

---

**AUGEND LTD**

**(TO BE RENAMED 'AUMAKE INTERNATIONAL LIMITED')**

**ACN 150 110 017**

**NOTICE OF GENERAL MEETING**

---

Notice is given that the Meeting will be held at:

**TIME:** 10:00AM (EST)

**DATE:** 12 September 2017

**PLACE:** Shop 2, 118 Church St Parramatta NSW 2150

*The business of the Meeting affects your shareholding and your vote is important. This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors prior to voting.*

*The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:00AM (EST) on 10 September 2017.*

---

## BUSINESS OF THE MEETING

---

### AGENDA

---

#### 1. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of all Acquisition Resolutions, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the nature and scale of its activities resulting from the proposed Acquisition of ITM Corporation Ltd as described in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

#### 2. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of all Acquisition Resolutions, pursuant to section 254H of the Corporations Act, ASX Listing Rule 7.20 and for all other purposes, the issued capital of the Company be consolidated on the basis that every six (6) Shares be consolidated into one (1) Share and, where this Consolidation results in a fraction of a Share being held, the Company be authorised to round that fraction down to the nearest whole Share (as the case may be).”*

---

#### 3. RESOLUTION 3 – ISSUE OF CONSIDERATION SHARES TO NON-RELATED PARTIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of all the Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 93,078,942 Consideration Shares (on a post-Consolidation basis) to the ITM Shareholders (or their nominees) who are not related parties of the Company (other than as a result of the Acquisition), on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who (and any of whose associates) may participate in the proposed issue and any person who (and any of whose associates) might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

**4. RESOLUTION 4 – ISSUE OF CONSIDERATION SHARES TO RELATED PARTY – DURET HOLDINGS PTY LTD**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of all the Acquisition Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,004,209 Consideration Shares (on a post-Consolidation basis) to Duret Holdings Pty Ltd (or its nominee), an entity controlled by Director, Mr Keong Chan, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

**5. RESOLUTION 5 – CREATION OF A NEW CLASS OF SECURITIES – PERFORMANCE SHARES**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, subject to and conditional upon the passing of all the Acquisition Resolutions, for the purpose of clause 9 of the Constitution and section 246B of the Corporations Act and for all other purposes, the Company is authorised to issue Performance Shares on the terms and conditions set out in the Explanatory Statement.”*

---

**6. RESOLUTION 6 – ISSUE OF PERFORMANCE SHARES TO NON-RELATED PARTIES**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of all Acquisition Resolutions, for the purposes of section ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 37,500,000 Performance Shares (on a post-Consolidation basis) to the founding ITM Shareholders who are not related parties of the Company (other than as a result of the Acquisition) (or their nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

**7. RESOLUTION 7 – ISSUE OF PERFORMANCE SHARES TO RELATED PARTY – MR KEONG CHAN**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, subject to and conditional on the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 12,500,000 Performance Shares (on a post-Consolidation basis) to Mr Keong Chan (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

**8. RESOLUTION 8 – ISSUE OF CONVERSION SHARES UPON CONVERSION OF CONVERTIBLE NOTES – UNRELATED PARTIES**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional upon the passing of all the Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 40,125,000 Conversion Shares (on a post-Consolidation basis) upon conversion of the Convertible Notes on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

**9. RESOLUTION 9 – ISSUE OF CONVERSION SHARES UPON CONVERSION OF CONVERTIBLE NOTES – RELATED PARTY**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional upon the passing of all the Acquisition Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,812,500 Related Party Conversion Shares to Duret Holdings Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Duret Holdings Pty Ltd (or its nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

**10. RESOLUTION 10 – ISSUE OF CONVERTIBLE LOAN SHARES UPON CONVERSION OF CONVERTIBLE LOAN**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of all the Acquisition Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 5,000,000 Convertible Loan Shares (on a post-Consolidation basis) to Mr Keong Chan (or his nominee) upon conversion of the Convertible Loan on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

**11. RESOLUTION 11 – CAPITAL RAISING PURSUANT TO A PROSPECTUS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 75,000,000 Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

**12. RESOLUTION 12 – ELECTION OF DIRECTOR – MR GANG XU**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of all Acquisition Resolutions, for the purpose of clause 36.3 of the Constitution and for all other purposes, Mr Gang Xu, being eligible and having consented to act, be elected as a director of the Company on and from Settlement of the Acquisition.”*

---

**13. RESOLUTION 13 – ELECTION OF DIRECTOR – MR JIAHUA (JOSHUA) ZHOU**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of all Acquisition Resolutions, for the purpose of clause 36.3 of the Constitution and for all other purposes, Mr Jiahua (Joshua) Zhou, being eligible and having consented to act, be elected as a director of the Company on and from Settlement of the Acquisition.”*

---

**14. RESOLUTION 14 – ELECTION OF DIRECTOR – MR QUENTIN FLANNERY**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of all Acquisition Resolutions, for the purpose of clause 36.3 of the Constitution and for all other purposes, Mr Quentin Flannery, being eligible and having consented to act, be elected as a director of the Company on and from Settlement of the Acquisition.”*

---

**15. RESOLUTION 15 – ELECTION OF DIRECTOR – MS LINGYE ZHENG**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of all Acquisition Resolutions, for the purpose of clause 36.3 of the Constitution and for all other purposes, Ms Lingye Zheng, being eligible and having consented to act, be elected as a director of the Company on and from Settlement of the Acquisition.”*

---

**16. RESOLUTION 16 – ISSUE OF PROPOSED DIRECTOR OPTIONS – MR QUENTIN FLANNERY**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of all Acquisition Resolutions, for the ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 5,000,000 Proposed Director Options (on a post-Consolidation basis) to Mr Quentin Flannery (or his nominee) who is not related parties of the Company (other than as a result of the Acquisition), on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

**17. RESOLUTION 17 – ISSUE OF FACILITATOR SHARES TO RELATED PARTY – TOURVILLE INVESTMENTS PTY LTD**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 5,875,000 Facilitator Shares (on a post-Consolidation basis) to Tourville Investments Pty Ltd, an entity controlled by Director, Mr Keong Chan, (or its nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

**18. RESOLUTION 18 – CHANGE OF COMPANY NAME**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, subject to and conditional on the passing of all Acquisition Resolutions, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to ‘AuMake International Limited’.”*

---

**19. RESOLUTION 19 – REPLACEMENT OF CONSTITUTION**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”*

---

**Dated: 9 August 2017**

**By order of the Board**

**Mr Keong Chan  
Company Secretary**

## **Voting in person**

---

To vote in person, attend the Meeting at the time, date and place set out above.

## **Voting by proxy**

---

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9322 6009.***



---

## EXPLANATORY STATEMENT

---

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

Resolutions 1 to 18 (inclusive) are Acquisition Resolutions. If any one of the Acquisition Resolutions are not approved at the Meeting, none of them will take effect and the Agreement and other matters contemplated by those Resolutions will not be completed.

---

### 1. PROPOSED ACQUISITION OF ITM CORPORATION LTD

#### 1.1 Background

The Company (formerly known as 'Titan Energy Services Limited') historically focussed on the provision of drilling, accommodation, logistics, catering and equipment rental services predominantly to the Western Australian energy, oil & gas and infrastructure industries.

On 21 December 2015, the Company and its subsidiaries (collectively the **Group**) was placed into voluntary administration and subsequently entered into a deed of company arrangement on 15 April 2016 (**DOCA**).

On 21 December 2015, Joanne Dunn and Stefan Dopking of FTI Consulting Global were appointed as voluntary administrators to oversee the affairs of the Group under the DOCA (**Voluntary Administrators**). Royal Wolf Trading Australia Pty Ltd, subsequently appointed Cassandra Mathews and Jarrod Villani of KordaMentha as joint and several receivers of the Group on 15 January 2016 (**Receivers**) pursuant to a security interest duly registered on the Personal Property Securities Register.

Following the appointment of the Receivers the Company lost control of the subsidiaries and the subsidiaries were subsequently liquidated.

Pursuant to the terms of the DOCA, the Company raised \$640,000 from the issue of:

- (a) 34,000,000 fully paid ordinary shares in the capital of the Company (**Shares**) at an issue price of \$0.005 per Share; and
- (b) 47,000,000 Shares at an issue price of \$0.01 per Share,

to LB Cap Pty Ltd (ACN 159 401537) (**DOCA Capital Raising**).

Fund raised under the DOCA Capital Raising were applied by the Voluntary Administrators as follows:

- (a) \$500,000 was allocated to the settlement of all of the Company's outstanding debts due and payable under the DOCA; and
- (b) the remaining \$140,000 was held by the Company for working capital purposes.

On 14 July 2016 the Company changed its name from 'Titan Energy Services Limited' to Augend Ltd (ASX Code: AUG).

The DOCA was fully effectuated on 16 June 2016 and control of the Company reverted to the directors of the Company (**Directors**).

Currently the Company is a listed shell company and is looking to pursue new investments. Details of the Company's most recent activities are set out in its Interim Financial Report for the half year ended 31 December 2016 which was lodged with the ASX on 1 March 2017.

As announced on 10 February 2017, the Company has entered into a conditional agreement with ITM Corporation Ltd (ACN 605 374 570) (**ITM Acquisition Agreement**) pursuant to which the Company has agreed to acquire 100% of the issued capital of ITM (**ITM Shares**), including the business and assets of ITM from the shareholders of ITM (**ITM Shareholders Acquisition**).

A detailed description of ITM's business and products is set out in Section 1.3.

Further details of the terms of the Acquisition Agreement are set out in Section 1.7.

The settlement of the Acquisition (**Settlement**) will amount to a significant a change in the nature and scale of the Company's activities as contemplated by ASX Listing Rules 11.1.3.

## 1.2 Summary of Resolutions

The Company is seeking Shareholder approval for the following Resolutions associate with the Acquisition:

- (a) the Acquisition, if successfully completed, will represent a significant change in the nature or scale of the Company's operations to a comprehensive wholesale and retail company, for which Shareholder approval is required under ASX Listing Rule 11.1.2 (Resolution 1);
- (b) the Company's issued capital being consolidated on a 6:1 basis (**Consolidation**) (Resolution 2);
- (c) the issue at Settlement of 93,078,942 Shares (**Consideration Shares**) (on a post-Consolidation basis) to the ITM Shareholders (or their nominees) who are not related parties of the Company (other than as a result of the Acquisition) (Resolution 3) and the issue at Settlement of 2,004,209 Consideration Shares (on a post-Consolidation basis) to Duret Holdings Pty Ltd (or its nominee), an entity controlled by Director, Mr Keong Chan (Resolution 4);
- (d) the creation of a new class of securities, being the performance shares on the terms and conditions set out in Schedule 3 (**Performance Shares**) (Resolution 5);
- (e) the issue at Settlement of 37,500,000 Performance Shares (on a post-Consolidation basis) to the founding ITM Shareholders who are not related parties of the Company (other than as a result of the Acquisition) (Resolution 6) and the issue at Settlement of 12,500,000 Performance Shares (on a post-Consolidation basis) to Director, Mr Keong Chan (or his nominee) (Resolution 7);
- (f) the issue at Settlement of 42,937,500 Shares (**Conversion Shares**) (on a post-Consolidation basis) comprising of 40,125,000 Conversion Shares to the unrelated holders of the Convertible Notes (or their nominee/s) (Resolution 8) and 2,812,500 Conversion Shares to Duret Holdings Pty Ltd, an entity associated with Mr Keong Chan, (or its nominee) (Resolution 9);

- (g) the issue at Settlement of 5,000,000 Shares (**Convertible Loan Shares**) (on a post-Consolidation basis) to Mr Keong Chan (or his nominees) upon conversion of the Convertible Loan (Resolution 10);
- (h) the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules and, to achieve this, must successfully undertake a capital raising by issuing not less than 50,000,000 Shares at \$0.08 per Share (on a post-Consolidation basis) to raise at least \$4,000,000 (**Minimum Subscription**) and up to 75,000,000 Shares at \$0.08 per Share (on a post-Consolidation basis) to raise up to \$6,000,000 (**Maximum Subscription**) via a prospectus (**Capital Raising**) (Resolution 11);
- (i) in connection with the Acquisition, the appointment of four proposed directors to the Board, being Mr Gang Xu, Mr Jiahua Zhou, Mr Quentin Flannery and Ms Lingye Zheng (**Proposed Directors**) (Resolutions 12 – 15);
- (j) the issue at Settlement of 5,000,000 Options (**Proposed Director Options**) (on a post-Consolidation basis) to Mr Quentin Flannery on the terms and conditions set out in Schedule 4 (Resolution 16);
- (k) the issue at Settlement of 5,875,000 Shares (**Facilitator Shares**) (on a post-consolidation basis) at an issue price of \$0.0001 to Tourville Investments Pty Ltd, an entity controlled by Director, Mr Keong Chan (Resolution 17); and
- (l) the change of the Company's name to "Aumake International Limited" with effect from Settlement (Resolution 18).

