



27 April 2023

## Q3 FY23 Quarterly Activities Report

**Sydney, Australia** – Aumake Limited (**ASX:AUK**) (**Aumake**, or the **Company**), operator of an Australian-based social e-commerce marketplace that connects Asian influencers and consumers with high-quality and authentic Australian and New Zealand brands, releases its consolidated quarterly cashflow and activities reports for the quarter ended 31 March 2023 (Q3 FY23).

Whilst news about China's borders opening and improving relations with Australia is all positive, the reality is that Chinese tourism has yet to return to Australian shores. It remains our view that Chinese tourism won't return until the latter half of 2023. As such, the Company has continued to focus on cutting costs, restructuring its activities, preserving cash and sourcing capital in anticipation of the return of Chinese tourism.

### Financial

- During the Quarter:
  - Net operating cash outflows fell from \$875k to \$300k (a fall of 65.71% from Q2 FY 23).
  - Leased costs fell from \$754k to \$44k (a fall of 94.16% from Q2 FY 23). All store and office locations are now closed – some lease payments liabilities remain and the Company's registered office address has been relocated to our auditor's (Rothsay) address.
  - Fees to Directors continue to accrue (not paid).
  - Staff costs fell to \$85k (a fall of 69.09% from Q2 FY 23 which included \$55k of redundancy costs) – no redundancy payments were made.
  - Agreements were entered into with each of GAT Travel Agency and Auexpress Global to convert \$1,469,218 of debt into equity.
  - Obtained shareholder approval, at a February 2023 General Meeting, for three Directors to participate in a capital raising on the same terms and conditions as the \$375k capital raising that was completed on 30 November 2022. Accordingly, on 21 March 2023, an additional \$80k was raised from the issue of 21.33m shares and 10.67m free attaching options to the three Directors.
  - The Company also raised \$624k pursuant to the issue of 156m shares at an issue price of \$0.004 per share on 21 March 2023.
  - The Company signed a binding subscription agreement, with Hong Kong based e-commerce company HK Huibeijia Brand Manage Co., Ltd (**HKH**), for the issue (subject to the receipt of shareholder approval) of 262,930,000 shares at an issue price of \$0.004 per share to raise \$1.052m (as announced on 29 March 2023).
- With the closure of all retail stores the only source of revenue during the quarter was from the Company's online e-commerce store, which generated revenue of \$312k (a fall of 54.98% from Q2 FY 23 revenue).
- The Company ended the quarter with a cash position of \$1.078m (Q2 FY23 \$875k).
- Subsequent to the Company's ASX Announcement dated 29 March 2023, on 13 April 2023 HKH paid (in advance) the subscription monies of \$1.052m. Shareholder approval for the issue of the 262,930,000 shares to HKH will be sought at a shareholder meeting to be held on 19 May 2023. Following the issue of the 262,930,000 shares to HKH, HKH will own 17.68% of Aumake's expanded issued share capital.

### Operational

- Primarily as a result of exiting physical stores and the associated costs of operating these stores, net operating cash outflows for the quarter fell from \$875k in Q2 FY23 to \$300k for Q3 FY23 – a 65.71% fall.
- Aumake will continue to operate its online e-commerce business, which continues to sell products to China through its Wechat App.
- As announced on 18 August 2022, Aumake is looking to release a new social online e-commerce platform with Entertainment Publications of Australia Pty Ltd. That platform is now close to completion and will likely be launched in the second half of 2023.
- Aumake is looking to extinguish all debt and reduce costs as much as possible, pending the return of Chinese tourism.
- Subject to receiving shareholder approval, at a shareholder meeting to be held on 19 May 2023, GAT Travel Agency and HKH will become substantial shareholders of the Company. With two new strategic shareholders, recent Chinese tariff reductions on many Australian products and the Company's improved cash reserves, Aumake is expecting to create a strategic ecosystem to grow its revenue and expand its product mix.
- Aumake is further investigating the commercial viability of opening branded Aumake physical stores, using an outsource model.

### Related party expenditure

Given that the Directors were not paid this quarter, there were no payments made to directors, related parties, or associates.

### Outlook

News about China appears increasingly optimistic with:

- (a) Australia-China relations improving with the potential lifting of trade sanctions on Australian barley and wine under consideration by China's State Council;
- (b) China's "civil aviation sector ... now offering passenger flights to 59 countries, equivalent to 82% of its pre-epidemic level"<sup>1</sup>; and
- (c) according to Ctrip (China's largest online travel firm) overseas tour bookings for the upcoming May Day holiday are up 157%, predominantly to Asian destinations<sup>2</sup>.

China is open for business. These factors are all promising signs of a return of Chinese tourism to Australia in the latter half of calendar year 2023.

Aumake with its strategic investors (GAT Travel Agency and HKH) is well poised to take advantage of the return of Chinese tourism.

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

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<sup>1</sup> [https://www.yicai.com/news/china-resumes-passenger-flights-to-59-countries-82-of-pre-pandemic-level#:~:text=\(Yicai%20Global\)%20April%2018%20%2D%2D,released%20by%20the%20industry's%20regulator](https://www.yicai.com/news/china-resumes-passenger-flights-to-59-countries-82-of-pre-pandemic-level#:~:text=(Yicai%20Global)%20April%2018%20%2D%2D,released%20by%20the%20industry's%20regulator)  
- article dated 18 April 2023

<sup>2</sup> <https://www.reuters.com/world/china/chinese-tourists-are-back-numbers-still-far-pre-covid-levels-2023-04-19/>  
- article dated 19 April 2023

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Aumake Limited

ABN

79 150 110 017

Quarter ended ("current quarter")

31 Mar 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	312	2,013
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(330)	(1,838)
(c) advertising and marketing	(2)	(26)
(d) leased assets	(44)	(1,489)
(e) staff costs	(85)	(873)
(f) administration and corporate costs	(174)	(774)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	11	95
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	9	71
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(300)</b>	<b>(2,809)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(6)	(24)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(f) other non-current assets	(195)	(195)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(201)</b>	<b>(219)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	704	1,056
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>704</b>	<b>1,056</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	875	3,042
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(300)	(2,809)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(201)	(219)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	704	1,056
4.5	Effect of movement in exchange rates on cash held	-	8
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,078</b>	<b>1,078</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	883	681
5.2	Call deposits	195	194
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,078</b>	<b>875</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(300)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,078
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,078
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	3.6
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 April 2023

Authorised by: By the Board  
(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.