

AUMAKE INTERNATIONAL LIMITED
ACN 150 110 017

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of 2 Shares for every 15 Shares held by those Shareholders registered at the Record Date at an issue price of \$0.63 per Share to raise up to approximately \$20,097,271 (based on the number of Shares on issue as at the date of this Prospectus) (**Entitlement Offer**).

The Entitlement Offer is fully underwritten by Prenzler Group Pty Ltd (ACN 621 100 730) (AFSL 456663) (**Underwriter**). Refer to Section 9.5 for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Keong Chan
Executive Chairman

Jiahua Zhou
Managing Director

Gang Xu
Executive Director

Quentin Flannery
Non-Executive Director

Lingye Zheng
Non-Executive Director

Registered Office

42 Percy Street
Auburn NSW 2144

Telephone: + 61 8 9322 6009
Facsimile: +61 8 9322 6128

Email: investors@aumake.com.au
Website: www.aumake.com.au

Company Secretary

Peter Zhao

ASX Code

AU8

Share Registry*

Computershare Investor Services Pty
Limited
Level 11
172 St Georges Terrace
PERTH WA 6000

Telephone: 1300 850 505 (within Australia)
+61 (03) 9415 4000 (outside Australia)

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditors*

RSM Australia Partners
8 St Georges Terrace
PERTH WA 6000

Underwriter

Prenzler Group Pty Ltd (AFSL 456663)
Suite 8/1297 Hay Street
WEST PERTH WA 6005

*These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

2. TIMETABLE

| | |
|---------------------------------------------------------------------------------|------------------|
| Announcement of the Offer | 13 December 2017 |
| Lodgement of Prospectus with the ASIC | 13 December 2017 |
| Lodgement of Prospectus & Appendix 3B with ASX | 13 December 2017 |
| Notice sent to Optionholders | 13 December 2017 |
| Notice sent to shareholders | 15 December 2017 |
| Ex date | 18 December 2017 |
| Record Date for determining Entitlements | 19 December 2017 |
| Prospectus sent out to Shareholders & Company announces this has been completed | 20 December 2017 |
| Opening Date | 20 December 2017 |
| Closing Date* | 19 January 2018 |
| Shares quoted on a deferred settlement basis | 22 January 2018 |
| ASX notified of under subscriptions | 24 January 2018 |
| Issue date/Shares entered into Shareholders' security holdings | 26 January 2018 |
| Quotation of Shares issued under the Entitlement Offer* | 30 January 2018 |

*The Directors may extend the Closing Date by giving at least 6 Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 13 December 2017 and was lodged with the ASIC on that date. The ASIC, the ASX and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form accompanied with payment or by making payment via BPAY®¹ or Shortfall Application Form for the general public.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 8 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

3.2 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

¹ ® Registered to BPAY Pty Limited ABN 69 079 137 518

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5 of this Prospectus.

4. CHAIRMAN'S LETTER

Dear Investor,

AuMake International Limited ("AuMake" or the "Company") by this Prospectus has undertaken a capital raising of up to \$20,097,271 (before costs) (**Entitlement Offer**). Please read the prospectus carefully for further details regarding the Entitlement Offer.

On completion of the Entitlement Offer, the Company expects to be fully funded to take the AuMake business forward and hopes to develop it into a significant presence in the daigou and Chinese tourist retail markets.

Our Board has determined that it is the right time for AuMake to take advantage of its first mover status and implement accelerated growth strategies in an attempt to bring to reality its objective of becoming the pre-eminent daigou and Chinese tourist retail brand in Australia.

With the scalability that this capital raising affords, our vision is to entrench the AuMake brand as the first port of call for daigou who live in Australia and for each Chinese tourist who visits Australia, when they are looking to purchase genuine Australian products.

We firmly believe that with the implementation of our growth plans, including leveraging our deep relationships with Chinese tour guides and the execution of comprehensive WeChat marketing campaigns both in Australia and China, that the majority of Chinese tourists who visit Australia are likely to be aware of the AuMake brand prior to their trip and are equally likely to visit one of our stores at least once during their stay.

