



6 March 2023

## Conversion of \$1,423,094 of debt into equity at an issue price of \$0.00888 per share

The Directors of Aumake Limited (**Aumake**) refer to the Company's announcement dated 17 February 2023 and provide the following additional information.

### Background

Aumake's, principal activity is the sale of Australian and New Zealand products via its e-commerce store and retail stores.

Aumake's retail store revenue generation activities included working with selected agents and travel agencies who physically delivered tourists and overseas students to Aumake's retail stores. In return, Aumake agreed to pay those agents and travel agencies commissions.

In accordance with industry practice, no formal contractual documentation was prepared in relation to the payment of commissions. Instead, the agreement to pay the commissions arose via frequent phone calls and/or emails between the respective agents and travel agencies and AUK's dedicated sales personnel.

All sales and commissions payable information was then recorded, at source, in the Company's financial records and systems and was supported by the provision of the relevant sales dockets from the agents and travel agencies.

Details of the quantum of sales commissions payable by the Company can be found in the Company's 2020, 2021 and 2022 audited Annual Reports (refer note 15 in each of those Annual Reports) and the audit reviewed Half-year Reports for each of 2020, 2021 and 2022 (refer note 3 in each of those Half-year Reports).

### Nature of the \$1,423,094 Liability

Most recently and most relevantly, as disclosed in note 3 of the Company's 31 December 2022 Half-year Report (lodged with ASX on 28 February 2023), the Company recorded a current liability of "trade payables and accrued expenses" totalling \$2,641,372. Of this amount, a total of \$1,513,391 was "accrued commission" that was due and payable to a number of travel agents and agencies, including Grand Aust International Pty Ltd (**Grand Aust**) and Grand Aust New Zealand Pty Ltd (collectively **GAT**).

As of the date of this announcement and as set out in the Debt Release Deed (**Deed**), GAT is owed commissions totalling \$1,423,094 (**Liability**).

### Debt Release Deed

As announced on 17 February 2023, the Company and GAT entered into the Deed, pursuant to which the parties agreed to convert an Aumake liability of \$1,423,094 into Aumake equity.

As set out in the Deed and subject to the receipt of Aumake shareholder approval in accordance with ASX Listing Rule 7.1 (**Condition**), Aumake will issue Grand Aust 160,249,420 ordinary fully paid shares (at an issue price of \$0.00888 per share) and grant Grand Aust 52,348,144 options each exercisable at \$0.0085 and expiring two years from their date of issue (**Consideration**).

GAT has further agreed that the 160,249,420 shares will be subject to a 12 month escrow period, commencing from their date of issue.

Pursuant to the Deed and subject to the satisfaction of the Condition and the issue of the Consideration, GAT will irrevocably and unconditionally release Aumake and its affiliates and each of their, directors, officers, employees and agents, past and present, from all claims, wherever and however arising, known or unknown, arising out of or in connection with the Liability.

### Shareholder approval

The Company advises that shareholder approval for the issue of the Consideration to Grand Aust will be sought at a General Meeting to be held in April 2023.

If shareholder approval in accordance with ASX Listing Rule 7.1 is obtained, the Company will issue the 160,249,420 Shares and 52,348,144 Options to Grand Aust and the Company will no longer be indebted to GAT for unpaid commissions totalling \$1,423,094 and GAT will irrevocably and unconditionally release Aumake and its affiliates and each of their, directors, officers, employees and agents, past and present, from all claims, wherever and however arising, known or unknown, arising out of or in connection with the Liability. In addition, the Company will appoint one representative of GAT (as nominated in writing by GAT) to the Board as a non-executive Director of the Company.

If shareholder approval in accordance with ASX Listing Rule 7.1 is not obtained, the Company will not issue the 160,249,420 Shares and 52,348,144 Options to Grand Aust and the Company will continue to be indebted to GAT for unpaid commissions totalling \$1,423,094. In addition, the Company will not appoint a representative of GAT to the Board.

**Authorised for release by the Board of Aumake Limited**

**Joshua Zhou**  
**Managing Director**  
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