### 1.3 About ITM

ITM was incorporated on 30 April 2015 in Western Australia. ITM is based in Perth, Western Australia and operates a wholesale and retail business which sells a variety of Australian products including cosmetics, vitamins, long-life food, drink, and baby products to primarily Chinese customer's resident in both Australia and China. ITM operates, an online sales platform [www.aucean.com](http://www.aucean.com) together with a warehouse located in Perth, Western Australia.

ITM seeks to take advantage of the ever-growing willingness of primarily Chinese consumers' to purchase safe and healthy Australian products.

ITM has implemented steps to establish a comprehensive wholesale and retail business with sales via online sales platforms, warehouses and physical stores following the recent acquisition of complementary business, Aumake Australia Pty Ltd (ACN 168 835 489) (**Aumake**).

Aumake was incorporated on 31 March 2014 in New South Wales. Aumake sells similar products to ITM to a similar customer demographic. Aumake operates an online sales platform [www.aumake.com](http://www.aumake.com), together with five (5) retail stores and a warehouse located in Sydney, New South Wales.

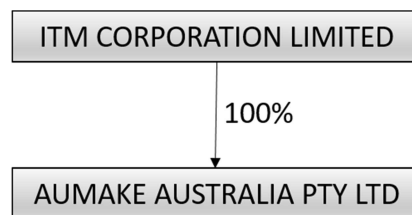
Aumake has a strong customer base by virtue of its established retail stores. Aumake estimates that each week an aggregate 4,500 people visit its stores of which approximately half will make a purchase, with the average transaction size of approximately \$120.

Aumake has a strong relationship with over 250 Australian producers and suppliers which acts to limit supply risk faced by many smaller operators. Aumake buys directly from a number of reputable Australian manufacturers including:

- (a) Australian Pharmaceutical Industries Ltd;
- (b) Jurlique International Pty Ltd;
- (c) CJP Australia Pty Ltd;
- (d) Comvita Australia Pty Ltd; and
- (e) Integria Healthcare (Australia) Pty Ltd.

#### 1.4 Corporate Structure of ITM

The corporate structure of ITM is as follows:



#### 1.5 Business Model of ITM

##### (a) General

As noted above, ITM has undertaken steps to establish a comprehensive wholesale and retail business with sales via its online sales platform warehouses and physical stores. ITM intends to expand its national footprint by tapping into Aumake's existing east coast market presence as well as increasing ITM's retail capability via Aumake's five (5) existing retail stores located in Sydney, New South Wales. The recent acquisition of Aumake provides a launch pad for ITM to consolidate and acquire further retail stores on the east coast of Australia.

ITM considers the east coast of Australia is an important market based on:

- (i) the large Chinese population size in Australia;
- (ii) greater numbers of visiting Chinese tourists compared to other regions of Australia; and
- (iii) its proximity to ITM's key suppliers.

ITM believes that its recent acquisition of Aumake will result in reduced corporate and operating expenses with significant synergies to be achieved across both ITM and Aumake through the sharing of executive management, warehousing, supply management and intellectual property.

(b) **Industry Overview**

ITM seeks to take advantage of the ever growing willingness of Chinese consumers' to purchase safe and healthy Australian products. Currently, customers living in China have three main avenues through which to purchase Australian products:

- (i) firstly, via online sales platforms;
- (ii) secondly, through friends and family living in Australia; and
- (iii) thirdly through friends and family visiting Australia as tourists.

The sales channel in which an overseas person purchases products for a customer in mainland China is referred to as "daigou" in Australia. Daigous, or shopping agents, can be anyone based overseas who shops for goods on behalf of a customer resident on mainland China. Daigous are typically students who are studying overseas, or people who have migrated from China. There are an estimated 40,000 daigous in Australia of varying sophistication and anywhere between 1,200 and 1,600 physical stores, which cater to daigou buyers.

The daigou sales channel supplies a significant amount of Australian products to the Chinese market. Many Australian producers and suppliers have recognised that the population of more than one million Chinese in Australia plays a key role in promoting their products to Chinese consumers and the increasing numbers of Chinese tourists to Australia represents a significant opportunity in promoting their brands into China.

(c) **Operations of ITM**

For individuals purchasing Australian products on behalf of family and friends living in China the process is neither streamlined nor convenient with most customers forced to travel to numerous retailers where stock may or may not be available. ITM seeks to streamline the entire sourcing, purchasing and delivery process and provides its customers with a convenient place, whether through a physical store or online, and a tailored customer experience for the purchase of Australian products.

Following the recent acquisition of Aumake, ITM now owns and operates warehouses in both Perth, Western Australia and Sydney, New South Wales as well as five (5) physical retail stores in Sydney, New South Wales. ITM's customers are able to purchase Australian products:

- (i) online via ITM's two (2) online sales platforms [www.aucean.com](http://www.aucean.com) and [www.aumake.com](http://www.aumake.com);
- (ii) online using WeChat Pay a digital wallet service incorporated into the popular messaging application WeChat, which allows users to perform mobile payments;
- (iii) directly via ITM's two (2) owned and operated warehouses; and
- (iv) directly via ITM's five (5) existing retail stores.

ITM can provide its customers with a variety delivery methods including both local and international delivery. ITM provides a choice of delivery services to customers depending on how much they wish

to pay and speed of delivery. Delivery services are provided by third parties and title and risk associated with all products and delivery is transferred to the customer upon the payment of their order.

As an Australian company subject to Australian standards of governance, taxation and regulation, ITM seeks to bring greater transparency and compliance to what is a largely fragmented industry.

ITM's operations seek to benefit Australian producers and suppliers who wish to promote their products to Chinese customers. As an alternative to expensive and risky marketing efforts directly into the large Chinese market, Australian producers and suppliers can engage directly with ITM to gain immediate exposure to Chinese customers via ITM's growing daigou sales channel.

(d) **Growth Strategy of ITM**

ITM's growth strategy includes:

- (i) the development of a single consolidated online sales platform to provide ITM's customers based in both Australia and China a streamlined solution for the sourcing, purchasing and delivery of Australian products;
- (ii) the development of ITM's own products for sale via original equipment manufacturer (**OEM**) and contract manufacturing of popular products to Australian standards;
- (iii) the establishment of additional retail stores to grow ITM's national footprint and brand presence;
- (iv) fostering relationships with new and existing Australian producers and suppliers to provide a larger product range to ITM's customers;
- (v) implementing a strategic marketing campaign to increase brand awareness and credibility; and
- (vi) implementing a new management and operational structure to increase efficiencies and reduce costs across both ITM and Aumake.

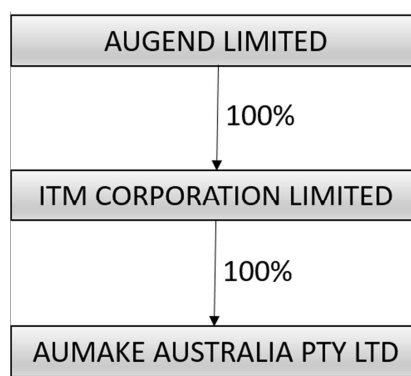
## 1.6 Intellectual Property Rights

ITM has registered and protected the following trademarks:

Australian Trademark Number	Trademark Description
Trademark 1719171	The words 'ITM' and the 'ITM' logo.
Trademark 1781230	The 'Aucean' logo associated with ITM's online sales platform
Trademark 1781231	The word 'Aucean' associated with ITM's online sales platform
Trademark 1591417	The word 'Aumake' and the 'Aumake' logo associated with Aumake's online sales platform.

## 1.7 Corporate Structure of the Combined Group

On completion of the Acquisition, the corporate structure of the combined group will be as follows:



## 1.8 Primary Focus of the Company

Upon completion of the Acquisition, the primary focus of the Company will be to maximise Shareholder returns through the expansion of the ITM business, being the sale and distribution of Australian products via retail stores and online e-commerce platforms to primarily Chinese customers based in Australia and China.

The Company intends to use the funds raised from the Capital Raising as set out below:

- (a) payment of the expenses associated with the Capital Raising and the Company's readmission to the Official List;
- (b) increase product inventory held in ITM's five (5) retail stores and two (2) owned and operated warehouses;
- (c) the development of a single consolidated online sales platform to provide customers based in both Australia and China a streamlined solution for the sourcing, purchasing and delivery of Australian products;
- (d) the development of ITM's own products for sale via OEM and contract manufacturing of popular products to Australian standards;

- (e) the establishment of additional retail stores to grow the Company's national footprint and brand presence;
- (f) fostering relationships with new and existing Australian producers and suppliers to provide a larger product range to the Company's customers;
- (g) implementing a strategic marketing campaign to increase the Company's brand awareness and credibility;
- (h) implementing a new management and operational structure to increase efficiencies and reduce costs for the Company; and
- (i) for working capital purposes.

A detailed use of funds table is set out in section 1.16 and a Pro Forma Balance Sheet is set out in Schedule 1.

## 1.9 Terms of the Acquisition Agreement

A summary of the terms of the Acquisition Agreement is as follows:

- (a) **(Acquisition):** The Company agrees to acquire and the ITM Shareholders each agree to sell all of their ITM Shares, free from encumbrances, including the business and assets of ITM, for the consideration detailed below;
- (b) **(Consideration):** in consideration for the Acquisition, the Company will issue 95,083,151 Consideration Shares (on a post-Consolidation basis) to the ITM Shareholders (or their nominees) in proportion to their existing interest in ITM;
- (c) **(Performance Shares):** subject to the satisfaction or waiver of the Conditions Precedent (defined below), the Company agree to issue of an aggregate 50,000,000 Performance Shares (on a post-Consolidation basis) to the founding ITM Shareholders set out in Sections 7.2(a) and 8.4(b);
- (d) **(Conditions Precedent):** completion of the Acquisition is conditional upon the satisfaction or waiver of the following conditions precedent:
  - (i) **Company Due Diligence:** completion of financial, legal and technical due diligence by the Company on ITM, its business and operations, to the absolute satisfaction of the Company, within fourteen (14) days of execution of the Acquisition Agreement;
  - (ii) **ITM Due Diligence:** completion of financial, legal and technical due diligence by ITM on the Company, its business and operations, to the absolute satisfaction of ITM, within fourteen (14) days of execution of the Acquisition Agreement;
  - (iii) **Shareholder Approvals:** the Company obtaining all necessary shareholder approvals pursuant to the ASX Listing Rules, *Corporations Act 2001 (Cth)* (**Corporations Act**) or any other law to allow the Company to lawfully complete the matters set out in the Acquisition Agreement (together the **Shareholder Approvals**);



- (iv) **Regulatory Approvals:** the Company obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law to allow the Company to lawfully complete the matters set out in the Acquisition Agreement, including but not limited to, approval to reinstatement to the Official List following completion of the Acquisition on satisfactory conditions to the Company;
  - (v) **Third Party Consents:** the Company and ITM obtaining all necessary third party consents to allow the Company to lawfully complete the matters set out in the Acquisition Agreement;
  - (vi) **Consolidation:** completion of the Consolidation of capital by the Company as required for the Company to be reinstated to the Official List following completion of the Acquisition;
  - (vii) **Re-compliance Capital Raising:** completion of the Capital Raising by the Company using a Prospectus to raise a minimum of not less than \$4,000,000 and up to \$6,000,000;
  - (viii) **Performance Shares:** the Company obtaining approval from ASX that the terms of the Performance Shares satisfy ASX Listing Rule 6.1. The Parties will agree any necessary amendments to the terms of the Performance Shares required to obtain ASX approval;
  - (ix) **No Material Adverse Change:** there being no material adverse change in the circumstances of the Company or ITM prior to completion of the Acquisition;
  - (x) **Company's Financial Position:** the Company providing evidence to ITM's satisfaction that at completion of the Acquisition, the Company will have a cash balance of at least \$4,100,000 and total liabilities not exceeding \$100,000;
  - (xi) **Company Warranties:** none of the Company's representations and warranties contained in the Acquisition Agreement becoming untrue, incorrect or misleading prior to completion of the Acquisition; and
  - (xii) **ITM Warranties:** none of ITM's representations and warranties contained in the Acquisition Agreement becoming untrue, incorrect or misleading prior to completion;
- (e) **(Convertible Notes):** ITM has procured valid subscriptions from investors **(Subscribers)** for a total of 229 unsecured convertible notes equating to a total value of \$2,290,000 **(Convertible Notes)**.