Similarly, for the majority of daigou in Australia, our intention is to have an AuMake store in close proximity in their local communities, to provide them with benefits such as price competitiveness, supply stability, payment convenience and logistics, all of which are provided with a familiar touch. From our experience, daigou form longstanding and loyal relationships with our store managers who in turn look after their product requirements and also introduce them to new Australian products.

Our bricks and mortar retail stores provide a convenient place for our customers to meet and talk with us about their needs which leads to the establishment of a relationship based on trust. Once a relationship is established, the majority of our customers migrate their purchasing method from in-store to online via our WeChat groups whether they continue to live in Australia or choose to return to China.

The transition of our customers from in-store to WeChat and the level of trust that is developed during this process in the AuMake brand, is fundamental to the growth of our business. Via WeChat these personal relationships can be fostered in Australia but also extended back to China, should our customers or staff choose to return to their country of origin, which the Board provides AuMake with vast distribution opportunities.

AuMake is in the formative stages of its development but is seeing strong growth in its sales and profitability. Since our listing, we have been primarily the same business as we were before our listing with our five (5) existing stores but have almost doubled revenue and gross profit since July 2017.

The Board believes that this suggests that our growth strategies are gaining traction, which in conjunction with financial and operational discipline, have provided us with the capability to extract significant value from our business. We expect that this is likely to increase as we expand our retail distribution network. In this regard, the Company is acutely aware of the need to balance the rate at which we expand our retail store network with financial and operational discipline, in order to maintain positive momentum in its earnings whilst AuMake is in an accelerated growth phase.

In addition, we expect overall gross profit margins to increase further as we: expand our retail store network, particularly those that focus on Chinese tourists; increasing the adoption rate of AuMake owned brands; and establishing better trade terms with our suppliers that comes with improved purchasing power.

Lastly, we are fortunate to have the flexibility to promote and own multiple brands within our distribution network in an ASX listed context, which provides our Company and shareholders with significant upside.

The Board intends to confer with the Underwriter in relation to the allocation of the shortfall with a view to ensuring that appropriate consideration is given to current shareholders, in further recognition of their existing support for AuMake. However, the shortfall allocation is also being made available to the general public.

Shortfall applications can be made via www.aumakeinvestors.com.au from the Open Date (scheduled 20th December 2017). **It is intended that preference will be given to shortfall applications in order of receipt.**

The Company wishes to take this opportunity to thank existing and future shareholders for their continued support, as AuMake takes this step in creating a new retail channel to China.

Yours Sincerely,

A handwritten signature in dark ink, appearing to be 'K Chan', with a stylized flourish extending to the right.

Keong Chan

Executive Chairman

5. DETAILS OF THE OFFER

5.1 The Entitlement Offer

The Entitlement Offer is being made as a non-renounceable entitlement issue of 2 Shares for every 15 Shares held by Shareholders registered at the Record Date at an issue price of \$0.63 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 31,900,431 Shares will be issued pursuant to this Entitlement Offer to raise up to \$20,097,271.

As at the date of this Prospectus the Company has 5,000,000 Options on issue to a related party of the Company; these Options must be exercised prior to the Record Date so as to participate in the Entitlement Offer. Please refer to Section 6.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 7 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Entitlement Offer and the intended use of funds raised are set out in Section 6.1 of this Prospectus.

5.2 Minimum subscription

There is no minimum subscription for the Entitlement Offer.

5.3 Acceptance

Entitlement Offer

Your acceptance of the Entitlement Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus or in compliance with the instructions on the Entitlement and Acceptance Form. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

Eligible Shareholders may participate in the Entitlement Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.63 per Share); or

- (iii) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you are paying by cheque, bank draft or money order, completed Entitlement and Acceptance Forms must be mailed to the address set out on the Entitlement and Acceptance Form, with sufficient time to be received by no later than 5.00pm (EST) on the Closing Date, which is currently scheduled to occur on 19 January 2018.

Alternatively, Eligible Shareholders may apply for New Shares and pay by BPAY®² in accordance with the instructions on the Entitlement and Acceptance Form. Please make sure to use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form.

