



**Augend Limited
(to be named AuMake International Limited)
Investor Presentation**

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Agenda

Who is AuMake

What Does AuMake Do

Growth Strategies

The Industries

Statistics

Capital Structure

Why Invest in AuMake

Who is AuMake

- AuMake International Limited is an Australian-owned company selling Australian products directly to Chinese consumers (“daigou” and Chinese tourists)
- Generated over \$10 million of revenue for FY17 (audited)
- Key product categories include infant formula, vitamins and beauty products
- Positioned to benefit from the substantial and growing demand from Chinese consumers for Australian clean and green products
- Capital raised will be used for growth, not to cover negative cashflow



What does AuMake Do

- AuMake sells **Australian products** to primarily Australian based **daigou** and **Chinese tourists**
- **Stores** – Currently five (5) retail stores in highly populated Chinese nationality and speaking areas of Sydney NSW.
- Two (2) warehouses in Sydney and Perth
- Provide packaging and mailing services in store via third party service providers.
- **Online Platform** www.aumake.com
- **Type of Products:**
 - Primarily vitamins, healthcare, cosmetics, wool products and infant formula
 - Popular brands such as Bellamy's, Blackmores, Swisse, A2, Sukin and Karicare
 - AuMake intends to develop its own exclusive and own branded products
- **Influence**
 - Chinese consumer buying behaviour

Growth Strategies



Growing the retail footprint

New stores over the next 12-24 months will be added to the store network via acquisition and/or organic growth across Sydney, Melbourne, Brisbane and Perth. This will allow deeper brand saturation which opens up further growth opportunities.



Supplier partnerships

Building on existing partnerships with over 250 suppliers, AuMake is fostering relationships with new and existing Australian producers and suppliers to introduce new quality products to daigou and Chinese tourists, to meet expectations and demand within the Chinese community.



AuMake owned products

AuMake owned products will be developed in key categories for sale across the company's retail network. Produced via third party contract manufacturing to stringent Australian standards these products will attract higher gross margins compared to leading brands in the category.



Building brand equity

implementing a strategic marketing campaign to increase brand awareness and credibility.



Online platform

Development of a single consolidated online sales platform to provide customers based in both Australia and China with a streamlined solution for sourcing, purchasing and delivery of Australian products. All customers that visit an AuMake store while in Australia, should be able to purchase products when they return to China.



Renewed focus on the Chinese tourist industry

Chinese tourists traveling in Australia via delegation/tour groups or as free independent travellers are highly motivated to find new and exciting Australian products to show their friends and family in China. Tailored marketing activities will capture this audience and further build on AuMake's reputation as a trusted retail partner for Chinese consumers.

Daigou & Chinese Tourists

Daigou

- 'daigou' means to 'buy on behalf of'
- Unique to Chinese culture as a legitimate retail channel – I trust my friend or friend of a friend to buy overseas products for me
- Fake/counterfeit products are rife within China and often cheaper than in-store
- Up to 40,000 daigou in Australia and between 1,200 and 1,600 physical stores, cater to daigou buyers ("Daigou: The Extra 50 million customers hiding in plain sight" - Sydney Morning Herald, 15 June 2016)

Chinese Tourists

- Deloitte reports that in 2016 alone Chinese visitors spent a record \$8.3 billion, a 45 per cent rise from 2015 and projected by 2020 to grow to \$13 billion ("Australia must be China Ready – ABC, 15 June 2017)
- 92% of Chinese citizens still do not have a passport ("Chinese Extend Lead As The World's Biggest Spenders On Foreign Travel" – Forbes, 7 January 2017)
- Highly lucrative market and not to be underestimated as a channel to reinforce branding

Diagou vs e-Commerce

- Significant proportion of sales for popular brands, such as Blackmores and Bellamy's, are generated by daigous
- Consumers from mainland China have a strong lack of trust with E-Commerce platforms
- Chinese consumers prefer to purchase from family and trusted friends (daigou)
- AuMake aims to be a trusted and transparent brand amongst Australian daigou and China tourists



Inside an AuMake Store (Parramatta)



AuMake Benefits

- Existing sales and marketing channels to Chinese customers
- Streamlined supply chain including sourcing, purchasing and delivery processes
- One-stop tailored customer shopping experience
- Immediate exposure to Chinese customers via the growing daigou sales channel. As opposed to the expensive and often risky option of directly marketing into the large Chinese market
- As an Australian company subject to Australian standards of governance, taxation and regulation, AuMake seeks to bring greater transparency and compliance to what is a largely fragmented industry.