Subject to the satisfaction or waiver of the Conditions Precedent, each Convertible Note will automatically convertible into Shares **(Conversion Shares)** at a conversion price equal to a 33% discount to the issue price of Shares to be issued under the Capital Raising.

The Company will issue an aggregate 42,937,500 Conversion Shares to the Subscribers upon the automatic conversion of the Convertible Notes.

- (f) **(Convertible Loan)**: On 5 August 2016, ITM and Director, Mr Keong Chan entered into a convertible loan agreement pursuant to which Mr Keong Chan agreed to provide ITM with an interest free loan for \$200,000 for working capital purposes **(Convertible Loan)**.

Subject to the satisfaction or waiver of the Conditions Precedent, the Convertible Loan will automatically convert into Shares **(Convertible Loan Shares)** at a conversion price equal to a 50% discount to the issue price of Shares to be issued under the Capital Raising.

The Company will issue an aggregate 5,000,000 Convertible Loan Shares to Mr Keong Chan (or his nominee) upon the automatic conversion of the Convertible Loan.

- (g) **(Board Changes)**: on completion of the Acquisition, Messrs Robert Di Russo and Derek Jones will retire and Mr Gang Xu, Mr Jiahua (Joshua) Zhou, Mr Quentin Flannery and Ms Lingye Zheng will be appointed as directors **(Proposed Directors)**. Mr Keong Chan will remain a director of the Company upon completion of the Acquisition;
- (h) **(Proposed Director Options)**: subject to the satisfaction or waiver of the Conditions Precedent, the Company agrees to issue 5,000,000 Proposed Director Options (on a post-Consolidation basis) to Proposed Director, Mr Quentin Flannery, on the terms set out in Schedule 4;
- (i) **(Facilitation Fee)**: subject to the satisfaction or waiver of the Conditions Precedent, the Company will issue to Tourville Investments Pty Ltd (or its nominees), a company controlled by Director Mr Keong Chan, 5,875,000 Facilitator Shares (on a post-Consolidation basis) in consideration for the introduction and facilitation of the Acquisition to the Company and ITM;
- (a) **(Change of name)** on completion of the Acquisition, the Company will change its name to "Aumake International Limited".

The Acquisition Agreement also contains representations, warranties and conditions considered standard for an agreement of its nature.

## 1.10 Re-compliance with Chapters 1 and 2 of the Listing Rules

Given that the Company is proposing to make a change in the nature and scale of its activities by acquiring the 100% of the ITM Shares, the Company is required to re-comply with Chapters 1 and 2 of the ASX Listing Rules prior to the Company completing the Acquisition.

For this purpose, the Company will be required to re-comply with the conditions to listing on ASX set out in Chapters 1 and 2 of the ASX Listing Rules in order to complete the Acquisition and before it can be re-instated to trading on ASX following Settlement.

ASX Listing Rule 2.1 Condition 2 provides that it is a condition of quotation of the main class of a company's securities of an entity seeking admission to ASX that the issue price of the securities for which the company seeks quotation must be at least 20 cents in cash. In addition, ASX Listing Rule 1.1 Condition 11 provides that for an entity to be admitted to the Official List, the exercise price for any options on issue must be at least 20 cents in cash.

The Company is seeking a waiver from the requirements outlined above to enable the Company to issue Shares for the purpose of satisfying ASX Listing Rule 2.1, Condition 2 at \$0.08 per Share (on a post-Consolidation basis). This waiver is subject to Shareholders approving the Company undertaking the Capital Raising at \$0.08 (on a post-Consolidation basis).

### 1.11 Consolidation

The Company proposes to undertake the consolidation of its Shares on a 6:1 the basis, as set out in further detail in Section 3 (**Consolidation**).

Approval for the Consolidation is the subject of Resolution 2.

### 1.12 Capital Raising

For the purposes of re-complying with Chapters 1 and 2 of the ASX Listing Rules and meet the conditions of the Acquisition Agreement, the Company proposes to conduct the Capital Raising to raise up to \$6,000,000 (before costs) via the issue of up to 75,000,000 Shares at an issue price of \$0.08 per Share (on a post-Consolidation basis). The Capital Raising will be conducted under a prospectus to be prepared by the Company (**Prospectus**).

Approval for the issue of Shares pursuant to the Capital Raising is the subject of Resolution 11.

The Company intends to appoint a lead manager with respect to the Capital Raising following the Meeting.

### 1.13 Change of name

As a result of the Acquisition, the Company proposes to change its name to "Aumake International Limited".

Approval for the change of name is the subject of Resolution 18.

### 1.14 Proposed Capital Structure

The below capital structure table of the Company assumes that the completion of the Capital Raising (assuming the Maximum Subscription of \$6,000,000 is raised under the Capital Raising) occurs:

	Shares	Performance Shares	Options
Current	90,044,877	Nil.	Nil
Post Consolidation (6:1)	15,007,480	Nil	Nil
Capital Raising	75,000,000 <sup>1</sup>	Nil	Nil
ITM Consideration Shares	95,083,151		Nil
Performance Shares to be issued to management of the Company	Nil.	50,000,000 <sup>2</sup>	Nil
Conversion of Convertible Notes	42,937,500		
Conversion of Convertible Loan	5,000,000	Nil	Nil
Facilitator Shares	5,875,000	Nil	Nil
Proposed Director Options	Nil	Nil	5,000,000 <sup>3</sup>
<b>TOTAL</b>	<b>238,903,131</b>	<b>50,000,000</b>	<b>5,000,000</b>

**Notes:**

1. Assuming the Maximum Subscription of \$6,000,000 at an issue price of \$0.08 per Share.
2. Performance Shares on the terms and conditions set out in Schedule 3. The recipient of these Performance Shares are set out in Sections 7.1 and 8.1.
3. 5,000,000 Proposed Director Options to be issued to Proposed Director, Mr Quentin Flannery on the terms and conditions set out in Schedule 4.

**1.15 Pro-forma statement of financial position**

Set out in Schedule 1 is an unaudited pro-forma balance sheet of the Company assuming that all Acquisition Resolutions have been passed and Settlement has occurred and showing alternatively the Minimum and Maximum Capital Raising which is proposed to be \$4,000,000 and \$6,000,000 respectively. The historical and pro-forma information is presented in an abbreviated form, insofar as it does not include all of the disclosure required by the Australian Accounting Standards applicable to annual financial statements.

In addition, the audited historical Profit and Loss financial information in relation to ITM and Aumake has been provided in Schedule 2. ITM has previously invested heavily in its online platform technology whilst Aumake has operated a successful retail business. This has resulted in ITM operating at a substantial loss for the 2016 and 2017 financial years. The Aumake business which will be the primary business going forward.

**1.16 Indicative use of funds**

Following Settlement, the Company expects to use its cash funds as follows:

<b>Use of Funds</b>	<b>Amount (Minimum Subscription)</b>	<b>%</b>	<b>Amount (Maximum Subscription)</b>	<b>%</b>
Existing cash reserves of the Company <sup>1</sup>	\$300,000	7%	\$300,000	5%
Funds raised under the Capital Raising	\$4,000,000	93%	\$6,000,000	95%
<b>TOTAL</b>	<b>\$4,300,000</b>	<b>100%</b>	<b>\$6,300,000</b>	<b>100%</b>
Increase product inventory	\$2,200,000	52%	\$3,400,000	54%
Development of consolidated online sales platform	\$400,000	9%	\$500,000	8%
Development of ITM's own products for sale via OEM and contract manufacturing	\$300,000	7%	\$500,000	8%
Business development	\$100,000	2%	\$200,000	3%
Development and implementation of strategic marketing campaign	\$300,000	7%	\$500,000	8%
Working Capital <sup>2</sup>	\$485,488	11%	\$565,488	9%
Expenses associated with the Capital Raising and the Acquisition	\$514,512	12%	\$634,512	10%
<b>TOTAL</b>	<b>\$4,300,000</b>	<b>100%</b>	<b>\$6,300,000</b>	<b>100%</b>

**Notes:**

1. Being the combined estimated cash reserves of the Company and ITM upon completion of Acquisition, assuming completion by August 2017 and assuming expenditure by the entities of \$1,000,000.

2. Includes administration cost of running the business, including cost of paying salaries to staff as well as general corporate costs including rent and the provision of service to the company.

Where more than the Minimum Subscription but less than the Maximum Subscription is raised the additional funds, after the increase in costs of the Capital Raising, will be allocated on a pro-rata basis to the other categories listed in the use of funds table.

The above table is a statement of current intentions as at the date of this Notice. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

Actual expenditure may differ significantly from the above estimates due to a change in market conditions, the development of new opportunities and other factors (including the risk factors outlined in Section 1.21).

### 1.17 Indicative timetable

An indicative timetable for Settlement and the associated transactions is set out below:

Event	Date
Announcement of Acquisition	30 June 2017
Notice of Meeting sent to Shareholders	9 August 2017
Lodgement of Prospectus by the Company	21 August 2017
General Meeting held to approve the Acquisition	12 September 2017
Prospectus closes	18 September 2017
Settlement, subject to Directors' satisfaction that the Conditions Precedent have been satisfied	28 September 2017
Issue of Consideration Shares	
Issue of Shares pursuant to Capital Raising	
Issue of Performance Shares	
Issue of Facilitator Shares	
Issue of Proposed Director Options	
Issue of Conversion Shares	
Issue of Convertible Note Shares	
Despatch of holding statements	2 October 2017
Commencement of trading of Shares on ASX (subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and subject to ASX agreeing to reinstate the Company's Shares to quotation)	6 October 2017

Please note this timetable is indicative only and the Directors reserve the right to amend the timetable as required.

## 1.18 Board and Management

In accordance with the terms of the Acquisition Agreement, and with effect from Settlement, it is proposed that Messrs Robert Di Russo and Derek Jones will resign as Directors and Mr Gang Xu, Mr Jiahua (Joshua) Zhou, Mr Quentin Flannery and Ms Lingye Zheng (**Proposed Directors**) will be appointed as additional directors to the Board of the Company. Mr Keong Chan will remain in his existing role following Settlement.

Summaries of the background and experience of each of the Proposed Directors and senior managers are set out below.

