

China regulation commentary and trading update

(Sydney, Australia) – AuMake International Limited (“AuMake” or the “Company”) wishes to provide the following commentary on China’s recently announced action plan for the Chinese infant milk formula market, in addition to a trading update.

China’s action plan for the Chinese infant milk formula market

On 3 June, a joint statement was made by China’s National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Agriculture and Rural Affairs, Health Commission, SAMR, Ministry of Commerce and China Customs, regarding an action plan to promote domestic infant milk formula (IMF) brands.

Based on publicly available information and noting that sufficient detail has yet to be provided, the promotion and sale of Australian and New Zealand (ANZ) IMF brands *within* China may be impacted by the action plan.

AuMake however operates within the Australian domestic market and sources genuine IMF products from ANZ suppliers. These products are subsequently purchased from AuMake by Australian based daigou and visiting Chinese tourists, with the purchases delivered to China through AuMake’s logistics channels. Delivery of ANZ products to China via parcels (including the payment of all relevant taxes) continues to be a secure pathway for ANZ products to reach the Chinese market.

As such, AuMake will not be impacted by China’s IMF action plan.

The increasingly competitive and complex regulatory framework within China is advantageous to AuMake, as ANZ suppliers and brands become increasingly reliant on the daigou and Chinese tourist channels to reach and deliver products to China.

Trading update

The Company is pleased to advise that AuMake has continued to perform strongly with the month of May setting a new monthly sales record of \$4.2 million (121% increase pcp) during what is traditionally low season.

AuMake looks forward to the acquisition of Broadway from 1 July 2019 which further strengthens AuMake’s position in the Chinese tourist market, continued observation of increasing online sales across the AuMake business and further developments with JD.com in China.

The Company will continue to provide regular updates in relation to these activities in the coming months.

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