



30 October 2023

## Q1 FY24 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 30 September 2023 (Q1 FY24).

Subsequent to the 29 May 2023 Board re-structure, which saw Ms Zhao (Tracy) Zhang appointed as an Executive Director following the issue to HK Huibeijia Brand Manage Co Ltd (**HKH**) of 262,930,000 shares and the appointment of Mr Li (Alex) Li as a Non-Executive Director following the conversion of an amount owing to Grand Australia International Pty Ltd (**GAT**) of \$1,423,094 into 160,249,420 shares, Aumake has in Q1 FY24 focused on refining its strategic plan to enlist the strengths of these two new strategic partners.

### Strategy Update

On 7 August 2023, Aumake announced in a Strategy Update that it had transformed its product development and market channel strategies, is leveraging its robust sales network to introduce new brands and products and in anticipation of the return of Chinese tourists to Australia is building relationships with key stake holders to enhance its online presence with the return of offline physical store shopping in Australia.

### Outsourced Physical Stores

In preparation for the return to Australia of Chinese tourists, Aumake has been in negotiations with various parties with the aim of opening co-branded outsourced retail stores in Australia. It is intended that Chinese tourists will be directed to these Aumake branded stores, which will be operated by a third party partner, with Aumake providing brand, training, expertise and supplying products utilising Aumake's existing and extensive relationships and buying power.

### New Office

In August 2023, Aumake secured a new principal place of business and registered office at:

Level 15, Suite 15.52  
60 Station Street East  
Parramatta NSW 2150

Telephone: 1800 800 285

### Financial

During the quarter:

- net operating cash outflows decreased from \$734k to \$630k (a decrease of \$104k or 14.2% from Q4 FY23);
- cash collected from sales this quarter was \$6.4m - a marked increase from the Q4 FY23 receipts of \$297k (noting that for the entire FY23 financial year, sales revenue collected totaled \$2.3m);
- a majority of revenue generated during the quarter was from sales into China via new channels introduced by HKH;
- as at 30 September 2023, Aumake had \$501k in outstanding customer receivables (these funds being received on 10 October 2023);

- selling into our new channels required an additional advertising and marketing spend, which was up from \$7k in Q4 FY23 to \$71k in Q1 FY24;
- in Q4 FY23, the accumulated accrued Director and consulting fees were paid out resulting in a spend of \$531k, whereas the spend level in Q1 FY24 returned to a more normal spend level of \$178k; and
- the Company ended the quarter with a cash position of \$764k (previous quarter \$1.394m), with a further \$501k in outstanding customer receivables being received on 10 October 2023.

### **Operational**

During the quarter, Aumake began to sell into the HKH online and offline Chinese channels.

Aumake continued negotiations with various parties with the aim of opening co-branded outsourced retail stores in Australia.

During the quarter, the Company determined that it would not proceed with the social online e-commerce platform with Entertainment Publications of Australia Pty Ltd that was announced on 18 August 2022.

### **Related party expenditure**

During the quarter \$105,417 Director's fees and wages were paid to Directors or their related parties.

### **Outlook**

During Q1 FY24, the Company focused on refining its strategic direction and integrating the Company's two new strategic partners, namely HKH and GAT, into our operating activities. Delivering this initial phase, whilst also investing in the development of other initiatives ear-marked for Q2 FY24 (following the expected return in numbers of Chinese tourists to Australia) will remain the Company's focus throughout FY 2024.

The recently announced visit by the Australian Prime Minister, Anthony Albanese, to China in early November 2023 is expected to continue to improve relations between our two countries and will likely result in reduced sanctions and a return of Chinese tourists to Australia.

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

**Joshua Zhou**  
**Managing Director**  
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## 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 Sep 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	6,427	6,427
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(6,546)	(6,546)
(c) advertising and marketing	(71)	(71)
(d) leased assets	(61)	(61)
(e) staff costs	(178)	(178)
(f) administration and corporate costs	(241)	(241)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	10
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	30	30
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(630)</b>	<b>(630)</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	(1)	(1)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
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>(1)</b>	<b>(1)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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>-</b>	<b>-</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	1,394	1,394
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(630)	(630)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(1)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	1	1
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>764</b>	<b>764</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	764	1,394
5.2	Call deposits	-	-
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>764</b>	<b>1,394</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	105
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
The balance in 6.1 consists of \$105,416.64 director's fees and wages paid to directors or their related parties.		
<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>		

<b>7. Financing facilities</b> <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>	<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.	<div style="border: 1px solid black; padding: 5px; min-height: 100px;"> <p>N/A</p> </div>	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(630)
8.2 Cash and cash equivalents at quarter end (item 4.6)	764
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	764
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1.2
<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?	
<p>No. The business is now implementing on its published strategy (refer to Strategy Update of 7 Aug 23) and so will incur additional operating costs as it puts the building blocks and agreements in place over the first half of FY24. Please note that sales receipts of \$6.4m were collected during the quarter. Operating expenses will continue to increase as Aumake broadens its product portfolio and marketing activities, sales revenue growth is expected to continue as new channels introduced by HKH are activated. Margins are expected to remain small until the planned introduction of own brand products become available (expected 2<sup>nd</sup> half of FY24) and the expected return of Chinese tourists to Australia.</p>	
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?	
<p>Yes. It is the Company's intention to go to the market to raise additional capital during Q2 FY24 and it believes it will be successful in raising the required equity capital.</p>	

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 is now implementing on its published strategy (refer to Strategy Update of 7 Aug 23) with increased sales from new channels introduced by HKH already evident. In Q2 FY24 in preparation for the return of Chinese tourists to Australia, Aumake expects to deliver on the return of physical store presence via outsourcing arrangements and is working on own brand products and sourcing in-demand products to sell to Chinese consumers. These latter two initiatives delivering higher margins.

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: 30 October 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 operati