### **Mr Jiahua (Joshua) Zhou**

*Proposed Managing Director*

Mr Zhou is the founder and sole director of Aumake. Mr Zhou has worked in the Australian tourism industry for over 10 years in roles which have included the coordination of business and government delegations from China. From this experience, Mr Zhou has met a variety of different Chinese visitors which has given him a deep understanding of how Chinese and Australian cultures combined in both a travel and retail context.

From working with formal duty free stores in Sydney Australia, Mr Zhou has gained extensive Australian retail sales and management experience which has helped him understand how to profitably run a retail stores and sell Australian products to both local and visiting Chinese customers.

In 2010, Mr Zhou established the very first Aumake retail store in Parramatta, New South Wales, serving as a souvenir store to mainly overseas tourists. With the passing of time, Mr Zhou has grown Aumake's retail presence into a network of five (5) retail stores and a warehouse located in Sydney, New South Wales.

Mr Zhou holds a Bachelor of Management from Yanen University, Fujian China and Master of International Business from University of Western Sydney.

### **Mr Gang Xu**

*Proposed Executive Director – Strategy and Business Development*

Mr Xu is one of the founders of ITM Corporation Ltd. Mr Xu has more than 20 years in senior management experience serving Australian public and ASX listed companies in both Managing Director and Non-Executive Director capacities for companies including KTL Technologies Limited, UraniumSA Ltd and Riva Resources Limited. Mr Xu is particularly familiar with dynamic cross board business environment between Australia and China.

Mr Xu's professional career started from working within Chinese government agencies as a geologist and then expanded to senior business roles in China, Australia and Korea as department manager, chief country representative and Managing Director.

Mr Xu served as the Finance and Marketing Manager for Sino Gold Limited and was Marketing Manager for LG Household Chemicals Beijing, marketing fast moving consumer goods in China.

Mr Xu completed his Masters of Business Administration at Boise State University in the US. He holds Master of Science Engineering degree with China National Nuclear Corporation and Bachelor of Science degree with Nanjing University in the People's Republic of China. Mr Xu is a member of AusIMM.

Mr Xu is the founder and has been a director of ASX listed Riva Resources Limited (formerly Dragon Energy Limited) since 2006.

**Mr Quentin Flannery**

*Proposed Non-Executive Director*

Mr Quentin Flannery holds a Bachelor of International Business with a minor in Mandarin from Queensland University of Technology, Australia. Mr Flannery is currently working as a Director in his family office which is involved in a range of different industries. Those industries include energy production, emerging and mature technology companies, commercial and residential property development and resources.

Mr Flannery has more than ten years' experience in working with exports into Asia having previously worked in the marketing department of a large Australian based, Chinese owned coal mining company. During this time, his most recent role was as a marketing manager whose responsibilities included managing the thermal coal sales and marketing for the company into Asia.

**Ms Lingye Zheng**

*Proposed Non-Executive Director*

Over the last 20 years Ms Zheng has studied and worked in Spain, Germany and Austria.

In 2007, Ms Zheng came to Australia and two years later, she founded Aumake together with her husband Mr Jiahua (Joshua) Zhou. Ms Zheng is responsible for purchasing across all the Aumake's stores.

**Senior Management**

**Mr Peter Zhao**

*Chief Financial Officer*

Peter Zhao is a CPA Australia and has over 10 years' experience in Corporate Governance and Risk Advisory services. Prior to joining Aumake, Peter was a manager of RSM's Perth Assurance and Advisory Services Division and the Head of the RSM China Practice Group in Western Australia.

He has gained solid knowledge and working experience of Australian reporting requirements especially AIFRS Accounting, current auditing and tax legislation and Corporation Act, ASIC and ASX requirements through providing assurance services and financial advices to ASX listed companies, foreign companies, public companies, large proprietaries, not for profit organizations, etc.

In his role in RSM China Practice Group, he was managing working relationships with stakeholders in Australia and China and facilitating inbound and outbound investments between the two countries.

### **1.19 Advantages of the proposals in the Acquisition Resolutions**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Acquisition Resolutions:

- (a) the Acquisition represents an attractive investment opportunity for the Company to change its business focus to that of a business focusing on the sales and distribution of Australian products via retail stores, warehouses and online e-commerce platforms to primarily Chinese customers based in Australia and China;
- (b) the Acquisition will enable the Company to tap into the established nature of the ITM business;
- (c) the Acquisition Agreement requires the Company to complete a capital raising at \$0.08 per Share to raise not less than \$4,000,000 which will provide the Company with significant funds for development of the ITM business;
- (d) the potential increase in market capitalisation of the Company following Settlement and the associated Capital Raising may lead to access to improved equity capital market opportunities and increased liquidity which are not currently present;
- (e) the appointment of Messrs Gang Xu, Jiahua Zhou, Quentin Flannery and Ms Lingye Zheng provides the Company with extensive experience and a proven track record within the sales and distribution industries; and
- (f) the consideration for the Acquisition is comprised of 95,083,151 Consideration Shares (on a post-Consolidation basis), thereby conserving the Company's cash reserves.

### **1.20 Disadvantages of the proposals in the Acquisition Resolutions**

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Acquisition Resolutions:

- (a) the Company will be changing the nature of its activities to a wholesale and retail business, which may not be consistent with the objectives of all Shareholders;
- (b) the Acquisition will result in the Capital Raising, the issue of the Consideration Shares, Facilitator Shares, Proposed Director Options, Performance Shares, Convertible Note Shares and Conversion Shares all of which will have a dilutionary effect on the current holdings of Shareholders;
- (c) there are additional risk factors associated with the change of nature and scale of the Company's activities. Some of the key risks are summarised in Section 1.21; and
- (d) in connection with the Acquisition, the Company has been required to engage a number of advisors, lawyers and experts to facilitate and report on the Acquisition, which represents sunk, but necessary costs to the Company.



## 1.21 Risk factors

Shareholders should be aware that if the Acquisition is approved and Settlement occurs, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from ITM parties contracted or associated with ITM and the Acquisition Agreement and other agreements.

The risks and uncertainties described below are not intended to be exhaustive. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers immaterial, which may affect the Company and ITM. Based on the information available, a non-exhaustive list of risk factors for the Company, associated with the Company's proposal to acquire all of the shares in ITM is set out below.

### ***Risks relating to the Change in Nature and Scale of Activities***

#### **(a) Re-Quotation of Securities on ASX**

The Acquisition constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Securities on the ASX. Should this occur, the Securities will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Security holders may be prevented from trading their Securities should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

#### **(b) Dilution Risk**

The Company currently has 15,007,480 Shares on issue (on a post-Consolidation basis). Upon Settlement (assuming that the Capital Raising is fully subscribed and there are no further issue of Shares) a total of up to 95,083,151 Consideration Shares will be issued to the ITM Shareholders, up to 75,000,000 Shares will be issued to investors under the Capital Raising, up to 42,937,500 Conversion Shares will be issued upon conversion of the Convertible Notes, up to 5,000,000 Convertible Note Shares will be issued upon conversion of the Convertible Note and up to 5,875,000 Facilitator Shares will be issued to Tourville Investments Pty Ltd, an entity controlled by Director Mr Keong Chan, and:

- (i) the existing Shareholders will retain approximately 6.28% of the Company's issued Share capital;
- (ii) the ITM Shareholders (or their nominee/s) will hold approximately 39.80% of the Company's issued Share capital;
- (iii) investors under the Capital Raising will hold approximately 31.39% of the Company's issued Share capital;
- (iv) Tourville Investments Pty Ltd, an entity controlled by Director Mr Keong Chan will hold approximately 2.46% of the Company's issued Share capital;
- (v) the Subscribers will hold approximately 17.97% of the Company's issued Share capital; and

- (vi) Keong Chan, through the issue of the Convertible Note Shares, will result in Mr Chan's holding in the Company increasing by 2.09% of the Company's issued Share capital.

If the Proposed Director Options and Performance Shares to be issued are exercised or convert the holdings of the existing Shareholders in the Company will be further diluted.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of the ITM business.

(c) **Liquidity risk**

On Settlement, the Company proposes to issue the Consideration Shares to the ITM Shareholders (or their nominee/s), the Performance Shares to the founding ITM Shareholders (or their nominee/s), the Conversion Shares to the Subscribers (or their nominee/s), the Convertible Loan Shares to Mr Keong Chan (or his nominee/s), Proposed Director Options to Mr Quentin Flannery and the Facilitator Shares to Tourville Investments Pty Ltd, an entity controlled by Director, Mr Keong Chan (or its nominee/s). The Directors understand that ASX will treat the Consideration Shares, Performance Shares, Conversion Shares, Convertible Loan Shares, Proposed Director Options and the Facilitator Shares as restricted securities in accordance with Chapter 9 of the ASX Listing Rules. As a significant number of the Company's Shares will be subject to escrow upon Settlement, there is an increased liquidity risk as a large portion of issued capital may not be able to be freely traded for a period of time.

(d) **Contractual Risk**

Pursuant to the Acquisition Agreement, Settlement is subject to the fulfilment of certain Conditions Precedent, as identified in Section 1.1(d).

The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Acquisition Agreement. If any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

**Risks in respect of ITM's operations**

(a) **Acquisition of ITM**

There are a number of specific risks involved for the Company, and consequently its Shareholders, in the acquisition of ITM, including risks specific to the business and assets of ITM, which include the following non-exhaustive list:

(i) **Brand and Reputation**

ITM's key business assets include brand names and related intellectual property of the business. A number of factors may adversely affect these key business assets, including:

- (A) potential disputes or litigation with suppliers, customers, employees or other third parties;

- (B) adverse media coverage (including social media);
- (C) failure to deliver products which meet customer expectations; and
- (D) other risks to ITM's brand names and intellectual property which are beyond ITM's control.

These factors can erode ITM's public reputation and adversely affect ITM's supply streams by decreasing demand for ITM's products and causing interference with key supply relationships, distributors and employees. Cumulatively this could detrimentally affect the value associated with ITM's business.

(ii) **Change in Regulation**

There is a continuing risk for the Company that local laws and/or regulations in Australia with respect to the operation of daigous may change. There is a risk that changes to the regulatory environment may materially detrimentally affect the manner in which the Company currently operates (including obligations altering the manufacturing processes, ingredients, shelf life, marketing and export/import processes).

The potential detrimental flow on effects from these regulatory changes could significantly affect the sale or production of the Company's products as a result of:

- (A) regulatory changes which restrict or entirely prevent access to particular markets in which the Company may source its products (amendments to importation or exportation regulations);
- (B) regulatory changes which change the product packaging requirements and disclosure obligations (including labelling requirements containing minimum dietary disclosures); or
- (C) the introduction of taxation measures which specifically reference food items.

The Company is not aware of any current issues or any impending regulatory changes in Australia which may affect its supply, manufacture and distribution networks. However, there is a continuing residual risk from potential regulatory changes, particularly in China, which may materially alter the Company's revenues and/or increase its costs which could diminish the Company's financial performance.

(iii) **Competition**

ITM's future financial performance and overall success in the market will rest upon the successful implementation of strategies to compete with other businesses. Some of these competitors have advantageous access to capital and resources. Those competitors may be given both financial and marketing assistance.

ITM's strategies may be adversely impacted by the number and size of its competitors who may participate in the market with a more aggressive pricing structure, innovative technologies and/or agile supply and distribution networks more adept than those of ITM.

(iv) **Failure to grow**

The success and potential growth of ITM is dependent on its ability to source and offer a wide range of products to the market. If ITM is unable to do so, the result could be a reduced or negative rate of growth. ITM may also fail to grow as a result of inadequate marketing or insufficient consumer interest.

