



31 January 2023

Q2 FY23 Quarterly Activity 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 report for the quarter ended 31 December 2022 (Q2 FY23).

This quarter saw President Xi Jinping win a third term as leader in China, PM Anthony Albanese promising to mend relations with China, and positive signs of a return to more cordial relations. However, this quarter once again saw various provinces in China go into lock-down with media outlets advising that hospitals and crematoriums have been overwhelmed across the country. Whilst it appears that Australia and the rest of the world have ended many imposed restrictions and opening up travel and tourism, the return of Chinese tourism has not eventuated. Covid-19 continues to impact the Company and its operations.

Financial

- Whilst Chinese relations seem to be on the improve, it is more likely that Chinese tourism won't return until the later half of FY23. During the quarter, the Company:
 - Closed all physical stores - the remaining three physical stores, namely Market City, Chatswood and Burwood were closed and the leases expired / surrendered – significantly reducing rental costs.
 - Continued cost reductions, including wages, rental and no fees were paid to Directors.
 - \$375k was raised (before costs) pursuant to the issue of 100,000,000 shares at an issue price of \$0.00375 per share and the issue of 50,000,000 free attaching options each exercisable at \$0.008 and expiring 31 December 2024.
 - Subject to shareholder approval, three Directors have committed to participate in the capital raise at an issue price of \$0.00375 per share. Shareholder approval will be sought at General Meeting to be held on 24 February 2023.
 - Raised additional capital to be used in sustaining the online business until the return of Chinese tourism.
 - Investigated strategic synergistic partnering opportunities.
- Revenue of \$693k this quarter was predominately from Aumake's online store (a fall of 31.3% from Q1 FY 23).
- The Company ended the quarter with a cash position of \$875k (Q1 FY23 \$1.4m).

Operational

- The three remaining physical stores of Market City, Chatswood and Burwood were closed, with the leases expired / surrendered. Aim is to extinguish all debt and reduce costs as much as possible, pending the return of Chinese tourism.

- Staff costs for the quarter fell by 46% to \$275k (Q1 FY23: \$513k).
- Primarily as a result of exiting physical stores and the associated costs of operating these stores, net cash outflows for the quarter fell from \$1.6m in Q1 FY23 to \$875k for Q2 FY23 – a 46% fall.
- Aumake will continue to operate its online e-commerce business, which continues to sell products to China through its Wechat App.
- Directors agreed to accrue (not pay) their fees this quarter and for Q3 FY23, thereby reducing the overall cash outflows.

Related party expenditure

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

Outlook

Foreign Minister Penny Wong visited China in late Dec '22 in an effort to mend and strengthen Australian-Chinese relations and China's State Council has announced new measures to remove many Covid-19 restrictions and open its border from 8 January 2023. Both these events are promising signs that Chinese tourism will return in 2023.

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

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About Aumake Limited

Aumake Limited (ASX:AUK) operates a social e-commerce marketplace that directly connects Asian influencers with high-quality and authentic Australian and New Zealand brands.

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 Dec 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	693	1,701
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(318)	(1,507)
(c) advertising and marketing	(11)	(25)
(d) leased assets	(754)	(1,445)
(e) staff costs	(275)	(788)
(f) administration and corporate costs	(278)	(600)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	39	84
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	22	62
1.9 Net cash from / (used in) operating activities	(875)	(2,509)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(9)	(18)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
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	(9)	(18)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	352	352
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	352	352

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,408	3,042
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(875)	(2,509)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(9)	(18)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	352	352
4.5	Effect of movement in exchange rates on cash held	(1)	8
4.6	Cash and cash equivalents at end of period	875	875

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	681	675
5.2	Call deposits	194	733
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)	875	1,408

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	-
No payments were made to directors, related parties, or associates in the quarter.		
<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>		

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)	(875)
8.2	Cash and cash equivalents at quarter end (item 4.6)	875
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	875
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.0
	<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. – The Company has continued to implement significant cost saving measures, surrendering leased premises reducing rental costs and has made one-off staff redundancy costs which will are not likely to be incurred in future quarters.	
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 – The Company did raise capital in this Quarter (Nov '22 raised \$375) and is looking to implement a share placement using its current Listing Rule 7.1 and 7.1A placement capacity and the services of its mandated Lead Manager. The Company believes that it will successfully raise equity capital in the short term.	

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 – Aumake has closed all physical stores, has maintained its online operation and the Board is investigating options allowing it to upscale upon the return 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 January 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.