



# Raya Group Limited ACN 122 203 196

to be renamed **Xped Limited** (subject to shareholder approval)

## Prospectus

For the public offer of 320,000,000 ordinary shares at an issue price of \$0.025 each to raise \$8,000,000.

This Prospectus also contains separate offers of a total of 640,000,000 ordinary shares to the Xped Shareholders in connection with the acquisition of Xped Holdings Limited. No funds will be raised from these offers.

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### Lead Manager to the issue

KTM Capital Pty Limited ACN 086 281 950 has been appointed as Lead Manager.

The Public Offer is not underwritten.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-listing following a change to the nature and scale of the Company's activities.

The issue of Shares pursuant to this Prospectus and the Acquisition Offers are subject to receiving conditional ASX approval for re-quotation of the Company's Shares on the ASX, Shareholders passing all Approval Resolutions and all other conditions referred to in the Approval Resolutions being satisfied. If all such conditions are not satisfied, the Acquisition Offers will not proceed, no Shares will be allotted pursuant to this Prospectus and the Company will repay all money received from Applicants without interest.

This document is important and it should be read in its entirety

If you are in any doubt as to the contents of this document, you should consult your stockbroker, solicitor, professional adviser, banker or accountant without delay.

The securities offered by this Prospectus are considered to be speculative.

## Important information

This Prospectus contains:

- an invitation to all Xped Shareholders to transfer title in all their Xped Shares to the Company in consideration for the issue and allotment to them of a prescribed number of Acquisition Shares. No funds will be raised from this issue; and
- an invitation to all Australian and New Zealand residents and selected residents in other jurisdictions as determined by the Directors, including a priority offer component to Eligible Raya Group Shareholders, to make an application to subscribe for Offer Shares pursuant to this Prospectus. The Public Offer seeks to raise \$8,000,000 by offering for subscription 320,000,000 Shares at an issue price of \$0.025 each, payable in full on application.

## Lodgement

This Prospectus is dated 18 January 2016 and was lodged with the ASIC on 18 January 2016. Neither ASIC, ASX nor any of their officers take any responsibility for the contents of this Prospectus or the merit of the investment to which this Prospectus relates. The fact that the ASX may admit the Company to its official list is not to be taken in any way as an indication of the merits of the Company or the Shares offered under this Prospectus.

## Application for listing

The Company will apply to ASX for listing and quotation of the Shares the subject of the Offers on ASX within seven days after the date of the Prospectus.

## Expiry Date

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

## Incorporation by reference

The Company's Corporate Governance Charter is not contained in this document, but has been lodged with ASIC and is taken by law to be included in this Prospectus (refer to Section 11.1). If you are unsure whether you require the information contained in the Corporate Governance Charter to decide whether or not to invest in the Company, it is recommended that you obtain a copy of the Corporate Governance Charter. A copy of the Corporate Governance Charter can be obtained during the application period free of charge by contacting the Company on +61 3 9642 0655 or by email at [info@rayagroup.com.au](mailto:info@rayagroup.com.au) or by downloading the Corporate Governance Charter from the Company's website at [www.rayagroup.com.au](http://www.rayagroup.com.au).

## Conditional Offer

The Acquisition Offers and the issue of Offer Shares under this Prospectus are subject to a number of conditions, including:

- Shareholders approving all Approval Resolutions at the General Meeting;
- the Company raising the minimum subscription under the Public Offer (being \$8,000,000);

- the Company completing the Acquisition; and
- ASX providing the Conditional Approval.

If all of the Approval Resolutions are not passed at the General Meeting or the Acquisition Conditions are not satisfied or waived (including re-complying with Chapters 1 and 2 of the ASX Listing Rules), the Acquisition Offers will not complete, the Company will not issue any Offer Shares under the Public Offer and the Company will repay all Application Monies received, without interest and in accordance with the Corporations Act. Further details of the outstanding Acquisition Conditions are set out in Section 12.1(b).

The Company must comply with ASX requirements to be reinstated to Official Quotation, which includes re-complying with chapters 1 and 2 of the ASX Listing Rules. This Prospectus is issued to assist the Company to satisfy these requirements.

## **Representations**

No person has been authorised to provide information or to make any representation in connection with the Offer. Any such information or representation that is not contained in this Prospectus may not be relied upon as having been authorised by the Company.

## **How to use this Prospectus**

This Prospectus provides information for investors who wish to invest in Raya Group Limited. It is not financial product advice and does not take into account the investment objectives, financial situation and particular needs of investors. It should be read in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of Raya Group Limited and the rights and liabilities attaching to the Shares. There are significant risks associated with investing in the Company. Potential investors should take these factors into account and consider whether this is an appropriate investment in view of their personal circumstances. If in doubt investors should seek advice from their professional advisor before deciding whether to invest. There is no guarantee that the Shares offered under this Prospectus will make a return on capital investment, that dividends will be paid on the Shares, or that there will be any increase in the value of the Shares in the future. Some risk factors that investors should consider are outlined in Section 1. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

The Shares offered under this Prospectus should be considered speculative.

## **Web Site – Electronic Prospectus**

This Prospectus, with an accompanying Application Form, may be viewed online. The Offers constituted by this Prospectus in electronic form are only available to Australian and New Zealand residents accessing an electronic version of this Prospectus in Australia or New Zealand. It is not available to persons in other jurisdictions. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. Until the Closing Date, a paper copy of this Prospectus (including an Application Form) will be provided free of charge upon request by contacting the Share Registry on +61 8 9324 2099 or by emailing the Company at [info@rayagroup.com.au](mailto:info@rayagroup.com.au).

## **Applications**

Applications for New Shares under the Offer may only be made on the Application Form attached to or accompanying this Prospectus in its paper copy form, or in its electronic form as downloaded in its entirety from the Company's website: [www.rayagroup.com.au](http://www.rayagroup.com.au). Photocopies of an Application Form will not be accepted. By making an application pursuant to an Application Form, you declare that you were given access to the Prospectus together with an Application Form. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanies a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

## **Exposure Period**

In accordance with ASIC Class Orders 00/168 and 00/843 there is no exposure period as the Shares offered by this Prospectus are of the same class as the Company's existing Shares which, at the time of lodgement of this Prospectus, are quoted on the ASX which is a prescribed financial market.

## **Forward-looking statements**

Certain statements in this Prospectus constitute forward-looking statements. Investors should note that these statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied values, performance or achievements expressed, projected or implied in the statements. These risks, variables and factors include, but are not limited to, the matters described in Section 1. The Company gives no assurance that the anticipated results, performance or achievements expressed or implied in those forward-looking statements will be achieved.

The Company has 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 the Prospectus, except where required by law.

## **Privacy**

The privacy obligations and policy relating to this Prospectus are contained in the privacy disclosure statement in section 13.17.

## **Photographs and Diagrams**

Photographs used in this Prospectus are for illustration purposes only and should not be interpreted to mean that any person shown in the photograph endorses the Prospectus or its contents unless stated otherwise. Similarly, any assets depicted in the photographs such as equipment, buildings or other property are not necessarily assets that are owned or used by the Company and have been included for presentation and illustrative purposes unless stated otherwise. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at the date of this Prospectus.

## **Financial Information**

Section 8 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of that information is set out in section 8.2. Financial amounts expressed in this

Prospectus are in Australia dollars unless otherwise indicated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

### **Company's website**

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the website is incorporated in this Prospectus by reference unless specified in this Prospectus.

### **Foreign jurisdictions – restrictions on distribution**

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Shares or the Offers, or to otherwise permit a public offering of securities, in any jurisdiction outside Australia, New Zealand, Hong Kong and Singapore. The distribution of this Prospectus in jurisdictions outside Australia, New Zealand, Hong Kong and Singapore may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Shares have not been, and will not be, registered under the US Securities Act 1993 (**US Securities Act**) and may not be offered or sold in the United States of America, or to, or for the account or benefit of, "US Persons" (as defined in Rule 902 under the US Securities Act) except under an available exemption from registration under the US Securities Act. The Shares may only be resold or transferred in the United States of America, or to, or for the account or benefit of, US Persons if registered under the US Securities Act or pursuant to an exemption from registration under the US Securities Act and in compliance with state securities laws. The Company is under no obligation and has no current intention to register any of the Shares in the United States of America.

### **Important Information for New Zealand Investors – Public Offer**

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made. There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

Neither the Company nor its Shares will be listed or quoted on the New Zealand Stock Exchange.

## **Hong Kong – Public Offer**

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Offer Shares have not been, and will not be, offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Offer Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Offer Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

By submitting an Application Form, each Applicant represents and warrants that if they (or any person for whom they are acquiring the Offer Shares) are in Hong Kong, they (and any such person) are a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong.

## **Singapore – Public Offer**

This document and any other materials relating to the Offer Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Offer Shares, may not be issued, circulated or distributed, nor may the Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's Shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Offer Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Offer Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

By submitting an Application Form, each Applicant represents and warrants that if they (or any person for whom they are acquiring the Offer Shares) are in Singapore, they (and any such person):

- are an "institutional investor" or a "relevant person" (as such terms are defined in the Securities and Futures Act of Singapore ("SFA"));
- will acquire the Offer Shares in accordance with applicable provisions of the SFA; and
- acknowledge that the offer of the Offer Shares is subject to the restrictions (including selling restrictions) set out in the SFA.

## **Hong Kong – Acquisition Offer**

WARNING - The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Acquisition Offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document which is or contains an invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, this document or any advertisement, invitation or document relating to the Acquisition Offer, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong).

Copies of this document may be issued to a limited number of persons in Hong Kong in a manner which does not constitute any issue, circulation or distribution of this document, or any offer or an invitation in respect of these securities, to the public in Hong Kong. In respect of the Acquisition Offer, this document is for the exclusive use of Xped Shareholders, and no steps have been taken to register or seek authorisation for the issue of this document in Hong Kong. Only the person to whom a copy of this document has been issued may take action in response to the Acquisition Offer. The Acquisition Offer is personal to the person to whom this document has been delivered, and an acquisition or subscription for securities under the Acquisition Offer will only be accepted from such person.

In respect of the Acquisition Offer, this document is confidential to the person to whom it is addressed and no person to whom a copy of this document is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this document to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with the consideration of the Acquisition Offer by the person to whom this document is addressed.

## **Malaysia – Acquisition Offer**

The offering made under this Acquisition Offer does not constitute, and should not be construed as constituting an offer or invitation to subscribe for or purchase any securities in Malaysia. The Company, by the dispatch of this Prospectus, has not made available any securities for subscription or purchase in Malaysia. This Prospectus is distributed in Malaysia for information purposes only. This Prospectus does not constitute, and should not be construed as offering or making available any securities for purchase in Malaysia.

By submitting an Acquisition Application Form, each Xped Shareholder represents and warrants that if they (or any person for whom they are acquiring the Acquisition Shares) are in Malaysia, they (and any such person) acknowledge that:

- they have not received the Prospectus in Malaysia;
- the Prospectus has not been distributed or made available in Malaysia;
- the Shares have not been, and should not be construed as having been, offered or made available for purchase in Malaysia;
- the Company has not made available, offered for subscription or purchase Shares in Malaysia; and
- they have not received nor executed the offer and acceptance documents in Malaysia.

## **Singapore – Acquisition Offer**

This document has not been lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore ("MAS") and therefore, the statutory liability under the Securities and Futures Act (Cap. 289) ("SFA") in relation to the content of prospectuses will not apply. The MAS assumes no responsibility for the contents of this document. The MAS has not in any way considered the merits of the Shares being offered pursuant to the Acquisition Offer as described in this document. You should consider carefully whether this offer is suitable for you.

This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with the exemption set out in section 273(1)(b) of the SFA or otherwise in accordance with any other relevant exemption under the SFA.

Any offer of Acquisition Shares is personal to you, as a current shareholder of Xped, and is not made to you with a view to the securities being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

## **United States – Acquisition Offer**

The Prospectus has not been filed with, or reviewed by, the US Securities and Exchange Commission or any state securities authority and none of them has passed upon or endorsed the merits of the Acquisition Offer or the accuracy, adequacy or completeness of the Prospectus. Any representation to the contrary is a criminal offence.

The Acquisition Shares to be issued pursuant to the Acquisition Offer have not been, and will not be, registered under the US Securities Act 1933 or the securities laws of any US state or other jurisdiction.



The Acquisition Offer is not being made in any US state or other jurisdiction where it is not legally permitted to do so.

US shareholders of Xped should note that the Acquisition Offer is made for the securities of an Australian company in accordance with the laws of Australia and the listing rules of the Australian Securities Exchange. The Acquisition Offer is subject to disclosure requirements of Australia that are different from those of the United States.

It may be difficult for you to enforce your rights and any claim you may have arising under US federal securities laws, since the Company is located in Australia and most of its officers and directors are residents of Australia. You may not be able to sue the Company or its officers or directors in Australia for violations of the US securities laws. It may be difficult to compel the Company and its affiliates to subject themselves to a US court's judgment.

You should be aware that the Company may purchase securities otherwise than under the Acquisition Offer, such as in privately negotiated purchases.

If you are an Xped Shareholder in the US, you will be required to provide to the Company certain representations which are customary in conjunction with your Acquisition Application Form.

## **Glossary**

Certain words and terms used in this Prospectus have defined meanings which appear in Section 15.

## **Enquiries**

If you have any questions in relation to the Offer, please contact your stockbroker or professional adviser. If you have questions in relation to the Shares and how to complete the Application Form, please call the Share Registry on 08 9324 2099 (within Australia) or +61 8 9324 2099 (from outside Australia).

## Table of Contents

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1.	Investment Overview	15
2.	Details of the Offers	36
3.	Company Overview and Transaction Rationale	47
4.	Xped	54
5.	Technical Expert Review	59
6.	Patent Report	82
7.	Investment Risks	96
8.	Historical and Pro Forma Financial Information	106
9.	Independent accountant's report	127
10.	Board of Directors and senior management	132
11.	Corporate Governance	139
12.	Summary of material contracts	146
13.	Additional information	158
14.	Consent to lodgement	174
15.	Glossary of defined terms	175

## Indicative Timetable

Event	Date
Record Date for Priority Offer	15 January 2016
Prospectus lodged with ASIC and ASX	18 January 2016
Public Offer Opening Date	18 January 2016
Priority Offer Opening Date	18 January 2016
Notice of Meeting sent to Shareholders	27 January 2016
Priority Offer Closing Date	12 February 2016
Public Offer Closing Date	19 February 2016
Acquisition Offer Closing Date	19 February 2016
General Meeting to consider the Approval Resolutions and suspension from trading	29 February 2016
Completion of Acquisition	18 March 2016
Issue of Shares under Prospectus	23 March 2016
Dispatch of Holding Statements	24 March 2016
Expected date for re-quotation of the Company's shares on the ASX (subject to satisfaction of Chapters 1 and 2 of ASX Listing Rules)	31 March 2016

This timetable is indicative only. The Company reserves the right to vary the dates, which includes closing the Offers early or extending the close of the Offers, without notifying any recipients of the Prospectus or any Applicants subject to the Corporations Act, the ASX Listing Rules and other applicable laws. Investors are encouraged to submit their Applications as soon as possible after the Public Offer opens. Furthermore, dates are dependent upon Completion, and as such, satisfaction of all Conditions Precedent, which includes ASX providing the Conditional Approval. Accordingly, the proposed dates are merely indicative and subject to a number of factors outside the control of the Company.

## Key Offer Statistics

<b>Public Offer</b>	
Public Offer Price	\$0.025
Shares available under the Public Offer	320,000,000
Total proceeds from the Public Offer <sup>1</sup>	\$8,000,000 before expenses
<b>Acquisition</b>	
Total number of Acquisition Shares <sup>2</sup>	640,000,000
Total number of Management Performance Shares <sup>2, 3</sup>	150,000,000
Maximum number of Advisor Shares <sup>3</sup>	15,000,000
<b>Post Acquisition and Offer</b>	
Existing Shares on issue prior to the Offer	718,364,311
Existing Options on issue prior to the Offer <sup>4</sup>	382,452,357

Total number of Shares on issue following the Offers <sup>5</sup>	1,693,364,311
Total number of Management Performance Shares on issue following the Offers	150,000,000
Total number of Options on issue following the Offers <sup>4, 6</sup>	412,452,357
Indicative market capitalisation of the Company at the Offer Price <sup>7</sup>	\$42,300,000
Estimated costs of the Offer and Acquisition <sup>8</sup>	\$1,755,000

Notes:

1. Assuming the Public Offer is fully subscribed.
2. Some of the Acquisition Shares, Advisor Shares and Management Performance Shares may be classified as Restricted Securities (see sections 2.18 and 13.7).
3. Details of the Management Performance Shares are set out in section 13.6.
4. Details of the Existing Options are set out in section 13.5.
5. Excludes any Shares which may be issued in the event that any Existing Options are exercised and excludes the Management Performance Shares. Assumes that the maximum number of Advisor Shares are issued simultaneously with the Acquisition Shares. Some of the Acquisition Shares and the Advisor Shares may be classified as Restricted Securities and some of the Existing Shares are subject to voluntary escrow (see sections 2.18 and 13.7).
6. Details of the EAS Options to be issued are set out in section 12.8.
7. Based on Offer Price and total number of Shares on completion of the Offer.
8. Includes payments to Global Funding Partners of \$260,000, to Xped creditors of \$170,000 and to Electro and Alanticx Technologies of a total of \$260,000 (see section 12.1).

## Proposed Use of Funds

Pursuant to the Public Offer, Raya Group will raise \$8 million. It is proposed that these funds, together the cash on hand of the Company as at 15 January 2015 (being approximately \$2,400,000) will be utilised as follows:

	Subscription		
	Year 1	Year 2	Total \$
Sales and Business development costs <sup>1</sup>	\$800,000	\$970,000	\$1,770,000
Engineering development costs	\$1,800,000	\$980,000	\$2,780,000
Research and development costs	\$400,000	\$480,000	\$880,000
Administration costs and other expenses	\$760,000	\$1,100,000	\$1,860,000
Employment costs <sup>2</sup>	\$700,000	\$850,000	\$1,550,000
Offer and Acquisition costs <sup>3</sup>	\$1,550,000		\$1,550,000
<b>Total Expenditure</b>	<b>\$6,010,000</b>	<b>\$4,380,000</b>	<b>\$10,390,000</b>

Notes:

- 1 Sales and business development costs includes sales and business development salaries.
- 2 Employment costs includes executive and administration salaries.
- 3 Balance of expected costs remaining at lodgement of Prospectus

On completion of the Offers and the Acquisition the Company has budgeted a program to expend up to \$10.4 million over the next two years.

Notwithstanding the allocations set out above, in the event that circumstances change or other beneficial opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise the benefit to Shareholders.

## Letter from the Chairman

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Dear existing and prospective investors,

On behalf of the Board of Directors of Raya Group Limited, it is my pleasure to present this Prospectus and to offer you the opportunity to participate in the future growth of the Company through this offer of securities.

On 26 October 2015 the Company announced the Acquisition of Xped Holdings Limited (**Xped**) and associated capital raising (**Transaction**), which will transform the Company into an Internet of Things (**IoT**) technology business. On completion of the Transaction, the Company will change its name to Xped Limited.