If payment is being made through BPAY®, you do not need to return the Entitlement and Acceptance Form. By making payment through BPAY® you will be taken to have made the declarations set out on the Entitlement and Acceptance Form. Your payment must be received by no later than 5.00pm (EST) on the Closing Date.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00 pm (EST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

The Company reserves the right to extend the Closing Date.

If you require assistance in completing your Entitlement and Acceptance Form, please contact the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

The Entitlement Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

Shortfall Offer

In addition, Eligible Shareholders and the general public may apply for Shares under the Shortfall Offer. Please see Section 5.6 for further information in relation to the Shortfall Offer.

5.4 Underwriting

The Entitlement Offer is fully underwritten by the Underwriter. Refer to Section 9.5 of this Prospectus for details of the terms of the underwriting.

5.5 Effect on control of the Company – Entitlement Offer

The Underwriter is not a related party of the Company for the purpose of the Corporations Act and is controlled by Joel Fishlock who is also not a related

party of the Company. The Underwriter's present relevant interest and changes under several scenarios are set out in the table.

| Event | Shares held by Underwriter ¹ | Voting power of Underwriter |
|-------------------------------------------------------|-----------------------------------------|-----------------------------|
| Date of Prospectus | 1,871,914 | 0.78% |
| Completion of Entitlement Offer | | |
| • Fully subscribed | Nil | 0% |
| • 75% subscribed | 7,975,108 | 2.94% |
| • 50% subscribed | 15,950,216 | 5.88% |
| • 0% subscribed (being the Underwriter's Entitlement) | 249,589 | 0.09% |

Notes:

1. These Shares are held in the name of Joel Fishlock, who controls the Underwriter.

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Entitlement Offer. However, it is unlikely that no Shareholders, other than the Underwriter, will take up entitlements under the Entitlement Offer. The underwriting obligation and therefore voting power of the Underwriters will reduce by a corresponding amount for the amount of entitlements under the Entitlement Offer taken up by the other Shareholders.

In addition, Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by approximately 11.76% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

| Holder | Holding as at Record date | % at Record Date | Entitlements under the Entitlement Offer | Holdings if Entitlement Offer not taken Up | % post Entitlement Offer |
|---------------|---------------------------|------------------|------------------------------------------|--------------------------------------------|--------------------------|
| Shareholder 1 | 10,000,000 | 4.18 | 1,333,334 | 10,000,000 | 3.69 |
| Shareholder 2 | 5,000,000 | 2.09 | 666,667 | 5,000,000 | 1.84 |
| Shareholder 3 | 1,500,000 | 0.63 | 200,000 | 1,500,000 | 0.55 |
| Shareholder 4 | 400,000 | 0.17 | 53,334 | 400,000 | 0.15 |
| Shareholder 5 | 50,000 | 0.02 | 6,667 | 50,000 | 0.02 |

Notes:

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that all Entitlements are accepted or that the Underwriter fulfils their subscription under the Underwriting Agreement and that no Options are exercised, or Shares issued from the date of this Prospectus.

5.6 Shortfall Offer

Any Entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date.

The issue price for each Share to be issued under the Shortfall Offer shall be \$0.63 being the price at which Shares have been offered under the Entitlement Offer.

The Company will allow Eligible Shareholders who take up their full Entitlement and members of the general public that are not Shareholders (**Eligible Participants**) to apply for Shares under the Shortfall Offer subject to such applications being received by the Closing Date. Details on how to apply for Shortfall Shares are set out on the Entitlement and Acceptance Form (for Eligible Shareholders) or the Shortfall Application Form (for members of the general public that are not Shareholders).

Pursuant to the Underwriting Agreement the Directors, in consultation with the Underwriter, reserve the right to issue Shortfall Shares at their absolute discretion, including to parties that are not Shareholders. There is no guarantee that Eligible Participants will receive Shares applied for under the Shortfall Offer, however the Underwriter intends to determine allocation based on when the shortfall applications are received.

