

# Notice of Annual General Meeting and Explanatory Memorandum

---

Raya Group Limited ACN 122 203 196

Date of Meeting: 27 November 2014

Time of Meeting: 10:30 am (Melbourne time)

Place of Meeting: Level 2, 11 Bank Place, Melbourne, Victoria

# Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of **Raya Group Limited** ACN 122 203 196 (**Company**) will be held at Level 2, 11 Bank Place, Melbourne, Victoria, on 27 November 2014 at 10.30am (Melbourne time).

Terms used in this Notice of Meeting are defined in the "Interpretation" section of the accompanying Explanatory Memorandum.

## Agenda

### Ordinary business

---

### Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2014.

#### 1. Resolution 1: Re-election of Michael Clarke as a director

---

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

*"That Mr. Michael Clarke, who retires by rotation in accordance with Article 11 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

#### 2. Resolution 2: Remuneration Report

---

To consider and, if thought fit, pass the following Advisory Resolution:

*"That, the Remuneration Report for the year ended 30 June 2014 (as set out in the Directors Report) is adopted."*

The vote on this Resolution 2 is advisory only and does not bind the Directors or the Company.

#### **Voting Restriction Statement pursuant to section 250R(4) of the Corporations Act**

A vote on Resolution 2 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report;
- (b) a Closely Related Party of such a member.

However, the above persons may cast a vote on Resolution 2 if:

- (a) the person does so as a proxy; and
- (b) the vote is not cast on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related

# Notice of Annual General Meeting

Party of such a member; and

(c) either:

- (1) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (2) the voter is the chair of the meeting and the appointment of the chair as proxy:
  - (A) does not specify the way the proxy is to vote on the Resolution; and
  - (B) expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

## Voting Intention of Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 2, subject to compliance with the Corporations Act. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## 3. Resolution 3: Non-Executive Director Remuneration

To consider and, if thought fit, pass the following as an Ordinary Resolution of the Company without modification:

*“That in accordance with Listing Rule 10.17 of the Official Listing Rules of the ASX Limited (ASX) and Article 11.15 of the Company’s Constitution, the total aggregate annual remuneration payable to Non-Executive Directors of the Company be increased by \$100,000, from \$200,000 to a maximum of \$300,000.”*

### Notes

Further details of the proposed increase of the total amount payable by the Company to non-executive directors each year are contained within the Explanatory Memorandum.

### Voting exclusion statement

The Company will disregard any votes cast on this Resolution by:

- a director of the Company or a subsidiary of the Company (Relevant Director); and
- any associate of a Relevant Director.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

# Notice of Annual General Meeting

## 4. Resolution 4: Authorise the issue of Shares

---

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution of the Company:

*“That in accordance with the provisions of Listing Rule 7.1 of the Official Listing Rules of the ASX, and for all other purposes, the Company and the Directors of the Company are authorised to issue of up to \$5,000,000 of Shares (**Further Placement Shares**) at an issue price per Further Placement Share of not less than 80% of the weighted average trading price of the Company’s Shares calculated over the last five (5) days on which sales in the securities of the Company were recorded before the day on which the share placement is made, to various sophisticated or professional investors (**Investors**) that fall within one or more of the classes of exemptions specified in section 708 of the Corporation Act on the terms and conditions as contained in this Notice of Meeting and attached Explanatory Memorandum.”*

### Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by:

- a person who participates in the issue;
- any associate of a person who participates in the issue; or
- any person who might obtain a benefit if these Resolutions are passed, except a benefit solely in their capacity as a holder of the Placement Shares if the Resolutions are passed.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

## Special business

## 5. Resolution 5 – Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

---

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

*“That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, the Shareholders approve the issue of securities of up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of this AGM, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions in the Explanatory Memorandum (**Placement Securities**).”*

### Voting exclusion statement

The Company will disregard any votes cast on this Special Resolution by a person and any associates of that person who:

# Notice of Annual General Meeting

- may participate in the issue of the Placement Securities; or
- might obtain a benefit if this Special Resolution is passed, except a benefit solely in their capacity as a holder of shares if the Resolution is passed.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

## **Important note**

The proposed allottees of any Placement Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Placement Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

## **General business**

---

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

## **By order of the board**

Julie Halsted  
Company Secretary

21 October 2014

# Explanatory Memorandum

## 1. Introduction

---

This Explanatory Memorandum is provided to Shareholders of **Raya Group Limited ACN 122 203 196 (Company)** to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at Level 12, 11 Bank Place, Melbourne, Victoria on 27 November 2014 commencing at 10.30am (Melbourne time).

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum are defined in section 8.

## 2. Consider the Company's Annual Report

---

The Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2014 were despatched to Shareholders and released to the ASX Limited on 17 October 2014. The Company's Annual Report is placed before the Shareholders for discussion. No voting is required for this item.

## 3. Resolution 1- Election of Michael Clarke as a director

---

Michael Clarke retires in accordance with the Article 11 of the Company's Constitution and, being eligible, offers himself for re-election as a Non-Executive Director.

Article 11.3 of the Company's Constitution requires that one third of the Company's Directors retire at each year at the Annual General Meeting.

Mr Clarke was appointed as a Director to the Board on 19 February 2013 by the other Directors in accordance with Article 11.12 of the Company's Constitution.

Mr Clarke (MAICD, ACS, Diploma of Business, Diploma of Management) has over 18 years' experience in the IT industry and has worked across both public and private enterprise during his career. He has broad experience in the development and management of enterprise and complex systems and worked at many senior levels during this time. Mr Clarke has consulted and provided services to a variety of industries including manufacturing, mining and resources, government and education.

The Directors (with Mr Clarke abstaining) recommend that you vote in favour of this Ordinary Resolution.

## 4. Resolution 2 - Remuneration Report

---

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution in accordance with section 250R of the Corporations Act.

The Remuneration Report is set out in the Directors' Report section of the Annual Report. The Report, amongst other things:

- (a) explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the consolidated entity;

# Explanatory Memorandum

- (b) explains the relationship between the Board's remuneration policy and the Company's performance;
- (c) sets out remuneration details for each Key Management Personnel of the consolidated entity including details of performance related remuneration and options granted as part of remuneration; and
- (d) details and explains any performance conditions applicable to the remuneration of Key Management Personnel of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this Resolution is advisory only and does not bind the Directors or the Company.

There are restrictions on members of the Key Management Personnel and their Closely Related Parties and their proxies voting (in any capacity) on Resolution 2, details of which are set out in the Voting Restriction Statement included in Resolution 2 of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 2 subject to compliance with the Corporations Act. In exceptional circumstances, the Chairman of the Meeting may change his voting intention on any resolution, in which case an ASX announcement will be made.

## **5. Resolution 3 – Non-Executive Director Remuneration**

---

In order for the total aggregate annual remuneration payable to Non-Executive Directors of the Company to be increased, Listing Rule 10.17 of the ASX Listing Rules and Article 11.15 of the Company's Constitution must be complied with. The ASX Listing Rules and the Constitution provide that the Company must not increase the amount of remuneration payable to Non-Executive Directors of the Company unless Shareholders approve such an increase.

Additionally, Listing Rule 10.17.2 of the ASX Listing Rules provides that if Non-Executive Directors are paid, they must be paid a fixed sum. All Non-Executive Directors will be paid a fixed sum as determined at the sole discretion of the Board.

### **5.1 Increase and Maximum Aggregate**

The board fees received by the Non-Executive Directors in financial years ending 2013 and 2014 are contained in Table 1 above.

Shareholder approval is sought to increase the total aggregate annual remuneration payable to Non-Executive Directors of the Company from \$200,000 to a maximum aggregate amongst all Non-Executive Directors of \$300,000 (to be divided between Non-Executive Directors as the board determines).