Xped is an Australian incorporated company with operations in Australia and Singapore and has developed an innovative and revolutionary Auto Discovery Remote Control (ADRC) technology platform for IoT. Xped is engaged in developing and operating an IoT technology business (Business) and owns various patents and patent applications in multiple jurisdictions in relation to its Business.

Following reinstatement to Official Quotation, the Company's primary focus will be an IoT technology business that is focused on commercialising and realising value from the Xped developed technology and the portfolio of patents it owns.

As part of the Transaction, Directors wish to provide the opportunity for existing and prospective Shareholders to invest in Offer Shares under the Public Offer. The Public Offer is an offer to the public to raise \$8 million by issue of 320,000,000 New Shares at \$0.025 each. The Offer Price represents a 28.04% discount to the 15 day volume-weighted average Share price as at 15 January 2016. Shareholders of Raya Group as well as prospective shareholders who have a registered address in Australia or New Zealand are invited to participate in the Public Offer. Eligible Raya Group Shareholders will be given the opportunity to apply for Offer Shares as part of the Priority Offer. It is proposed that the funds raised from the Public Offer and existing cash on hand will be used for business development and commercialisation of the Xped technology, as well as to cover the costs of the Offer and the Acquisition and to provide working capital to the Company.

The Company encourages Shareholders and prospective investors alike to participate in the Public Offer.

Completion of the Transaction will cause a significant change in the Company's business. The Transaction will only proceed if the Approval Resolutions are passed at the General Meeting and the Public Offer raises \$8 million and all other conditions of the Acquisition are satisfied. Accordingly, this Prospectus is also being issued to assist the Company in re-complying with Chapters 1 and 2 of the ASX Listing Rules as a result of a change to the nature and scale of the Company's activities as a consequence of the Acquisition.

This Prospectus includes details of the Offers, the Company and Xped, the assets and proposed operations together with a statement of the risks associated with investing in the Company. I recommend that you study the document carefully and seek independent professional advice before investing in the Company.

On behalf of the Directors, I invite you to consider this investment opportunity and look forward to welcoming you as a shareholder of the Company.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'A. Lekkas', written over a faint horizontal line.

Athan Lekkas  
Chairman  
Raya Group Limited

## 1. Investment Overview

The information in this Section 1 is a summary only. It should be read in conjunction with the information set out in the remainder of this Prospectus.

Topic	Summary	For more information
<b>A. Introduction</b>		
Who is issuing this Prospectus?	Raya Group Limited ACN 122 203 196 to be renamed Xped Limited (subject to shareholder approval)	
Who is Raya Group and what does Raya Group do?	Raya Group Limited is a company incorporated in Australia and previously maintained a focus in the energy sector for geothermal and oil and gas.  It currently maintains an interest in the Sokoria Geothermal Project in Indonesia and continues to seek a strategic investor for developing the project.	Section 3
What is Raya Group's Strategy?	On 26 October 2015, the Company announced that it had executed the Heads of Agreement to facilitate, upon satisfaction of the Conditions Precedent, Raya Group acquiring all of the issued capital held by the Majority Shareholders in Xped.  Xped is a technology development company that has developed and patent protected technologies that apply to the Internet of Things space. The technologies developed have the potential to disrupt this sector by simplifying how smart connected devices are designed and used.  Following reinstatement to Official Quotation, the Company's primary activity will be an IoT technology business that is focused on commercialising and realising value from its developed technology.	Sections 3.1 and 3.3
What are the key benefits of investing in Raya Group?	The key highlights of an investment in the Company (assuming the Acquisition proceeds) include: <ol style="list-style-type: none"> <li>the opportunity to participate in the benefits associated with holding Shares in a listed technology company that will be pursuing significant growth initiatives such as the ADRC licensing via channels and directly;</li> <li>following the completion of the Public Offer, the Company will gain the benefit of the injection of significant funds into the Company which will enable it to undertake preliminary actions in pursuit of its new direction and growth activities; and</li> <li>the Company will be managed by directors and officers with significant experience in the technology industry that will hold the necessary skills and a view to guiding the Company to be a significant player in that industry.</li> </ol>	Section 3.3
<b>B. Offers under the Prospectus</b>		
What are the Offers under this Prospectus?	Under the Public Offer, the Company is offering to the public (including existing Shareholders) 320,000,000 Shares at an issue price of \$0.025 each to raise \$8 million.	Section 2

Topic	Summary	For more information
	<p>The Priority Offer (of up to 20,000,000 Offer Shares) to Eligible Raya Group Shareholders forms part of the Public Offer.</p> <p>This Prospectus also contains the Acquisition Offer, being an invitation to all Xped Shareholders to transfer title in all their Xped Shares to the Company in consideration for the issue and allotment to them of a prescribed number of Acquisition Shares. No funds will be raised from this issue.</p>	
<p>Are there any conditions to the Offers?</p>	<p>The Acquisition Offers and the issue of any Offer Shares under the Public Offer are conditional upon satisfaction or waiver of the Acquisition Conditions.</p> <p>If any of the Acquisition Conditions are not satisfied or waived then the Company will not proceed with the Acquisition or issue any Shares under this Prospectus and the Company will repay all Application Monies without interest in accordance with the Corporations Act.</p>	<p>Sections 2.3 and 2.15</p>
<p>Why are the Offers being conducted and why has the Prospectus been issued?</p>	<p>The Public Offer is being conducted to:</p> <ol style="list-style-type: none"> <li>1. provide funding for business development and commercialisation of the technology;</li> <li>2. meet the expenses of the Offer and the Acquisition;</li> <li>3. provide working capital; and</li> <li>4. satisfy certain requirements for the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.</li> </ol> <p>The Acquisition Offers are being conducted under this Prospectus:</p> <ol style="list-style-type: none"> <li>1. to facilitate secondary trading of the Acquisition Shares (subject to any ASX imposed escrow); and</li> <li>2. to comply with the disclosure requirement under section 706 of the Corporations Act, to the extent that none of the exemptions in section 708 of the Corporations Act are applicable.</li> </ol>	<p>Section 3.4</p>
<p>What is the allocation policy?</p>	<p>The Company has discretion regarding the allocation of Offer Shares between the Priority Offer and the remainder of the Public Offer.</p> <p>The Company also has absolute discretion as regards to allocation amongst applicants within the Priority Offer, however, the Directors intend to process applications under the Priority Offer on a first come first served basis (subject to the need to meet ASX requirements regarding the number of Shareholders with marketable parcels) and as such the Directors recommend that any Eligible Raya Group Shareholders wishing to apply under the Priority Offer submit their applications as soon as possible after the Priority Offer opens. Further, the Company may reject any Application under the Public Offer, or allocate a lesser amount of Offer Shares than those applied for, in its absolute discretion.</p>	<p>Section 2.8</p> <p>Section 2.13</p>
<p>Will the Shares be listed?</p>	<p>The Company will apply for quotation of New Shares on the ASX (subject to ASX imposed escrow). Completion of the</p>	<p>Section 2.17</p>



Topic	Summary	For more information
	Offers is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offers will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	
<b>C. Proposed Acquisition of Xped</b>		
What does the proposed Acquisition involve?	The proposed Acquisition involves the Company acquiring all of the Xped Shares, being 100% of the issued capital of Xped Limited from the Xped Shareholders in consideration for the issue of the Acquisition Shares.	Section 12.1
What are the key terms of the Acquisition?	<p>In consideration for acquiring all of the Xped Shares, the Company will issue 640,000,000 Acquisition Shares to the Xped Shareholders.</p> <p>Raya Group paid a \$50,000 non-refundable initial payment on execution of the Heads of Agreement. On Completion Raya Group is required to pay various creditors of Xped (including Related Parties) a total amount of up to \$690,000, as directed by Xped.</p> <p>Pursuant to the terms of the HOA, the Company will also issue 150,000,000 Management Performance Shares to Xped Key Management</p> <p>Completion is subject to the satisfaction or waiver of a number of Acquisition Conditions.</p> <p>On Completion, the Board will change such that it will comprise Mr Athan Lekkas, Mr Michael Clarke, Mr John Schultz and Mr Christopher Wood (with Mr Christopher Wood acting as Chairman).</p>	Section 12.1
What approvals are being sought at the General Meeting	<p>Various approvals are sought at the General Meeting relating to the Acquisition and the Offer including:</p> <ol style="list-style-type: none"> <li>1. approval of the Xped Acquisition - Change in Activities;</li> <li>2. approval of the issue of Acquisition Shares and Management Performance Shares;</li> <li>3. approval of the issue of Offer Shares under this Prospectus;</li> <li>4. approval of the issue of Shares to Advisers;</li> <li>5. adoption of new Constitution; and</li> <li>6. change of Company Name.</li> </ol>	Section 3.9
Why is the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules?	<p>As the Acquisition will significantly change the nature and scale of the Company's activities, the Company is required to re-comply with Chapters 1 and 2 of the ASX Listing Rules.</p> <p>In accordance with the ASX Listing Rules, the Company will be suspended from trading from the time of the General Meeting until the Company completes the Acquisition and re-complies with Chapters 1 and 2 of the ASX Listing Rules.</p>	Section 3.8

Topic	Summary	For more information
<b>D. Business Model of Xped</b>		
What is the nature of Xped's business?	<p>Xped's innovative and revolutionary Auto Discovery Remote Control (ADRC) IoT Platform Technology is now entering the commercialisation phase. Xped is currently engaged in discussions with a number of parties in Australia and Asia to seek to commercialise its technology and has entered a number of MOUs in this regard.</p> <p>To further drive acceptance and implementation of Xped's technology in a rapidly changing market, Xped has developed the following business model:</p> <ol style="list-style-type: none"> <li>1. IP Licensing <p>Xped's core business is to license ADRC to be integrated into 3rd party products.</p> <p>A diverse offering ensures IP can be integrated at multiple stages in a product's development cycle. The IP can be packaged and licensed in several forms including supplying a software stack, a pre-programmed chip or a chip on a module.</p> <p>Providing solutions that target semiconductor vendors, product designers and manufacturers provides greater flexibility and minimises barriers to entry.</p> </li> <li>2. Seed Market <p>Xped have designed a range of consumer and industrial products that would be made available through local and international distribution.</p> <p>The preferred model is for these designs to be licensed as reference designs for 3rd party Original Equipment Manufacturers (OEMs) to manufacture and sell through their own channels. Xped would receive a royalty for each unit produced.</p> </li> <li>3. Service Revenue <p>Xped's platform disrupts industry business models by transforming manufacturers from box movers to service providers fostering direct relationships between all stakeholders. The platform provides the ability to monetise services with revenue streams coming from cloud service charges through to e-commerce.</p> <p>Xped will continue to develop and explore opportunities to commercialise these services through partners.</p> </li> </ol>	Section 4
What are Xped's key objectives?	<ol style="list-style-type: none"> <li>1. To commercialise its developed ADRC technology.</li> <li>2. Grow and expand its business development via key partnerships.</li> <li>3. Innovate and extend its IP portfolio.</li> <li>4. Have a direct presence in US &amp; Europe, in addition to Asia and Australia.</li> <li>5. Indirect distribution of ADRC via Global Semiconductor company.</li> </ol>	Section 4.3

Topic	Summary	For more information
How will the Company finance its ongoing operations?	The Company is seeking the funds from the Public Offer to ensure it will have sufficient cash to expand operations and seek business development and opportunities with third parties wishing to commercialise and integrate the ADRC technology in the coming 2 years.	Section 3.4
What are the material contracts that will affect Xped's operations?	Xped currently holds and is seeking to enter a number of non-binding agreements with various third parties seeking to commercialise on the ADRC technology. There is currently in place an MoU with Tytronics to co-develop thermostat products to be distributed and sold throughout the HVAC market. Additionally, Xped has entered an MOU with Vital Xense Pte Ltd in Singapore pursuant to which both Xped Global and Vital Xense Pte Ltd intend to collaborate on the building of an end to end Internet of Things service, to simplify and accelerate the creation, deployment and management of connected products and solutions.	Section 12
Who are Xped's key customers?	<p>Xped's key target customer priority base is the manufacturer or OEM of electronic equipment.</p> <p>The application for ADRC has wide appeal and is horizontal in nature, however, Xped believes that certain industry verticals would trigger greater acceptance given the nature of the problems and issues faced in these sectors.</p> <p>Medical devices for remote monitoring and diagnosis – User base is largely technology challenged 65+ demographic. Market expected to be US\$22B by 2018.</p> <p>Home Security &amp; Surveillance where significant growth opportunities exist but is hampered by ease of setup. Market expected to be US\$42B by 2020.</p> <p>Sensors will play a significant part in most IoT deployments. Their role in triggering events they measure drives the IoT. Initial focus will be on the role sensors play in Data Centres. Market expected to be US\$10.46B by 2020.</p>	Section 4
What is the competition facing the business?	<p>Three major challenges facing companies wishing to expand into the IoT business are meeting a real consumer need, being able to create a great physical and software user experience and developing a business model that works both in the hardware and digital realms.</p> <p>Some of the technologies in the IoT space include HomeKit (Apple), Brillo &amp; Weave (Google), AllSeen Alliance, OIC, ZigBee and Z-Wave. These are all closed proprietary systems and will not interoperate with each other.</p> <p>In contrast, ADRC is built with an open technology philosophy and thus provides the capability to integrate with these technologies in the future.</p>	Section 4.6.
What are Xped's essential assets?	Xped holds the following patents and patent applications. Details of the status of each patent application are set out below and in the Patent Report in Section 1.	Section 1

Topic	Summary	For more information
	<p>1. <b>ADRC:</b></p> <p><b>US Patent 9,136,913, An arrangement for managing wireless communication between devices</b></p> <p>Status:</p> <p>(a) Granted in: USA, Japan, Russia, Mexico, South Africa. A subsequent continuation patent has been applied for in the USA to enhance aspects of the original granted patent.</p> <p>(b) Pending in: a number of jurisdictions including China, EU and Australia.</p> <p>This patent protects technologies that simplify the process of connecting to, controlling and monitoring devices over a wireless or wired communications link.</p> <p>The core technology described in this patent is Auto Discovery Remote Control (ADRC) and allows a controller to tap a device that:</p> <p>(a) establishes a secure wireless communication link between the controller and the device; and</p> <p>(b) for the device to describe itself to the controller such that its API is known, its data is described, a preferred graphical user interface can be displayed thus allowing the controller to control and monitor the device.</p> <p>In more detail, the “tap” utilises a very short range radio transmission to transfer data between the device and the controller, such as the Near Field Communications (NFC) system commonly found in smartphones. This data contains security keys and other information sufficient to establish a secure longer range wireless link between the controller and the device. This longer range link could be 802.15.4, Bluetooth, Wifi or other similar radio systems. Once this link is established, the controller and device are now “paired” and additional information is transferred from the device to the controller in a file that describes the device. The file is based on a new software language that has been specifically developed to describe devices and resources called Resource Modelling Language (RML). Software in the controller (an app for example) interprets the RML code which allows the controller to display a user interface, including all the controls and indicators needed to control and monitor the device.</p> <p>This process can be summarised by saying that the device describes itself to the controller. This “teaching” process means that controllers do not need any prior knowledge of a device to interact with it. Thus any device that utilises ADRC can be controlled with a single app on the controller, whether the device has been invented yet or not. By way of comparison, as a single web browser app can interact with any web site through the use of a common language (HTML), a single device browser app can interact with any ADRC enabled device using a</p>	

Topic	Summary	For more information
	<p>common language (RML).</p> <p>Utilising a hub, the device can be connected to the Internet allowing it to be controlled and monitored wirelessly both locally and remotely.</p> <p>2. <b>Retail:</b></p> <p><b>US Patent 2011/0270712, An arrangement for managing mobile device access to precinct regions containing services and products and information</b></p> <p>Status:</p> <p>(a) Pending – previously rejected, appeal has been filed in USA.</p> <p>(b) Granted in: No jurisdictions.</p> <p>(c) Pending in: Hong Kong</p> <p>This patent protects technologies that allow a controller to gather “scope defined” information regarding a good or service by tapping a controller to a Kiosk.</p> <p>The controller can be an NFC equipped smartphone and the Kiosk could be an NFC Point of Sale (POS), Smart Sign, or other type of terminal.</p> <p>When the controller is tapped to the Kiosk, data is transferred to the controller that is relevant to information relating to goods or services specifically linked to a region, location or “Precinct”. Thus a system containing several Kiosks could provide information to a user that is specific to the location of those Kiosks. This “Scope Reduction” is used to filter information provided making it relevant and of interest to a user.</p> <p>Additionally, since the location of a Kiosk can be very accurately known (within centimetres), systems that incorporate these Kiosks can provide “Location Validation” allowing a user to know their location very accurately rather than relying on GPS, or indoor tracking systems.</p> <p>An example of how this technology might be used is as follows. A user might tap their phone to a Kiosk at an entrance of a shopping mall and an app will provide information on all the shops and their location in that mall. The user may make their way to a department store and tap their phone on another Kiosk as they enter. The information displayed now shows the goods and services available within that store, including showing that there is a sporting goods section. The user makes their way to the sporting goods section and taps on a Kiosk located there. The user discovers that a range of tennis racquets are on sale and decides to make a purchase of one particular racquet based on detailed information provided by the manufacturer of that racquet and the cost price provided by the store.</p>	

Topic	Summary	For more information
	<p>3. <b>Ping:</b></p> <p><b>US Patent 2013/0225077, Wireless device detection and communication apparatus and system</b></p> <p>Status:</p> <p>(a) Responding to current office actions.</p> <p>(b) Granted in: Singapore.</p> <p>This patent protects technologies that form the basis for ultra-low power communication systems.</p> <p>A communication transport layer is developed to allow data to be transferred wirelessly over short distances (several centimetres) between devices using extremely small amounts of power. This has been achieved by eliminating the need to generate and transmit a carrier that is needed to be modulated to transmit data. The system uses very short pulses (Ping pulses) to transmit data over short distances using a coil located in each device. This Near Field Ping system (NFP) utilises several orders of magnitude less power than existing Near Field Communication (NFC) systems commonly found in smartphones today. Also NFP can be implemented with very little restriction on the coil design, from just a few turns, to many turns. Additionally coils of only a few millimetres in diameter to very large geometries can be accommodated, significantly simplifying its adoption into a wide range of devices and environments.</p> <p>The system has also been developed such that a single coil in a device can transmit and receive data using NFP and NFC allowing interoperability between these systems. Additionally the same single coil can be utilised to receive power from a wireless charging system to charge a battery in the device.</p> <p>This technology is specifically designed to enable a new generation of ultra-low power sensor systems utilising reduced battery, battery-less or energy harvesting systems, making it an ideal candidate for IoT solutions that require low power characteristics.</p> <p>4. <b>Wand:</b></p> <p><b>US Patent 2015/0044966, Method and apparatus for forming association and communicating between devices</b></p> <p>Status:</p> <p>(a) Pending in: a number of jurisdictions including USA, EU and Australia</p> <p>(b) Granted in: no jurisdictions.</p> <p>This patent protects technologies that simplify wirelessly connecting/pairing several ADRC enabled devices by</p>	

