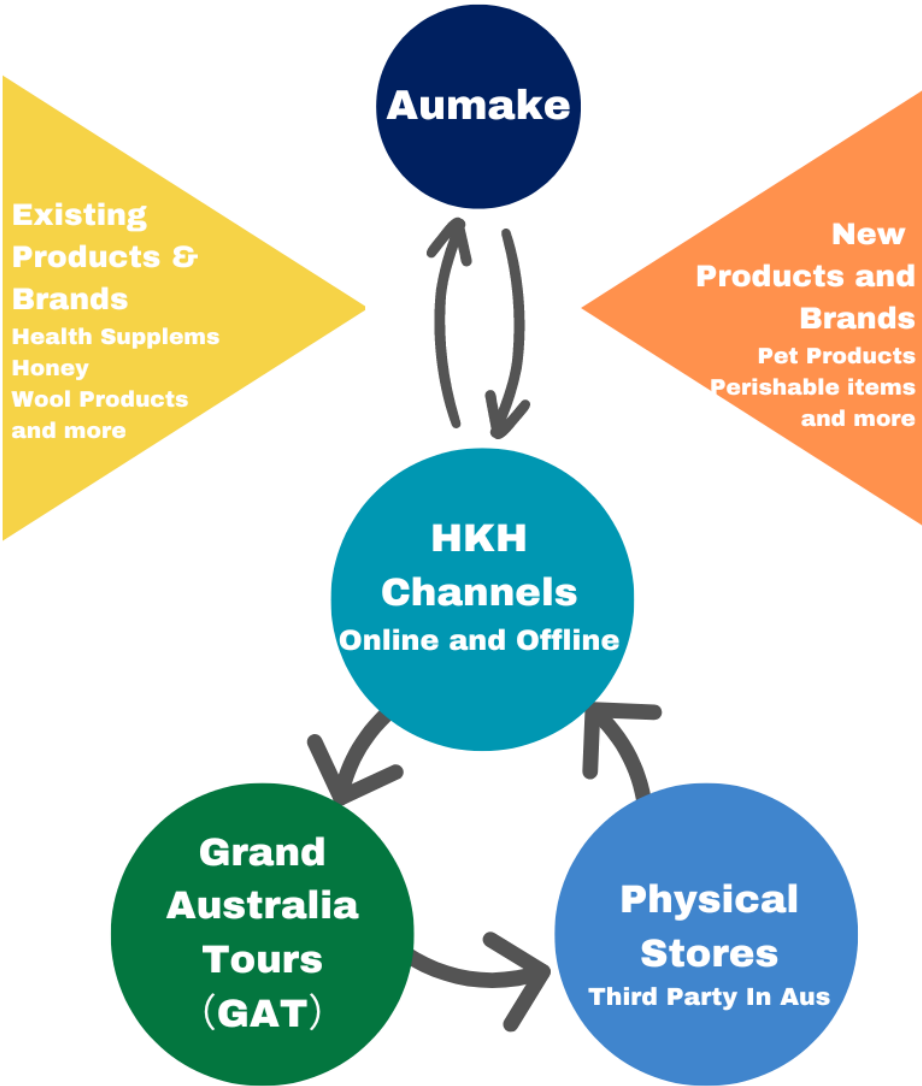
With regard to Aumake stores, the Company is planning to enhance its online activities with the return of offline physical store shopping in Australia. More specifically, Aumake is looking to outsource the operations of Aumake retail outlets (in Australia) for the sale of Aumake merchandise to selected licensees, such as tourism retail stores and Chinese community Daigou stores. This strategy allows Aumake to very efficiently reach more customers with its branded products, without the need to open and run its own stores.

Moving forward and in anticipation of the return of Chinese tourism to Australia, Aumake is building relationships with its key stakeholders (specifically HKH and GAT) and is planning to enhance its online activities with the return of offline physical store shopping in Australia.

Aumake's goal is to grow its business in the Chinese and Asian markets, especially thanks to its partnership with HKH. This strategy ensures stable, organic growth for Aumake. Meanwhile, Aumake is collaborating with GAT and third-party stores in preparation for an expected surge in tourism. Once travel restrictions ease, Aumake's strategies are expected to result in significant increases in both brand exposure and revenue for Aumake.

Conclusion

Aumake's long-term strategy centres around deep product development, a dynamic market channel strategy and effective resource integration. These focus areas aim to enhance brand power and expand product lines for greater market share. Aumake envisions itself as a company with strong brand incubation and sales capabilities, and this vision guides its strategic direction and efforts as it strides towards growth.



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

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