The Company notes that no Shares will be issued to an applicant under this Prospectus or via the Shortfall Offer if the issue of Shares would contravene the takeover prohibition in section 606 of the Corporations Act. Similarly, no Shares will be issued via the Shortfall Offer to any related parties of the Company.

Further, the Directors have indicated an intention to apply under the Shortfall Offer; such participation will require Shareholder approval.

5.7 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

5.8 Issue of Shares

Shares issued pursuant to the Entitlement Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made surplus application monies will be refunded without any interest

to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Entitlement Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

5.9 Overseas shareholders

The Offer do not, and are not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Entitlement Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand (**Ineligible Shareholder**).

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

5.10 Enquiries

Any questions concerning the Offer should be directed to Mr Peter Zhao, Company Secretary, on + 61 8 9322 6009.

6. PURPOSE AND EFFECT OF THE OFFER

6.1 Purpose of the Entitlement Offer

The purpose of the Entitlement Offer is to raise up to \$20,097,271.

The funds raised from the Entitlement Offer are planned to be used in accordance with the table set out below:

| Item | Proceeds of the Entitlement Offer | Full Subscription (\$) | % |
|------|---------------------------------------------------|------------------------|---------------|
| 1. | Retail Store Expansion | 10,000,000 | 49.76% |
| 2. | China Support Team | 2,000,000 | 9.95% |
| 3. | Increasing AuMake owned product inventory | 3,000,000 | 14.93% |
| 4. | Expansion of marketing and supply chain resources | 500,000 | 2.49% |
| 5. | Expenses of the Entitlement Offer ¹ | 900,493 | 4.48% |
| 6. | Working capital | 3,696,778 | 18.39% |
| | Total | 20,097,271 | 100.00 |

Notes:

1. Refer to Section 9.9 of this Prospectus for further details relating to the estimated expenses of the Entitlement Offer.

On completion of the Entitlement Offer, the Board believes our Company will have sufficient working capital to achieve these objectives.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events 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.

6.2 Effect of the Entitlement Offer

The principal effect of the Entitlement Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$19,196,778 (after deducting the estimated expenses of the Entitlement Offer) immediately after completion of the Entitlement Offer; and
- (b) increase the number of Shares on issue from 239,253,230 as at the date of this Prospectus to 271,153,661 Shares.

6.3 Pro-forma balance sheet

The unaudited balance sheet as at 31 October 2017 and the unaudited pro-forma balance sheet as at 31 October 2017 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Entitlement Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

| | Actual Unaudited 31/10/2017 \$ | Pro forma Adj. Unaudited 31/10/2017 \$ | Pro forma Unaudited 31/10/2017 \$ |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------|--------------------------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4,951,940 | 19,196,778 | 24,148,718 |
| Bonds | 549,058 | | 549,058 |
| Trade and other receivables | 363,287 | | 363,287 |
| Inventories | 2,302,171 | | 2,302,171 |
| TOTAL CURRENT ASSETS | 8,166,455 | | 27,363,233 |
| | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 283,189 | | 283,189 |
| Intangible assets | 1,901,012 | | 1,901,012 |
| Tax assets | 4,448 | | 4,448 |
| TOTAL NON-CURRENT ASSETS | 2,188,648 | | 2,188,648 |
| | | | |
| TOTAL ASSETS | 10,355,103 | | 29,551,881 |
| | | | |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | (1,748,631) | | (1,748,631) |
| Employee benefits | (39,237) | | (39,237) |
| Financial Liability (Current) | (92,605) | | (92,605) |
| TOTAL CURRENT LIABILITIES | (1,880,473) | | (1,880,473) |
| | | | |
| TOTAL LIABILITIES | (1,880,473) | | (1,880,473) |
| | | | |
| NET ASSETS | 8,474,630 | | 27,671,408 |
| | | | |
| EQUITY | | | |
| Issued capital | 12,365,862 | 19,196,778 | 31,562,640 |
| Accumulated losses | (4,111,232) | | (4,111,232) |
| Reserves | 220,000 | | 220,000 |
| TOTAL EQUITY | 8,474,630 | | 27,671,408 |
| | | | |
| Pro Forma Adjustment | | | |
| | | | |
| The issue of 31,900,431 fully paid ordinary shares in the Company at \$0.63 each to raise \$20,097,271 before costs via underwritten rights issue pursuant to the Prospectus. | | | |