Topic	Summary	For more information
	<p>simply tapping each with a pairing device call a Wand.</p> <p>By tapping the Wand to each ADRC enabled device, information is gathered that allows the two or more devices to be paired with each other and/or to a hub, allowing data to be transferred between these devices wirelessly. This significantly simplifies and speeds up the process of pairing wireless devices as compared with today's methods.</p> <p>A NFC equipped smartphone can be utilised as a Wand, however other devices can be equipped with this technology to form a Wand, such as a small pen like device, a memory stick, key ring, etc.</p> <p>A custom made Wand device is advantageous when it is undesirable for a system installer to use their own personal smartphone, or if an NFC equipped smartphone is not readily available.</p> <p>An example of how this technology might be used is that a wireless printer and a desktop computer equipped with ADRC or an ADRC dongle can be wirelessly connected by simple tapping each using a Wand. Both are immediately paired and ready for printing.</p> <p>5. <b>Xerts:</b></p> <p><b>US Patent 9,037,708 Remote Control Arrangement</b></p> <p>Status:</p> <p>(a) Granted in: USA, China, Australia, Mexico, South Africa.</p> <p>(b) Pending in: a number of other jurisdictions.</p> <p>This patent protects technologies that form the basis of an advanced content delivery system that allows content to be activated or "triggered" under specified conditions.</p> <p>Delivery of digital content, such as video, pictures, advertisements, payment data, etc. can be initiated, over a short range wireless link, such as Near Field Communication (NFC) or Ping, from a suitably equipped Kiosk or other device such as a Point of Sale Terminal to a smartphone when the phone is tapped to the device.</p> <p>In this invention, the primary digital content that is delivered is also accompanied with some additional associated content such as coupons and advertisements and trigger conditions. The trigger conditions determine when and how the associated content is activated. Until triggered, the associated content remains in memory... sleeping. An app or service running on the phone processes the trigger data and then waits for the trigger conditions to become true. A trigger condition could be determined by a geographic location, time and date, detection of an event, NFC tap, etc. or any combination of these. Once the trigger event occurs, the associated content is presented. This may cause a message to be displayed to a specified user or group of users, initiate a</p>	

Topic	Summary	For more information
	<p>firmware update, display a coupon, provide a discount on a purchase, etc. The type and action of the trigger event is determined by the designer of the associated content.</p> <p>An example might be that a restaurant chain may encourage their customers to tap on the store's NFC Kiosk or POS terminal as part of a loyalty program or payment. In doing so they might receive a coupon that is triggerable to coincide with the chain's discount program scheduled to begin the following month. The sleeper coupon remains in memory until the date and time the discount program begins. At that time, the coupon is triggered, an indication made to the user of the phone that a special offer is available and the coupon becomes activated and available for use. It offers a discount if the customer returns to the store to make a purchase within 7 days.</p> <p><b>6. Multicontroller:</b></p> <p><b>US Patent 2013/0176106 Remote Control and Remote Control Systems</b></p> <p>Status:</p> <p>(a) Pending in: USA, responding to final office action.</p> <p>(b) Granted in: Mexico, Singapore, South Africa.</p> <p>This patent protects technologies associated with forming multiple networks consisting of multiple devices, their grouping, security and access controls.</p> <p>A complex network may consist of multiple users that wish to access many devices including multiple appliances and controllers. The appliances may include AV equipment, lights, air conditioners, security systems, door locks, etc. A number of controllers may exist within this environment, including personal smartphones, common area remote controls, wall mounted panel controls, etc. In these environments it is necessary to simplify how the system is managed. This patent covers the field of forming and managing multiple networks to aid in access control of certain devices or groups of devices. For example, it may be beneficial to have common access of all users to devices such as TV, DVD, fan, lights, etc. on one network. However, it may be preferable to have the security systems, associated control panels and alarms on a separate network to restrict access to certain users or controllers.</p> <p>This patent also details and overcomes the complexities of managing multiple controllers within a complex networked environment, including ensuring that all controllers are synchronised and reflect the current state of each device. In this way if one controller is used to turn on a bedroom light for example, all controllers on that network will update to reflect that the bedroom light has in fact been turned on.</p>	



Topic	Summary	For more information
	<p><b>7. Device Metastate Indicator:</b></p> <p><b>US Patent 14/773721 Remote Control Arrangement (Name to change to Device Metastate Indicator)</b></p> <p>Status:</p> <p>(a) This patent is transitioning from PCT phase to National phase at this time.</p> <p>(b) Granted in: no jurisdictions.</p> <p>(c) Pending in: USA..</p> <p>This patent protects the method of indicating the state of a device.</p> <p>Devices can have several states, including initial, final, or transition, etc.</p> <p>For example a roller door may have an initial state of “down”. If a controller is used to command the door to rise to the “up” state; some time is needed to pass while the door is opening. This intermediate time and state is referred to as the transitional state. In some cases, such as the roller door example, this time may be significant, whereas in other cases, such as turning on or off a light, the time between states is imperceptible. In any case it is necessary to clearly communicate to one or more users of the system the current state of a device.</p> <p>In this patent, a method of indicating states has been developed to communicate to the user of a controller the current state that a device is currently in, including if the state is unknown, or there is an error with the device. In the current example, if the user is out of wireless range of the roller door, or if the door has jammed causing a fault, the user will be made aware of these states.</p>	
<b>E. Risks</b>		
<p>What are the key risks to Raya Group?</p>	<p>Prior to making an investment decision with regard to the IoT industry, investors should carefully consider the risk factors, all of which may affect the Company and the industry in which it will operate.</p> <p>The business activities of the Company are and will continue to be subject to normal business risks and uncertainties and there may be many factors that could affect the future performance of the Company. Some of these risks and uncertainties may be mitigated by the use of safeguards, appropriate systems and contingencies. However, some risks may be outside the control of the Company and not able to be mitigated. Additionally, there are also a number of risk factors that are specific to the Company.</p> <p>The Company believes that the key specific risks relating to its business and the Offer include:</p> <p><b>1. Completion Risk, and re-quotations of shares on ASX</b></p> <p>The Acquisition is subject to a number of Acquisition Conditions. If these conditions are not satisfied or waived</p>	<p>Section 1</p>

Topic	Summary	For more information
	<p>by the relevant due date, the Acquisition may not proceed, in which case the Company will need to evaluate its future strategy.</p> <p>In addition, one of the Acquisition Conditions is that all necessary regulatory approvals pursuant to the Listing Rules are met. The acquisition of Xped constitutes a significant change in the nature and scale of the Company's activities and the Company needs to comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of the ASX.</p> <p>There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotations of its Shares and Options on the ASX, which would result in the investors' funds being returned, and the Acquisition not being completed. Should this occur, the Shares and Options will not be able to be traded on the ASX until such time as those requirements can be met, if at all.</p> <p><b>2. Protection of IP/IT</b></p> <p>At the core of Xped's business is its proprietary application software and the intellectual property at the core of the Xped Technology is key to its success. There is a risk that other individuals or companies may claim to have any interest in the intellectual property utilised in Xped Technology.</p> <p>If Xped fails to protect its Xped Technology intellectual property rights adequately, competitors may gain access to Xped Technology or parts of it which may harm its business and following the Acquisition, the Raya Group and the value of the Shares.</p> <p>In addition, there may well be significant value attached to the trademarks and other similar forms of intellectual property associated with the Xped brand. Failure by Xped to adequately protect against infringements of intellectual property associated with its brand may result in significant damage to that brand and ultimately the value of the Shares.</p> <p>Effective patent, trademark, copyright and trade secret protection may not be available to Xped in every country in which the Xped Technology may eventually be launched. Accordingly, despite its efforts, Xped may not be able to prevent third parties from infringing upon or misappropriating its intellectual property in that country.</p> <p><b>3. Dependence on the Internet and telecommunications infrastructure</b></p> <p>The success of Xped Technology and products will depend to some extent on:</p> <p>(a) the availability and stability of telecommunications infrastructure, and in particular the infrastructure over which devices directly communicate with each other; and</p>	

Topic	Summary	For more information
	<p>(b) the Internet.</p> <p>The utility of both connectivity and the Internet for carrying communications between devices can be adversely impacted upon as a result of the rapidly increasing demands for bandwidth, data security, reliability, cost, accessibility and quality-of-service. Delays in the development or adoption of new standards and protocols to handle these increased demands may impact on the adoption of Xped Technology and ultimately the success of Xped's business. The performance of the Internet has been harmed by "viruses," "worms" and similar malicious programs, and the Internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure.</p> <p>Importantly, Xped's ADRC is agnostic of the transmission technology used. A wide range of wireless as well as wireline options can be used and would be dependent upon the application and development resources. This is a decision made by the manufacturer on what best suits the needs of their customers.</p> <p>Please note that Xped's ADRC platform does not rely on access to the internet to function, however the experience may be enhanced if connection is made</p> <p><b>4. Standardisation Risk</b></p> <p>Whilst Xped is hopeful that its ADRC technology may present the opportunity for adoption as a future standard, because of the activity by others at this time in this sector using different standards, no assurance can be given that Xped's technology will be adopted as the standard in this sector.</p> <p><b>5. Commercialisation Risk</b></p> <p>Commercialisation of Xped's technology will require Raya Group to identify appropriate vendors, product designers and manufacturers and negotiate agreements on commercial terms to generate royalty and licence fee based revenue income. Whilst Xped is in either collaboration arrangements or proof of concept trials with a number of international and Australian companies, it does not at this time have a licence agreement with any third parties and no assurance can be given that Xped will be successful in entering into such agreements.</p> <p><b>6. Hacker risk, Technology / disruption / corruption / systems failure</b></p> <p>Security concerns and the possibility of data corruption and data manipulation are particular concerns with NFC technology. Where consumers perceive that ADRC is insecure and open to being hacked then the adoption of Xped Technology may be impacted. This may ultimately impact on the success of Xped's business.</p>	

Topic	Summary	For more information
	<p>Whilst Xped have sought as part of the design of their ADRC technology to incorporate security aspects, at the present time this security design is still being investigated and no assurance can be given at this time that Xped's technology will be immune from the usual range of IoT technology risks.</p> <p>To mitigate any risks associated with NFC security, Xped will be implementing changes to the hardware design to include an AES encryption engine.</p> <p><b>7. Extensive competition</b></p> <p>There is a great deal of interest in the “Internet of Things” and device connectivity. Accordingly there is huge potential future competition and there can be no assurances that the competitive environment will not change adversely due to actions of competitors or changes in customer preferences.</p> <p><b>8. Loss of key personnel</b></p> <p>The Company will rely heavily on the experience and knowledge of John Schultz and Christopher Wood. In the event that any of these persons or any other key personnel that the Company subsequently recruits leaves the Company and the Company is unable to recruit suitable replacements, such loss could have a materially adverse effect on the Company.</p> <p><b>9. Research and Development Risks</b></p> <p>Investments in research and development technologies such as the Xped Technology are often uncertain or unproven, and the exact value of those assets may not be known at the time that the Company acquires them.</p> <p><b>10. Material arrangements</b></p> <p>Xped and its subsidiaries have entered a number of non-binding arrangements, by way of memorandums of understanding. These arrangements by their nature may be nonbinding and unenforceable. As such, in the event that the other parties to these arrangements fail to perform their obligations, the Group may have no right to enforce the provisions of these arrangements through legal action.</p> <p><b>11. Relationships with suppliers</b></p> <p>The Company will rely on sourcing products from various suppliers and any material adverse change in the Company’s relationships with its suppliers, its terms of trade, or the ability of key suppliers to service orders could have an adverse impact on the Company’s prospects.</p> <p>It is important to note, however, that the business model for Xped is licensing of IP, or firmware. As such, its business revolves largely around the supply of software and does not heavily rely upon the supply of other</p>	

Topic	Summary	For more information
	<p>products.</p> <p>In areas where supply of components is necessary, i.e. to provide that same IP on a module, multiple avenues of supply will be available. Xped's ADRC is agnostic of the chip supplier and Xped is in discussions with several semiconductor firms to ensure that problems with availability are mitigated.</p> <p><b>12. Growth prospects and company expansion plans</b></p> <p>The Company's growth prospects are dependent upon a number of factors, including general acceptance by manufacturers to adopt an open application approach.</p> <p>If the Company fails to execute any expansion plan, its financial performance is likely to be negatively affected.</p> <p>Xped recognises that any exponential growth will be achieved through partnerships it creates. ADRC has diverse appeal and application and as such the partnerships either formed or being created are in a diverse set of industry verticals.</p> <p>Xped is also taking proactive steps to enter verticals where it feels significant benefits to consumers would be realised quickly. Raising the visibility of the ADRC technology through these avenues will bring further interest from other potential partners. This is known as Seeding the market and is used for similar purposes by other companies involved in IP Licensing.</p> <p><b>13. Regulatory risks</b></p> <p>Currently there are few IoT-specific laws and regulations. However in Australia, IoT-based technologies may be impacted by informational privacy laws. Such laws differ from jurisdiction to jurisdiction.</p> <p>In Australia, the collection, use, storage and disclosure of "personal information" is principally regulated by the <i>Privacy Act 1988</i> (Cth) (<b>Privacy Act</b>). The Privacy Act does not prohibit IoT-based technologies but it could in certain circumstances impose additional compliance obligations on businesses who use or commercialise those technologies.</p> <p>The compliance obligations under the Privacy Act only extend to "personal information". The term "personal information" is defined in the Privacy Act to mean (in summary) information or an opinion about an identified individual, or an individual who is reasonably identifiable.</p> <p>If the ADRC IoT Platform Technology collects data which falls within the definition of "personal information", then the compliance regime under the Privacy Act will apply to the Company in respect of the collection, use, storage and disclosure of that "personal information".</p> <p>If the data collected by the ADRC IoT Platform Technology does not (by itself) constitute "information or an opinion about an identified individual" (such a device</p>	

Topic	Summary	For more information
	<p>MAC address, an IP address or event metadata), it is still possible that such data could be aggregated with other datasets which, together, could be considered personal information.</p> <p>The Company will take steps to ensure compliance with any applicable requirements of the Privacy Act.</p> <p>In addition there may be in increased regulation and therefore increased regulatory compliance costs for Xped's business in respect of such areas as:</p> <ul style="list-style-type: none"> <li>(a) spectrum management;</li> <li>(b) interoperability and open systems;</li> <li>(c) network resilience and Security;</li> <li>(d) security and data privacy;</li> <li>(e) data sharing; and</li> <li>(f) numbering.</li> </ul> <p>See section 4.2(c) for more detail.</p> <p>As laws and regulations develop around each of these areas in jurisdictions in which devices using Xped Technology are located, or in which data necessary for the application of that technology is collected, transferred, accessed, stored or analysed, there may be increased regulatory compliance costs for Xped's business. However, these costs may be off-set to some degree by the increased take up and adoption of IoT applications in general, and Xped's technology in particular as consumer confidence in the security, safety and reliability of these IoT technologies increase.</p>	
<b>F. Financial Information</b>		
<p>What are the key financial metrics?</p>	<p>Details regarding the Company's financial history are available on its website <a href="http://www.rayagroup.com.au">www.rayagroup.com.au</a> and on the ASX website <a href="http://www.asx.com.au">www.asx.com.au</a>.</p> <p>At 30 June 2015 the Company had:</p> <ol style="list-style-type: none"> <li>1. cash balance of \$414,146;</li> <li>2. total assets of \$3,534,171;</li> <li>3. net assets of \$3,145,041; and</li> <li>4. shareholders' equity of \$3,145,041.</li> </ol> <p>The above financial information for the year ended 30 June 2015 is based on the audited financial statement of Raya Group.</p> <p>Further financial information regarding the Company is considered in the Investigating Accountant's Report in Section 9 of this Prospectus.</p>	<p>Section 8</p>
<b>G. Key Terms of the Public Offer</b>		
<p>What will the Public Offer raise under this</p>	<p>The Public offer will raise \$8 million by offering 320,000,000 Shares at an issue price of \$0.025 each.</p>	<p>Section 2.1</p>

<b>Topic</b>	<b>Summary</b>	<b>For more information</b>
Prospectus?		
What is the Offer price?	The offer price is \$0.025 per Share.	Section 2.1
How will the proceeds of the Offer be used?	Proceeds are intended to be used to commercialise and licence Xped's technology, to generate working capital and to pay the costs of the Offer and the Acquisition.	Section 3.4
Is the Offer underwritten?	The Public Offer is not underwritten.	Section 2.5
Who is the Lead Manager?	KTM Capital Pty Limited	Section 12.2
What will the market capitalisation of the Company be upon listing on the ASX?	The market capitalisation of the Company on re-admission is expected to be approximately \$42.3 million (calculated at the Offer Price).	Section 2.1
What are the key dates of the Offer?	<p>Public Offer Opening Date -</p> <p>Record Date for Priority Offer –</p> <p>Priority Offer Opening Date -</p> <p>Priority Offer Closing Date -</p> <p>Public Offer Closing Date –</p> <p>General Meeting and suspension from trading -</p> <p>Acquisition Offer Closing Date -</p> <p>Completion of Acquisition -</p> <p>Issue of Shares -</p> <p>Dispatch Holding Statements -</p> <p>Expected date for re-quotations of the Company's shares on the ASX -</p> <p>This timetable is indicative only. The Company reserves the right to vary the dates, which includes closing the Offers early or extending the close of the Offers, without notifying any recipients of the Prospectus or any Applicants subject to the Corporations Act, the ASX Listing Rules and other applicable laws. Investors are encouraged to submit their Applications as soon as possible after the Public Offer opens. Furthermore, dates are dependent upon Completion, and as such, satisfaction of all Acquisition Conditions, which includes ASX providing the Conditional Approval.</p>	Section 2.2
What are the costs of the Offers and the Acquisition and who is paying them?	The total estimated costs of the Offers and the Acquisition, which will be borne by the Company, are estimated at \$1.76 million and include lead manager fees, legal and accounting fees, ASIC and ASX fees, prospectus printing costs, miscellaneous expenses and various payments to Xped creditors (\$430,000) and Global Funding Partners (\$260,000).	Section 13.13
Is there brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offers.	Section 2.7

Topic	Summary	For more information
When will I receive dividends on the Shares?	The Company does not intend to declare a dividend in the coming financial year. The Company may distribute dividends in the future based on future growth prospects and capital requirements.	Section 2.19
What are the tax implications of investing in the Company?	The taxation implications of investing in Shares will depend on an investor's individual circumstances. Applicants should obtain their own tax advice or financial planning advice prior to investing.	Section 13.10
How do I apply for Share?	<p>Applications for Shares can be made as set out in this Prospectus. Applications for Offer Shares under the Public Offer can be made by completing the Application Form at the end of this Prospectus and making payment of Application Monies as set out in this Prospectus.</p> <p>Eligible Raya Group Shareholders may apply for Offer Shares under the Priority Offer by completing the personalised Priority Offer Application Form sent to them with the Prospectus and making payment of Application Monies by cheque or making payment of Application Monies by Bpay as set out in this Prospectus.</p> <p>Xped Shareholders may apply for Acquisition Shares by completing the personalised Application Form sent to them with the Prospectus.</p>	Section 2
When will I receive confirmation that my Application has been successful?	Holding statements, confirming Applicants' allocations under the Offers, are expected to be dispatched to Shareholders on 24 March 2016.	Section 2.2
How can I obtain further information?	By speaking to your stockbroker, solicitor, professional adviser, banker or accountant.	
How can I contact the Company?	For contact details, see the Corporate Directory at the end of this Prospectus.	Corporate Directory
<b>H. Directors and Key Management</b>		
Who are the Directors of the Company and what is their expertise?	<p>The Company's current Directors are:</p> <ol style="list-style-type: none"> <li>1. Athan Lekkas, Non-Executive Chair;</li> <li>2. Michael Clarke, Non-Executive Director; and</li> <li>3. Dr Brendan De Kauwe, Non-Executive Director.</li> </ol> <p>On Completion, Dr Brendan De Kauwe will resign and the following directors will be appointed:</p> <ol style="list-style-type: none"> <li>1. John Schultz, Executive Director; and</li> <li>2. Christopher Wood, Executive Director and Chairman.</li> </ol> <p>On Completion, Mr Lekkas and Mr Clarke will be Executive Directors.</p> <p>The following provides a snapshot of the expertise of each person who will be a directors or member of senior management following Completion:</p>	Section 10.1
	<i>Current Non-Executive Chairman/Proposed Executive Director (Chief Operating Officer) - Athan Lekkas</i>	