Daigou Statistics

Occupation

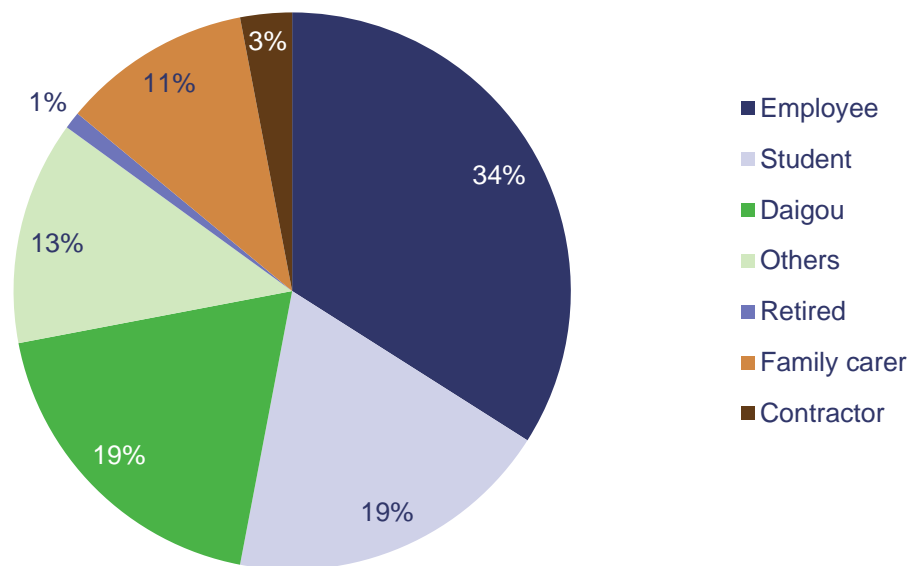
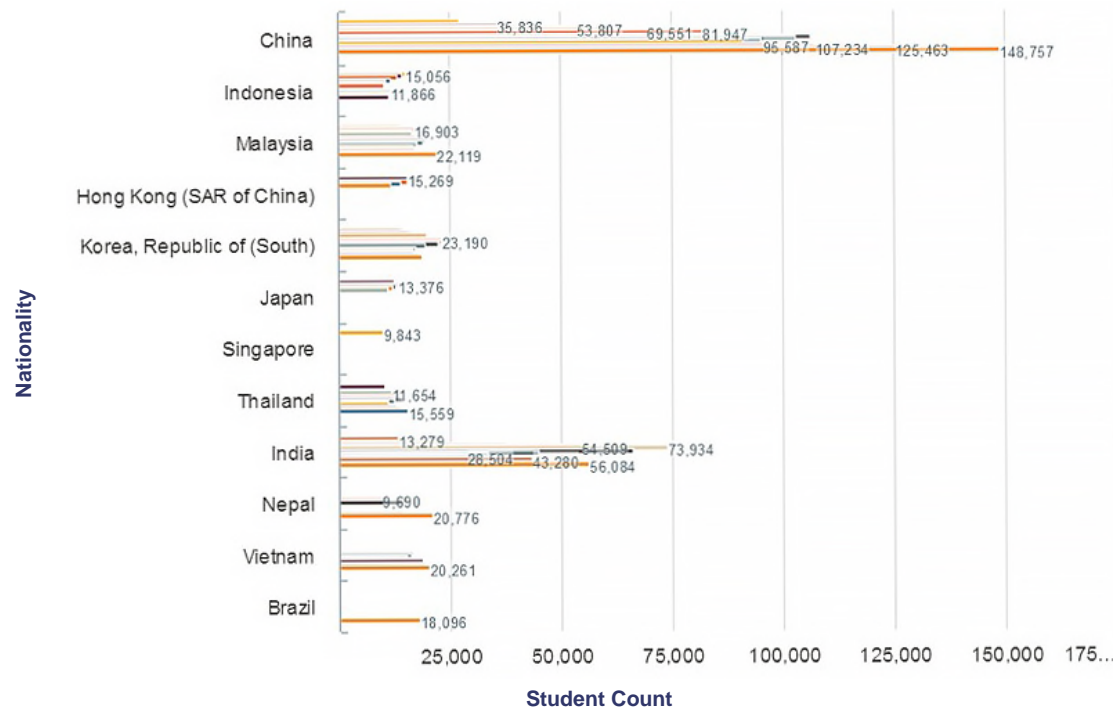