It is anticipated that the non executive Directors will each earn \$48,000 per annum in Director's Fees.

The Board considers that this increase in the total aggregate annual remuneration payable to Non-Executive Directors is necessary to provide an ability to increase the remuneration payable to the current Non-Executive Directors and any additional Non-Executive Directors who might join the Board. Further details on the remuneration paid to Non-Executive Directors are set forth in the Remuneration Report contained in the Directors' Report section of the Annual Report.

# Explanatory Memorandum

## 5.2 Shares issued to Non-Executive Directors under Listing Rule 10.11 or 10.14

For the purposes of ASX Listing Rule 10.17, the Company confirms that no securities have been issued to non-executive directors under Listing Rule 10.14 in the preceding 3 years. Shares issued pursuant to Listing Rule 10.14 are done so, with Shareholder approval, under an employee incentive scheme.

Listing Rule 10.11 states that a company cannot issue Equity Securities to a related party<sup>1</sup> without shareholder approval. For the purposes of Listing Rule 10.17, the Company discloses the following issues to Non-Executive Directors in the past three (3) years, pursuant to Listing Rule 10.11:

	2012	2013	2014
Michael Clarke	-	7,500,000 Shares at an issue price of \$0.001 per Shares and 7,500,000 Directors Options exercisable at \$0.015 per Option	-
Athan Lekkas	-	12,500,000 Shares at an issue price of \$0.001 per Share and 12,500,000 Directors Options exercisable at \$0.015 per Option.	-
Geoff Barnes	-	-	-
Russell Langusch	-	-	-

## 5.3 Voting Exclusion Statement

The Company believes that all relevant information concerning Resolution 3 required in respect of Listing Rule 10.17 is included in the text, and accompanying notes, of this Resolution in the Notice of Meeting.

## 6. Resolution 4 – Authorise the Issue of Further Shares to raise up to \$5,000,000

Resolution 4 seeks Shareholder authorisation to issue new Shares (**Further Placement Shares**) to raise a maximum of \$5,000,000 at an issue price per Placement Share of not less than 80% of the weighted average trading price of the Company's shares calculated over the last five (5) days on which sales in the securities of the Company were recorded before the day on which the share placement is made to one or more sophisticated or professional investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporation Act.

---

<sup>1</sup> Or under Listing Rule 10.11.2, a person whose relationship with the entity or a related party, is, in ASX's opinion, such that approval should be obtained.



# Explanatory Memorandum

The funds raised by the issue of the Further Placement Shares will be used by the Company in its existing business, review and development of new business opportunities and to provide working capital to the Company.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution:

- (a) the number of Further Placement Shares to be issued by the Company pursuant to Resolution 4 will be calculated at an issue price per Placement Share of not less than 80% of the weighted average trading price of the Company's shares calculated over the last five (5) days on which sales in the securities of the Company were recorded before the day on which the share placement is made, to raise a maximum of \$50,000;
- (b) the Company intends to issue the Further Placement Shares as soon as practicable after the Meeting and in any event no later than three (3) months from the date of the Meeting;
- (c) the minimum issue price of the Further Placement Shares is not less than 80% of the weighted average trading price of the Company's shares calculated over the last five (5) days on which sales in the securities of the Company were recorded before the day on which the share placement is made;
- (d) the Further Placement Shares will be issued to sophisticated or professional investors who fall within one or more of the classes of exemptions specified in section 708 of the Corporation Act;
- (e) the rights attaching to the Further Placement Shares are identical in all respects to the existing ordinary shares on issue in the Company;
- (f) the funds raised by the issue will be used by the Company in its existing business, review and development of new business opportunities and to provide working capital to the Company;
- (g) it is the current intention of the company to issue the Placement Shares progressively from the date of the Meeting;
- (h) the Further Placement Shares will not be issued to any related party of the Company (within the meaning of the ASX Listing Rules);

A Voting Exclusion Statement in relation to this Resolution 4 is set out above.