Topic	Summary	For more information
	<p>Athan has participated in a broad range of business and corporate advisory transactions, and has focused and specialised on the restructure and recapitalisation of a wide range of ASX Listed companies including those in the resource and technology sectors.</p> <p>Most recently Athan has completed successful turn around projects in manufacturing, logistics and implemented successful operational changes restoring companies into profitability.</p> <p>Athan is currently a Director of First Growth Funds Limited.</p>	Section 10.1
	<p><i>Proposed Executive Director (Head of Engineering) - John Schultz</i></p>	
	<p>John Schultz is a serial entrepreneur founding and successfully growing several companies over the last two decades specialising in the design, manufacture and business development of electronics systems. John has a wealth of experience running design and manufacturing businesses, managing staff and subcontractors and secured significant international business exporting vehicle immobilisers to Malaysia for aftermarket distribution and direct fit to Honda. This contract saw a peak of 30 employees locally employed and managed at Technology Park. John's involvement in this project will encompass system specification, design, product design and manufacture, resource management and developing initial commercialisation opportunities.</p>	Section 10.1
	<p><i>Proposed Chairman and Chief Executive Officer - Christopher Wood</i></p>	
	<p>Chris has extensive experience in large telecommunications companies developing mission critical software applications. Chris has architected projects worth up to \$200M and supported by a pool of 200 IT staff. Chris is a domain expert in the areas of GPS, inertial sensors and communications. Chris also possesses substantial technology development commercialisation experience. In 2003 Chris founded Neve Technologies Pty Ltd, a company which developed and commercialised an augmented GPS system for positioning vehicles in areas where GPS signals are severely degraded. In the commercialisation process Chris established a joint venture with the University of South Australia. Neve secured COMET funding, raised capital and successfully commercialised its technology internationally.</p>	Section 10.1
	<p><i>Current Non-Executive Director/Proposed Executive Director (Head of IT) - Michael Clarke</i></p>	
	<p>Michael 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. Michael has consulted and provided services to a variety of industries including manufacturing, mining and resources, government and education.</p>	Section 10.1

Topic	Summary	For more information	
	Michael is currently a director of First Growth Funds Limited.		
	<i>Proposed Senior Management (Head of Asia) - John Stefanac</i>		
	John joined Xped in May 2014 from Qualcomm, where he served as President of Southeast Asia & Pacific. John is head of Asia and is responsible for all aspects of Xped business including market strategies, company direction, and business operations in that region. He has more than 30 years of experience in the telecommunications and information technologies industries. Prior to Qualcomm John was with Nokia where he served as Vice President and General Manager of Asia/Pacific and has held senior positions with Lucent Technologies, Flextronics and AT&T.	Section 10.4	
	<i>Proposed Senior Management (Business Development Manager – Asia) - Bill Chang</i>		
	Prior to joining Xped, Bill was the Chief Planning & Strategy Officer uMobile in Malaysia and had a number of senior positions in the telecom and high tech sector including CEO/Nokia Siemens Multimedia, Managing Director/Nokia and Country Director of Nokia Siemens Networks. Well travelled with over 30 years of business and management experience in Canada and Asia, Bill held other senior positions in the region including CEO/3D Networks, a former Nortel JV based in Beijing, Regional Director/Nortel based in Singapore as well as a number of senior management positions in Stentor and BC Telecom (now Telus) in Canada.	Section 10.4	
<b>I. Interests, Benefits and Related Party Transactions</b>			
What significant benefits and interests are payable to Directors (including Proposed Directors) and other persons connected with the Issuer or Offers?	<i>Key People</i>	<i>Interest or benefit</i>	
	Current Directors (Athan Lekkas and Michael Clarke)	Payment of remuneration pursuant to consultancy agreement and terms of appointment.	Sections 12.4 and 12.5.
	Proposed Directors (John Schultz and Christopher Wood)	Issue of Acquisition Shares and Management Performance Shares pursuant to HOA. Payment of remuneration pursuant to consultancy agreement. Payment of Majority Shareholders Loans.	Sections 12.1, 12.3, 12.6 and 12.9
	Lead Manager	Fees for services	Section 12.2
	Advisers and other service providers	Fees for services	Section 13.12
	Existing Shareholders	Retained interest in the Company on completion of the Offers.	Section 3.3
Are there any significant related	Yes. The related party transactions include the following: 1. Heads of Agreement;	Sections 10.8	

Topic	Summary	For more information
party transactions?	<ol style="list-style-type: none"> <li>2. Consultancy Agreements with John Schultz, Christopher Wood, Athan Lekkas and Michael Clarke;</li> <li>3. Payment of Majority Shareholders Loans.</li> </ol>	
<b>J. Other disclosures</b>		
What are the material contracts of the Company?	<p>The Company's material contracts comprise:</p> <ol style="list-style-type: none"> <li>1. Heads of Agreement;</li> <li>2. Lead Manager Mandate;</li> <li>3. Consultancy Agreements with John Schultz, Christopher Wood, Athan Lekkas and Michael Clarke;</li> <li>4. Access Deeds;</li> <li>5. Global Funding Partners Deed of Release;</li> <li>6. Xped Share Transfer Deed;</li> <li>7. Sokoria Power Purchase Agreement;</li> <li>8. Sokoria Geothermal Project Shareholders Agreement; and</li> <li>9. Ngebel Geothermal Project Shareholders Agreement.</li> </ol> <p>Details regarding the material contracts of Xped are set out above.</p>	Section 12
Will the securities be subject to escrow?	<p>The Offer Shares to be issued under the Public Offer are not expected to be restricted by the ASX.</p> <p>Some of the Acquisition Shares and Management Performance Shares are expected to be classified as Restricted Securities.</p> <p>Some of the Existing Shares are subject to voluntary escrow.</p>	Sections 2.18 and 13.7

## 2. Details of the Offers

This section is intended as a summary of the Offers. It should be read in conjunction with the remainder of this Prospectus.

### 2.1 Key terms of the Offers

The Offers comprise:

- (a) the Public Offer (which includes the Priority Offer); and
- (b) the Acquisition Offer.

The following sets out the key Offer statistics:

<b>Public Offer</b>	
Public Offer Price	\$0.025
Shares available under the Public Offer	320,000,000
Total proceeds from the Public Offer <sup>1</sup>	\$8,000,000 before expenses
<b>Acquisition</b>	
Total number of Acquisition Shares <sup>2</sup>	640,000,000
Total number of Management Performance Shares <sup>2, 3</sup>	150,000,000
Maximum number of Advisor Shares <sup>2</sup>	15,000,000
<b>Post Acquisition and Offer</b>	
Existing Shares on issue prior to the Offer	718,364,311
Existing Options on issue prior to the Offer <sup>4</sup>	382,452,357
Total number of Shares on issue following the Offer <sup>5</sup>	1,693,364,311
Total number of Management Performance Shares on issue following the Offer	150,000,000
Total number of Options on issue following the Offers <sup>4, 6</sup>	412,452,357
Indicative market capitalisation of the Company at the Offer Price <sup>7</sup>	\$42,300,000
Estimated costs of the Offer and Acquisition <sup>8</sup>	\$1,755,000

Notes:

1. Assuming the Public Offer is fully subscribed.

2. Some of the Acquisition Shares, Advisor Shares and Management Performance Shares may be classified as Restricted Securities (see section 2.18 and 13.7).

3. Details of the Management Performance Shares are set out in section 13.6.

4. Details of the Existing Options are set out in section 13.5.

5. Excludes any Shares which may be issued in the event that any Existing Options are exercised and excludes the Management Performance Shares. Assumes that the maximum number of Advisor Shares are issued simultaneously with the Acquisition Shares. Some of the Acquisition Shares and the Advisor Shares may be classified as Restricted Securities and some of the Existing Shares are subject to voluntary escrow (see section 2.18 and 13.7).

6. Details of the EAS Options to be issued are set out in section 12.8.

7. Based on Offer Price and total number of Shares on completion of the Offer.

8. Includes payments to Global Funding Partners of \$260,000, to Xped creditors of \$170,000 and to Electro and Alantix Technologies of a total of \$260,000 (see section 12.1).

## 2.2 Indicative Timetable

Event	Date
Record Date for Priority Offer	15 January 2016
Prospectus lodged with ASIC and ASX	18 January 2016
Public Offer Opening Date	18 January 2016
Priority Offer Opening Date	18 January 2016
Notice of Meeting sent to Shareholders	27 January 2016
Priority Offer Closing Date	12 February 2016
Public Offer Closing Date	19 February 2016
Acquisition Offer Closing Date	19 February 2016
General Meeting to consider the Approval Resolutions and suspension from trading	29 February 2016
Completion of Acquisition	18 March 2016
Issue of Shares under Prospectus	23 March 2016
Dispatch of Holding Statements	24 March 2016
Expected date for re-quotations of the Company's shares on the ASX (subject to satisfaction of Chapters 1 and 2 of ASX Listing Rules)	31 March 2016

This timetable is indicative only. The Company reserves the right to vary the dates, which includes closing the Offers early or extending the close of the Offers, without notifying any recipients of the Prospectus or any Applicants subject to the Corporations Act, the ASX Listing Rules and other applicable laws. Investors are encouraged to submit their Applications as soon as possible after the Public Offer opens. Furthermore, dates are dependent upon Completion, and as such, satisfaction of all Conditions Precedent, which includes ASX providing the Conditional Approval. Accordingly, the proposed dates are merely indicative and subject to a number of factors outside the control of the Company.

## SECTION A – THE PUBLIC OFFER

**[This section is applicable to all persons who wish to apply for Offer Shares]**

### 2.3 Public Offer

This Prospectus constitutes an offer by Raya Group to the public (including existing Shareholders) of 320,000,000 Shares at an issue price of \$0.025 each, payable in full on application, to raise \$8,000,000.

The issue of any Offer Shares pursuant to the Public Offer are subject to the following conditions precedent:

- (a) the minimum subscription to the Public Offer being raised;
- (b) the Approval Resolutions being passed by Shareholders at the General Meeting;
- (c) all other Acquisition Conditions being satisfied; and

- (d) the Company receiving Conditional Approval for re-quotation of the Company's Shares on the ASX.

If these conditions precedent are not met, the Company will not proceed with issuing Offer Shares or Acquisition Shares pursuant to this Prospectus and will repay all Application Monies received, without interest and in accordance with the Corporations Act. Further, all Acquisition Application Forms and Xped Completion Documents that are received by the Company or the Share Registry will be declined and destroyed or returned to the appropriate Xped Shareholder.

The Offer Shares offered by the Public Offer will be issued as fully paid shares and, when issued, will rank equally in all respects with the existing Shares. Further details of the rights attaching to the Offer Shares are set out in Section 13.3.

## 2.4 Minimum Subscription

The minimum subscription to the Public Offer is \$8,000,000.

If the minimum subscription to the Public Offer is not raised within four months after the date of this Prospectus, the Public Offer and the Acquisition will not proceed and all Application Monies will be refunded to Applicants, in accordance with the Corporations Act. Further, all Acquisition Application Forms and Xped Completion Documents that are received by the Company or the Share Registry will be declined and destroyed or returned to the appropriate Xped Shareholder.

## 2.5 Underwriting and Brokerage

The Public Offer is not underwritten.

The Lead Manager of the Public Offer is KTM Capital Pty Limited. The Lead Manager will receive a capital raising fee of 5% in respect of any Offer Shares issued as a result of Applications containing the broker stamp of the Lead Manager as well as a management fee of 1% of the amount raised under the Public Offer. See Section 12.2 for further details as to the Lead Manager Mandate between the Company and KTM Capital Pty Limited.

In addition, the Company may pay brokerage, commission or other fees to any other broker or adviser in respect of Applications which are stamped by a broker or adviser and which have been accepted by the Company and which result in Offer Shares being allotted.

## 2.6 When to Apply for Offer Shares

The Opening Date of the Public Offer will be 18 January 2016 at 9.00am (Perth time), and the Closing Date of the Public Offer will be 5.00 p.m. (Perth time) on 19 February 2016. The Board, subject to the requirements of the Listing Rules and the Corporations Act, reserves the right to close the Public Offer earlier, to extend the Closing Date or to vary any of the important dates set out in this Prospectus without notice.

Applicants are encouraged to submit their Application Forms as early as possible after the Opening Date as the Public Offer may close at any time thereafter without notice.

## 2.7 How to Apply for Offer Shares

If you decide to apply for Offer Shares, you must:

- (a) complete the enclosed Application Form; and
- (b) pay the application monies by cheque drawn on and payable at any Australian bank in Australian dollars.

An application for Offer Shares can only be made by:

- (a) completing and lodging the Application Form for Offer Shares contained at the end of this Prospectus; or
- (b) completing a paper copy of the relevant Application Form which accompanies the electronic version of this Prospectus, both of which can be downloaded from [www.rayagroup.com.au](http://www.rayagroup.com.au).

The Application Form contains detailed instructions on how it is to be completed. An Application Form must be accompanied by a cheque in Australian dollars, crossed "not negotiable" and made payable to "Raya Group Limited". Payment for the Offer Shares must be made in full at the issue price of \$0.025 per Offer Share for each Offer Share subscribed. Applications for Shares must be for a minimum of 80,000 Shares and then in multiples of 16,000 Shares. Applications received by the Company that do not meet these requirements may be refused at the discretion of the Directors.

Completed Application Forms and accompanying cheques should be lodged with the Share Registry, whose address is shown in the Corporate Directory in this Prospectus and on the Application Form. Completed Application Forms and cheque(s) must be received by the Share Registry before 5.00pm (Perth time) on the Closing Date of the Public Offer.

Completed Application Forms and cheque(s) should be sent to the Share Registry as soon as possible after the Public Offer opens as the Directors may elect to close the Public Offer early.

An Application constitutes an offer by you to subscribe for Offer Shares on the terms and conditions as contained in the Public Offer. A binding contract for the issue of Offer Shares will only be formed at the time when the Directors resolve to allot the Offer Shares to the Applicants. The Application Form does not need to be signed to constitute a binding Application. An Application may not be withdrawn after lodgement unless the Applicant is permitted to withdraw the Application Form following the issue of a replacement or supplementary prospectus in accordance with the Corporations Act.

No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offers.

## 2.8 Allotment

Subject to the minimum subscription of the Public Offer being achieved, the Conditional Approval being issued by the ASX and satisfaction or waiver of all the Acquisition Conditions, the Directors will allot the Offer Shares as soon as possible after the Closing Date of the Public Offer.

Application Monies will be held in a subscription account until allotment.

This account will be established and kept by the Company in trust for each applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment takes place.

Allocations between the Priority Offer and the remainder of the Public Offer will be at the sole discretion of the Directors. Further allocations made in respect of Applications under the Public Offer will be at the sole discretion of the Directors, however, the Directors intend to process applications under the Priority Offer on a first come first served basis (subject to the need to meet ASX requirements regarding the number of Shareholders with marketable parcels) and as such the Directors recommend that any Eligible Raya Group Shareholders wishing to apply under the Priority Offer submit their applications as soon as possible after the Priority Offer opens.

An application for Offer Shares may be accepted in full, for any lesser number or rejected by the Company. Where the number of Offer Shares allotted is less than the number applied for, the surplus Application Monies will be returned to the Applicant by cheque or direct credit within the time required by the Corporations Act. Interest will not be paid on Application Monies refunded.

It is the responsibility of Applicants to confirm the number of Offer Shares allotted to them prior to trading in the Offer Shares. Applicants who seek to deal in Offer Shares before they receive notification of the number of Offer Shares allocated to them, do so at their own risk.

## **SECTION B – THE PRIORITY OFFER**

**[This section is applicable to Eligible Raya Group Shareholders who wish to apply for Offer Shares under the Priority Offer]**

### **2.9 Priority Offer**

Up to 20,000,000 of the Offer Shares under the Public Offer will be offered in priority to Eligible Raya Group Shareholders who are registered as holding shares in Raya Group at 5.00pm (Perth time) on the Record Date.

Eligible Raya Group Shareholders may apply for as many Offer Shares as they wish under the Priority Offer (subject to the requirements referred to below).

The priority given to Eligible Raya Group Shareholders will be in respect of Offer Shares applied for by each qualifying Applicant, provided that the total Offer Shares issued to Eligible Raya Group Shareholders does not exceed 20,000,000 Offer Shares. Allocations between the Priority Offer and the remainder of the Public Offer and allocations made in respect of Applications under the Priority Offer will be at the sole discretion of the Directors, subject to the ASX listing requirements relating to the number of shareholders in the Company in order to comply with Chapters 1 and 2 of the Listing Rules.

An Application in respect of the Priority Offer constitutes an offer by you to subscribe for New Shares on the terms and conditions as contained in the Offer.

No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offers.

### **2.10 Who can Apply for Offer Shares under the Priority Offer**

The Priority Offer is open to Eligible Raya Group Shareholders who are registered as holding Shares at 5.00pm (Perth time) on the Record Date.

### **2.11 When to Apply for Offer Shares under the Priority Offer**

The Opening Date of the Public Offer will be 18 January 2016 at 9.00am (Perth time), and the Priority Offer Closing Date will be 5.00 pm (Perth time) on 12 February 2016. The Board, subject to the requirements of the Listing Rules and the Corporations Act, reserves the right to close the Priority Offer earlier, to extend the Priority Offer Closing Date or to vary any of the important dates set out in this Prospectus without notice.

Applicants are encouraged to submit their Priority Offer Application Forms (or make payment via Bpay) as early as possible after the Opening Date as the Priority Offer may close at any time thereafter without notice.



## 2.12 How to Apply for Offer Shares under the Priority Offer

There are two alternatives available for Eligible Raya Group Shareholders to apply for Offer Shares under the Priority Offer.

You may elect to pay your Application Monies via either BPAY® or a registered bank cheque.

### (a) BPAY

Eligible Raya Group Shareholders may apply for Offer Shares paying Application Monies by BPAY in accordance with the instructions on the Priority Offer Application Form by 5.00pm (Perth time) on 12 February 2016. If payment is made by an Eligible Raya Group Shareholder via Bpay you are not required to complete the personalised Priority Offer Application Form sent to you. The BPAY payment option is only available to the registered shareholding as detailed on the Priority Offer Application Form. If you are wishing to apply for Offer Shares in Raya Group Limited under a differing registrable title to that stated on the Priority Offer Application Form, please use a Public Offer Application Form and do not pay by Bpay.

