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Company Announcement Office
Australian Securities Exchange Limited

Re: GoConnect's Go Zhongshe signs major retail sales deal for Jianshui table grapes

The Board of GoConnect Ltd ("GCN") is pleased to advise that its associate Go Zhongshe Ltd ("Go Zhongshe"), which GCN owns approximately 1/3 equity interest, has completed on 18 August 2015 the signing of the Sales distribution partnership agreement and Supplementary agreement ("Agreements") with Swashes (Shenzhen) Co Ltd, a wholly owned subsidiary of retail group Swashes Ltd of Hong Kong ("Swashes"). Signing of the Agreements with Swashes has gone a long way towards implementing Go Zhongshe's strategy to establish a significant profitable business in China's agricultural industry. Swashes has established a substantial retail network across China, Hong Kong and Macau through direct and associated retail sales outlets. Swashes' associated retail outlets include major supermarkets, department stores and shopping centres of major retail brands including: Jusco, Friendship Store, Daxin, Wangfujing, Dongshan, Vanguard, Carrefour, Park'n Shop, and Shirble.

Swashes has established important corporate relationships with a number of major banks in China including Bank of China, Industrial and Commercial Bank, China Minsheng Bank, Bank of Communications, China Merchants Bank, China Construction Bank, and Wing Hang Bank. The Chinese banking industry is at the forefront of revolutionising the retail industry in China through their loyalty reward programs and integrating retailing activities with their country-wide points of presence ("POP"). We are beginning to see some of the more innovative banks capitalising on their strengths in credit card loyalty reward programs and in their substantial POP networks to establish their own goods and grocery retail networks, integrating China's banking industry with the retail industry. Swashes is working closely with a number of the major Chinese banks in this exciting industry development which will lead to a rapid expansion of Swashes retail network across China to tens of thousands of POPs. As a supplier to Swashes, Go Zhongshe will benefit from Swashes' rapidly expanding retail network.

Swashes has established a growing presence in e-commerce and is well positioned in today's O2O (Online to Offline) retail trend in China retailing. To-date, Swashes already has more than 1 million online customer accounts. The O2O retail trend in China is rapidly changing China's retail landscape

by eliminating the traditional trading houses and wholesale agents who are suppliers to the bricks and mortar retailers but which add significantly to goods acquisition costs. O2O retailing is leading to lower prices for consumers and higher margins for goods suppliers.

Go Zhongshe has secured for its 60% owned GZL Agri Ltd exclusive supply of the entire annual production of table grapes of the Jianshui County vineyard from the Jianshui County Grape Cooperative and Jianshui Trade Development Board from the 2016 harvest commencing in March 2016.

The Jianshui County vineyard is of a substantial scale. Its current year production of 180,000 tonnes of high quality table grapes exceeds Australia's entire 2014 production of table grapes by 50%. The Jianshui County vineyard has been in production for more than 12 years and is professionally managed, achieving a yield of about 30 tonnes per hectare of table grape production, more than twice the yield per tonne produced by other major grape producing and exporting nations such as Chile, Argentina, Italy and South Africa. The entire table grape production of the Jianshui County vineyard is sold locally in China, representing about 2% of China's annual domestic consumption, and is slightly ahead of total annual import volume.

The Jianshui table grapes originated from Japan and their quality is more than comparable to imported grapes from Japan, the US, and Australia. These imported grape products are fetching significant premium prices relative to Jianshui grapes with Japanese grapes retailing for RMB 300 per kg, US grapes retailing for RMB 80 per kg, and Australian grapes for RMB 60 per kg. The Swashes Agreements provide a significant lift to the existing market price for Jianshui grapes and will enable GZL Agri to narrow the premium between imported grapes and Jianshui grapes from 2016 onward. The Swashes Agreements set a new benchmark price for the Jianshui grapes and assure the profitability of GZL Agri and hence, its parent company Go Zhongshe.

Go Zhongshe has also advised that, working closely with the Jianshui Trade Development Board, it has made significant advance in establishing a new trademarked brand for the table grape products. In addition to Swashes, Go Zhongshe will continue to expand the sales distribution network for the Jianshui table grape products. A national TV show has been under planning by Go Zhongshe/GCN for some time and will provide a powerful media platform for brand marketing the Jianshui grapes.

Go Zhongshe has held discussions with a number of major Australian agricultural and food producing companies with a view to partner with them to introduce high standard of quality assurance and traceability systems into China's agriculture industry commencing with the Jianshui County vineyard. The objective is to help achieve a high quality and safe product brand for a range of Jianshui farm products.

These developments have driven the business plan of Go Zhongshe and GZL Agri much further and have secured the company's current target sale price and substantially, the sale volume for the table grape products from 2016. Accordingly, they support significant revenue and profit for the Go Zhongshe group from 2016.

For further information regarding this release, please contact media@goconnect.com.au