



31 July 2023

Q4 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 activity report for the quarter ended 30 June 2023 (Q4 FY23).

During the 4th quarter of FY '23 Aumake continued to re-structure its activities and Board in readiness for the anticipated return in the latter half of 2023 of Chinese tourism to Australia.

Board re-structure

On 29 May 2023, the Company announced a Board re-structure with the appointment of the following two highly credentialled and experienced Chinese tourism, brand management and retail operations professionals, namely:

- Mr Li Li, who is the founder and Chair of the Queensland tourism group, Grand Aust International Pty Ltd, the founder and President of Vtour Travel Zhejiang Co Ltd and the Chair and CEO of Hangzhou OTC Travel Int'l Ltd. More recently, Mr Li was appointed by Tourism & Events Queensland as a member of their China Industry Advisory Group and in 2019 he was appointed by Tourism Australia as their first Australian China Ambassador; and
- Ms Zhao Zhang who is the holder of a Master's degree in accounting from Monash University in 2012 and has built a distinguished career in the fast-moving consumer goods sector, specialising in brand management and operations. Subsequently, Ms Zhang conceptualised and then in 2018 successfully launched the Huibeijia brand in China, which now proudly operates an expansive network of over 400 stores nationwide.

As a consequence of the appointment of Mr Li and Ms Zhang, on 29 May 2023 Messrs Stratos Karousos and Jacky Yang both tendered their resignations as Directors of the Company.

Debt reduction

Issue of shares to Grand Australia International Pty Ltd (substantial shareholder with a 10.775% interest)

During the quarter and following the receipt of shareholder approval on 19 May 2023, the Company reduced its debt by a total of \$1,462,182 as a result of the issue of 160,249 420 shares and 52,348,144 free attaching options to Grand Australia International Pty Ltd (**GAT**) and 12,299,792 shares to Auexpress Global Pty Ltd.

GAT, established in 2010 with offices in Sydney, New Zealand and China, offers high-quality tour services to customers, handling over 50,000 tourists annually before COVID-19. They are an important player in fostering economic and cultural ties between China and Australia, offering various travel packages, including approved destination services, free independent tourist services and outbound travel, whilst also promoting educational exchanges through summer and winter camps for students.

Capital raising

Placement to HK Huibeijia Brand Manage Co Ltd (substantial shareholder with a 17.68% interest)

In addition to reducing the Company's debt, during the quarter Aumake raised \$1,051,720 in working capital following the issue to HK Huibeijia Brand Manage Co Ltd (**HKH**) of 262,930,000 shares at an issue price of \$ \$0.004 per share.

HKH is a Sino-Australian joint venture that entered the Chinese market in 2016 and established offline stores in several Chinese provinces. It operates in the maternal and child products, health care products, skincare and the makeup sector.

HKH operates using the preferential policies of the Chinese free trade zone for cross-border e-commerce. HKH focuses on brand management to establish sales channels, connecting cross-border products with domestic major platforms and consumers. HKH has established partnerships with over 40 brands and promotes sales volume and brand awareness through online flagship stores, POP stores and supermarket promotions.

HKH operates mainly through two channels: online and offline:

- the online channels have 30 flagship stores and POP stores on various platforms, including Tmall, JD and Douyin; and
- the offline channels rely on up to 1,000 physical retail stores in 20 provinces to drive community sales.

HKH has established a loyalty model to cultivate members and enhance store member stickiness. It also has a stable of cooperative relationships with 20 well-known national retail supermarkets with whom they participate in joint promotional and marketing activities.

Financial

- During the quarter:
 - net operating cash outflows increased from \$300k to \$734k (an increase of \$434k or 144.7% from Q3 FY 23).
 - the majority of this increase resulted from the paying of unpaid Director (\$125k) and consulting fees (\$102k) and the payment of various Director and key consultant fees (\$213k) in recognition of the contributions made and extra work performed over the last 12 months. These payments were one-off payments and will not re-occur.
 - with all store and office locations closed, Aumake continued to make instalment payments for a lease liability of \$44k for the quarter (which is in line with \$44k paid in the previous quarter).
 - with no further redundancies, employees were paid \$40k during the quarter.
- As a result of the closure of all retail stores, the only source of revenue was from the Company's online e-commerce store, which generated revenue of \$297k for the quarter (a fall of \$15k, or 4.8%, from the previous quarter).
- As mentioned above, during the quarter 160,249,420 shares were issued to GAT to convert debt into equity and 262,930,000 shares were issued to HKH to raise \$1.052m in working capital.
- The Company ended the quarter with a cash position of \$1.394m (previous quarter, \$1.078m).