Applicants paying via BPAY should be aware that their own financial institution may implement earlier cut-off times with regards to electronic payment than the time at which the Priority Offer closes, and should therefore take this into consideration when making payment. You should also consider any potential daily BPAY transfer limits which may apply to your account and which may be less than the amount you wish to apply for. If this is the case you will need to make multiple transfers on multiple days, or apply by using an alternative payment method outlined below. Eligible Raya Group Shareholders are responsible for taking any potential restrictions from their banking institution into consideration when ensuring their application monies are submitted by the payment deadline.

### (b) Cheque

Eligible Raya Group Shareholders may apply for Offer Shares by completing the Priority Offer Application Form sent to them in accordance with the instructions detailed on the Form and paying Application Monies via a cheque in Australian dollars, crossed "not negotiable" and made payable to "Raya Group Limited".

Payment for the Offer Shares must be made in full at the issue price of \$0.025 per Offer Share for each Offer Share subscribed. Applications for Shares must be for a minimum of 80,000 Shares and then in multiples of 16,000 Shares. Applications received by the Company that do not meet these requirements may be refused at the discretion of the Directors.

Completed Application Forms and accompanying cheques should be lodged with the Share Registry, whose address is shown in the Corporate Directory in this Prospectus and on the Application Form. Completed Application Forms and cheque(s) or payment via Bpay must be received by the Share Registry before 5.00pm (Perth time) on the Priority Offer Closing Date.

Completed Application Forms and cheque(s) should be sent to the Share Registry or payment via Bpay should be made as soon as possible after the Priority Offer opens as the Directors may elect to close the Priority Offer early.

Lodgement of a Priority Offer Application Form and accompanying cheque or payment via Bpay constitutes an offer by you to subscribe for Offer Shares on the terms and conditions as contained in the Public Offer. A binding contract for the issue of Offer Shares will only be formed at the time when the Directors resolve to allot the Offer Shares to the Applicants. The Application Form does not need to be signed to constitute a binding Application. An Application or payment via Bpay may not be withdrawn after lodgement unless the Applicant is

permitted to withdraw the Application Form or payment following the issue of a replacement or supplementary prospectus in accordance with the Corporations Act.

#### **2.13 Allotment**

Allocations under the Priority Offer will be at the absolute discretion of the Company, however, the Directors intend to process applications under the Priority Offer on a first come first served basis (subject to the need to meet ASX requirements regarding the number of Shareholders with marketable parcels) and as such the Directors recommend that any Eligible Raya Group Shareholders wishing to apply under the Priority Offer submit their applications as soon as possible after the Priority Offer opens.

See section 2.8 for further details on allotment of Offer Shares.

### **SECTION C – THE ACQUISITION**

**[This section is applicable to the Xped Security Holders only]**

#### **2.14 Acquisition Offer**

In addition, this Prospectus also contains an invitation to all Xped Shareholders to transfer title in all their Xped Shares to the Company in consideration for the issue and allotment to them of a prescribed number of Acquisition Shares, pursuant to the HOA. The material terms of the HOA are summarised in Section 12.1.

A personalised Acquisition Application Form in relation to the Acquisition Offer will be issued to the Xped Shareholders together with a copy of this Prospectus.

Upon satisfaction of all the Acquisition Conditions and submission by each Xped Shareholder of a duly completed Acquisition Application Form and Xped Completion Documents, each Xped Shareholder will be allotted the prescribed number of Acquisition Shares in accordance with the terms of the Heads of Agreement. Xped Shareholders will not be required to pay any cash consideration for the issue and allotment to them of Acquisition Shares. The only consideration they must provide is the transfer to the Company of the unencumbered legal and beneficial interest in all the Xped Shares that are registered in their respective names. Accordingly, no funds will be raised from the issue of the Acquisition Shares.

The Acquisition Shares will be issued as fully paid ordinary shares in the capital of the Company. The Acquisition Shares will, on issue and allotment, rank equally in all respects with all other Shares. Further details of the rights attaching to the Acquisition Shares are set out in Section 13.3. The Acquisition Shares may be subject to escrow under the ASX Listing Rules. Further details in this regard are set out in section 2.18 and 13.7.

No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offers.

#### **2.15 When to Apply for Acquisition Shares**

The Opening Date of the Acquisition Offer will be 18 January 2016 at 9.00am (Perth time), and the Closing Date of the Acquisition Offer will be 5.00 p.m. (Perth time) on 19 February 2016. The Board, subject to the requirements of the Listing Rules, the Corporations Act and the Heads of Agreement, reserves the right to close the Acquisition Offer earlier, to extend the Closing Date or to vary any of the important dates set out in this Prospectus without notice.

## 2.16 How to Apply for Acquisition Shares

To effect the transfer of Xped Shares to the Company, each Xped Shareholder will be required to provide the Company or the Share Registry with, prior to the Closing Date:

- (a) a completed and signed Acquisition Application Form; and
- (b) the completed and signed Xped Completion Documents.

Each of the abovementioned documents, once properly completed, must be lodged with the Share Registry or the Company, whose respective addresses are shown in the Corporate Directory in this Prospectus and on the Acquisition Application Form.

An Acquisition Application Form:

- (a) must be completed and signed by the registered holder of the Xped Shares or its duly authorised attorney where indicated, in respect of all Xped Shares of that Xped Shareholder, in order to be capable of becoming a binding Application;
- (b) may not be withdrawn after lodgement unless the Applicant is permitted to withdraw the Acquisition Application Form following the issue of a replacement or supplementary prospectus in accordance with the Corporations Act, as a result of the failure of the Acquisition Conditions to be satisfied by 26 March 2016 or such later date as is agreed between the Company and Xped Holdings Ltd or as otherwise permitted under the Heads of Agreement;
- (c) will, upon receipt by the Share Registry or the Company, constitute an irrevocable and binding offer by the relevant Xped Shareholder to transfer to the Company, their unencumbered right, title and interest in all their Xped Shares; and
- (d) has not been and will not be accepted by the Company, unless and until each of the Acquisition Conditions have been satisfied or waived in accordance with the Heads of Agreement, details of which are set out in section 12.1.

The Company will pay all stamp duty and any other regulatory fees arising in connection with the transfer of title in the Xped Shares to the Company as part of the Acquisition.

The Directors will proceed to issue and allot Acquisition Shares as soon as possible after the Closing Date, once all the Acquisition Conditions have been satisfied.

It is the responsibility of Applicants to confirm the number of Acquisition Securities allotted to them prior to trading in the Acquisition Securities. Applicants who seek to deal in Acquisition Securities before they receive confirmation of the number of Acquisition Securities allocated to them do so at their own risk.

## SECTION D – GENERAL

### 2.17 ASX listing of Shares

Application will be made within 7 days of the date of this Prospectus to the ASX for the Shares issued pursuant to this Prospectus to be granted Official Quotation by the ASX. The Company is not currently seeking a listing of its securities on any other stock exchange other than the ASX.

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

Prospectus will commence as soon as practicable after the issue of holding statements to allottees. The ASX takes no responsibility for the contents of this Prospectus.

In the event that the ASX does not grant permission for the official quotation of the Shares offered by this Prospectus within 3 months after the date of issue of this Prospectus, none of the Shares offered by this Prospectus will be allotted or issued unless the ASIC grants the Company an exemption permitting the allotment or issue.

If no allotment or issue is made, all moneys paid on application for the Shares will be refunded without interest within the time period set out under the Corporations Act.

## 2.18 **Restricted Securities**

The ASX may, as a condition of granting the Company's application for Official Quotation of the New Shares, classify certain securities of the Company as restricted securities. If so, prior to Official Quotation of the New Shares, the holders of the securities that are to be classified as restricted securities will be required to enter into appropriate restriction agreements with the Company.

### (a) Offer Shares

None of the Offer Shares issued pursuant to this Prospectus will be classified as Restricted Securities.

### (b) Acquisition Shares, Management Performance Shares and Adviser Shares

The Company anticipates that some or all of the Acquisition Shares, Management Performance Shares and Adviser Shares will be classified as Restricted Securities under the Listing Rules. Consequently, the Company must ensure that each holder of Restricted Securities enters into an escrow agreement with the Company as required by the ASX to the effect that those persons will not:

- (1) dispose of, or agree to dispose of;
- (2) create, or agree to offer to create, any security interest in; and
- (3) do, or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of,

their respective interests in any Restricted Security for the required period.

In addition, some of the Existing Shares are subject to voluntary escrow.

Further details are set out in section 13.7.

The Company will apply for the official quotation of any Shares which are Restricted Securities and any Shares that are issued and allotted pursuant to the exercise of any of the Restricted Securities, at the end of their respective escrow period.

## 2.19 **Dividend policy**

It is the present intention of the Directors to apply surplus cash flow to further development of technology for future licensing and generate new opportunities, rather than distributing these moneys in the form of dividends.

It is the Directors' intention to review this policy from time to time and commence the payment of a regular dividend once the Company is able to generate a substantial and sustainable level of cash flow, after allowing for capital expenditure and other commitments.

The Directors can give no assurance as to the amount, timing, franking or payment of any future dividends by the Company. The capacity to pay dividends will depend on a number of factors including future earnings, capital expenditure requirements and the financial position of the Company.

## 2.20 **CHESS**

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASTC, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Corporations Act, the Listing Rules and the ASTC Settlement Rules.

Under CHESS, Applicants will not receive security certificates if they are issued Shares, but will receive a statement of their holding indicating the issue of Shares pursuant to acceptance of the Offers. If an Applicant is broker sponsored, ASTC will, after issue, send that person a CHESS statement setting out the number of Shares allotted to the Applicant under the Prospectus.

If an Applicant is registered on the Issuer Sponsored subregister, the Applicant's statement setting out the number of Shares allotted to the Applicant under the Prospectus will be dispatched by the Share Registry.

A CHESS statement or Issuer Sponsored statement will be routinely sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time. However the Company may charge an administration fee for additional issuer sponsored statements.

## 2.21 **Restrictions on the distribution of this Prospectus**

The distribution of this Prospectus outside of Australia, New Zealand, Hong Kong and Singapore may be restricted by law. No action has been taken to register or qualify the Shares or the Offers, or otherwise to permit an offering of the Shares, in any jurisdiction outside Australia, New Zealand, Hong Kong and Singapore.

This Prospectus is not intended to, and does not, constitute an offer of securities in any place in which, or to any person to whom, the making of such offer would not be lawful under the laws of any jurisdiction outside Australia, New Zealand, Hong Kong and Singapore. Applicants resident in countries outside Australia, New Zealand, Hong Kong and Singapore should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed to enable them to apply for Shares under this Prospectus. The failure to comply with any applicable restrictions may constitute a violation of securities law in those jurisdictions.

In particular this Offer is not made in the United States or to persons (including nominees or custodians) acting for the account or benefit of a person in the United States, or to any person who is ineligible under applicable securities laws in any country to receive an offer under the Prospectus without any requirement for a prospectus to be lodged or registered.

It is the responsibility of any overseas resident Applicant to ensure compliance with all laws of any country relevant to their Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by the Applicant to the Company and that the Applicant agrees with the Company that:

- (a) there has been no breach of such laws and that all necessary approvals and consents have been obtained;
- (b) they are an Australian, New Zealand, Hong Kong or Singapore citizen or resident in Australia, New Zealand, Hong Kong or Singapore, are located in Australia, New Zealand, Hong Kong or Singapore at the time of such Application and are not acting for

the account or benefit of any person in the United States, a United States person or any other foreign person; and

- (c) they will not offer, sell, pledge, transfer or otherwise dispose of the Shares in the United States or in any other jurisdiction outside Australia or to a United States person, except in transactions exempt from registration under the United States Securities Act of 1933 as amended and in compliance with all applicable laws in the jurisdiction in which such Shares are offered and sold.

## 2.22 **Electronic Prospectus**

The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus within Australia.

Persons who receive a copy of this Prospectus in electronic form at [www.rayagroup.com.au](http://www.rayagroup.com.au) are entitled to obtain a paper copy of the Prospectus (including any relevant accompanying Application Form) free of charge, during the Offer period, by contacting the Company on +61 3 9642 0655 or by email at [info@rayagroup.com.au](mailto:info@rayagroup.com.au).

The Application Form may only be distributed together with a complete and unaltered copy of the Prospectus. The Company will not accept a completed Application Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the Offer period the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Company or the Share Registry or a financial adviser.

## 2.23 **Investors' Questions**

Investors with questions on how to complete the Application Form or the Acquisition Application Form or who require additional copies of the Prospectus should contact the Share Registry.

### **3. Company Overview and Transaction Rationale**

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#### **3.1 Company Overview**

Raya Group Limited is an Australian company incorporated on 16 October 2006. Raya Group has been admitted to the official list of the ASX since 22 June 2007.

Recently, the Company has been evaluating alternative corporate opportunities, both in Australia and overseas and on or about 26 October 2015, the Company entered into a binding heads of agreement with Xped for the option to conditionally acquire 100% of the issued capital in Xped.

The Company's primary operation to date has been geothermal exploration with the Company continuing to maintain its interest in the Sokoria Geothermal Project in Indonesia, whilst seeking a strategic investment partner for the project.

During 2014 Raya Group, along with its joint venture partner, PT Bakrie Power, through the joint venture entity PT Sokoria Geothermal Indonesia, entered into a power purchase agreement with PT PLN (Persero). PT Sokoria Geothermal Indonesia also obtained a temporary business licence from the Indonesian Directorate General of Electricity.

During 2015, Raya Group Limited and PT Bakrie Power entered into a Heads of Agreement with Space Con Pty Ltd for the sale and purchase of the Sokoria Geothermal Project. Subsequently, due to a failure to receive requested materials that were required to support a change of shareholders with the Indonesian authorities, the Heads of Agreement with Space Con Pty Ltd was terminated.

Since termination, Raya Group and PT Bakrie Power have commenced discussions with other parties who have expressed an interest in the Sokoria Project. Raya Group is currently awaiting approval from PLN on the transmission line study tariff proposal for the Sokoria Geothermal Project with negotiations ongoing. In October 2015 Raya Group Limited and PT Bakrie Power met with a large power group from Europe to discuss potential involvement with the Sokoria Geothermal Project. Whilst the discussions are still early and there is no commitment or offer as yet to further this project, the large power group holds all the capabilities to develop and fund the project from start to finish.

As previously disclosed to the market, Raya has put all other in-country works on hold.

In respect of other Indonesian projects, being the Dairi Prima Geothermal Project (Northern Sumatra) (Raya Group 51%) and Ngebel Geothermal Project (Ngebel, East Java, Indonesia) (Raya Group 35%), Raya Group has spent little time and funds on these projects during the financial year 2015. A review of these projects occurred during the financial year ended 30 June 2015 the result of which saw both projects fully impaired by Raya Group.

In addition, Raya Group has interests in the Limestone Coast Project (South Australia) (Raya 100%) and the Penola Trough Project (South Australia) (Raya Group 100%). Both of these projects were fully impaired during the financial year ended 30 June 2012. These projects are in a maintenance phase with work undergoing for licence renewals to ensure that the tenement remains in good standing. The Company will seek and consider divestment opportunities on these projects going forward as the Company will have a new core focus as an IoT Technology business.

#### **3.2 Financial Position and Performance**

Copies of Raya Group's audited accounts for the financial year ended 30 June 2015, as well as previous financial reports are available at [www.rayagroup.com.au](http://www.rayagroup.com.au) and on the ASX website.

### 3.3 Rationale of Transaction

Raya Group had reviewed a number of potential opportunities previously in the energy and non-energy sectors and the present market outlook in the energy sector was not very strong and rewarding for Shareholders in the near to medium term.

The Board identified the Xped opportunity and given Xped were in need of additional capital to accelerate their plans an agreement was formed that provided benefit to both parties in the transaction.

The Directors moved to proceed with the Xped transaction based on:

- (a) level of investment the founders have made in the company to date;
- (b) the portfolio of patents in numerous jurisdictions that provide value and protection;
- (c) the management team in place and their backgrounds;
- (d) the opportunity and markets that the Xped technology can fit into going forward;
- (e) the founders' previous success in business and entrepreneurship;
- (f) technology is at commercialisation stage;
- (g) the level of interest from outside parties to cooperate and utilise their technology in trials ahead of entering potential agreements;
- (h) the focus to grow Asian customer base from head office in Singapore;
- (i) encouraging signs of forming relationships with large organisations reviewing the technology; and
- (j) potential for early revenue opportunities.

The Directors are of the view that the key highlights of an investment in the Company (assuming the Acquisition proceeds) include:

- (a) the opportunity to participate in the benefits associated with holding Shares in a listed technology company that will be pursuing significant growth initiatives such as the ADRC licensing for channels and direct;
- (b) following the completion of the Public Offer, the Company will gain the benefit of the injection of significant funds into the Company which will enable it to undertake preliminary actions in pursuance of its new direction and growth activities; and
- (c) the Company will be managed by directors and officers with significant experience in the technology industry that will hold the necessary skills and a view to guiding the Company to be a significant player in that industry.

The Directors are of the view that the Acquisition may give rise to the following non-exhaustive list of advantages:

- (a) the Acquisition represents a significant opportunity for the Company to increase the scale of its activities which should increase the number and size of the investor pool that may invest in the Company's Shares;



- (b) the Acquisition provides an opportunity for the Company to diversify its interests to include Xped which is engaged in the business of developing and licensing a revolutionary technology solution for the global market;
- (c) the Acquisition provides the Company with the opportunity to increase the value of the Company; and
- (d) the Company may be able to attract key cornerstone investors as a result of the Acquisition which may aid in the development and growth strategy of the Xped Business.

The Directors are of the view that the Acquisition may give rise to the following non-exhaustive list of disadvantages:

- (a) the Company will be changing the nature and scale of its activities to become a company focused on IoT technology, as referred to above, which may not be consistent with the objectives of all Shareholders;
- (b) the Acquisition and the Capital Raising will result in the issue of Shares and Management Performance Shares to the Xped Shareholders and new investors, which will have a dilutionary effect on the holdings of Shareholders. Despite the dilutionary effect alluded to above, the Directors note that Existing Shareholders will have a retained interest in the Company on completion of the Offers; and
- (c) there are inherent risks associated with the change in nature of the Company's activities.

### 3.4 Purpose of the Offers

The Public Offer is being conducted to:

- (a) provide funding for business development and commercialisation of the technology;
- (b) meet the expenses of the Offers and the Acquisition;
- (c) provide working capital; and
- (d) satisfy certain requirements for the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

The Acquisition Offers are being conducted under this Prospectus:

- (a) to facilitate secondary trading of the Acquisition Shares (subject to any ASX imposed escrow); and
- (b) to comply with the disclosure requirement under section 706 of the Corporations Act, to the extent that none of the exemptions in section 708 of the Corporations Act are applicable.

The directors are satisfied that upon completion of the Offer, Raya Group will have sufficient funds to meet its stated objectives for a period of two years.