## **7. Resolution 5: Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A**

---

### **7.1 Introduction**

Pursuant to Resolution 5 the Company is seeking Shareholder approval to issue an additional 10% of issued capital over a 12 month period pursuant to Listing Rule 7.1A. If passed, this Resolution will allow the Company to allot and issue up to the number of new Equity Securities calculated in accordance with Listing Rule 7.1A.2 (**Placement Securities**) each at an issue price of at least 75% of the volume weighted average price (**VWAP**) for the Company's Equity Securities in that class (calculated over the last 15 days on which trades in the Equity Securities are recorded immediately before the date on which the price at which the Placement Securities are to be issued is agreed, or if the Placement Securities are not issued within five trading days of that date, the date on which the Placement Securities are issued) (**Issue Price**).

# Explanatory Memorandum

This approval is sought pursuant to Listing Rule 7.1A which recently came into effect. Under Listing Rule 7.1A small and mid cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary shareholders by special resolution at the annual general meeting, are permitted to issue an additional 10% of issued capital over a 12 month period from the date of the annual general meeting (**Additional 10% Placement**). The Additional 10% Placement under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without Shareholder approval over a 12 month period pursuant to Listing Rule 7.1. The Company may issue the Placement Securities to raise funds for the Company and as non-cash consideration (further details of which are set out below). Funds raised from the issue of Placement Securities, if undertaken, would be applied towards

its existing business, review and development of new business opportunities and to provide working capital to the Company.

The Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 5.

## 7.2 Listing Rule 7.1A

### (a) General

#### (1) Eligibility

An entity is eligible to undertake an Additional 10% Placement if at the time of its annual general meeting it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index.

For illustrative purposes only, on 16 October 2014, the Company's market capitalisation was \$3,978,146.65 based on the closing trading price on that date. The calculation of market capitalisation will be based on the closing price of the shares, on the last trading day on which trades in the shares were recorded before the date of the AGM, multiplied by the number of shares on issue (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is also not included in the S&P/ASX300 Index as at the time of this AGM, however, it should be noted that the S&P/ASX300 Index is rebalanced twice a year in March and September.

The Company is therefore an Eligible Entity and able to undertake an Additional 10% Placement under Listing Rule 7.1A.

In the event that the Company for any reason ceases to be an Eligible Entity after the Company has already obtained Shareholders' approval pursuant to this Resolution 5, the approval obtained will not lapse and the Company will still be entitled to issue the Placement Securities.

#### (2) Special Resolution

Listing Rule 7.1A requires this Resolution 5 to be passed as a Special Resolution, which means that it must be passed by at least 75% of the votes cast by members entitled to vote on the Resolution. Pursuant to Listing Rule 7.1A, no Placement Securities will be issued until and unless this Special Resolution is passed at the meeting.

#### (3) Shareholder approval

# Explanatory Memorandum

The ability to issue the Placement Securities is conditional upon the Company obtaining Shareholder approval by way of a Special Resolution at the meeting.

(b) 10% Placement Period - Listing Rule 7.1A.1

Assuming Resolution 5 is passed, Shareholder approval of the Additional 10% Placement under Listing Rule 7.1A is valid from the date of the AGM and expires on the earlier to occur of:

- (1) the date that is 12 months after the date of the AGM; or
- (2) the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX.

If approval is given for the issue of the Placement Securities then the approval will expire, on 26 November 2015, unless Shareholder approval is granted pursuant to Listing Rules 11.1.2 or 11.2 prior to that date.

(c) Calculation for Additional 10% Placement - Listing Rule 7.1A.2

Listing Rule 7.1A.2 provides that Eligible Entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

**A** is the number of ordinary securities on issue 12 months before the date of issue or agreement:

- (1) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- (3) plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rules 7.1 or 7.4 (but note that this does not include an issue of fully paid ordinary securities under the entity's 15% placement capacity without Shareholder approval); and
- (4) less the number of fully paid ordinary securities cancelled in the 12 months.