Operational and moving forward

During the quarter, Aumake continued to operate its online e-commerce business, with the ongoing sale of authentic Australian and New Zealand brands through its WeChat App.

Moving forward and in anticipation of the return of Chinese tourism to Australia, Aumake is building relationships with its key stake holders (specifically GAT and HKH) and is planning to enhance its online activities with the return of offline physical store shopping in Australia.

In that regard, Aumake is looking to outsource the operations of Aumake retail outlets (in Australia) for the sale of Aumake merchandise to selected licensees. Furthermore, Aumake is planning to co-operate with

GAT whereby GAT would steer its international tourists towards Aumake stores in return for to be agreed commissions.

Aumake is further looking towards the possibility of, in conjunction with HKH, expanding its product range, reach and revenue potential through HKH's online and offline Chinese channels.

In addition and as announced in August 2022, Aumake is planning to release its new social online e-commerce platform with Entertainment Publications. That platform is now close to completion and will likely be launched in the second half of 2023.

Share registry

During the quarter, Aumake's share registry changed to Advanced Share Registry Limited, 110 Stirling Highway, Nedlands, WA 6008.

Related party expenditure

- During the quarter a total of \$464k was paid to related parties of the Company, as follows:
 - Director fees accrued (relating to prior quarters) of \$125k were paid.
 - Director fees relating to this quarter (including additional fees in recognition of the contributions made and the extra work performed over the last 12 months) of \$134k were paid.
 - Consultant fees accrued (relating to prior to prior quarters) of \$73k was paid.
 - Consulting fees relating to this quarter (including the addition fees in recognition of the contributions made and the extra work performed over the last 12 months) of \$132 was paid.

Outlook

News about the likely return of Chinese tourism is gaining momentum, with Australia sending delegations to shore up support and the rebuilding of political and commercial ties. Recently, Tourism Australia launched in China its "Come and Say G'day", campaign featuring a mascot called Ruby the Kangaroo¹.

Aumake, in conjunction with its strategic investors (GAT and HKH) is well poised to take advantage of the return of Chinese tourism to Australia.

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

Joshua Zhou
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¹ "Can a cuddly kangaroo get Chinese tourist to come back?" – article dated 26 Jun '23 in Australian Financial Review (AFR)[<https://www.afr.com/world/asia/australia-s-plan-to-get-chinese-tourists-back-20230623-p5dj1w>]

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")

30 Jun 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	297	2,310
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(278)	(2,116)
(c) advertising and marketing	(7)	(33)
(d) leased assets	(44)	(1,533)
(e) staff costs	(531)	(1,404)
(f) administration and corporate costs	(228)	(1,002)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	16
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	32	127
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	21	92
1.9 Net cash from / (used in) operating activities	(734)	(3,543)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(24)
(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	(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)	-	-
2.6	Net cash from / (used in) investing activities	-	(219)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,052	2,108
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)	-	-
3.10	Net cash from / (used in) financing activities	1,052	2,108

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,078	3,042
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(734)	(3,543)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(219)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,052	2,108
4.5	Effect of movement in exchange rates on cash held	(2)	6
4.6	Cash and cash equivalents at end of period	1,394	1,394

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	1,394	883
5.2	Call deposits	-	195
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,394	1,078

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	464
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(734)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,394
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,394
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.9
<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?	
No. This quarter's net operating cash flow is higher than normal due to the payout of accumulated accrued Director and Consultant fees of \$440k. These payments relate to an accumulation of accrued fees and additional fees paid in recognition of the contributions made and the extra work performed over the last 12 months by the Directors and selected Consultants.	
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?	
Yes. It is the Company's intention to go to the market to raise additional capital in FY 24 and believes it will successfully raise equity capital at that time.	

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?

Yes. The Company now operates a reduced cost business with minimal liabilities, has assembled an experienced and invested Board, is negotiating with suppliers who supply in-demand products to Chinese consumers and is negotiating with parties regarding opening physical stores using an outsource model.

Aumake anticipates the return to Australia of Chinese tourism.

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.

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: 31 July 2023

Authorised by: The Board of Aumake Limited
(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.