6.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

Shares

| | Number |
|------------------------------------------------------------------------|--------------------|
| Shares currently on issue ¹ | 239,253,230 |
| Shares offered pursuant to the Entitlement Offer | 31,900,431 |
| Total Shares on issue after completion of the Entitlement Offer | 271,153,661 |

Notes:

1. 84,900,954 of the Shares currently on issue are subject to escrow and will be released on the following dates and proportions:
 - a. 61,862,577 Shares escrowed for 24 months from the date of quotation issued as consideration for the acquisition of ITM;
 - b. 10,353,125 Shares escrowed for 12 months from the date of issue upon conversion of Convertible Notes to unrelated parties;
 - c. 3,959,375 Shares escrowed for 24 months from the date of quotation upon conversion of Convertible Notes to related parties;
 - d. 2,500,000 Shares escrowed for 24 months issued to a related party upon conversion of Convertible Loan;
 - e. 5,875,000 Shares escrowed for 24 months from the date of quotation issued as consideration for the facilitation of the acquisition of ITM to a related party; and
 - f. 350,877 Shares escrowed for 12 months from the date of issue as consideration for the acquisition of Jumbuck Australia Pty Ltd.

Options

| | Number |
|-------------------------------------------------------------|------------------|
| Options currently on issue ¹ | 5,000,000 |
| Total Options on issue after completion of the Offer | 5,000,000 |

Note:

1. Unquoted Options exercisable at \$0.20 each on or before 21 September 2022 issued to Quentin Flannery with shareholder approval at the General Meeting held on 12 September 2017.

Performance Shares

| | Number |
|------------------------------------------------------------------------|-------------------|
| Performance Shares currently on issue | 50,000,000 |
| Performance Shares offered pursuant to the Entitlement Offer | Nil |
| Total Shares on issue after completion of the Entitlement Offer | 50,000,000 |

The capital structure on a fully diluted basis as at the date of this Prospectus would be 294,253,230 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 326,153,661 Shares.

6.5 Details of substantial holders

Based on publicly available information as at 12 December 2017, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

| Shareholder | Shares | % |
|-------------------------------------------------------------------------------------------|------------|--------|
| Jiahua Zhou as Trustee for the Zhous Australia Holding Discretionary Account ¹ | 40,410,339 | 16.89% |
| Gang Xu ² | 36,597,572 | 15.30% |
| Liesl Chan ³ | 12,316,709 | 5.15% |

Note:

1. Jiahua Zhou is a Director of the Company and indirectly holds his interest in the Company through the Zhous Australia Holding Discretionary Account.
2. Gang Xu is a Director of the Company and indirectly holds his interest in the Company through the following:
 - a. 9,805,556 Shares held by the Chen & Xing Pty Ltd as trustee for the Gang Xu Super Fund Account;
 - b. 7,292,016 Shares held by LC Alliance Pty Ltd;
 - c. 6,300,000 Shares held by Mr Jie Chen;
 - d. 1,400,000 Shares held by Ms Yun Zhang;
 - e. 5,500,000 Shares held by Ms Xuefen Sheng;
 - f. 400,000 Shares held by Anshang Industry (HongKong) Co Limited; and
 - g. 5,900,000 Shares held by New Age Group Co Limited.
3. Liesl Chan is a related party of Keong Chan by virtue of being his wife. Mrs Chan indirectly holds her interest in the Company through the following:
 - a. 10,312,500 Shares held by Ms Liesl Chan as trustee for the Chan Family Account; and
 - b. 2,004,209 Shares held by Duret Holdings Pty Ltd, an entity associated with Keong Chan.

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Entitlement Offer.

7. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus.

This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

7.1 Rights and Liabilities attaching to Shares

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

8. RISK FACTORS

8.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

8.2 Company specific risks

(a) Potential for dilution

Upon implementation of the Entitlement Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 239,253,230 currently on issue to 271,153,661. This means that each Share will represent a lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Entitlement Offer being implemented and the Directors do not make any representation as to such matters.