**D** is 10 percent.

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rules 7.1 or 7.4.

(d) Listing Rule 7.1A.3

- (1) Equity Securities

# Explanatory Memorandum

Any Equity Securities issued under the Additional 10% Placement must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this notice of meeting, the classes of Equity Securities in the Company quoted on the ASX are fully paid ordinary Shares and Options exercisable at \$0.010 expiring 31 December 2014, and Options exercisable at \$0.015 expiring 15 July 2016. The Company presently has 361,649,696 Shares on issue, 15,755,160 Options exercisable at \$0.010 expiring 31 December 2014 on issue and 257,800,000 Options to exercisable at \$0.015 expiring 21 July 2016 on issue at the date of this Notice of Meeting.

(2) Minimum Issue Price

The issue price for the Placement Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days immediately before:

- (A) the date on which the price at which the relevant Placement Securities are to be issued is agreed; or
- (B) if the relevant Placement Securities are not issued within five trading days of the date in paragraph (A) above, the date on which the relevant Placement Securities are issued.

(e) Information to be given to ASX - Listing Rule 7.1A.4

If Resolution 5 is passed and the Company issues any Placement Securities under Listing Rule 7.1A, the Company will give to ASX:

- (1) a list of allottees of the Placement Securities and the number of Placement Securities allotted to each (this list will not be released to the market); and
- (2) the following information required by rule 3.10.5A, which will be released to the market on the date of issue:
  - (A) details of the dilution to the existing holders of Equity Securities caused by the issue;
  - (B) where the Equity Securities are issued for cash consideration, a statement of the reasons why the Company issued the Equity Securities as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing Shareholders would have been eligible to participate;
  - (C) details of any underwriting arrangements, including any fees payable to the underwriter; and
  - (D) any other fees or costs incurred in connection with the issue.

(f) Listing Rules 7.1 and 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice of Meeting, the Company has on issue 361,649,696 Shares. The Company will have the capacity to issue the following shares on the date of the Meeting:

- (1) 54,247,454 shares under Listing Rule 7.1; and

# Explanatory Memorandum

- (2) subject to Shareholder approval being obtained under Resolution 5, 36,164,970 shares under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described above).

## 7.3 Specific Information required by Listing Rule 7.3A

- (a) Minimum Price of securities issued under Listing Rule 7.1A - Listing Rule 7.3A.1

Pursuant to and in accordance with Listing Rule 7.1A.3, the Placement Securities issued pursuant to approval under Listing Rule 7.1A must have an issue price of not less than 75% of the VWAP for the Equity Securities over the 15 trading days immediately before:

- (1) the date on which the price at which the Placement Securities are to be issued is agreed; or
- (2) if the Placement Securities are not issued within five trading days of the date in paragraph (1) above, the date on which the Placement Securities are issued.

The Company will disclose to the ASX the issue price on the date of issue of the Placement Securities.

- (b) Risk of economic and voting dilution - Listing Rule 7.3A.2

As provided by Listing Rule 7.3A.2, if Resolution 5 is passed and the Company issues the Placement Securities, there is a risk of economic and voting dilution to the existing Shareholders. The Company currently has on issue 361,649,696 Shares. The Company could issue 36,164,970 Shares on the date of the meeting (however, it is important to note that the exact number of Equity Securities which may be issued will be calculated in accordance with the formula contained in Listing Rule 7.1A.2 details of which are set out above). Any issue of Placement Securities will have a dilutive effect on existing Shareholders.

There is a specific risk that:

- (1) the Market Price for the Company's Equity Securities may be significantly lower on the date of the issue of any Placement Securities than it is on the date of the meeting; and
- (2) the Placement Securities may be issued at a price that is at a discount to the Market Price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue or the value of the Placement Securities.

