

Update – Exclusive Strategic Agreement with JD Worldwide

(Sydney, Australia) – AuMake International Limited (**AuMake** or the **Company**) is pleased to provide the following update to shareholders in relation to AuMake’s exclusive strategic agreement with JD Worldwide.

For the benefit of investors and in line with JD.com’s global brand, JD.com has provided additional information to update the Company’s announcement on 11 December 2018.

The updated announcement includes:

- An updated corporate description to highlight JD.com as the largest retailer in China, online or offline; and
- Updated JD.com's revenue figures in 2017 US\$55.7 billion.

The contents of the strategic agreement and consequent intentions, including revenue targets, remain unchanged. AuMake is extremely excited about this partnership and looks forward to executing the implementation steps under the terms of this exclusive strategic agreement with JD Worldwide.

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Exclusive strategic agreement between AuMake and leading Chinese e-commerce platform JD Worldwide

Highlights

- AuMake to be JD Worldwide's **exclusive strategic retail store partner** in Australia and New Zealand.
- JD Worldwide is JD.com's cross border e-commerce platform.
- JD.com is China's largest retailer, online or offline, with over 300 million active users. JD.com is the third largest internet company globally after Amazon and Alphabet with revenue of US\$55.7 billion (A\$77.24 billion) in 2017.
- Partnership will leverage JD.com's e-commerce and logistics capabilities in China with AuMake's retail store capability in Australia, to create a seamless new channel for Australian and New Zealand products to reach Chinese consumers.
- JD Worldwide to fully support AuMake's existing online flagship JD Worldwide store with a mutually agreed **initial sales target of 10 million RMB (US\$1.4 million or A\$2 million) per month with strong potential for growth.**
- The AuMake business is developing a **multi-channel platform** (which now includes the exclusive channel with JD Worldwide) to provide a foundation for **significant revenue growth and sustainable gross margins of 25–30% within 12 months.**



Mr Joshua Zhou, Managing Director, AuMake International Limited (left) Mr Tian Zheng Dong, Global Business Development Director, JD Worldwide (right)



(Sydney, Australia) – AuMake International Limited (**AuMake** or the **Company**) is pleased to announce the signing of a Memorandum of Understanding (MoU) with **JD Worldwide** (www.jd.hk), JD.com's cross border e-commerce platform.

JD.com is China's largest retailer, online or offline, with over 300 million active users. The company has a strict zero-tolerance policy toward counterfeit goods, and is the only large-scale e-commerce company in the world with an in-house logistics network that can deliver orders same or next-day, nationwide.

Through this partnership, AuMake and JD Worldwide aim to address current gap that exists in identifying and promoting new Australian and New Zealand brands and products in China.

The key principles of the MoU include:

- i. JD Worldwide and AuMake International Limited to form an **exclusive strategic agreement** to cooperate, explore and lead industry development in Australia and New Zealand.
- ii. To **combine JD Worldwide's e-commerce and logistics capabilities in China with AuMake's retail store and brand building capability in Australia**, to create a seamless retail store/online platform that will provide a new channel for Australian and New Zealand products to reach the Chinese market.
- iii. Both parties to combine resources to **incubate and develop new brands** and provide support to Australian and New Zealand suppliers/merchants to promote their brands in the Chinese market, creating an end-to-end ecosystem for the delivery of Australian and New Zealand products to Chinese consumers.

Pursuant to the broad principles of the strategic agreement, AuMake and JD Worldwide are in discussion on the following initial implementation steps:

1. AuMake to connect existing and future retail store customers to AuMake's flagship store on JD Worldwide to assist in the development of **repeat sales**.
2. **JD Worldwide to actively channel** existing and future online Australian and New Zealand product enquiries to AuMake's online flagship store on JD Worldwide.
3. JD Worldwide to provide AuMake with access to its nationwide logistics network in China, which will **streamline product delivery** to consumers in China.
4. Respective responsibilities:
 - a) AuMake – initial engagement, screening, distribute via preferred partners, promotions through KOLs and provision of retail store marketing support for new Australian and New Zealand brands and products.
 - b) JD Worldwide – online operation, diversification of sales sources, connection of sales systems, warehousing systems, distribution systems, logistics and promotion of new Australian and New Zealand brands and products in China.
5. The parties to **jointly develop products** to be exclusively sold on JD Worldwide (including AuMake's online flagship store on JD Worldwide) and in AuMake's retail stores in Australia



Commenting on the strategic agreement with JD Worldwide, AuMake Executive Chairman, Keong Chan states:

“This is a company changing event for AuMake and confirms the value that we have created so far via our retail store distribution network in Sydney. Under this collaboration with JD Worldwide, AuMake will now be able to reach **hundreds of millions of customers in China** with new brands and products, including brands and products owned by AuMake.

Our arrangement with JD Worldwide goes beyond a normal storefront on JD.com which is used by many companies around the world. AuMake’s relationship through this exclusive strategic agreement will **allow us to work with the JD.com business itself**, giving us access to all the resources at their disposal.

As we expand our retail store footprint across Australia and New Zealand, we anticipate this traffic to also increase with JD Worldwide’s support and together we believe we can fundamentally change the way in which Australian and New Zealand products reach the Chinese market.

AuMake is the only company currently in Australia and New Zealand with the capabilities and capacity to services these influential markets, in terms of engaging them with new brands and products. This capability will now be significantly enhanced by this strategic agreement with JD Worldwide.

AuMake and JD Worldwide are a perfect fit, with complementary cultures and business outlooks. We look forward to building a long term mutually beneficially relationship with JD Worldwide that will deliver great benefits for our shareholders, customers and Australian suppliers.

This latest development with JD Worldwide is another important step in the development of AuMake’s **multi-channel platform in Australia**. We are combining online and retail store concepts to reach the Chinese market, which follows a recent trend in China from the likes of a few other e-commerce platforms, who have recognised how important retail stores are when it comes to promoting new brands and products to Chinese consumers.

A multi-channel approach means that AuMake is not reliant just on the daigou market or a single infant formula brand but a diversified customer and brand base with over 700 current brands, any of which may be acquired in the future and added to our owned brand product portfolio.

Our multi-channel approach will provide a foundation for **significant revenue growth and sustainable gross margins of 25-30% within 12 months**. AuMake’s next phase is tremendously exciting and we look forward to our shareholders and Australian/New Zealand suppliers benefiting from our growth in Australia and China.”

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About AuMake

AuMake International Limited is an ASX listed retail company connecting Australian suppliers directly with daigou and Chinese tourists.

AuMake engages with the growing and influential daigou and Chinese tourist markets, by offering a one-stop-shop retail network. This includes a range of Australian products across four main categories including:

- healthcare (supplements and food)
- skin, body care and cosmetics
- dairy products and baby food (including infant formula)
- wool and leather products.

Customers of AuMake value the full service offering which includes knowledgeable bilingual staff, multiple payment options (including WeChat, Alipay and UnionPay) and an in-store logistics service for the delivery of products to anywhere in the world including China.

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