### 3.5 Planned expenditure

Pursuant to the Public Offer, Raya Group will raise \$8 million. It is proposed that these funds, together the cash on hand of the Company as at 15 January 2015 (being approximately \$2,400,000) will be utilised as follows:

	Subscription		
	Year 1	Year 2	Total \$
Sales and Business development costs <sup>1</sup>	\$800,000	\$970,000	\$1,770,000
Engineering development costs	\$1,800,000	\$980,000	\$2,780,000
Research and development costs	\$400,000	\$480,000	\$880,000
Administration costs and other expenses	\$760,000	\$1,100,000	\$1,860,000
Employment costs <sup>2</sup>	\$700,000	\$850,000	\$1,550,000
Offer and Acquisition costs <sup>3</sup>	\$1,550,000		\$1,550,000
<b>Total Expenditure</b>	<b>\$6,010,000</b>	<b>\$4,380,000</b>	<b>\$10,390,000</b>

**Notes:**

- 1 Sales and business development costs includes sales and business development salaries.
- 2 Employment costs includes executive and administration salaries.
- 3 Balance of expected costs remaining at lodgement of Prospectus

On completion of the Offers and the Acquisition the Company has budgeted a program to expend up to \$10.4 million over the next two years.

Notwithstanding the allocations set out above, in the event that circumstances change or other beneficial opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise the benefit to Shareholders.

### 3.6 Capital Structure post Issue

Upon completion of the issue and allotment of Shares pursuant to this Prospectus and completion of the Acquisition, the Company's capital will be as follows:

(a) Share Capital

Shareholder	Number of Shares	%
Existing Shareholders <sup>1</sup>	718,364,311	42.42
Public Offer <sup>2</sup>	320,000,000	18.90
Acquisition Shares <sup>3</sup>	640,000,000	37.79
Advisor Shares <sup>3</sup>	15,000,000	0.89
<b>TOTAL<sup>4</sup></b>	<b>1,693,364,311</b>	<b>100.00</b>

**Notes:**

1. Assumes that no Existing Options are exercised after the date of this Prospectus and excludes any holding under the Priority Offer.
2. Assumes the Public Offer is fully subscribed.
3. These securities may be subject to ASX escrow conditions governing their resale. See sections 2.18 and 13.7 for further details.
4. This excludes the Management Performance Shares. Also see the following table for Directors' and officers' interests.

In addition:

- (1) the Company has on issue 382,452,357 Existing Options at the date of this Prospectus (see section 13.5 for further details of the terms of the Existing Options);
- (2) on Completion, 150,000,000 Management Performance Shares will be issued. The Management Performance Shares do not have any voting, dividend or distribution rights, however, will convert to Shares upon certain performance criteria being satisfied. See sections 2.18, 13.6 and 13.7 for further details.

### 3.7 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Acquisition and the Offers (assuming no existing substantial Shareholder receives additional Shares pursuant to the Offers and that no Existing Options are exercised) are set out in the table below.

Name	Current Shareholding		Minimum on Completion	
	Number of Shares	%	Number of Shares	%
JK Group Australia Pty Ltd ACN 132 382 597 as trustee for the JK Family Trust	Nil	0	319,061,831	18.84
Alanticx Technologies Pty Ltd ACN 008 290 131 as trustee for the Alanticx Trust	Nil	0	261,050,591	15.42
Dalex Pty Ltd as trustee for the Dalex Unit Trust	36,700,000	5.11	36,700,000	2.17

**Notes:**

Assumes that no Existing Options, EAS Options or Management Performance Shares are exercised or converted after the date of this Prospectus.

The Company will announce to the ASX details of its top 20 Shareholders following Completion.

### 3.8 Re-Listing

As stated above, the Transaction will constitute a significant change to both the nature and scale of the Company's current activities. In accordance with its normal practice, the ASX:

- (a) will require the Company to obtain Shareholder approval for the purposes of Listing Rule 11.1.2, which is being sought at the General Meeting;
- (b) will suspend trading on the ASX in all securities of the Company from the date on which the General Meeting is held to consider the Approval Resolutions in regard to the Transaction. If the Approval Resolutions are passed, those securities will remain suspended until Completion occurs and the Company has satisfied all ASX conditions to allow those securities to be reinstated to Official Quotation; and
- (c) require the Company to comply with the applicable requirements of Chapters 1 and 2 of the Listing Rules, before it will allow trading on the ASX in the Company's securities to re-commence. These requirements include providing evidence to the ASX that the Company has:

- (1) achieved a minimum “spread” of Shareholders;
- (2) issued a prospectus in accordance with the Corporations Act;
- (3) satisfied an “assets” test of having a market capitalisation of no less than \$10,000,000; and
- (4) evidenced that either less than half of all its tangible assets are in cash, or if more than half of its tangible assets are cash that it has commitments consistent with its business objectives to spend half of its cash.

It is currently expected that the Company will satisfy these requirements promptly after Completion, so that trading on the ASX in the Company’s securities will recommence on or around 31 March 2016.

### 3.9 Approval Resolutions

The General Meeting will be convened by the Company in the near future primarily for the purpose of seeking the approval of Shareholders to various resolutions required to implement the Acquisition.

It is a condition to completion of the Offers under this Prospectus, as well as the Acquisition, that the Approval Resolutions are approved by Shareholders. The Approval Resolutions include the following:

- (a) Resolution 1 - Approval of the Xped Acquisition - Change in Activities;
- (b) Resolution 2 - Approval of the issue of Acquisition Shares to Xped Shareholders;
- (c) Resolution 3 - Approval of the issue of Acquisition Shares and Management Performance Shares to JK Group and Alanticx Technologies;
- (d) Resolution 4 - Approval of the issue of Offer Shares under the Prospectus;
- (e) Resolution 5 - Approval of the issue of Shares to Advisers; and
- (f) Resolution 8 - Change of Company Name.

If any of the Acquisition Resolutions are not approved by Shareholders the Acquisition (including the Offers under this Prospectus) will not be completed.

In addition, the Company is also seeking the approval to repeal its existing Constitution and adopt the New Constitution in its place.

The Company also seeks the approval of its Shareholders to a change to its name to “Xped Limited” on completion of the Acquisition.

### 3.10 ASX Waivers

Condition 2 of Listing Rule 2.1 specifies that the issue or sale price of all the securities for which a company seeks quotation must be at least 20 cents (**20 cent rule**). Similarly, condition 11 of Listing Rule 1.1 provides that any options on issue must be exercisable for at least 20 cents.

Under Guidance Note 12 of the ASX Listing Rules, a Company may be granted relief from the 20 cent rule by ASX in certain circumstances. This includes where:

- (a) the issue price or sale price for any securities being issued or sold as part of, or in conjunction with, the transaction:
  - (1) is not less than two (2) cents each; and
  - (2) is specifically approved by security holders as part of the approval(s) obtained under Listing Rule 11.1.2; and
- (b) ASX is otherwise satisfied that the entity's proposed capital structure after the transaction will satisfy Listing Rules 1.1 Condition 1 and 12.5, being that the Company has an appropriate structure for a listing entity.

It is generally accepted that the issue price for the purposes of the 20 cent rule is the price at which an associated capital raising is undertaken when a re-compliance listing is in progress.

Listing Rule 6.1 provides that the terms that apply to each class of equity securities in a company must, in ASX's opinion, be appropriate and equitable. Under Listing Rule 6.2, a company may only have one class of ordinary securities unless ASX approval is given to the terms of an additional class. Guidance Note 19 sets out certain requirements in respect of performance shares.

The Company has applied to the ASX for the following waivers and approvals:

- (a) approval from ASX for the purposes of condition 1 of Listing Rule 1.1 and Listing Rules 6.1, 6.2 and 12.5 to the terms of the Management Performance Shares on the basis such terms are appropriate and equitable;
- (b) confirmation from ASX for the purposes of Listing Rule 6.1 as the Management Performance Shares will be a different class of ordinary shares to the currently quoted ordinary shares of the Company;
- (c) waiver of the application of condition 2 of Listing Rule 2.1 and condition 11 of Listing Rule 1.1 with respect to the Company's re-compliance with the admission requirements outlined in Chapters 1 and 2 of the ASX Listing Rules to allow the Company to:
  - (1) issue Shares in respect of the Transaction at a price not less than \$0.02 each; and
  - (2) issue the Management Performance Shares which have no exercise price; and
- (d) in-principle advice that, pursuant to Listing Rules 1.1 and 12.5, the capital structure of the Company upon completion of the Transaction is appropriate for a listed entity.

Completion of the Transaction is conditional upon ASX issuing the Conditional Approval which will not be issued until each of the above mentioned approvals or waivers are issued by ASX. Accordingly, no Shares will be issued pursuant to the Transaction or under this Prospectus unless ASX provides the approvals and grants the waivers sought by the Company as set out above. The Company will provide further disclosure to the market upon ASX making a determination in respect of the application for the above mentioned approvals and waivers.

## **4. Xped**

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### **4.1 Company Overview**

Xped Holdings Limited is an Australian company incorporated on 1 August 2008. Its founders incorporated Xped for the purpose of creating technology that would provide better ways to communicate with devices that would solve the limitations and frustrations of the remote control systems we have in our lives today. A system that simplifies how we control and monitor devices, using a smartphone and a single, simple to use and intuitive App that works for all devices.

Xped Holdings Limited has two subsidiary companies:

- (a) Xped Corporation Pty Ltd, incorporated in Australia houses all current Australian based employees; and
- (b) Xped Global Pte Ltd, a company incorporated in Singapore, has been setup to serve as the company's Global Headquarters. Xped Global is the commercial hub for the company and is the entity with which commercial agreements are intended to be entered with third parties in the future.

### **4.2 Detailed overview of Xped's business activities**

#### **(a) Products**

Xped's business revolves around three main area offerings:

- (1) Xped's core business is to license ADRC to be integrated into 3rd party products.

A diverse offering ensures IP can be integrated at any stage in a product's development cycle. The IP can be packaged and licensed in several forms including supplying a software stack, a pre-programmed chip or a chip on a module.

Providing solutions that target semiconductor vendors, product designers and manufacturers provides greater flexibility and minimises barriers to entry.

- (2) Xped have designed a range of consumer products that would be made available through local and international distribution and retail channels.

The preferred model is for these designs to be licensed as reference designs for 3rd party Original Equipment Manufacturers (OEMs) to manufacture and sell through their own channels.

It is intended that Xped would receive a royalty for each unit produced.

- (3) Xped's platform potentially disrupts industry business models by transforming manufacturers from box movers to service providers fostering direct relationships between all stakeholders.

The platform provides the opportunity to monetise services with revenue streams coming from cloud service charges through to e-commerce.

(b) **Technology**

ADRC (Auto Discovery Remote Control) is Xped's core technology offering. It provides an end to end solution for the delivery of user friendly connected devices that are easy and cheap to develop. It is a complete IoT platform.

This is the foundation for a new generation of device and an IoT platform that combines the world's first Device Browser, NFC 'tap discovery and pairing', whilst eliminating the need for developers to write a device App.

For consumers, the solution is refreshingly simple. Just tap a smartphone or smart remote to a device, and it is ready to control.

The revolutionary Device Browser App uses Wi-Fi and other standards based communications systems to communicate with special software in the device to automatically establish a highly secure communications network and present a simple yet effective user interface, all within a few seconds.

The system benefits all players in the IoT eco system, from developers, distributors, retailers and content providers to consumers. The solution is open, simple to use and has the potential to become a global platform and standard for the IoT.

(c) **Path to commercialisation**

Xped's innovative and revolutionary ADRC technology is now entering the commercialisation phase. Xped is currently engaged in discussions with a number of parties in Australia and Asia to seek to commercialise its technology and has entered a number of MOUs in this regard (see sections 12.14 and 12.15).

Xped has also been working with two of the worlds' largest semiconductor chip manufacturers to identify potential opportunities to accelerate the commercialisation of the Xped Technology. Under the Singapore based Partnerships for Capability Transformation (PACT) initiative, one of the semiconductor companies has recently nominated that it intends to collaborate with Xped for the development and test bedding of innovative solutions and products. Both parties are working towards finalising discussions that will provide a framework for the parties to jointly assess and explore new opportunities in the IoT section. Subject to finalisation of such discussions the parties may enter an agreement to formalise their relationship moving forward, however, no such agreement has been entered at this stage.

(d) **Regulatory background**

Xped know of no Regulatory issues in any jurisdiction that would prevent adoption of ADRC. All attempts are made by Xped to ensure that it utilises industry standard products, which have been widely deployed and accepted in the market, where possible.

However the Company notes that there are on-going policy developments in a number of areas relevant to the take-up of IoT in general. These include in the areas of:

- (1) spectrum management – so as to ensure that there is sufficient spectrum available to ensure the take-up and success of a range of IoT applications. In particular there is on-going policy work in the EU and the UK;
- (2) interoperability and open systems – so as to ensure that different interconnected devices can communicate between each and with IoT products or systems without any unnecessary restricted access or implementation;

- (3) network resilience and Security – a priority for the UK’s Office of Communications (**Ofcom**), the relevant sectoral regulator in the UK;
- (4) security and data privacy – there is on-going policy work in the US and the UK, and a detailed regulatory framework in the EU applying to the collection and processing of personal data from IoT systems, and the undertaking of mandatory security assessments of those systems, as well as security certifications and standards. In addition the personal data regulatory framework is relevant to device manufacturers and application developers that access IoT data. The potential health applications for IoT mean that the regulation and of the collection and use of personal data may become a focus of on-going regulatory development;
- (5) data sharing - the ability of interconnected devices and platforms to access, collect, share and analyse data is central to IoT and therefore Xped’s Technology. Ofcom has opined that the development of a framework allowing consumers to quickly authorise the conditions for the collection and sharing of personal data is crucial to the successful development of IoT; and
- (6) 6numbering/roaming - very large IP addresses may be required for globally accessible “things”. This has prompted policy work to be undertaken particularly in the US.

As laws and regulations develop around each of these areas in jurisdictions in which devices using Xped Technology is located, or in which data necessary for the application of that technology is collected, transferred, accessed, stored or analysed, there may be increasing levels of regulation affecting the Xped business. This regulation may increase the cost of regulatory compliance, but may also serve to bolster confidence in the IoT generally and the Xped Technology in particular.

In Australia there are currently no regulations aimed specifically at IoT, however, IoT-based technologies may be impacted by informational privacy laws. Such laws differ from jurisdiction to jurisdiction.

In Australia, the collection, use, storage and disclosure of “personal information” is principally regulated by the *Privacy Act 1988* (Cth) (**Privacy Act**). The Privacy Act does not prohibit IoT-based technologies; but it could in certain circumstances impose additional compliance obligations on businesses who use or commercialise those technologies.

The compliance obligations under the Privacy Act only extend to “personal information”. The term “personal information” is defined in the Privacy Act to mean (in summary) information or an opinion about an identified individual, or an individual who is reasonably identifiable.

If the ADRC IoT Platform Technology collects data which falls within the definition of “personal information”, then the compliance regime under the Privacy Act will apply to the Company in respect of the collection, use, storage and disclosure of that “personal information”.

If the data collected by the ADRC IoT Platform Technology does not (by itself) constitute “information or an opinion about an identified individual” (such a device MAC address, an IP address or event metadata), it is still possible that such data could be aggregated with other datasets which, together, could be considered personal information.

The Company will take steps to ensure compliance with any applicable requirements of the Privacy Act.



#### 4.3 Corporate Objectives

The broad objectives of Xped are:

- (a) to commercialise its developed ADRC technology;
- (b) grow and expand its business development including via key partnerships;
- (c) innovate and extend its IP portfolio;
- (d) direct presence in US and Europe, in addition to Asia and Australia; and
- (e) indirect distribution of ADRC via global semiconductor companies.

#### 4.4 Achieving these objectives

Xped believes it can achieve these objectives as follows:

- (a) establish and enhance frontline business development in key strategic markets (Asia and US);
- (b) strategic collaboration partnership with semi-conductor companies;
- (c) customers established in the three key vertical markets:
  - (1) sensors;
  - (2) industrial and medical devices; and
  - (3) home security; and
- (d) delivering a technology roadmap that services the previously mentioned vertical markets and enhancing this over time to service new trends and opportunities as they may arise.

#### 4.5 Market

According to Cisco, there will be 50 billion 'things' connected to the internet by 2020. This is the same year in which revenue opportunities derived from the Internet of Things are predicted to grow to more than US\$1 trillion.

While ADRC has wide appeal across a broad range of industry sectors, Xped have taken the view to focus on certain vertical markets where realisation of opportunities would accelerate ADRC adoption.

##### *Medical Devices*

The global patient monitoring devices market is estimated to reach \$22.174 billion by 2018 at a compound annual growth rate of 5.5% during the forecast period (2013–2018). The factors driving this market include increasing geriatric population, rising incidences of lifestyle diseases, home and remote monitoring, ease-of-use, and portability of devices expanding point-of-care monitoring devices. The unique features of ADRC can make these devices easy to install and use for a largely technology challenged demographic.

##### *Sensors*

The smart sensor market is expected to reach \$10.46 billion in 2020 growing at an estimated compound annual growth rate of 36% from 2012 to 2020.

Xped is developing advanced sensor systems using the latest low power semiconductor technologies that can enable long life and reliable battery operation. Combined with the unique features provided by ADRC, it is anticipated that these sensors will lower the cost of installation and operation of large sensor networks and provide an ROI sooner than competitive products.

#### *Video Surveillance/Home Security*

The video surveillance market is expected to reach a value of USD 42.06 billion by 2020, growing at a compound annual growth rate 16.97% from 2014 to 2020. Increased security and safety concerns and the need to monitor activities to detect intrusion, theft and traffic surveillance are some important reasons driving the growth of the video surveillance market globally. The IP based video surveillance market is expected to grow rapidly at a compound annual growth rate of 23.51% during the forecast period from 2014 to 2020. Growing installations of IP cameras and need for surveillance cameras with better video quality is driving the demand for IP based video surveillance systems, globally.

One of the largest barriers to entry for IP cameras in the residential home market is the complexity of installation and setup. This process on average will take anywhere between three minutes (a claim made by some manufacturers) up to a more realistic twenty minutes as many steps must be carefully followed by the user. The unique 'tap and control' feature provided by ADRC can reduce the installation time to a little as a few seconds.

#### **4.6 Competition**

Three major challenges facing companies wishing to expand into the IoT business are meeting a real consumer need, being able to create a great physical and software user experience and developing a business model that works both in the hardware and digital realms.

Some of the technologies in the IoT space include HomeKit (Apple), Brillo & Weave (Google), AllSeen Alliance, OIC, ZigBee and Z-Wave. These are all closed proprietary systems and will not interoperate with each other.

In contrast, ADRC is built with an open technology philosophy and thus provides the capability to integrate with these technologies in the future.

#### **4.7 General**

The Directors are satisfied that on completion of the Public Offer the Company will have sufficient working capital to carry out its stated objectives over the next 2 years as set out in this Prospectus.

## **5. Technical Expert Review**

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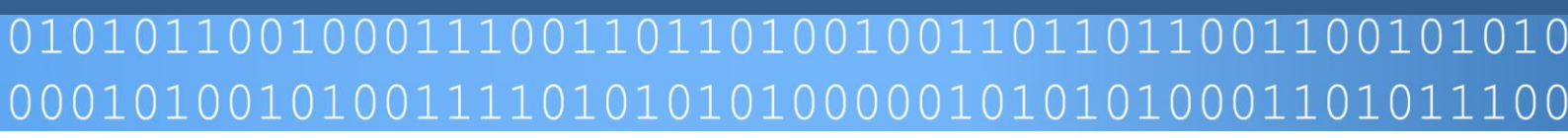
# Xped Holdings Ltd

## Technical Expert Review

**Flocom Consulting**

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

*[danielf@flocomconsulting.com](mailto:danielf@flocomconsulting.com)*



## Executive Summary

The IoT market has been estimated to grow to 50 billion devices, and an addressable global market of \$80 billion by 2020. If IoT is implemented correctly, integrating people, places, and things into our cities, industries and homes, it is expected a grand total of \$14 trillion worth of value would be released to the global economy. Unsurprisingly there are many competitive companies chasing this market. IoT requires solutions that encompass cloud services, analytics, communications, things and thing services. This requires companies to become part of larger ecosystems for solutions and standards.

