

# **Aumake Australia Pty Limited**

**ABN 96 168 835 489**

**Annual Report - for the year ended 30 June 2016**

**Aumake Australia Pty Limited**  
**Directors' report**  
**For the year ended 30 June 2016**

The directors present their report, Aumake Australia Pty Limited (the "company") for the year ended 30 June 2016.

**Director**

Jiahua Zhou was the sole director and shareholder of Aumake Australia Pty Limited (total 100 ordinary shares on issue) during the whole of the financial year and up to the date of this report, unless otherwise stated.

**Principal activities**

The company purchases and distributes Australian products to primarily Chinese customers via franchised offline retail stores and wholesale via its warehouse.

**Dividends**

There were no dividends paid, recommended or declared during the current or previous financial period.

**Review of operations**

The profit for the company after providing for income tax amounted to \$3,914 for the year ended 30 June 2016.

During the year, the company established a warehouse to support inventory storage and distribution for its franchised stores.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the company during the financial year.

**Matters subsequent to the end of the financial year**

On 10 February 2017 and as later varied on 20 March 2017, the company entered into a binding terms sheet pursuant to which the company agreed to acquire 100% of the issued capital in Aumake Australia Pty Ltd held by each of the Aumake shareholders.

Other than the above, the director is not aware of any significant events since the end of the reporting date.

**Likely developments and expected results of operations**

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

**Environmental regulation**

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Shares under option**

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

**Shares issued on the exercise of options**

There were no ordinary shares of the company issued on the exercise of options during this financial year and up to the date of this report.

**Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

**Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

 X

Director

Jiahua Zhou

Date: 18 May 2017

Sydney

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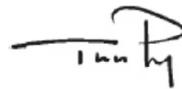
**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Aumake Australia Pty Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 18 May 2017

**Aumake Australia Pty Limited**  
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**For the year ended 30 June 2016**

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**General information**

The financial statements cover Aumake Australia Pty Limited as an individual entity. The financial statements are presented in Australian dollars, which is Aumake Australia Pty Limited's functional and presentation currency.

Aumake Australia Pty Limited is a proprietary company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

**Registered office**

7 Bourke Street  
North Parramatta  
NSW 2151

**Principal place of business**

7 Bourke Street  
North Parramatta  
NSW 2151

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

**Aumake Australia Pty Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2016**

	Note	30 June 2016 \$	31 March 2014 - 30 June 2015 \$
<b>Revenue</b>			
Sales revenue	3	3,061,281	2,249,863
<b>Expenses</b>			
Cost of sales		(2,823,143)	(2,196,494)
Rental expense		(52,825)	(5,000)
Employees benefits expense		(173,403)	(36,364)
Other expenses		(3,949)	(2,208)
<b>Profit before income tax expense</b>		7,961	9,797
Income tax expense		(4,047)	(2,939)
<b>Profit after income tax expense attributable to the owners of Aumake Australia Pty Limited</b>		3,914	6,858
Other comprehensive income		-	-
<b>Total comprehensive income attributable to the owners of Aumake Australia Pty Limited</b>		3,914	6,858

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Aumake Australia Pty Limited**  
**Statement of financial position**  
**As at 30 June 2016**

	Note	30 June 2016 \$	30 June 2015 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	5,786	18,475
Inventories	5	117,000	125,000
Total current assets		<u>122,786</u>	<u>143,475</u>
<b>Total assets</b>		<u>122,786</u>	<u>143,475</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	6	102,337	8,522
Income tax payable	7	4047	2,939
Borrowings	8	-	125,056
Provisions	9	5,530	-
Total current liabilities		<u>111,914</u>	<u>136,517</u>
<b>Total liabilities</b>		<u>111,914</u>	<u>136,517</u>
<b>Net assets</b>		<u>10,872</u>	<u>6,958</u>
<b>Equity</b>			
Issued capital	10	100	100
Retained earnings		10,772	6,858
<b>Total equity</b>		<u>10,872</u>	<u>6,958</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Aumake Australia Pty Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2016**

	<b>Issued capital \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
Balance at 31 March 2014	-	-	-
Profit after income tax expense for the period	-	6,858	6,858
Other comprehensive income for the period, net of tax	-	-	-
	-	6,858	6,858
Shares issued during the period	100	-	100
Balance at 30 June 2015	100	6,858	6,958
	<b>Issued capital \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
Balance at 1 July 2015	100	6,858	6,958
Profit after income tax expense for the year	-	3,914	3,914
Other comprehensive income for the year, net of tax	-	-	-
	-	3,914	3,914
Shares issued during the year	-	-	-
Balance at 30 June 2016	100	10,772	10,872

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Aumake Australia Pty Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2016**

	Note	30 June 2016 \$	31 March 2014 - 30 June 2015 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		3,061,281	2,249,863
Payments to suppliers and employees		(2,945,976)	(2,356,543)
Income tax paid		(2,939)	-
		<u>112,366</u>	<u>(106,680)</u>
Net cash from operating activities			
<b>Cash flows from investing activities</b>			
Proceeds from issue of shares		-	100
		<u>-</u>	<u>100</u>
Net cash from investing activities			
<b>Cash flows from Financing activities</b>			
Repayment of borrowings		(125,056)	125,056
		<u>(125,056)</u>	<u>125,056</u>
Net cash from financing activities			
Net increase/(decrease) in cash and cash equivalents		(12,689)	18,475
Cash and cash equivalents at the beginning of the financial year		18,475	-
		<u>18,475</u>	<u>-</u>
Cash and cash equivalents at the end of the financial year	4	<u>5,786</u>	<u>18,475</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Aumake Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below.