As required by Listing Rule 7.3A.2, Table 1 below shows the potential economic and voting dilution effect, in circumstances where the issued share capital has doubled and the Market Price of the shares has halved. Table 1 also shows additional scenarios in which the issued share capital has increased (by both 50% and 100%) and the Market Price of the shares has:

- decreased by 50%; and
- increased by 100%.

# Explanatory Memorandum

**Table 1**

Issued Share Capital	50% decrease in Market Price \$0.0055		Current Market Price \$0.011		100% increase in Market Price \$0.022	
	10 % Voting Dilution	Capital Raised	10 % Voting Dilution	Capital Raised	10 % Voting Dilution	Capital Raised
Present Issued Share Capital = 361,649,696 Shares	36,164,970	\$198,907	36,164,970	\$397,815	36,164,970	\$795,629
50% Increase in Share Capital = 542,474,544 Shares	54,247,454	\$298,361	54,247,454	\$596,722	54,247,454	\$1,193,444
100% Increase in Share Capital = 1,808,248,480 Shares	180,824,848	\$994,537	180,824,848	\$1,989,073	180,824,848	\$3,978,147

# Explanatory Memorandum

## Assumptions and explanations

- The Market Price is \$0.011, based on the closing price of the shares on ASX on 16 October 2014.
- The above table only shows the dilutionary effect based on the issue of the Placement Securities (assuming only shares are issued), and not any shares issued under the 15% under Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- The Company issues the maximum number of Placement Securities.
- The issued share capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 17 October 2014.
- The issue price of the Placement Securities used in the table is the same as the Market Price and does not take into account the discount to the Market Price (if any).

(a) Final date for issue - Listing Rule 7.3A.3

As required by Listing Rule 7.3A.3, the Company will only issue and allot the Placement Securities during the 12 months after the date of this Meeting which the Company anticipates will end on 26 November 2015. The approval under Resolution 5 for the issue of the Placement Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (the disposal of the main undertaking of the Company) before the anniversary of the AGM.

(b) Purpose - Listing Rule 7.3A.4

As noted above, the purpose for which the Placement Securities may be issued include to raise funds for the Company and as non-cash consideration (further details of which are set out below). Funds raised from the issue of Placement Securities, if undertaken, would be applied towards its existing business, review and development of new business opportunities and to provide working capital to the Company.

(c) Shares Issued for Non-cash consideration - Listing Rule 7.3A.4

The Company may issue Placement Securities for non-cash consideration, such as the acquisition of new assets or investments. If the Company issues Placement Securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Placement Securities complies with Listing Rule 7.1A.3.

(d) Company's Allocation Policy - Listing Rule 7.3A.5

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of the Placement Securities. The identity of the allottees of Placement Securities will be determined on a case-by-case basis having regard to a number of factors including but not limited to the following:

- (1) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issue in which existing Shareholders can participate;
- (2) the effect of the issue of the Placement Securities on the control of the Company;

# Explanatory Memorandum

- (3) the financial situation and solvency of the Company; and
- (4) advice from corporate, financial and broking advisers (if applicable).

The allottees of the Placement Securities have not been determined as at the date of this Notice but may include existing substantial Shareholders and new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments for which Placement Securities are issued as consideration, it is likely that the allottees of some of the Placement Securities will be the vendors of the new assets or investments.

- (e) Company not previously obtained Shareholder approval under listing rule 7.1A

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

## 7.4 Voting Exclusion Statement

A voting exclusion statement is included in the notice of meeting. At the date of the notice of meeting, the proposed allottees of any Placement Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Placement Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.



# Explanatory Memorandum

## 8. Interpretation

---

**Advisory Resolution** means that a vote on that resolution is advisory only and does not bind the Directors or the Company.

**Annual Report** means the financial report for the Company for the year ended 30 June 2014 and lodged with ASX on 17 October 2014.