(b) Brand and Reputation

The Company'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:

- (i) potential disputes or litigation with suppliers, customers, employees or other third parties;
- (ii) adverse media coverage (including social media);
- (iii) failure to deliver products which meet customer expectations; and
- (iv) other risks to the Company's brand names and intellectual property which are beyond the Company's control.

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

(c) **Change in regulation**

There is a continuing risk for the Company that local laws and/or regulations in Australia and China with respect to the operation of its customers may change. There is a risk that changes to the regulatory environment may materially detrimentally affect the way 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:

- (i) 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);
- (ii) regulatory changes which change the product packaging requirements and disclosure obligations (including labelling and country of origin requirements containing minimum dietary disclosures); or
- (iii) 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.

(d) **Supply**

The Company relies on a number of suppliers and manufacturers with respect to its product range. Risks in respect of supply and manufacturing hinges upon the Company's reliance on a concentration and consistency of key suppliers and manufacturers.

A disruption to this supply chain, or if a manufacturer chooses to discontinue production, could adversely affect the Company's ability to meet consumer needs and ultimately be of detriment to the business's financial performance and future prospects. However, given that there are alternative suppliers and manufacturers within Australia that the Company could seek to partner with, the Company considers it low risk.

(e) **Competition**

The Company'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.

The Company'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 the Company.

(f) **Failure to grow**

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

(g) **Reliance on key personnel**

The development of the Company's business has been largely due to the effort, experience and leadership of its management team. The Company's business 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 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.

(h) **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 focused on expanding the Company business' distribution footprint to mitigate this risk, as well as to benefit from margin accretive opportunities available outside Australia.

(i) **Product contamination and recall**

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

(j) **Management of growth**

There is a risk that management of the Company will not be able to implement its growth strategy after the Entitlement Offer. 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). Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

8.3 General risks

(a) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

(b) Market conditions

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) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (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. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Additional requirements for capital

The funds raised under the Entitlement Offer 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 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 the 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.

(d) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(e) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(f) **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, 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.

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.

(g) **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.

(h) **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.

(i) **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 towards particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of Shares 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.

(j) **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.

(k) **Regulatory risk**

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

8.4 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company 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 the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus 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 speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

9. ADDITIONAL INFORMATION

9.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

9.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

| Date | Description of Announcement |
|-------------|--------------------------------------------------------------|
| 13/12/2017 | Capital Raising and Corporate Update |
| 12 /12/2017 | Change in substantial holding (Replace previously announced) |
| 11/12/2017 | Trading Halt |
| 11/12/2017 | Details of Company Address |
| 28/11/2017 | Chairman's address |
| 28/11/2017 | Results of Meeting |
| 20/11/2017 | Australian Made Alliance and Corporate Update |
| 09/11/2017 | Appendix 3B |
| 08/11/2017 | Acquisition of Jumbuck Australia & Business Update |
| 07/11/2017 | Appendix 4G - Corporate Governance |
| 01/11/2017 | Acquisition of Health Essence |
| 27/10/2017 | Notice of Annual General Meeting/Proxy Form |
| 17/10/2017 | Investor Presentation - Citi Conference |
| 11/10/2017 | Becoming a substantial holder |
| 11/10/2017 | Becoming a substantial holder |
| 09/10/2017 | Becoming a substantial holder |
| 05/10/2017 | AuMake debuts on ASX & Webcast Interview |

| | |
|------------|-----------------------------------------------------|
| 04/10/2017 | Reinstatement to Official Quotation |
| 04/10/2017 | Various Pre-Reinstatement Confirmations |
| 04/10/2017 | Securities Subject to Escrow |
| 04/10/2017 | Securities Trading Policy |
| 04/10/2017 | Updated Capital Structure |
| 04/10/2017 | AuMake Australia Pty Ltd Annual Report 30 June 2017 |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website <http://www.aumake.com.au/>.

