



RAFFLES CAPITAL LIMITED

ASX Release

2 December 2014

Raffles to acquire Sequoia Capital (Hong Kong) Limited

Raffles Capital Limited (ASX: RAF) (**Raffles**) has agreed to acquire Sequoia Capital (Hong Kong) Limited (**Sequoia**) from Mr Huang Chuan (**Vendor**) (**Acquisition**).

A key area of Raffles operations is corporate advisory and acquisitions. Raffles has investigated a number of investment prospects and has identified Sequoia as a low risk opportunity, with significant upside potential for shareholders.

Shareholders will be asked to approve the issue of a Convertible Note with a face value of AUD\$1 million and convertible to 10 million shares at AUD\$0.10 per share (**Note**). The Note will mature on 31 December 2017. Interest at 8.8% per annum will accrue from 1 June 2015.

Raffles has complete discretion to repay the Note and Interest in cash or shares.

In further consideration for the Acquisition, Raffles will issue a Performance Bond to the Vendor (**Bond**). The face value of the Bond will be 9 times the audited Net Profit After Tax of Sequoia for either the financial year 2015 or 2016, at the discretion of the Vendor. The Bond will be issued at this time.

The yield of the Bond is 5% per annum paid every 6 months. The Bond has no maturity date and Raffles can redeem the Bond at any time.

The Acquisition is subject to Raffles completing due diligence about Sequoia, to its satisfaction and obtaining all statutory, regulatory and shareholder approvals necessary to complete the transaction.

The issue of Securities is conditional on holders of ordinary securities approving the issue before the issue is made as provided for in Listing Rule 7.1.

The Note and the Bond are the sole consideration for the Acquisition.

About Sequoia

Sequoia was incorporated in April 2013 under the Hong Kong Companies Ordinance of the Laws of Hong Kong. Sequoia has an Exclusive Technology Consulting Service Agreement with China Chongqing Branch Gezhouba Xinjiang Engineering Bureau (**CGGC**) to manage all the projects that are developed by CGGC.

CGGC is a state-owned enterprise in the People's Republic of China with a 40-year track record in engineering and construction. It is best known for its work on the Three Gorges Dam on the Yangtze River. CGGC is the recipient of numerous construction and engineering accolades over the years and holds a AAA credit rating awarded by the China International Construction Association.

About Raffles

Raffles Capital Limited primarily focuses on the following areas.

- Corporate advisory and acquisitions – identifying commercial and corporate opportunities, synergic partnerships and project funding. Partnerships and acquisitions are examined for strategic returns to reflect Raffles contribution.
- Legal funding - currently evaluating business models to look at operating in the Litigation Funding area within Australia and in other jurisdictions.
- Origination - identifying prospective businesses and mineral exploration projects. Using multi-discipline due diligence, and are involved in creating project design with project staff including recommending relevant corporate structures, identifying corporate, technical and management talent to drive growth.

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