**ASIC** means the Australian Securities and Investments Commission;

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange;

**Auditor's Report** means that section of the Financial report under the heading "Auditor's Report" set out in the Annual Report.

**Board** means the board of directors of the Company;

**Closely Related Party** (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this definition;

**Company** means Raya Group Limited ACN 122 203 196;

**Constitution** means the constitution of the Company from time to time;

**Corporations Act** means the *Corporations Act 2001* (Cth) as amended, varied or replaced from time to time;

**Director** means a director of the Company;

**Directors' Report** means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

**Equity Securities** has the meaning given to that term in the Listing Rules.

**Explanatory Memorandum** means this explanatory memorandum accompanying the Notice of Meeting;

**Financial Report** means the annual financial report of the Company prepared under Chapter 2M of the Corporations Act.

**Key Management Personnel** has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

**Listing Rule** or **ASX Listing Rule** means the official listing rules of the ASX as amended from time to time;

# Explanatory Memorandum

**Market Price** has the meaning given to that term in the Listing Rules.

**Meeting** or **Annual General Meeting** means the annual general meeting to be held on 27 November 2014;

**Non-Executive Director** means a Non-Executive Director of the Company.

**Notice of Meeting** or **Notice** means the notice of meeting giving notice to Shareholders of the Meeting, accompanying this Explanatory Memorandum;

**Ordinary Resolution** means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders;

**Remuneration Report** means that section of the Directors' Report under the heading "Remuneration Report" set out in the Annual Report.

**Resolution** means a resolution proposed at the Meeting;

**Share** means an ordinary fully paid share in the issued capital of the Company;

**Shareholder** means a holder of Shares in the Company.

**Special Resolution** means a Resolution:

- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- (b) that has been passed by at least 75% of the votes cast by members entitled to vote on the Resolution.

**VWAP** means the volume weighted average price of the Shares.

---

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Julie Halsted (**Company Secretary**):

Level 6, 412 Collins St Melbourne VIC 3000

Telephone Phone: 03 9642 0655

Facsimile No: 03 9642 5177

# Proxy Form

Proxy, representative and voting entitlement instructions

## Proxies and representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a Shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the Shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a Shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under section 250D of the *Corporations Act 2001* (Cth).

The proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the *Corporations Act*.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, or sent by facsimile transmission to the address listed below**,

Raya Group Ltd ABN 89 122 203 196  
Level 6, 412 Collins St Melbourne VIC 3000  
Telephone No: 03 9642 0655  
Facsimile No: 03 9642 5177

or by post to:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

By facsimile to: (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555  
not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

A proxy form is attached to this notice.

## Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm 25 November 2014. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

# Proxy Form

## Signing instructions

You must sign the proxy form as follows in the spaces provided:

- Individual: Where the holding is in one name, the holder must sign.
- Joint Holding: Where the holding is in more than one name, all of the security holders should sign.
- Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.

Please indicate the office held by signing in the appropriate place.



000001 000 RYG  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Lodge your vote:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form

For your vote to be effective it must be received by 10:30am (Melbourne time) Tuesday 25 November 2014

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** ➔



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**



**Review your securityholding**



**Update your securityholding**

**Your secure access information is:**

**SRN/HIN: I9999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1

#### Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Raya Group Limited hereby appoint

☐

the Chairman  
of the Meeting **OR**



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Raya Group Limited to be held at **Level 2, 11 Bank Place, Melbourne, Victoria on Thursday, 27 November 2014 at 10:30am (Melbourne time)** and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 2 & 3** (except where I/we have indicated a different voting intention below) even though **Items 2 & 3** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 2 & 3** by marking the appropriate box in step 2 below.

### STEP 2

#### Items of Business



**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Re-election of Michael Clarke as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Non-Executive Director Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Authorise the issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### SIGN

#### Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date / /

RYG

1 2 3 4 5 6 A

Computershare +