9.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

| | | |
|---------|-------|-----------------|
| Highest | 84.5c | 7 December 2017 |
| Lowest | 14.5c | 9 October 2017 |
| Last | 72.5c | 8 December 2017 |

9.4 Material contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

9.5 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Entitlement Offer for 31,900,431 Shares (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 4% of the value of the Underwritten Securities.

The obligation of the Underwriter to underwrite the Entitlement Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) (**Indices fall**): the S&P ASX 200 Index is at any time after the date of the Underwriting Agreement 10% or more or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement; or

- (b) **(Prospectus):** the Company does not lodge the Prospectus on the lodgement date or the Prospectus or the Entitlement Offer is withdrawn by the Company; or
- (c) **(Supplementary prospectus):**
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an adverse change, forms the view on reasonable grounds that a supplementary prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary prospectus without the prior written agreement of the Underwriter; or
- (d) **(Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
 - (iii) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (iv) the rights and liabilities attaching to the Underwritten Securities;
- (e) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of Sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (f) **(proceedings):** ASIC or any other person proposes to conduct any enquiry, investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the Entitlement Offer or the Prospectus, or publicly foreshadows that it may do so;
- (g) **(Unable to Issue Securities):** the Company is prevented from issuing the Underwritten Securities within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or
- (h) **(future matters):** any statement or estimate in the Prospectus which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe;
- (i) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or

- (j) **(No Quotation Approval)**: the Company fails to lodge an Appendix 3B in relation to the Underwritten Securities with ASX within 7 days of the lodgement date; or
- (k) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the shortfall notice deadline date has arrived, and that application has not been dismissed or withdrawn; or
- (l) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act; or
- (m) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, which in the Underwriter's reasonable opinion has a Material Adverse Effect; or
- (n) **(Authorisation)**: any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably; or
- (o) **(Indictable offence)**: a director or senior manager of a Relevant Company is charged with an indictable offence; or
- (p) **(Termination Events)**: subject always to, in the reasonable opinion of the Underwriter reached in good faith, any of the events listed below having or being likely to have, or those events together having, or could reasonably be expected to have, a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act, any of the following events occurs:
 - (v) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China or any member of the European Union other than hostilities involving Libya, Afghanistan, Iraq, Iran, Syria, Lebanon or Israel and the Underwriter believes (on reasonable grounds) that the outbreak or escalation is likely to result in the S&P ASX 200 Index falling by the percentage contemplated by Section 8.1(a) above;
 - (vi) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - (vii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;

- (viii) **(Contravention of constitution or Act)**: a material contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (ix) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a likely Material Adverse Effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of a Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (x) **(Error in Due Diligence Results)**: it transpires that any of the due diligence results or any part of the verification material was, misleading or deceptive, materially false or that there was a material omission from them;
- (xi) **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (xii) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of a Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (xiii) **(Official Quotation qualified)**: the official quotation is qualified or conditional other than as set out in the Underwriting Agreement;
- (xiv) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of the Underwriting Agreement;
- (xv) **(Prescribed Occurrence)**: a Prescribed Occurrence (as that term is defined in the Underwriting Agreement) occurs, other than as disclosed in the Prospectus;
- (xvi) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (xvii) **(Event of Insolvency)**: an Event of Insolvency (as that term is defined in the Underwriting Agreement) occurs in respect of a Relevant Company;
- (xviii) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$100,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;

- (xix) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against the Company or any Subsidiary except as disclosed in the Prospectus;
- (xx) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of the Company or any Subsidiary (other than as a result of the Entitlement Offer or a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (xxi) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 2 Business Days;
- (xxii) **(Force Majeure)**: a Force Majeure (as that term is defined in the Underwriting Agreement) affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- (xxiii) **(Certain resolutions passed)**: the Company or any Subsidiary passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxiv) **(Capital Structure)**: any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus excluding the issue of any Shares upon exercise of Options, such Options having been disclosed to the ASX as at the date of the Underwriting Agreement;
- (xxv) **(Breach of Material Contracts)**: any material contract is terminated or substantially modified;
- (xxvi) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

9.6 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:

