



MERCHANT HOUSE
INTERNATIONAL LIMITED
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Announcement to ASX

24 January 2025

DECEMBER 2024 QUARTERLY ACTIVITIES REPORT

Merchant House International Limited (ASX: MHI) (“MHI” or “the Company”) is pleased to provide the Quarterly Activities Report for the quarter ending 31 December 2024.

Forsan

Forsan historically had primary involvement in the export of work boots, waterproof and safety shoes to customers based in the USA from its liaison office located in Tianjin, China.

On 30 May 2024, Forsan announced it had entered into a binding agreement for the sale of its 33.79% interest in Tianjin Tianxing Kesheng Leather Products Company Limited (“Tianxing”) to Tianjin Wuxi International Trading Company Limited for approximately A\$8,300,000 (RMB 40,000,000) before taxes and other fees.

On 8 July 2024, the Company advised shareholders that RMB 26,814,134 (approx. A\$5,478,000) had been deposited into a joint HSBC Shanghai bank account between Forsan and the buyer. The final tranche of RMB 9,390,998, being RMB 13,185,866 less RMB 3,794,868 of withholding tax and stamp duty, was paid into the escrow account on 22 July 2024.

On 9 January 2025, the Company announced it had received US\$ 4,915,536 (RMB 36,205,132) into its account in final settlement of the sale of the interest in Tianxing.

AMI

AMI historically was a designer and manufacturer of home textile products, particularly towels, valuing the concept of “Made in America”.

On 30 September 2024, the Company ceased operations following sustained long-term losses. The Company is currently seeking to dispose of the land, buildings and equipment associated with the business. As of the date of this announcement, the Company is unable to estimate the anticipated timing of a divestment, nor is it able to provide an estimate of the likely proceeds from sale.

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Corporate

While the Group has ceased the business operations noted above during 2024, it remains financially solvent with sufficient cash reserves to meet its liabilities as and when they fall due. The Board has initiated the process of preparing the sale of the remaining assets held by AMI, and following a successful divestment, shareholder approval will be sought for the distribution of residual funds to shareholders, voluntarily delisting from ASX and a winding up of the Group.

As at 31 December 2024, the group has a cash balance of A\$1,778,000 in the bank.

Additional Appendix 4C Disclosures

The following information is provided as required under ASX Listing Rule 4.7C that has not been disclosed in the body of the quarterly activities report or other announcements.

Summary of Expenditure incurred

A summary of expenditure incurred in AUD (cash basis) for the quarter on our key divisions is as follows:

- Forsan \$51,000
- FIT \$5,000
- AMI \$992,000
- Overheads \$465,000

Payments made to Related Parties

Payments totalling \$233,000 made to related parties and their associates are for director salaries and fees. All payments were on normal commercial terms.

For and on behalf of the Board of Merchant House International Limited

Ian J Burton
Non-executive Director
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24 January 2025

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Appendix 4C

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

Name of entity

Merchant House International Limited

ARBN

065 681 138

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	673	4,296
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs *	(528)	(5,228)
(c) advertising and marketing	-	-
(d) leased assets	(27)	(77)
(e) staff costs	(528)	(3,096)
(f) administration and corporate costs	(430)	(1,223)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	24	78
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	14
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(816)	(5,236)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

* includes \$2,764,000 outstanding liabilities paid to associate company Tianxing prior to completion of sale

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	11	11
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (Other assets under development)	-	-
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	11	11
3.	Cash flows from financing activities		
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 (Release of pledged deposit)	-	-
3.10	Net cash from / (used in) financing activities	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,335	6,930
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(816)	(5,236)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	11	11

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	248	73
4.6	Cash and cash equivalents at end of period	1,778	1,778

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	1,778	2,335
5.2	Call deposits	-	-
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)	1,778	2,335

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	233
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
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)	(816)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,778
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,778
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.2
<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?	
Answer: 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?	
Answer: 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?	
Answer: 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: 24 January 2025

Authorised by: Board of Directors
(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.