(v) **Reliance on key personnel**

The development of ITM's business has been largely due to the effort, experience and leadership of its management team. ITM is also dependent on the continued service of its existing development personnel because of the complexity of its technologies. Despite the Company's best efforts to attract and retain key personnel, there is no assurance that ITM or the Company will be able to retain the services of such persons. The Company's ability or inability to attract and retain key personnel could have a material effect upon the Company's business, results of operations and financial condition.

(vi) **Dependence on outside parties**

The Company may pursue a strategy that forms strategic business relationships with other organisations in relation to current and potential products, distribution channels and points of sale. There can be no assurance that the Company will be able to attract and retain such organisations and to negotiate appropriate terms and conditions with these organisations or that any potential agreements with such organisations will be complied with.

Given the highly concentrated nature of Australia's daigou retail market, disruption by any of the major retailers in the Coles-Wesfarmers or Woolworths Group could have a material adverse impact on the Company's financial performance. The Company is focussed on expanding its distribution footprint to mitigate this risk, as well as to benefit from margin accretive opportunities available outside Australia.

(vii) **Product contamination and recall**

Being a distributor of food products, the Company is subject to a risk of product contamination and/or product recall that could have a material adverse effect on the Company's brand and stock levels and thereby its financial performance and future prospects.

(viii) **Management of growth**

There is a risk that management of the Company will not be able to implement its growth strategy after completion of the Acquisition. The capacity of the Company's management to properly implement the strategic direction of the Company may affect the Company's financial performance.

As part of its business strategy, the Company may make acquisitions of, or significant investments in, additional complementary companies or prospects (although no such acquisitions or investments are currently planned, other than the Acquisition). Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

**General risks**

(a) **Additional requirements for capital**

The funds raised under the Capital Raising are considered sufficient to meet the immediate business objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and also to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing joint ventures, licensing arrangements, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of their activities and potential research and development. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets

(b) **Trading price of Shares**

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including, inflation rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(c) **Future capital requirements**

Further funding may be required by the Company to support its ongoing activities and operations, including the need to develop new products, improve existing products, enhance its operating infrastructure and to acquire complementary businesses and technologies. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such funding will be available on satisfactory terms (or at all) at the relevant time. Any inability to obtain additional funding (or inability to obtain funding on reasonable terms) will adversely affect the financial condition and financial performance of the Company.

(d) **Potential acquisitions risk**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(e) **Market conditions risk**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular.

(f) **General economic and political risks**

Changes in the general economic and political climate in Australia and on a global basis may impact on economic growth, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any activities that may be conducted by the Company.

(g) **Regulatory risk**

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company, ITM or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and ITM and the value of the Company's securities. Therefore, the Shares to be issued by the Company carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is highly speculative.

**1.22 Intentions if the Acquisition is not approved**

If the Conditions Precedent are not satisfied or waived, including if all of the Acquisition Resolutions are not passed, the Acquisition will not proceed and the Company will seek an alternative acquisition.

**1.23 Directors' interests in the Acquisition**

None of the Company's existing Directors, except Mr Keong Chan, have any interest in the proposed Acquisition.

Shareholders should note that, subject to all Acquisition Resolutions being passed:

- (a) Proposed Director, Mr Quentin Flannery will receive Proposed Director Options;
- (b) Proposed Directors, Messrs Gang Xu and Jiahua (Joshua) Zhou will receive Consideration Shares and Performance Shares;
- (c) Director, Mr Keong Chan will receive Consideration Shares, Performance Shares and Convertible Loan Shares; and
- (d) Tourville Investments Pty Ltd, an entity controlled by Director Mr Keong Chan, will receive Facilitator Shares.

**1.24 Conditionality of Acquisition Resolutions**

All Acquisition Resolutions are inter-conditional, meaning that each of them will only take effect if all of them are approved by the requisite majority of Shareholders' votes at the Meeting. **If any one of Resolutions 1 to 17 (inclusive) are not approved at the Meeting, none of them will take effect and the Acquisition Agreement and other matters contemplated by the Resolutions will not be completed pursuant to this Notice.**

**1.25 Directors' recommendation and voting intention**

All of the Directors are of the opinion that the Acquisition is in the best interests of Shareholders and, accordingly, the Directors (except for Mr Keong Chan who has a material personal interest in the Acquisition) except unanimously recommend that Shareholders vote in favour of the Acquisition Resolutions. The Directors' recommendations are based on the reasons outlined in Section 1.19.

Each of the Directors (except for Mr Keong Chan who has a material personal interest in the Acquisition) intends to vote all of their Shares in favour of each of the Acquisition Resolutions in which they are entitled to vote.

---

## **2. RESOLUTION 1 – CHANGE OF NATURE AND SCALE OF ACTIVITIES**

### **2.1 General**

Resolution 1 seeks approval from Shareholders for a change in the nature and scale of the activities of the Company as a result of the Acquisition.

As outlined in Section 1.1, the Company has entered into the Acquisition Agreement to acquire all of the issued capital in ITM.

A summary of the terms and conditions of the Acquisition Agreement is set out in Section 1.9 and a detailed description of ITM and its business is outlined in Sections 1.3 to 1.6.

Resolution 1 is subject to the passing of all other Acquisition Resolutions.

### **2.2 ASX Listing Rule 11.1**

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the Official List.

Given the change in the nature and scale of the Company's activities upon Settlement, the Company is required to obtain Shareholder approval.

Accordingly, the Company is seeking Shareholder approval pursuant to Resolution 1 for the Company to change the nature and scale of its activities under ASX Listing Rule 11.1.2.

### **2.3 Suspension until re-compliance with Chapters 1 and 2 of the ASX Listing Rules**

The proposed change in the nature and scale of the Company's activities will require the Company to (in accordance with ASX Listing Rule 11.1.3) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules (including any ASX requirement to treat the Securities as restricted securities). The Company's Shares were suspended from official quotation at the request of the Company on 16 December 2015. If the Acquisition Resolutions are approved at the Meeting, it is expected that the Company's Securities will remain suspended from quotation until the Company has acquired ITM pursuant to the Acquisition Agreement and re-complied with Chapters 1 and 2 of the ASX Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.



If any Acquisition Resolutions are not approved at the Meeting, the Acquisition will not process and the Company will apply to ASX to have its Securities reinstated to quotation on the Official List after the Company announces the results of the Meeting in accordance with the ASX Listing Rules and Corporations Act.

## 2.4 Guidance Note 12

Changes to ASX Guidance Note 12 in 2014, as further modified in July 2016, altered ASX's policy in relation to the application of the "20 cent rule" to re-compliance listings. Previously, an entity required to re-comply with Chapters 1 and 2 of the ASX Listing Rules, was required to offer any shares as part of a re-compliance at an issue price of at least 20 cents per share. Guidance Note 12 states that this issue price can now be below 20 cents when an entity's securities have been trading on ASX at less than 20 cents each. ASX will consider a request not to apply the 20 cent rule provided:

- (a) either:
  - (i) the price at which the entity's securities traded on ASX over the 20 trading days preceding the date of the announcement of the proposed transaction (or, if the entity was already suspended at the time of the announcement, the last 20 trading days prior to its suspension) was not less than two cents each; or
  - (ii) the entity announces at the same time that it announces the proposed transaction that it intends to consolidate its securities at a specified ratio that will be sufficient, based on the lowest price at which the entity's securities traded over the 20 trading days referred to previously, to achieve a market value for its securities of not less than two cents each;
- (b) the issue price, sale price or exercise price for any securities being issued or sold as part of, or in conjunction with, the transaction:
  - (i) is not less than two cents each; and
  - (ii) is specifically approved by security holders as part of the approval(s) obtained under ASX Listing Rule 11.1.2; and
- (c) ASX is otherwise satisfied that the entity's proposed capital structure after the transaction will satisfy ASX Listing Rules 1.1 condition 1 and 12.5 (appropriate structure for a listed entity).

For this reason, the Company is seeking Shareholder approval for the Company to issue Shares at an issue price of \$0.08 per Share pursuant to the Capital Raising as part of the approvals sought under ASX Listing Rule 11.1.2.

---

## 3. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

### 3.1 General

Resolution 2 seeks Shareholder approval to consolidate the number of Shares on issue on a 6:1 basis (**Consolidation**).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward and to seek to comply with relevant ASX Listing Rules as part of the back-door listing when the Company seeks to obtain re-quotations of its Shares on ASX, should Shareholder approval be obtained for all of the Acquisition Resolutions.

The Directors intend to implement the Consolidation prior to completion of the Acquisition Agreement and prior to the proposed issues of Securities pursuant to the Acquisition and the Capital Raising, but the Consolidation will only occur if Shareholders approve all Acquisition Resolutions.

Resolution 2 is subject to and conditional upon the passing of all other Acquisition Resolutions.

### **3.2 Legal requirements**

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

The ASX Listing Rules also require that the number of Options on issue be consolidated in the same ratio as the ordinary capital and the exercise price amended in inverse proportion to that ratio. The Company does not have any Options on issue as at the date of this Notice.

### **3.3 Fractional entitlements**

Not all Shareholders will hold that number of Shares which can be evenly divided by 6. Where a fractional entitlement occurs, the Company will round that fraction down to the nearest whole Security.

### **3.4 Taxation**

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation. The Company, the Directors, the Proposed Directors and their advisors do not accept any responsibility for the individual taxation implications arising from the Consolidation or the other Acquisition Resolutions.

### **3.5 Holding statements**

From the date two Business Days after the Consolidation is approved by Shareholders:

- (a) all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a post-Consolidation basis; and
- (b) all certificates for unlisted Options will cease to have any effect, except as evidence of entitlement to a certain number of Options on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities proposed to be quoted to be issued to holders of those Securities.

It is the responsibility of each Security holder to check the number of Shares held prior to disposal.

### **3.6 Effect on capital structure**

The estimated effect which the Consolidation will have on the capital structure of the Company is set out in the table in Section 1.14.

### **3.7 Indicative timetable**

If Resolution 2 and all other Acquisition Resolutions are passed, the Consolidation will take effect in accordance with the timetable set out in Section 1.17 (as set out in Appendix 7A (paragraph 8) of the ASX Listing Rules).

---

## **4. RESOLUTION 3 – ISSUE OF CONSIDERATION SHARES TO NON-RELATED PARTIES**

### **4.1 General**

Pursuant to the terms of the Acquisition Agreement, the Company has agreed to issue an aggregate 95,083,151 Consideration Shares (on a post-Consolidation basis) to the ITM Shareholders (or their nominees) pro rata to the number of ITM Shares held by each ITM Shareholders.

Resolution 3 seeks Shareholder approval for the issue of 93,078,942 Consideration Shares (on a post-Consolidation basis) to the ITM Shareholders (or their nominees) who are not related parties of the Company (other than as a result of the Acquisition) in consideration for 100% of their respective ITM Shares.

The Company will seek Shareholder approval under Resolution 4 below, for the issue of the remaining 2,004,209 Consideration Shares (on a post-Consolidation basis) to Duret Holdings Pty Ltd (or its nominee), an entity controlled by Director, Mr Keong Chan, in consideration for 100% of the ITM Shares held by Duret Holdings Pty Ltd.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 3 will be to allow the Company to issue the Consideration Shares to the ITM Shareholders (or their nominees) who are not related parties of the Company (other than as a result of the Acquisition) during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

The Directors understand that ASX may treat each of the Consideration Shares as restricted securities for the purpose of the ASX Listing Rules. However, submissions will be made to the ASX to apply for cash formula relief in respect of the Consideration Shares.

Resolution 3 is subject to and conditional upon the passing of all the Acquisition Resolutions.