- (i) its formation or promotion; or
- (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

| Director | Shares | Performance Shares | Options | Entitlement | \$ |
|------------------|-------------------------|--------------------|-----------|-------------|-----------|
| Keong Chan | 12,316,709 ¹ | 12,500,000 | Nil | 1,642,228 | 1,034,603 |
| Jiahua Zhou | 40,410,339 ² | 22,115,384 | Nil | 5,388,045 | 3,394,468 |
| Gang Xu | 36,597,572 ³ | 12,500,000 | Nil | 4,879,676 | 3,074,196 |
| Quentin Flannery | 7,500,000 | Nil | 5,000,000 | 1,000,000 | 630,000 |
| Lingye Zheng | Nil | Nil | Nil | Nil | Nil |

Notes:

1. See Section 6.5 for the details of these holdings.
2. See Section 6.5 for the details of these holdings.
3. See Section 6.5 for the details of these holdings.

The Board recommends all Shareholders take up their Entitlement and advises that all Directors intend to take up some or all of their respective Entitlements, subject only to Jiahua Zhou not accepting his Entitlement in full if it would result in his voting power in the Company exceeding 20%, in which case he intends to accept his Entitlement in part so that his voting power in the Company would be as close to but not exceeding 20%.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions

by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

| Director | 2016 Remuneration | 2017 Remuneration | 2018 Remuneration |
|------------------|----------------------|----------------------|----------------------|
| Keong Chan | \$10,000 | \$120,000 | \$120,000 |
| Jiahua Zhou | Nil | \$120,000 | \$120,000 |
| Gang Xu | Nil | \$120,000 | \$120,000 |
| Quentin Flannery | Nil | \$36,000 | \$36,000 |
| Lingye Zheng | Nil | \$36,000 | \$36,000 |

9.7 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or

(h) the Offer.

Prenzler Group Pty Ltd will be paid an underwriting fee of approximately \$803,891 in respect of this Entitlement Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Prenzler Group Pty Ltd has been paid fees totalling nil by the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$181,827 (excluding GST and disbursements) for legal services provided to the Company.

9.8 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;
- (c) Prenzler Group Pty Ltd has given its written consent to being named as underwriter to the Entitlement Offer in this Prospectus, in the form and context in which it is named; and
- (d) Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

9.9 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$900,493(excluding GST) and are expected to be applied towards the items set out in the table below:

| | \$ |
|---------------------------|----------------|
| ASIC fees | 2,400 |
| ASX fees | 29,202 |
| Underwriting fees | 803,891 |
| Legal fees | 15,000 |
| Printing and distribution | 30,000 |
| Miscellaneous | 20,000 |
| Total | 900,493 |

9.10 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please phone the Company on +61 8 9322 6009 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at <https://aumake.com.au/>.

The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9.11 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

9.12 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

9.13 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

10. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Keong Chan
Executive Chairman
For and on behalf of
AuMake International Limited

11. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Shares pursuant to the Entitlement Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

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.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means AuMake International Limited (ACN 150 110 017).

Constitution means the constitution of the Company as at the date of this Prospectus.

Convertible Loan means convertible loan pursuant to the Notice of General Meeting dated 9 August 2017.

Convertible Note means the convertible note pursuant to the Notice of General Meeting dated 9 August 2017.

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

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Participant means as defined in Section 5.6.

Eligible Shareholder means a Shareholder who is not an Ineligible Shareholder.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Entitlement Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Entitlement Offer means the non-renounceable entitlement issue the subject of this Prospectus.

EST means Eastern Standard Time as observed in Sydney, New South Wales.

Ineligible Shareholder means as defined in Section 5.9.

Material Adverse Effect means:

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Underwritten Securities (including, without limitation, a material adverse effect on a decision of an investor to invest in Underwritten Securities); or
- (b) a material adverse effect on the condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its Subsidiaries taken as a whole.

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

Offer means the Entitlement Offer.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Relevant Company means the Company and each Subsidiary.

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

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the Entitlement Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 5.6 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall.

Subsidiary means each company which is now, or before the issue of all the underwritten Securities becomes, a subsidiary of the Company as that term is defined in the Corporations Act.