Xped have created one of the world's first human friendly solutions for the on-boarding, control and management of an IoT enabled "thing" by a smart device (PC, phone, cloud app). In a world where there are currently no overriding standards, and many large players are jostling for position, Xped has real technology that can be integrated into devices by manufacturers, reducing their time-to-market.

The key aspect of the solution is to utilise the NFC function that is increasingly found in our smart phones and smart watches to interface with a wide range of IoT devices, extracting information from the "thing" to carry out a large range of tasks. Xped's solution leverages existing standards wherever possible. Where they have defined new open standards, such as their markup language for data within a "thing", they seem to be closely aligned to other standard body's activities.

The Xped go to market model of open sourcing their protocols and languages, but retaining the right to sell their IoT stack via a number of form factors, aligns with the trend adopted by some participants in the IoT marketplace. Xped has protected its key intellectual property via patents. In addition, they have developed other related technical concepts that are also patented which may generate future revenue streams.

The IoT market is in a stage of flux, with strategic partnerships forming, security risks being ameliorated, and new products being brought to market. In this dynamic stage of development, Xped is offering the ADRC solution to speed up the go to market plans of other players who wish to develop IoT based products. Xped is also intending to introduce other IoT devices of its own for sale. Adopting a flexible business model allows Xped to pivot into different IoT markets (hardware, cloud services, and subsystems).

Whilst Xped is in a very competitive market, the approach adopted by ADRC is appealing due to its simplicity and ease of use. I am confident that other vendors would look at ADRC, either to integrate some functionality, or to licence the technology for their own hardware.

### KEY POINTS

The IoT Market is expected to be \$80 billion by 2020.

Xped have developed a novel solution that simplifies interactions with IoT devices, called the Auto Discovery Remote Control Protocol (ADRC).

Xped have protected their intellectual property via various patents.

The ADRC solution works in standalone mode, or in conjunction with cloud services to provide more value.

The Xped go to market plan is flexible, planning to sell to integrated circuit manufacturers, product manufacturers, and in some cases direct to the end customer.

Xped have also developed and patented other concepts related to IoT and ADRC that might generate revenue in the future.

Whilst the IoT market is real and huge, many issues threaten to slow IoT adoption such as security, cost benefits and standardisation.

## Contents

Executive Summary .....	2
Opening Statements .....	4
Statement of Work.....	4
Statement of Expertise .....	4
Disclaimer .....	4
Introduction.....	5
The Internet of Things.....	6
Opportunity.....	6
Ecosystem.....	7
Business Assessment.....	8
Stated Business Model.....	8
Comments on the Business Model .....	8
Novelty of Solution .....	8
Speed to Market.....	9
Development Flexibility .....	9
Competition.....	9
Standardisation Issues.....	9
Single Browser Claims .....	10
Possible New Services.....	10
Technical Assessment .....	11
The IoT Models of Operation .....	11
Xped Solution and IoT .....	12
Xped Technology Assessment .....	15
Dynamic Device Profiles .....	15
Auto-Discovery Remote Control (ADRC).....	15
Device Browser (DeB).....	16
Embedded IoT Stack .....	17
ADRC Hub.....	17
Other Technologies.....	18
Risk Assessment .....	19
Security .....	19
Customer Demand and Return on Investment (ROI) .....	20
Architecture, Technology and Standards .....	20
Market Fragmentation and Sales.....	20
Partnering and Revenue Sources.....	21
Technology Shortcomings and the Hype Cycle .....	22
References .....	22
Patents.....	22



# Opening Statements

## **Statement of Work**

This report has been prepared on behalf of the RAYA Group to provide an independent technical expert review on the technology developed by Xped Holdings Ltd (Xped). RAYA Group has advised that this report will be included in the RAYA Group prospectus to be dated on or about 15 December 2015 in connection with the acquisition of Xped and providing for a public offer of 170,000,000 ordinary shares in RAYA Group to raise \$6,800,000. The report is based on information gathered from Xped, material supplied by RAYA Group, and information collected from the Internet.

The following aspects have been addressed within the report:

- **IoT Opportunity** - the current state of the IoT market and how Xped fits within this market.
- **Business Assessment** – a description of, and comments on, the Xped business model.
- **Technical Assessment** - a description of the Xped solution, an analysis of the key technical functions, and lists of competitive technology and vendors.
- **Risk Assessment** - a list of technical risks in the IoT marketplace.

It must be noted that the IoT market is highly dynamic where many vendors are offering diverse solutions, void of an agreed standard architecture. In such an environment the analysis is a representation of opinions at a single point in time.

## **Statement of Expertise**

***Dr Daniel Floreani, Director Flocom Consulting.***

Daniel has 25+ years of experience in the communications industry. He has worked for a major Internet solution provider in national and global roles and has been involved in defence, manufacturing and academia. In his career he has designed, sold and installed IP solutions, all the way up to business development for IoT consulting services. Daniel has a PhD in Communications, a Bachelor of Engineering and a Bachelor of Science, is TOGAF certified, and has a GAICD.

## **Disclaimer**

The opinions expressed in this Report have been based on the information supplied to Flocom Consulting by Xped Holdings. The opinions in this report are provided in response to a specific request from RAYA Group to do so. Flocom Consulting has exercised all due care in reviewing the supplied information. Whilst Flocom Consulting has assessed the provided information based on experience and other resources, the accuracy of the opinions in the review are entirely reliant on the accuracy and completeness of the supplied information. Flocom Consulting advises that:

- a) Flocom Consulting has no interest in the outcome of the transaction between Raya and Xped.
- b) Flocom Consulting has considered its independence with respect to ASIC Regulatory Guide 112: Independence of experts and is, in its opinion, independent of both Raya and Xped.
- c) Flocom Consulting has the appropriate skill and experience to prepare the Technical Expert Review.

SIGNED



DATE 15 – 12 - 2015

Daniel Floreani, Director, Flocom Consulting

# Introduction

The Internet of Things (IoT) requires the production of “things” that can communicate via the Internet with people, or to other “things”. The latter is often called machine to machine communications (M2M). These “things” can range from complicated machines such as automobiles, to household devices such as sprinklers. Some “things” are sensors, some “things” are actuators. Some “things” are neither, such as a bus stop, which is just a location where people need information. As a result the wider IoT ecosystem involves people, places, and “things”.

The driving force behind many IoT solutions is to gain deeper insight into systems via analytics to automate menial tasks, enhance productivity, create new business models, and generate new revenue streams. IoT is then seen as a generator of massive amounts of data by “things” that can be stored and analysed in the cloud or elsewhere. As such IoT is linked to the other big current technology drivers of “big data” and “analytics”.

Whilst IoT is deemed a new field, the principles behind IoT have been adopted by manufacturing, mining and defence industries for many decades. The recent IoT push is now taking the traditional process control ideology and applying it to everyday life. This implies applying it to our home, our cities, the environment, and our bodies to name just a few scenarios. In essence IoT aims to solve the mantra - ***you cannot control what you cannot see***. What is different is that past efforts have been in highly controlled environments with heavily engineered solutions. The current IoT environment is driven by consumer style devices, smartphones, and low power and sparsely connected environments. ***It is into this ecosystem that Xped intends to supply its solution in order to provide a robust scalable platform for IoT and M2M applications.***

The Xped solution evolved from a desire to revolutionise how “things” are controlled via remote control style interfaces. The intent was to replace the multiple remote control devices with a solution that enables any smart device to replace the functions of multiple controllers. This then led to the auto-discovery remote control (ADRC) technology suite that utilises near field communications (NFC) to provide an extensible and dynamic interface to “things” so that they can talk to people and other devices via a generic device browser, using a common language based on XML. Unlike most IoT solutions, Xped have not started with the premise that devices must contain an IP protocol stack in order to be part of a network. However the ADRC control mechanisms invented can also be used to run over a wide range of communication links, including IP networks.

Note – for consistency this report uses the term “thing” to encompass products that are connected to the network and are controllable or provide input into some IoT process. It uses the term “smart devices” to refer to products such as smart phones or tablets.



# The Internet of Things

## Opportunity

Many of the largest players in the world IT economy such as Cisco, General Electric, IBM as well as the major consulting firms such as KPMG, Accenture and Forbes have predicted a massive growth in the IoT revolution. Numbers vary<sup>1</sup>, but estimates of up to 50 billion devices connected to the Internet by 2020 and a total addressable market in the order of US\$80 billion and an increase in global productivity of US\$300 billion by 2020<sup>2</sup>. From a local perspective the Australian market for IoT is expected to be in the order of A\$200 million by 2020<sup>3</sup>.

The IoT market can be segmented into many smaller market verticals, as well as into horizontal vendors and service providers<sup>4</sup>. Some of the verticals include:

- Home (toys, security, automation, lifestyle/entertainment)
- Transport (public transport, personal vehicles, international transport)
- Connected cities (tags, public security, environmental monitoring, traffic monitoring, smart buildings)
- Person (fitness, healthcare, wearables)
- Industry (trackers, meters, sensors, actuators)

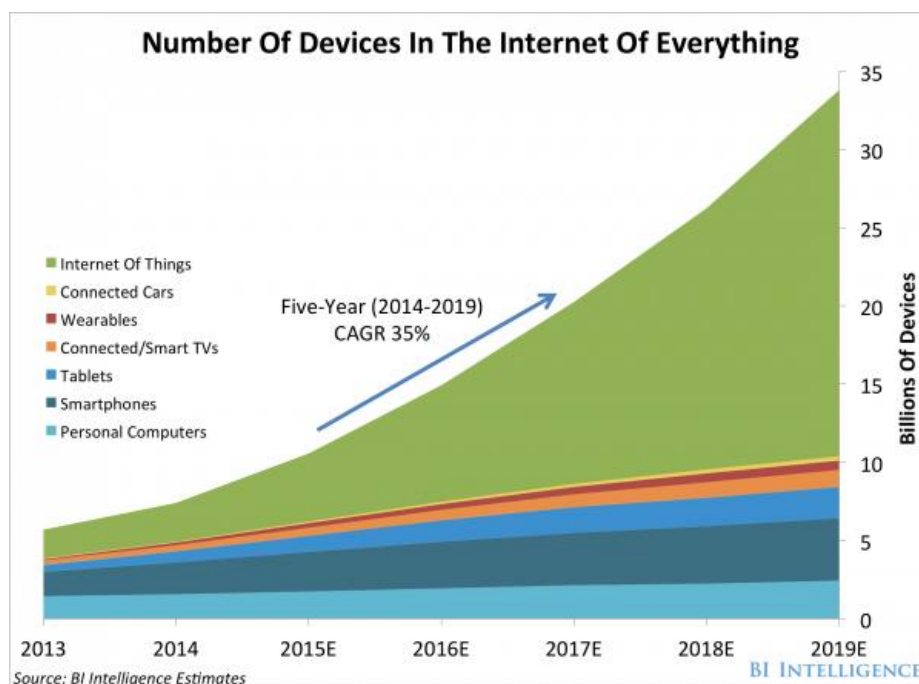


Figure 1 – IoT Device Number Predictions<sup>2</sup>

<sup>1</sup> <http://www.ironpaper.com/webintel/articles/internet-things-market-statistics-2015/>

<sup>2</sup> <http://www.forbes.com/sites/gilpress/2014/08/22/internet-of-things-by-the-numbers-market-estimates-and-forecasts/>

<sup>3</sup> <http://www.iotaustralia.org.au/2015/11/06/iot-facts-and-forecasts/aussie-iot-in-the-home-spend-tipped-to-top-200m-in-2020/>

<sup>4</sup> IEEE Standards Association (IEEE-SA) Internet of Things (IoT) Ecosystem Study

The providers of IoT hardware and services fall into a number of categories:

- Providers of sub systems of things (chips, firmware, modules).
- Providers of things.
- Providers of communications.
- Providers of applications.
- Providers of cloud services.

Most IoT vendors work across some of the categories above in order to provide a working solution. This means those who traditionally specialise in the provision of “things”, now need to understand communications, applications and a level of cloud services. Alternatively providers of cloud services now need to understand how to interface to “things”. It is into this new dynamic market, complicated by a lack of standards, or conversely too many competing standards<sup>5</sup>, that Xped is entering and attempting to solve.

## Ecosystem

The recent interest in IoT is driven by the desire to access some of the US\$ 14 trillion “value at stake” estimated by companies such as Cisco<sup>6</sup> between 2013 and 2022. This study factors in the ability of IoT to reduce costs and increase revenue. In order to make this a reality a new ecosystem is required that delivers the full suite of IoT related services to customers.

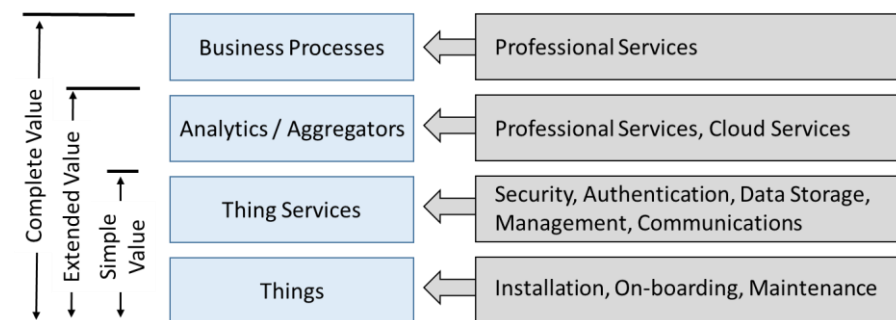


Figure 2 – IoT Ecosystems and Value at Stake

The installation of “things” and the basic services that sit above them, provide the first level of value and is based on simple self-contained IoT services. To gain extended value the IoT data is then aggregated to the cloud to gain further insight or automation via analytics. Interfaces with other IoT verticals is also achieved at this level (ie health systems interacting with transport systems). These solutions will need a level of professional services to conceive, design and implement. Finally in order to gain the full level of benefit from IoT, enterprises and organisations will need to invent new, or change existing business processes to unleash a new age of productivity and cost reduction.

***Xped will need to select a range of partners that allows them to be part of a complete IoT ecosystem to ensure that their solutions release the promised “value at stake”.***

<sup>5</sup> <http://standards.ieee.org/innovate/iot/stds.html>

<sup>6</sup> [http://www.cisco.com/web/about/ac79/docs/innov/loE\\_Economy.pdf](http://www.cisco.com/web/about/ac79/docs/innov/loE_Economy.pdf)

# Business Assessment

## ***Stated Business Model***

The aim of Xped is to deliver a solution that “makes technology human again” by markedly simplifying the IoT on-boarding process and the provision of a single application or browser to control “things”. Xped’s ADRC IoT platform technology is now in the commercialisation phase. The company is currently engaged at various stages with a number of parties in Australia and Asia. To further drive acceptance and implementation of Xped’s technology in a rapidly changing market, Xped has developed the following business models<sup>7</sup>:

- Xped’s core business is to license ADRC to be integrated into 3rd party products. A diverse offering ensure IP can be integrated at any stage in a product’s development cycle. The IP can be packaged and licensed in several forms including supplying a software stack, a pre-programmed chip or a chip on a module. Providing solutions that target semiconductor vendors, product designers and manufacturers provides greater flexibility and minimises barriers to entry.
- Xped have designed a range of consumer products that would be made for available through local and international distribution and retail channels. The preferred model is for these designs to be licensed as reference designs for 3rd party Original Equipment Manufacturers (OEMs) to manufacture and sell through their own channels. Xped would receive a royalty for each unit produced.
- Xped’s platform disrupts industry business models by transforming manufacturers from box movers to service providers fostering direct relationships between all stakeholders. The platform provides the ability to monetise services with revenue streams coming from cloud service charges through to e-commerce. Xped will continue to develop and explore opportunities to commercialise these services through partners

## ***Comments on the Business Model***

### *Novelty of Solution*

Xped have the technology and the appropriate patent protection to execute against the business model listed above. The ADRC solution is a novel approach to interfacing between “things” and smart devices that is intuitive and quick to adopt. It requires the manufacturer to embed the information required to on-board a product within the device, reducing installation complexity. This is one of the driving forces of the IoT industry, taking complex IT technology and making it usable for the consumer. Xped have taken a significant step towards achieving this goal.

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<sup>7</sup> <http://www.xped.com/what/licensing/>

## *Speed to Market*

The Xped ADRC solution may appeal to vendors of “things” who are not tied to large vendors, or existing standards bodies, and who want to get to market quickly in an independent manner. The business model of supplying a simple IoT stack to insert into their devices and things is an attempt to lower the cost of entry into the IoT market.

The Xped customers would benefit as they can enter the market with the majority of the communications, applications, and cloud services already available. By adopting a proven solution they are also able to leverage off the software and security testing inherent in the Xped solution.

Application and cloud providers can develop and sell products and services based on ADRC as they have a known open interface when they interact with ADRC compatible devices. This would provide more incentives for hardware vendors to integrate ADRC firmware as their time to market will be quicker with already existing cloud providers familiar with ADRC.

## *Development Flexibility*

The current Xped “go to market plan” is quite open, allowing them to partner with companies in all aspects of the IoT ecosystem (chips, products, cloud, etc). This is enhanced by the potential wide range of uses for the ADRC solution. At this early stage it is unclear which path will succeed, but the inherent flexibility brings with it the ability to develop the solution in many directions to meet future customer demand.

## *Competition*

The IoT market is very crowded with many diverse solutions. This website<sup>8</sup> created in August 2014 lists 49 companies alone that are active in the IoT space. There are likely to be hundreds more in existence.

There are others who provide similar services to Xped such as Open Remote<sup>9</sup>. They provide design services, cloud and account services, as well as licencing technology for OEM or system providers who wish to enter the IoT marketplace. Whilst it is not clear how much of their technology is unique they do offer a complete service similar to what Xped plans to offer their customers.

## *Standardisation Issues*

Xped claim to help fix the lack of an overarching IoT standard by releasing their own open standard for others to adopt. There are many paths to creating a standard, one is standardisation by size of market or customer influence which favours major vendors (Apple, Google, Cisco) and not Xped.

An alternate path to standardisation is to claim early adopter position which Xped can with its patents and ADRC technology demonstrators.

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<sup>8</sup> <https://blog.profitbricks.com/top-49-tools-internet-of-things/>

<sup>9</sup> <http://www.openremote.com/>

However the easiest path to standardisation is for ADRC to be adopted by a number of major manufacturers or chip vendors which can carry out the standardisation effort on behalf of Xped in standards bodies.

For ADRC to be widely adopted it is crucial to be involved in standardisation in some way.

### *Single Browser Claims*

Xped claim that their solution requires just one app to talk to IoT things. We suspect that any user would probably use with multiple apps, even in a pure ADRC world, for each IoT domain. There would be one for city based things, one for home things, and one for work things. This segmentation would be required for scalability, management, and security aspects. This is an opportunity as represents the ability to sell the solution multiple times to different customers for services delivered to the same end customer.