### **4.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Shares under Resolution 3:

- (a) the Consideration Shares will be issued to the ITM Shareholders who are not related parties of the Company (other than as a result of the Acquisition);

- (b) the maximum number of Consideration Shares to be issued at Settlement is 93,078,942 (on a post-Consolidation basis);
- (c) the Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of all the Consideration Shares will occur on the same date;
- (d) the Consideration Shares will be issued for nil cash consideration in satisfaction of the Acquisition;
- (e) the Consideration Shares will be issued to the ITM Shareholders, who are not related parties of the Company (other than as a result of the Acquisition), in consideration for their respective ITM Shares (pro rata to the number of ITM Shares held by each ITM Shareholder);
- (f) the Consideration Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (g) no funds will be raised from the issue as the Consideration Shares are to be issued in consideration for the Acquisition.

---

## **5. RESOLUTION 4 – ISSUE OF CONSIDERATION SHARES TO A RELATED PARTY – DURET HOLDINGS PTY LTD**

### **5.1 General**

As noted in section 4.1 above, Resolution 4 seeks Shareholder approval for the issue of 2,004,209 Consideration Shares (on a post-Consolidation basis) to Duret Holdings Pty Ltd (or its nominee), an entity controlled by Director, Mr Keong Chan, in consideration for 100% of the ITM Shares held by Duret Holdings Pty Ltd.

Resolution 4 is subject to the passing of all other Acquisition Resolutions.

### **5.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Consideration Shares constitutes giving a financial benefit and Duret Holdings Pty Ltd (or its nominee) is a related party of the Company by virtue of being an entity controlled by Director, Mr Keong Chan.

The Directors (other than Keong Chan who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Consideration Shares because the Acquisition Agreement is considered reasonable in the circumstances and was negotiated on an arm's length basis.

### **5.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of Consideration Shares to Duret Holdings Pty Ltd involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

### **5.4 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 4:

- (a) the Consideration Shares will be issued to Duret Holdings Pty Ltd (or its nominee), an entity controlled by Director, Mr Keong Chan;
- (b) the number of Consideration Shares to be issued is 2,004,209 (on a post-Consolidation basis);
- (c) the Convertible Loan Shares will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date; and
- (d) Duret Holdings Pty Ltd (or its nominee) is a related party of the Company by virtue of being an entity controlled by Director, Mr Keong Chan;
- (e) the Consideration Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue as the Consideration Shares are to be issued in consideration for the Acquisition.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Consideration Shares to Duret Holdings Pty Ltd (or its nominee) as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Consideration Shares to Duret Holdings Pty Ltd (or its nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

---

## **6. RESOLUTION 5 – CREATION OF A NEW CLASS OF SECURITIES – PERFORMANCE SHARES**

### **6.1 Requirements for Shareholder approval**

Resolution 5 seeks Shareholder approval for the Company to be authorised to issue the Performance Shares on the terms and conditions set out in Schedule 3.

A company with a single class of shares on issue which proposes to issue new shares not having the same rights as its existing shares, is taken to vary the rights of existing Shareholders unless the Constitution already provides for such an issue.

Section 246B of the Corporations Act and clause 9 of the Constitution provide that the rights attaching to a class of shares cannot be varied without:

- (a) a special resolution passed at a meeting of the members holding shares in that class; or
- (b) the written consent of the members who are entitled to at least 75% of the votes that may be cast in respect of shares in that class.

Pursuant to the Acquisition Agreement, the Company has agreed to issue an aggregate 50,000,000 Performance Shares, on the terms and conditions set out in Schedule 3.

The purpose of the issue of the Performance Shares is to link part of the consideration for the Acquisition to certain key performance criteria. If the milestones are not achieved within the prescribed timeframe, the Company will redeem the Performance Shares.

The Company currently has only one class of shares on issue being fully paid ordinary shares. The terms of the Performance Shares are not the same as the Shares. Accordingly, the Company seeks approval from Shareholders for the issue of the Performance Shares.

Resolution 5 is a special resolution and is subject to and conditional the passing of all the Acquisition Resolutions. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

## **6.2 ASX Approval pursuant to ASX Listing Rule 6.1**

ASX Listing Rule 6.1 provides that the terms that apply to each class of equity security must, in ASX's opinion, be appropriate and equitable.

The Company has received ASX approval for the issuance of the Performance Shares required under ASX Listing Rule 6.1.

---

## **7. RESOLUTION 6 – ISSUE OF PERFORMANCE SHARES TO NON-RELATED PARTIES**

### **7.1 General**

Pursuant to the terms of the Acquisition Agreement, the Company has agreed to issue an aggregate 50,000,000 Performance Shares to the founding shareholders of ITM upon Settlement.

Resolution 6 seeks Shareholder approval for the issue of an aggregate 37,500,000 Performance Shares comprising:

- (a) 18,750,000 Class A Performance Shares; and
- (b) 18,750,000 Class B Performance Shares

to Messrs Gang Xu, Jiahua Zhou and Guoxiao Zheng (or their nominees) who are not related parties of the Company (other than as a result of the Acquisition).

A summary of ASX Listing Rule 7.1 is set out in section 4.1 above.

The effect of Resolution 6 will be to allow the Company to issue 37,500,000 Performance Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

The Directors understand that ASX may treat each of the Performance Shares as restricted securities for the purpose of the ASX Listing Rules.

Resolution 6 is subject to and conditional upon the passing of all the Acquisition Resolutions.

## **7.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Performance Shares to Messrs Gang Xu, Jiahua Zhou and Guoxiau Zheng:

- (a) the maximum number of Performance Shares to be issued at Settlement is:
  - (i) 6,250,000 Class A Performance Shares and 6,250,000 Class B Performance Shares to Mr Gang Xu (or his nominee);
  - (ii) 11,057,692 Class A Performance Shares and 11,057,692 Class B Performance Shares to Mr Jiahua (Joshua) Zhou (or his nominee); and
  - (iii) 1,442,308 Class A Performance Shares and 1,442,308 Class B Performance Shares to Mr Guoxiau Zheng (or his nominee).
- (b) the Performance Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of all the Performance Shares will occur on the same date;
- (c) the Performance Shares will be granted for nil cash consideration, accordingly no funds will be raised;
- (d) the Performance Shares will be issued to Messrs Gang Xu, Jiahua (Joshua) Zhou and Guoxiau Zheng (or their nominees) who are not related parties of the Company (other than as a result of the Acquisition);
- (e) the terms and conditions of the Performance Shares are set out in Schedule 3; and
- (f) no funds will be raised from the issue as the Performance Shares are to be issued in part consideration for the Acquisition.

---

## **8. RESOLUTION 7 – ISSUE OF PERFORMANCE SHARES TO RELATED PARTY – MR KEONG CHAN**

### **8.1 General**

As noted in Section 7.1 above, the Company has agreed to issue an aggregate 50,000,000 Performance Shares (on a post-Consolidation basis) to the founding shareholders of ITM upon Settlement.

Resolution 7 seeks Shareholder approval for the issue of 12,500,000 of those Performance, comprising:

- (a) 6,250,000 Class A Performance Shares; and
- (b) 6,250,000 Class B Performance Shares,

to Director, Mr Keong Chan on the terms and conditions set out below.

Resolution 7 is subject to and conditional the passing of all the Acquisition Resolutions.

## **8.2 Chapter 2E of the Corporations Act**

A summary of Chapter 2E of the Corporations Act is set out in Section 5.2 above.

The issue of Performance Shares constitutes giving a financial benefit and Mr Keong Chan is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Keong Chan who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Performance Shares because the Acquisition Agreement is considered reasonable in the circumstances and was negotiated on an arm's length basis.

## **8.3 ASX Listing Rule 10.11**

A summary of ASX Listing Rule 10.11 is set out in Section 5.3 above.

As the issue of the Performance Shares involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

## **8.4 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the issue of the Performance Shares to Mr Keong Cha (or his nominee):

- (a) The Performance Shares the subject of Resolution 7 will be issued to Mr Keong Chan (or his nominee)
- (b) An aggregate 12,500,000 Performance Shares (on a post-Consolidation basis) will be issued comprising:
  - (i) 6,250,000 Class A Performance Shares; and
  - (ii) 6,250,000 Class B Performance Shares,
- (c) the Performance Shares will be issued to Mr Keong Chan no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Performance Shares will occur on the same date;
- (d) Mr Keong Chan is a related party of the Company by virtue of being a Director;



- (e) the terms and conditions of the Performance Shares are set out in Schedule 3; and
- (f) no funds will be raised from the issue as the Performance Shares are to be issued in part consideration for the Acquisition.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Performance Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Performance Shares to Mr Keong Chan (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

---

## **9. RESOLUTION 8 – ISSUE OF SHARES UPON CONVERSION OF CONVERTIBLE NOTES – UNRELATED PARTIES**

### **9.1 Background**

ITM has procured valid subscriptions from investors (**Subscribers**) for a total of 229 unsecured convertible notes equating to a total value of \$2,290,000 (**Convertible Notes**).

Subject to the satisfaction or waiver of the Conditions Precedent, each Convertible Note will automatically convertible into Conversion Shares at a conversion price equal to a 33% discount to the issue price of Shares to be issued under the Capital Raising.

The Company will issue an aggregate 42,937,500 Shares (**Conversion Shares**) to the Subscribers upon the automatic conversion of the Convertible Notes.

Resolutions 8 and 9 seeks Shareholder approval for the issue of up to 42,937,500 Conversion Shares (on a post-Consolidation basis) as follows:

- (a) 40,125,000 Conversion Shares to the Subscribers who are unrelated parties (Resolution 8); and
- (b) 2,812,500 Conversion Shares to Duret Holdings Pty Ltd, an entity controlled by Mr Keong Chan (Resolution 9).

A summary of ASX Listing Rule 7.1 is set out in section 4.1 above.

The effect of Resolution 8 will be to allow the Company to issue the Conversion Shares pursuant to the Convertible Note Issue during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Resolution 8 is subject to and conditional upon the passing of all other Acquisition Resolutions.

### **9.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Conversion Shares:

- (a) the maximum number of Conversion Shares to be issued is 40,125,000 (on a post-Consolidation basis);

- (b) the Conversion Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Conversion Shares will occur on the same date;
- (c) the Conversion Shares will be issued for nil cash consideration upon conversion of the Convertible Notes;
- (d) the Conversion Shares will be issued to the Subscribers. None of these subscribers are related parties of the Company (other than as a result of the Acquisition);
- (e) the Conversion Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Conversion Share will be issued upon conversion of the Convertible Notes, accordingly no funds will be raised.

---

## **10. RESOLUTION 9 – ISSUE OF SHARES UPON CONVERSION OF CONVERTIBLE NOTES – RELATED PARTY**

### **10.1 General**

Refer to section 9.1 above for background regarding the Convertible Notes.

The Company has agreed, subject to obtaining Shareholder approval, to issue 2,812,500 Conversion Shares (**Related Party Conversion Shares**) to Duret Holdings Pty Ltd, an entity associated with Mr Keong Chan, (or its nominee) on the terms and conditions set out below.

Resolution 9 seeks Shareholder approval for the grant of the Related Party Conversion Shares to Duret Holdings Pty Ltd (or its nominee).

A summary of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is set out in sections 5.2 and 2.2 above respectively.

The grant of Related Party Conversion Shares constitutes giving a financial benefit and Duret Holdings Pty Ltd is a related party of the Company by virtue of being an entity associated with Mr Keong Chan.

The Directors (other than Mr Keong Chan who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Conversion Shares because the agreement to grant the Conversion Shares to the Subscribers was negotiated on an arm's length basis and the grant of the Related Party Conversion Shares are on the same terms as all Conversion Shares issued to unrelated Subscribers.

### **10.2 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 9:

- (a) the Related Party Conversion Shares will be granted to Duret Holdings Pty Ltd, an entity associated with Keong Chan (or its nominee);
- (b) the number of Related Party Conversion Shares to be issued is 2,812,500;

- (c) the Related Party Conversion Shares will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date; and
- (d) the Related Party Conversion Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (e) the Related Party Conversion Shares will be issued for nil cash consideration accordingly no funds will be raised.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Conversion Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Conversion Shares to Duret Holdings Pty Ltd (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

---

## **11. RESOLUTION 10 – ISSUE OF SHARES UPON CONVERSION OF CONVERTIBLE LOAN**

### **11.1 General**

On 5 August 2016, ITM and Director, Mr Keong Chan entered into a convertible loan agreement pursuant to which Mr Keong Chan agreed to provide ITM with an interest free loan for \$200,000 for working capital purposes (**Convertible Loan**).