Diagram - <http://www.smh.com.au/business/consumer-affairs/daigou-the-extra-50-million-customers-hiding-in-plain-sight-20160609-gpf8hf.html>

International Students – Top Source Countries



Statistics from Austrade



Chinese Visitation Statistics

Visitors	YE Dec 2014	YE Dec 2015	YE Dec 2016
Holiday	418,737	511,149	638,851
Visiting friends and relatives	159,512	190,938	196,562
Business	63,462	62,093	65,396
Employment	100,255	126,834	155,511
Education	20,205	34,155	27,257
Other reason	22,117	27,196	32,344
Total	784,287	952,365	1,115,920
Backpackers	18,382	15,139	18,643
Non-backpackers	765,905	937,226	1,097,277
TOTAL	784,287	952,365	1,115,920

YE = Year Ending

Chinese Visitation Statistics

Total Trip Spend (\$000)	YE Dec 2014	YE Dec 2015	YE Dec 2016
Holiday	1,894,084	2,725,450	3,152,415
Visiting friends and relatives	677,192	1,013,272	921,412
Business	321,288	433,094	360,451
Employment	2,447,342	3,435,950	4,280,948
Education	263,580	380,107	307,336
Other reason	108,706	279,839	150,820
Total	5,712,193	8,267,712	9,173,382
Backpackers	110,756	125,151	171,247
Non-backpackers	5,601,437	8,142,562	9,002,135
TOTAL	5,712,193	8,267,712	9,173,382

YE = Year Ending

Capital Structure

	Shares	Performance Shares	Options
Current	90,044,877	Nil.	Nil
Post Consolidation (6:1)	15,007,480	Nil	Nil
Public Offer*	75,000,000	Nil	Nil
ITM Consideration Shares	95,083,151		Nil
Performance Shares subject to milestones# - Management	Nil.	50,000,000	Nil
Conversion of Convertible Notes	42,937,500		
Conversion of existing \$200,000 convertible loan	5,000,000	Nil	Nil
Facilitation Fee	5,875,000	Nil	Nil
Proposed Director Options	Nil	Nil	5,000,000
TOTAL	238,903,131	50,000,000	5,000,000

*Assumes successful completion of six million dollar Capital Raising
 # Performance milestones – First tranche \$25m revenue @ 13% GP; Second tranche revenue \$60m @13% GP

Market Capitalisation = \$19m
 Indicative EV (assuming cash and inventory of \$8m) = \$11m



Key Dates

ACTION	DATE
Despatch of Notice of General Meeting	9 August 2017
Lodgement of Prospectus with the ASIC	21 August 2017
Opening Date of the Public Offer	21 August 2017
General Meeting held to approve the Acquisition	12 September 2017
Closing Date for the Public Offer ²	18 September 2017
Issue of Shares under the Public Offer and Shares to be issued pursuant to the Acquisition Agreement	2 October 2017
Settlement of the Acquisition ²	2 October 2017
Closing Date of the Cleansing Offer	3 October 2017
Re-quotations of Shares (including Shares issued under the Public Offer) on ASX	6 October 2017

Why Invest in AuMake

- AuMake represents an opportunity to influence Chinese buying behaviour via personal relationships and face to face contact which Chinese daigou and tourists.
- Australian based daigou and Chinese tourists are the most influential groups when it comes to determining which products are popular in China.
- AuMake has developed a twelve-month strategy to be the leading Australian retail brand for Australian based daigou and Chinese tourists wishing to buy Australian products.
- AuMake is not simply a retail store story but provides unique opportunities for growth (own branded products and store growth) because of our ability to directly engage with daigou and Chinese tourists.
- AuMake is experienced in operating within the daigou and Chinese tourist markets.



Board of Directors

- **Mr Keong Chan** – Executive Chairman
- **Mr Jiahua Zhou** – Managing Director & Founder
- **Mr Gang Xu** – Executive Director – Strategy and Business Development
- **Ms Lingye Zheng** – Non-Executive Director & Founder
- **Mr Quentin Flannery** – Non-Executive Director
- **Peter Zhao** – Chief Financial Officer and Company Secretary

Contact Details

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Thank You