**New, revised or amending Accounting Standards and Interpretations adopted**

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Basis of preparation**

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the shareholders of Aumake Australia Pty Limited. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Aumake Australia Pty Limited.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board.

*Historical cost convention*

The financial statements have been prepared under the historical cost convention.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

*Sale of goods*

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

**Note 1. Significant accounting policies (continued)**

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Inventories**

Inventories are stated at the lower of cost and net realisable value on an 'average cost' basis. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Employee benefits**

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

**Aumake Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**Note 1. Significant accounting policies (continued)**

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2016. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

**Note 2. Critical accounting judgements, estimates and assumptions**

The directors evaluate estimates and judgements incorporated in the financial report based on historical knowledge and best current available information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. In the opinion of the directors, there are no critical judgements and estimates in this financial report.

**Note 3. Revenue**

	<b>30 June 2016</b>	<b>31 March 2014 - 30 June 2015</b>
	\$	\$
Sale of retail goods	3,061,281	2,249,863
	<u>3,061,281</u>	<u>2,249,863</u>

**Note 4. Cash and Cash Equivalents**

	<b>30 June 2016</b>	<b>30 June 2015</b>
	\$	\$
Cash on hand	100	100
Cheque account	5,686	18,375
	<u>5,786</u>	<u>18,475</u>

**Note 5. Inventories**

Inventories	<u>117,000</u>	<u>125,000</u>
	<u>117,000</u>	<u>125,000</u>

**Aumake Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**Note 6. Trade and other payables**

	30 June 2016 \$	30 June 2015 \$
Trade and other payables	98,119	6,003
Net GST payable	4,218	2,519
	<u>102,337</u>	<u>8,522</u>

**Note 7. Income tax payable**

Income tax payable	4,047	2,939
	<u>4,047</u>	<u>2,939</u>

**Note 8. Borrowings – current**

Advanced from a shareholder*	-	125,056
	<u>-</u>	<u>125,056</u>

\* The advanced is interest free, unsecured and settlement is expected to occur within the next 12 months.

**Note 9. Provisions**

Provision for Annual Leave	5,530	-
	<u>5,530</u>	<u>-</u>

**Note 10. Equity - issued capital**

	2016 Shares	2015 Shares	30 June 2016 \$	30 June 2015 \$
Ordinary shares - fully paid	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

**Note 11. Contingent liabilities and contingent assets**

The company had no contingent liabilities and contingent assets as at 30 June 2016.

**Note 12. Commitments**

The company had no commitments for expenditure as at 30 June 2016.

**Aumake Australia Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2016**

**Note 13. Events after the reporting date**

On 10 February 2017 and as later varied on 20 March 2017, the company entered into a binding terms sheet pursuant to which the company agreed to acquire 100% of the issued capital in Aumake Australia Pty Ltd held by each of the Aumake shareholders.

Other than the above, the director is not aware of any significant events since the end of the reporting date.

**Note 14. Reconciliation of loss after income tax to net cash from operating activities**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax expense for the year	3,914	6,858
Change in operating assets and liabilities:		
Inventory	8,000	(125,000)
Provision	5,530	-
Income tax provision	1,108	2,939
Trade and other payables	<u>93,814</u>	<u>8,522</u>
Net cash from operating activities	<u>112,366</u>	<u>(106,680)</u>

**Aumake Australia Pty Limited**  
**Directors' declaration**  
**For the year ended 30 June 2016**

In the directors' opinion:

- the company is not a reporting entity because there are currently no users dependent on general purpose financial statements;
- the attached financial statements and notes thereto comply with the Accounting Standards as described in Note 1 to the financial statements and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'Jiahua Zhou', written over a horizontal line. To the right of the signature is a small 'X' mark.

Director  
Jiahua Zhou

Date: 18 May 2017  
Sydney



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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
AUMAKE AUSTRALIA PTY LIMITED**

We have audited the accompanying financial report, being a special purpose financial report, of Aumake Australia Pty Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial statements, is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**THE POWER OF BEING UNDERSTOOD**  
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### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Aumake Australia Pty Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### *Basis for Qualified Opinion*

We were appointed as auditor of the company subsequent to 30 June 2016. We did not observe the counting of the physical inventory as at 30 June 2016. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 30 June 2016. Since the balance of inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the income for the year reported in the statement of profit or loss and other comprehensive income and the net cash flows from operating activities reported in the statement of cash flows.

### *Qualified Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of Aumake Australia Pty Limited, is in accordance with the *Corporations Act 2001*, including:

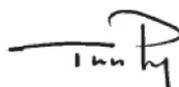
- (a) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 to the financial statements and the *Corporations Regulations 2001*.

### *Basis of Accounting*

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 18 May 2017