Subject to the satisfaction or waiver of the Conditions Precedent, the Convertible Loan will automatically convert into Convertible Loan Shares at a conversion price equal to a 50% discount to the issue price of Shares to be issued under the Capital Raising.

The Company will issue an aggregate 5,000,000 Shares (**Convertible Loan Shares**) to Mr Keong Chan (or his nominee) upon the automatic conversion of the Convertible Loan on the terms and conditions set out below.

Resolution 10 seeks Shareholder approval for the grant of the Convertible Loan Shares to Mr Keong Chan (or his nominee).

Resolution 10 is subject to and conditional upon the passing of all other Acquisition Resolutions.

### **11.2 Chapter 2E of the Corporations Act**

A summary of Chapter 2E of the Corporations Act is set out in Section 5.2 above.

The issue of Convertible Loan Shares constitutes giving a financial benefit and Mr Keong Chan is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Keong Chan who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Convertible Loan Shares because the Acquisition Agreement is considered reasonable in the circumstances and was negotiated on an arm's length basis.

### **11.3 ASX Listing Rule 10.11**

A summary of ASX Listing Rule 10.11 is set out in Section 5.3 above.

As the issue of the Convertible Loan Shares involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

#### **11.4 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the issue of the Convertible Loan Shares:

- (a) the Convertible Loan Shares will be granted to Mr Keong Chan (or his nominee);
- (b) the number of Convertible Loan Shares to be issued is 5,000,000 (on a post-Consolidation basis);
- (c) the Convertible Loan Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date; and
- (d) Mr Keong Chan is a related party of the Company by virtue of being a Director;
- (e) the Convertible Loan Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Convertible Loan Shares will be issued upon conversion of the Convertible Loan, accordingly, no funds will be raised.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Convertible Loan Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Convertible Loan Shares to Mr Keong Chan (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

---

## **12. RESOLUTION 11 – CAPITAL RAISING PURSUANT TO A PROSPECTUS**

### **12.1 General**

Resolution 11 seeks Shareholder approval for the issue of up to 75,000,000 Shares (on a post-Consolidation basis) at \$0.08 per Share to raise a maximum of \$6,000,000 under the Capital Raising.

The Capital Raising will be undertaken via the issue of the Prospectus to assist in complying with Chapters 1 and 2 of the ASX Listing Rules which is required to obtain re-instatement of its Shares to trading on the Official List of ASX following Settlement.

The Company has proposes to engage the services of a suitable lead manager, to manage the Capital Raising. As at the date of this Notice a lead manager has not yet been appointed. The Company will pay the lead manager a fee based on the amount raised under the Capital Raising.

For the purposes of the ASX Listing Rules, none of the subscribers for the Shares to be issued under the Capital Raising will be related parties of the Company.

It is noted the Shares the subject of the Capital Raising will only be issued if:

- (a) the Minimum Subscription of \$4,000,000 is raised;
- (b) Shareholders pass all of the Acquisition Resolutions;
- (c) the Company has received conditional approval for re-quotation of the Company's securities on the Official List on terms acceptable to the Company; and
- (d) the issue occurs contemporaneously with Settlement.

Further details of the Capital Raising will be set out in the Prospectus.

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

The effect of Resolution 11 will be to allow the Company to issue the Shares pursuant to the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Resolution 11 is subject to and conditional upon the passing of all other Acquisition Resolutions.

## **12.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) the maximum number of Shares to be issued is 75,000,000 (on a post-Consolidation basis);
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be \$0.08 per Share (on a post-Consolidation basis);
- (d) the Shares will be issued to the public at the Board's discretion pursuant to a public offer by Prospectus. No related party of the Company will participate in the Capital Raising;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Shares issued under the Capital Raising in accordance with the table set out in Section 1.16 above.

---

## **13. RESOLUTIONS 12 TO 15 – ELECTION OF DIRECTORS**

### **13.1 General**

In accordance with the Acquisition Agreement, the Company has agreed to appoint Messrs Gang Xu, Jiahua (Joshua) Zhou, Quentin Flannery and Ms Lingye Zheng (**Proposed Directors**) as directors of the Company. Their appointments will take effect on and from Settlement.

Pursuant to Resolutions 12, 13, 14 and 15, the Proposed Directors seek election from Shareholders to be appointed as directors of the Company upon Settlement.

Clause 36.3 of the Constitution allows the Company to appoint at any time a person to be a Director by resolution passed in General Meeting.

### 13.2 Qualifications

The qualifications and experience of the Proposed Directors are set out in Section 1.18.

### 13.3 Independence

If elected, the Board considers that Jiahua Zhou and Gang Xu will not be independent directors.

If elected, the Board considers that Quentin Flannery and Lingye Zheng will be independent directors.

### 13.4 Proposed remuneration

Proposed Director	Proposed remuneration on an annualised basis (\$)
Mr Gang Xu	120,000
Mr Jiahua (Joshua) Zhou	120,000
Mr Quentin Flannery	36,000
Ms Lingye Zheng	36,000

### 13.5 Board Recommendation

The Board supports the election of each of the Proposed Directors and recommends that Shareholders vote in favour of Resolutions 12, 13, 14 and 15.

Resolutions 12 to 15 are each subject to and conditional the passing of all other Acquisition Resolutions.

---

## 14. RESOLUTION 16 – ISSUE OF PROPOSED DIRECTOR OPTIONS – MR QUENTIN FLANNERY

### 14.1 General

Pursuant to the terms of the Acquisition Agreement, the Company has agreed, subject to Settlement and the passing of all Acquisition Resolutions, to issue a total of 5,000,000 Proposed Director Options (on a post-Consolidation basis) to Proposed Director, Mr Quentin Flannery who is not a related party of the Company (other than as a result of the Acquisition) on the terms and conditions set out below.

Resolution 16 seeks Shareholder approval for the grant of the Proposed Director Options to Mr Flannery (or his nominee).

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

The effect of Resolution 16 will be to allow the Company to issue the Proposed Director Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Resolution 16 is subject to and conditional upon the passing of all other Acquisition Resolutions.

#### **14.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Options:

- (a) the Proposed Director Option will be issued to Mr Quentin Flannery who is not a related party of the Company (other than as a result of the Acquisition);
- (b) the maximum number of Proposed Director to be issued at Settlement is 5,000,000;
- (c) the Proposed Director Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of all the Proposed Director Options will occur on the same date;
- (d) the Proposed Director Options will be granted for nil cash consideration, accordingly no funds will be raised; and
- (e) the terms and conditions of the Proposed Director Options are set out in Schedule 4;
- (f) no funds will be raised from the issue of the Proposed Director Options as they are being issued pursuant to the terms of the Acquisition Agreement.

---

### **15. RESOLUTION 17 – ISSUE OF SHARES TO RELATED PARTY – TOURVILLE INVESTMENTS PTY LTD**

#### **15.1 General**

Pursuant to the terms of the Acquisition Agreement, the Company has agreed to issue 5,875,000 Shares at an issue price of \$0.0001 per Share (on a post-Consolidation basis) (**Facilitator Shares**) to Tourville Investments Pty Ltd (ACN 616 390 679) (or its nominee) (**Tourville**), an entity controlled by Director, Mr Keong Chan, as consideration for the introduction and facilitation of the Acquisition to the Company and ITM on the terms and conditions set out below.

Resolution 17 seeks Shareholder approval for the issue of the Facilitator Shares to Tourville (or its nominee).

Summaries of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is set out in sections 11.2 and 11.3 above respectively.

The grant of the Facilitator Shares constitutes the giving of a financial benefit and Tourville is a related party of the Company by virtue of being an entity controlled by Director, Mr Keong Chan.

The Directors (other than Mr Keong Chan who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Facilitator Shares because the Acquisition Agreement is considered reasonable in the circumstances and was negotiated on an arm's length basis.

Resolution 17 is subject to and conditional the passing of all the Acquisition Resolutions.

## **15.2 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 17:

- (a) the Facilitator Shares will be granted to Tourville Investments Pty Ltd (or its nominee) an entity controlled by Director, Mr Keong Chan;
- (b) the number of Facilitator Shares to be issued is 5,875,000 (on a post-Consolidation basis);
- (c) the issue price will be \$0.0001 per Facilitator Share;
- (d) the Facilitator Shares will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Facilitator Shares will occur on the same date;
- (e) Tourville Investments Pty Ltd is a related party by virtue of being an entity controlled by Director, Mr Keong Chan; and
- (f) the Company intends to use the funds raised from the issue of the Facilitator Shares towards working capital.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Facilitator Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Facilitator Shares to Tourville (or its nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

---

## **16. RESOLUTION 18 – CHANGE OF COMPANY NAME**

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 18 seeks the approval of Shareholders for the Company to change its name to "*AuMake International Limited*". The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company upon Settlement.

If Resolution 18 is passed the change of name will take effect when ASIC alters the details of the Company's registration. It is note the change of name is conditional on Settlement.

If Resolution 18 is passed, the Company will lodge a copy of the special resolution with ASIC on Settlement in order to effect the change.



Resolution 18 is a special resolution and is subject to and conditional the passing of all the Acquisition Resolutions. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 18 for it to be passed.

---

## 17. RESOLUTION 19 – REPLACEMENT OF CONSTITUTION

### 17.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 19 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 2011.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating the name of the Company to that adopted in 2016;
- updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary on +61 8 9322 6009. Shareholders are invited to contact the Company if they have any queries or concerns.

#### Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 19.

---

## GLOSSARY

---

**\$** means Australian dollars.

**Acquisition** means the acquisition by the Company of 100% of the issued capital in ITM.

**Acquisition Agreement** has the meaning given to that term in Section 1.2.

**Acquisition Resolutions** means the inter-conditional Resolutions in this Notice, being Resolutions 1 to 18 (inclusive).

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Aumake** means Aumake Australia Pty Ltd (ACN 168 835 489).

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Class A Performance Share** means a Performance Share issued pursuant to Resolutions 12 to 15 on the terms and conditions set out in Schedule 3.

**Class B Performance Share** means a Performance Share issued pursuant to Resolutions 12 to 15 on the terms and conditions set out in Schedule 3.

**Company** means Augend Limited (ACN 150 110 017).

**Conditions Precedent** has the meaning given to that term in Section 1.9.

**Consideration Shares** means the Shares to be issued pursuant to Resolutions 3 and 4.

**Constitution** means the Company's constitution.

**Conversion Shares** means the Shares to be issued pursuant to Resolution 8.

**Convertible Loan** means the loan entered into between ITM and Director, Mr Keong Chan on 5 August 2016 pursuant to which Mr Keong Chan agreed to provide ITM with an interest free loan for \$200,000 for working capital purposes.

**Convertible Loan Shares** means the Shares to be issued pursuant to Resolution 9.

**Convertible Notes means** the 229 unsecured convertible notes ITM has procured valid subscriptions from the Subscribers for a total value of \$2,290,000.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Facilitator Shares** means the Option to be issued pursuant to Resolution 17.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Group** means

**ITM** means ITM Corporation Ltd (ACN 605 374 570).

**ITM Share** mean a fully paid ordinary share in the capital of ITM.

**ITM Shareholders** mean the holder of an ITM Share

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Official Quotation** means official quotation of the Company's Shares on ASX.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Performance Share** means the Performance Shares to be issued pursuant to Resolutions 6 and 7 with the terms and conditions set out in Schedule 3.

**Proposed Director Options** means the Option to be issued pursuant to Resolution 16 with the terms and conditions set out in Schedule 4.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Security** means a security in the capital of the Company, including a Share or an Option.

**Securityholder** means a holder of a Share or an Option.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Subscriber** means a subscriber of the Convertible Notes.

**WST** means Western Standard Time as observed in Perth, Western Australia.

**SCHEDULE 1 – CONSOLIDATED PRO FORMA STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017**

	ITM Audited 30-Jun-17 \$	Augend Audited 30-Jun-17 \$	Pro forma Adj. Min. Unaudited 30-Jun-17 \$	Pro forma Min. Unaudited 30-Jun-17 \$
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	1,129,430	4,260	3,488,488	4,622,178
Trade and other receivables	196,301	-	-	196,301
Inventory	2,023,750	-	(1,100,000)	923,750
Other assets	295,468	2,126	(91,980)	205,613
<b>Total current assets</b>	<b>3,644,948</b>	<b>6,385</b>	<b>2,296,508</b>	<b>5,947,841</b>
<b>Non-current assets</b>				
Property, plant & equipment	118,612	-	-	118,612
Intangible assets	1,901,012	-	-	1,901,012
<b>Total non-current assets</b>	<b>2,019,624</b>	<b>-</b>	<b>-</b>	<b>2,019,624</b>
<b>Total assets</b>	<b>5,664,572</b>	<b>6,385</b>	<b>2,296,508</b>	<b>7,967,465</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	413,272	36,000	-	449,272
Interest bearing liabilities	2,542,977	-	(2,490,000)	52,977
Provisions	34,532	-	-	34,532
Related party loans	1,100,000	91,980	(1,191,980)	-
<b>Total current liabilities</b>	<b>4,090,781</b>	<b>127,980</b>	<b>(3,681,980)</b>	<b>536,781</b>

<b>Non-current liabilities</b>				
Interest bearing liabilities	67,076	-	-	67,076
<b>Total non-current liabilities</b>	67,076	-	-	67,076
<b>Total liabilities</b>	4,157,857	127,980	(3,681,980)	603,857
<b>Net assets</b>	1,506,715	(121,595)	5,978,488	7,363,608

Equity				
Issued capital	2,841,777	51,248,114	(43,599,028)	10,490,863
Reserves	-	-	220,000	220,000
Accumulated losses	(1,335,062)	(51,369,709)	49,357,516	(3,347,255)
<b>Total equity</b>	1,506,715	(121,595)	5,978,488	7,363,608

The unaudited consolidated pro forma statement of financial position represents the audited statement of financial position of the Company as at 30 June 2017 adjusted for the subsequent events and pro forma transactions outlined below.

#### Adjustments adopted in compiling the Pro Forma Historical Financial Information

The Consolidated Pro Forma Statement of Financial Position has been prepared by adjusting the Historical Financial Information to reflect the financial effects of the following subsequent events which have occurred in the period since 30 June 2017 and the date of this Notice:

#### Subsequent Events

The directors are not aware of any significant events since the end of the reporting date and the following pro forma transactions which are yet to occur, but are proposed to occur immediately before or following completion of the Offer.

#### Pro Forma Adjustments

1. The issue of 50,000,000 Shares at \$0.08 each to raise \$4,000,000 before costs pursuant to the Offer;
2. The payment of cash costs related to the Offer estimated to be \$511,512;
3. Completion of the Acquisition of the ITM by the Company through the issue of 95,083,151 Shares and the issue of 50,000,000 performance shares to the ITM Shareholders;
4. The issue of 42,937,500 Shares upon conversion of 229 unsecured convertible notes in settlement of a \$2.29 million convertible notes liability;
5. The issue of 5,000,000 Shares to Mr Keong Chan, a Director of the Company, upon conversion of a \$200,000 interest free convertible loan;
6. The issue of 5,000,000 Options, exercisable at \$0.20 each with a 5-year expiry, to Mr Quentin Flannery, a Proposed Director of the Company;
7. The issue of 5,875,000 Shares to Tourville Investments Pty Ltd, an entity controlled by Mr Keong Chan, in consideration for the introduction and facilitation of the Acquisition; and
8. The settlement of a \$1,100,000 loan from a director through providing stock on hand with an historical cost of the loan amount.

## SCHEDULE 2 – AUDITED HISTORICAL PROFIT AND LOSS AS AT 30 JUNE 2017

	AuMake		AuMake 2017 FY		ITM		
	2015FY	2016FY	2017FY	1 July to 31 Dec	1 Jan to 30 Jun	2016FY	2017FY
	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>							
Sales of products	2,249,863	3,061,281	10,311,378	3,401,993	6,909,385	135,761	1,194,452
	2,249,863	3,061,281	10,311,378	3,401,993	6,909,385	3,524	30,565
						139,285	1,226,866
<b>Expenses</b>							
Cost of sales	(2,196,494)	(2,823,143)	(9,156,697)	(2,892,503)	(6,264,194)	(136,203)	(1,198,184)
Gross Profit	53,369	238,138	1,154,681	509,490	645,191	3,082	28,682
Wages & Salaries	(36,364)	(173,403)	(561,604)	(236,866)	(324,738)	(119,809)	(158,252)
Director Fees	-	-	(886)	-	(886)	-	(120,000)
Marketing expenses	-	-	(886)	-	(886)	(164,449)	(110,077)
Travel & Accommodation	-	-	(2,671)	-	(2,671)	(33,876)	(53,089)
Administrative expenses	(2,208)	(3,949)	(113,952)	(52,177)	(61,775)	(65,643)	(54,608)
Depreciation	-	-	(15,689)	(7,364)	(8,325)	(92,211)	(349,382)
Rental	(5,000)	(52,825)	(438,353)	(200,335)	(238,018)	-	(45,431)
Profit before income tax	9,797	7,961	21,525	12,748	8,777	(472,906)	(862,156)
Income tax	(2,939)	(4,047)	(7,974)	(3,633)	(4,341)	-	-
<b>Profit After Tax</b>	<b>6,858</b>	<b>3,914</b>	<b>13,551</b>	<b>9,115</b>	<b>4,436</b>	<b>(472,906)</b>	<b>(862,156)</b>

**Notes:**

- ITM has operated at a loss due to the substantial resources invested in developing its online sales platform.

---

## SCHEDULE 3 – RIGHTS ATTACHING TO PERFORMANCE SHARES

---

- (a) **(Performance Shares)** Each Class A Performance Share and Class B Performance Share (together and each being a **Performance Share**) is a share in the capital of Augend (ACN 150 110 017) (**Company**).
- (b) **(General meetings)** Each Performance Share confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to holders of fully paid ordinary shares in the capital of the Company (**Shareholders**). Holders have the right to attend general meetings of Shareholders.
- (c) **(No voting rights)** A Performance Share does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.
- (d) **(No dividend rights)** A Performance Share does not entitle the Holder to any dividends.
- (e) **(No rights to return of capital)** A Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) **(Rights on winding up)** A Performance Share does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.
- (g) **(Not transferable)** A Performance Share is not transferable.
- (h) **(Reorganisation of capital)** If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
- (i) **(Application to ASX)** The Performance Shares will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Performance Shares into fully paid ordinary shares (**Shares**), the Company must within 10 Business Days apply for the official quotation of the Shares arising from the conversion on ASX.
- (j) **(Participation in entitlements and bonus issues)** A Performance Share does not entitle a Holder (in their capacity as a holder of a Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (k) **(No other rights)** A Performance Share gives the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

### **Conversion of the Performance Shares:**

- (l) **(Conversion on achievement of milestone)** Subject to paragraph (m), a Performance Share in the relevant class will convert into one Share upon achievement of:
  - (i) **Class A Performance Share:** each Class A Performance Shares will vest into one Share upon the Company achieving total sales revenue of \$25,000,000 at an average of 13% gross profit margin over a 12 month period based on the Company's audited accounts (**Class A Milestone**); and

- (ii) **Class B Performance Share:** each Class B Performance Shares will vest into one Share upon the Company achieving total sales revenue of \$60,000,000 at an average of 13% gross profit margin over a 12 month period based on the Company's audited accounts (**Class B Milestone**).
- (m) **(Deferral of conversion if resulting in a prohibited acquisition of Shares)** If the conversion of a Performance Share under paragraph (l) would result in any person being in contravention of section 606(1) of the Corporations Act 2001 (Cth) (**General Prohibition**) then the conversion of that Performance Share shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Share would result in a contravention of the General Prohibition:
  - (i) Holders may give written notification to the Company if they consider that the conversion of a Performance Share may result in the contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.
  - (ii) The Company may (but is not obliged to) by written notice to a Holder request a Holder to provide the written notice referred to in paragraph (m)(i) within seven days if the Company considers that the conversion of a Performance Share may result in a contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.
- (n) **(Lapse of Performance Share)** each Performance Share shall expire on the date that is five (5) years from the date of issue (**Expiry Date**) if the relevant Milestone attached to that Performance Share has not been achieved, at which time the Company will redeem the relevant Performance Shares in accordance with paragraph (p) below.
- (o) **(Redemption if Milestone not achieved)** If the relevant Milestone is not achieved by the Expiry Date, then each Performance Share in the relevant class will be automatically redeemed by the Company for the sum of \$0.00001 within 10 Business Days of the Expiry Date.
- (p) **(Conversion procedure)** The Company will issue the Holder with a new holding statement for any Share issued upon conversion of a Performance Share within 10 Business Days following the conversion.
- (q) **(Ranking upon conversion)** The Share into which a Performance Share may convert will rank pari passu in all respects with existing Shares.



---

## SCHEDULE 4 – RIGHTS ATTACHING TO PROPOSED DIRECTOR OPTIONS

---

(a) **Entitlement**

Each Director Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Director Option will be \$0.20 (**Exercise Price**)

(c) **Expiry Date**

Each Director Option will expire at 5:00 pm (WST) on the date which is five (5) years from the date of issue of the Director Options (**Expiry Date**). A Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Director Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Director Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Director Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Director Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Director Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Director Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Director Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options without exercising the Director Options.

(k) **Change in exercise price**

A Director Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Director Option can be exercised.

(l) **Transferability**

The Director Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## PROXY FORM

**AUGEND LTD (TO BE RENAMED "AUMAKE INTERNATIONAL LIMITED")  
ACN 150 110 017**

### GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

**OR:**

the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00am (EST), on 12 September 2017 at Shop 2, 118 Church St Parramatta NSW 2150, and at any adjournment thereof.

#### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

**The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.**

#### Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Change to Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Consideration Shares to Non-Related Parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Consideration Shares to Related Party – Duret Holdings Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Creation of New Class of Securities – Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Performance Shares to Non-Related Parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Performance Shares to Related Party – Mr Keong Chan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Conversion Shares upon conversion of Convertible Notes – Unrelated Parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Conversion Shares upon conversion of Convertible Notes – Related Party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Issue of Convertible Loan Shares upon conversion of Convertible Loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Capital Raising pursuant to a Prospectus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Election of Director – Mr Gang Xu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Election of Director – Mr Jiahua (Joshua) Zhou	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14	Election of Director – Mr Quentin Flannery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15	Election of Director – Ms Lingye Zheng	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 16	Issue of Proposed Director Options – Mr Quentin Flannery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 17	Issue of Facilitator Shares to Related Party – Tourville Investments Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 18	Change of Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 19	Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: \_\_\_\_\_

Contact name: \_\_\_\_\_

Contact ph (daytime): \_\_\_\_\_

E-mail address: \_\_\_\_\_

Consent for contact by e-mail  
in relation to this Proxy Form:

YES  NO

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Augend Ltd, Suite 8/1297 Hay Street West Perth WA 6005; or
  - (b) facsimile to the Company on facsimile number +61 8 8 9322 6128; or
  - (c) email to the Company at admin@aumake.com.au.

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**

INTENTIONALLY LEFT BLANK

INTENTIONALLY LEFT BLANK