### *Possible New Services*

If the ADRC solution is adopted by a number of significant hardware device manufacturers, then the owners of ADRC are then in a powerful position to develop extra functionality tied to ADRC that can create more value and revenue. Future services have been proposed within the ADRC and NFC payment framework such as sales vouchers, location based services and promotional material. Some aspects of these concepts have been patented by Xped.

A benefit of the ADRC solution is the ability to have unique information placed in the “things” IoT stack during manufacture. During the on-boarding process, the “thing” could automatically register with the manufacturer and carry out an automatic warranty initiation process. On top of saving warranty procedural costs, this could help the manufacturer understand where the product was actually installed for sales and marketing purposes. This includes investigating grey marketing practises.

The automatic warranty service could be used to develop a direct relationship with customers and allow direct marketing on product specials, security announcements, end of warranty announcements, device firmware upgrade notices and other e-commerce opportunities.

Xped plan to develop a cloud version of their Hub which will allow simpler collection and dissemination of IoT data, as well as accessible cloud analysis applications in the future. Cloud based solutions are important for larger smart city based solutions. They are also important for sharing data between IoT domains (home, work, city). The development of an Xped cloud service could open up other revenue streams for Xped in the future.

When Xped starts to build cloud services they will need to build and test cloud security features, including securing the data at rest in the cloud.

***Xped is currently in a flexible position as it has protocols and software, multiple form factors for its IoT stack, and the intent to sell IoT devices via an OEM model. This makes it well positioned to enter many of the IoT verticals, and maximise its potential addressable market size.***

# Technical Assessment

## *The IoT Models of Operation*

IoT solution providers have adopted some common models to deliver IoT solutions. The first option is that creators of “things” start by building an Internet connected device, then build a cloud based service for it to talk to. This serves the dual purpose of providing a secure interface to a smart device and to provide a common and secure interface for “things”.

If a customer has multiple separate vendors of “things” at home then they will have just as many apps and cloud services on their smart device. If a customer wants to integrate separate solutions they need another cloud service to interface to their existing cloud services to share information. This is called the cloud centric model shown in figure 3(a) below.

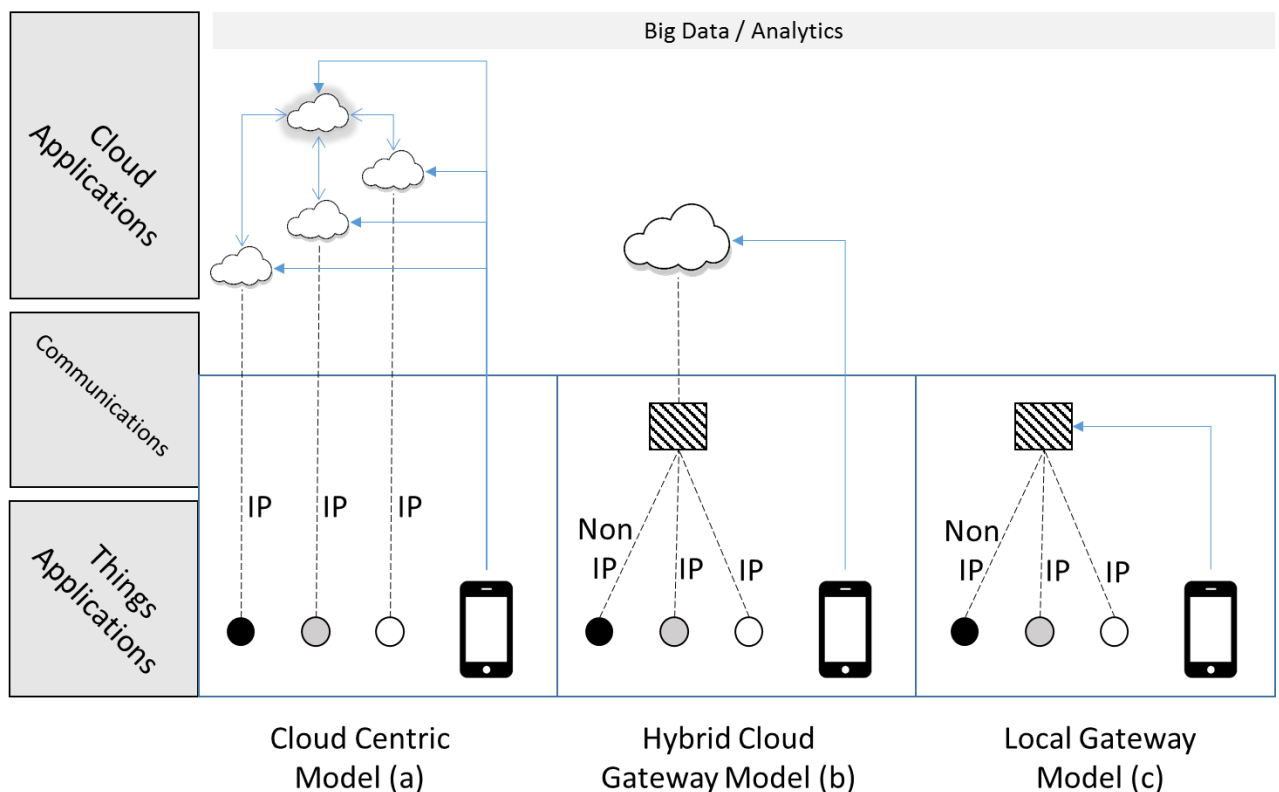


Figure 3 – Traditional IoT System Models

The simplest approach is to provide a gateway that does not need to connect to the Internet or any cloud service. This is the oldest approach and is inherently the most secure model as well. This is the Local Gateway Model shown in figure 3(c). Gateways allow “things” to have the option to utilise low power Non IP radio bearers for communications as well as power hungry and CPU intensive IP based protocols such as TCP/IP or 6LoWPAN. This allows

simple “things” to be connected that have low power and communication overheads, but still have access to an IP connected smart device via the gateway.

Alternatively, other IoT solution providers offer a gateway that can interface with multiple different types of “things” over many different communications bearers (WiFi, Bluetooth, Zigbee, LPD433, etc). This requires the gateway provider to invest heavily in order to integrate large numbers of heterogeneous devices using many different standards. A cloud service is also required in order for the smart device to have a secure connection and allow the devices to be seen and controlled from anywhere. This is the hybrid cloud gateway model shown in figure 3(b).

***Based on a few dependencies, Xped’s ADRC technology can be deployed in all three models above for IP, non-IP and legacy devices.***

## ***Xped Solution and IoT***

The Xped solution<sup>10</sup> comprises 5 different modes of operation between “things” and smart devices.

Firstly a smart device can talk directly to an ADRC enabled “thing” via a bump mechanism where the smart device is placed near the “thing”, (figure 4(a)). This initiates a communication path for the commencement of the on-boarding process. The smart device and the “thing” initiate a NFC forums standards based process to transfer information called NFC Data Exchange Format<sup>11</sup> (NDEF). It then transfers the following information in order to initiate the ADRC process:

- Meta data such as manufacturer, model, icons, etc.
- Security keys for communications.
- Available bearers and MAC addresses for the “thing”.

Armed with this information, the smart device then communicates with the ADRC hub. The hub then probes the thing via the chosen PAN technology (Zigbee) and transfers resource meta language files (RML) embedded in the thing to the Hub and to the smart device. This all occurs within seconds. The on-boarding of the “thing” to the smart device’s device browser (DeB) can now occur. In its simplest form the smart device now becomes a smart version of the remote control for the “thing”. The key point here is the information about the “thing’s” capabilities are now known and can be stored on the smart device or the gateway for later use.

The second mode is that once the “thing” has been on-boarded, the smart device can now interact with the gateway or ADRC hub from anywhere in range of the local WiFi (figure 4(b)). The hub will have been placed in a location so that a personal area network (PAN) connection to the “thing” is possible. The hub will also have a copy of the RML file as a result

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<sup>10</sup> ADRC Marketing Material, [www.xped.com](http://www.xped.com), Xped Corporation

<sup>11</sup> [http://members.nfc-forum.org/specs/spec\\_list/](http://members.nfc-forum.org/specs/spec_list/)



of the on-boarding process. Control can then occur via the ADRC protocol from smart device to the “thing” using a local fixed or wireless IP network.

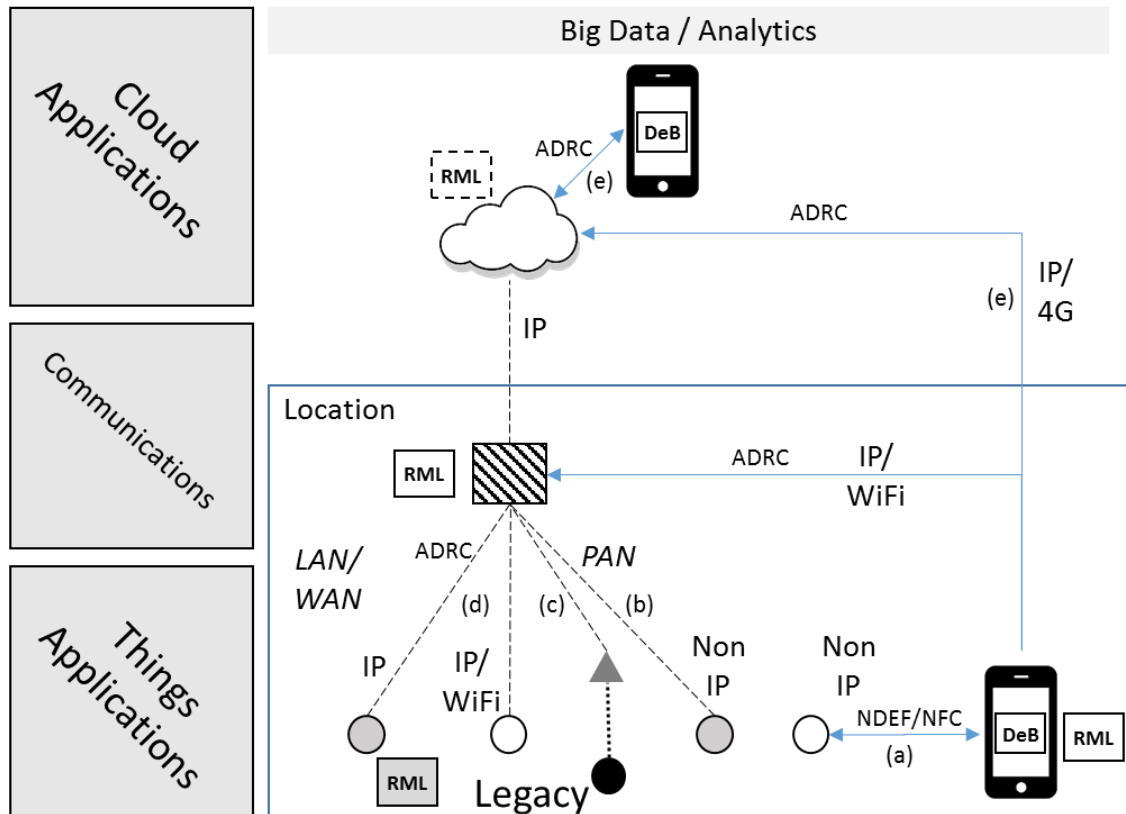


Figure 4 – Xped IoT System Models

The third mode is for legacy “things” that don’t support NFC or the ADRC protocol (figure 4(c)). Xped have developed intermediary devices that convert ADRC to native RF or IR control signals like traditional remote controls.

The fourth mode is for “things” that already contain IP stacks and can communicate via cables or over WiFi to an IP network (figure 4(d)). Smart devices could talk directly to the thing via IP via their proprietary interfaces, but Xped are proposing that they utilize the ADRC solution to unify their approach and have a common browser and resource description file for all “things” (IP and Non-IP enabled). A common laborious task of on-boarding IP devices is the initial setup and IP configuration. The ADRC on-boarding process is by comparison much simpler and would alone be a benefit to any traditional IoT solution.

The modes described so far are available in the offline mode where the gateway or ADRC hub is offline from the Internet. The fifth mode is when this gateway is connected to the wider Internet and it is then possible for the smart device to access its “things” from anywhere. This mode also includes the possibility of other applications in the cloud being able to automatically and remotely access, monitor and control “things” (figure 4(e)).



As described above, Xped modes (b), (c), (d), and (e) map to the traditional IoT models shown in figure 3. However even mode (a), which is purely local and non-IP, can still introduce a novel mechanism for placing uniform resource locators (URL) within the RML files (figure 5). This enables the smart device to browse the URL via a traditional browser and access relevant information. This could be seen as the equivalent to a quick response code (QR code). The differentiator is that if the “thing” has some mechanism for altering its URL then the information provided is dynamic and the “thing” is really part of the Internet of Things.

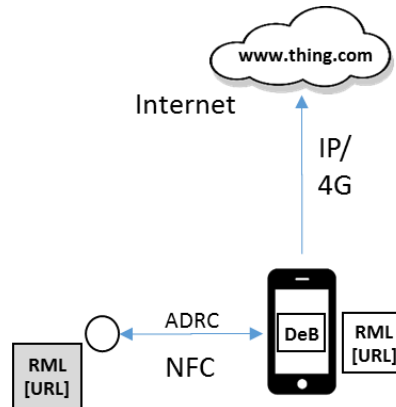


Figure 5 – Connecting Non IP devices to the IoT

Another service that Xped technology can deliver to all Xped enabled IoT “things” is the simplification of the on-boarding process (figure 6). This is traditionally a complicated function for novice users, but also a time consuming task for the expert installer. The ADRC solution allows an off-the-shelf device to associate with the user’s smart device via NFC and have the SSID, security key and other options such as desired IP address to be transmitted in a secure manner to the un-configured “thing” via the hub. This then allows the “thing” to become part of the local IP network. The hub is normally a separate device, but the functionality can be included in a specialised smart device if required for standalone on-boarding only.

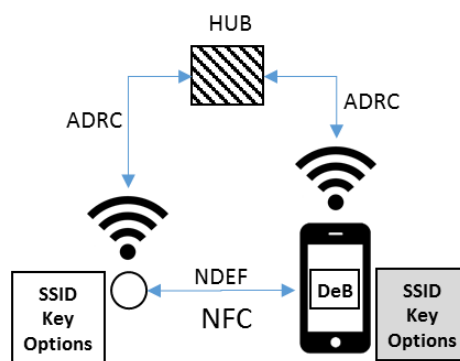


Figure 6 – On-boarding IP-based IoT devices

The Xped business model is to license ADRC in the “thing” in various form factors listed earlier. This relies on embedding a module in the “thing” that interfaces to the application for control of the “thing”, and to existing communications via the radio module. The IoT module contains the NFC capability, ADRC protocols, and the storage capability for RML files (figure 7).

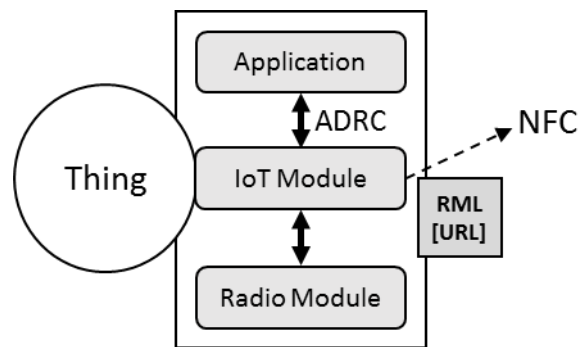


Figure 7 – IoT Module (ADRC) in a Thing

## ***Xped Technology Assessment***

This section lists the key Xped technology and competing vendors and technologies.

### *Dynamic Device Profiles*

Described in patent USPTO#2012/0021684

Xped set out to solve the problem of devices needing a base set of common controls and then a set of device specific controls. This then leads to interoperability problems as the specific controls end up being vendor specific. Xped created a novel description language for modelling available resources available in a thing based on XML. It is the Resource Modelling Language (RML). RML files are stored within the “thing” as a descriptor of the complete set of controls available and their current settings. RML files are based on a hierarchical structure which allows the description of multiple “things” within the one unit. An example of this is a TV with an embedded DVD player. Each has its own description in RML and can be controlled separately but be part of the one larger RML file.

### *Auto-Discovery Remote Control (ADRC)*

Patent USPTO#2012/0021684

ADRC is the term given to the process of establishing communications between a smart device and an ADRC enabled “thing”. It defines the process of on-boarding the “thing” to the smart device’s control software and transferring the specific RML file for the “thing”. This enables the smart device to control the “thing”. The protocol for transferring RML files is called the Remote Control Protocol (RCP) and is also an invention of Xped. The uniqueness of the Xped patent is the combination of the NFC process with the communications process via the hub.

Other efforts are underway in standards bodies such as the Open Group to create standards for the equivalent of RML<sup>12</sup> and RCP<sup>13</sup>. There is at least one academic paper on the use of

<sup>12</sup> Open Data Format (O-DF), an Open Group Internet of Things (IoT) Standard

<sup>13</sup> Open Messaging Interface (O-MI), an Open Group Internet of Things (IoT) Standard

peer to peer communications describing the security mechanisms for the transmission of information<sup>14</sup> over NFC. There are also patents in a similar field<sup>15</sup> to ADRC.

There are many companies and standards bodies that are working in the field of IoT to develop protocols and standards that might compete with ADRC such as:

- Google with brillo and weave<sup>16</sup>.
- Samsung with artik<sup>17</sup>.
- Apple with homekit<sup>18</sup>.
- ARM with mbed<sup>19</sup>.
- Intel with its IoT Platform<sup>20</sup>.
- Texas Instruments with ConnectMore<sup>21</sup>
- Phillips, Sony, Faber, Honeywell, HTC, LG and more, with its AllJoyn Framework and the Allseen alliance<sup>22</sup>. An additional 13 members joined this alliance during the writing of this report.
- Qualcomm<sup>23</sup> has a vast range of IoT related products with various protocols and solution architectures.
- 8 standards bodies and 230 hardware and software vendors and service providers are part of the M2M onem2m standardisation effort<sup>24</sup>.

The problem with this scenario is that this competitiveness often leads to a myriad of new vendor standards, which is no different to the current status quo in remote control technology. This very problem is what Xped and the Open Group is attempting to solve with ADRC. It is interesting to note that one of the largest standards bodies has adopted a similar approach to Xped, which implies that the effort required to align solutions in the future would not be large.

### *Device Browser (DeB)*

Patent USPTO #2014/0154983, #2012/0021684, #2013/176106

Xped have developed a generic device browser that can see, control, and measure device attributes by rendering a common device language (RML) to a smart device or PC browser. This allows a device to have a single browser to control all the things in the home (if they are ADRC enabled).

It is interesting to note that Google has tried to solve the same problem by creating extensions to chrome to allow NFC tags to push information to the browser to share

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<sup>14</sup> LLCPS: A New Secure Model For Internet of Things Services Based On The NFC P2P Model

<sup>15</sup> USPTO 8929815 Apparatus and method for controlling functions of a mobile phone via NFC communications with an external reader, USPTO 9042819 Method, system, and apparatus having near field communication (NFC) chip with configurable memory that is updatable via a host processor

<sup>16</sup> <https://developers.google.com/brillo/>

<sup>17</sup> <https://www.artik.io/>

<sup>18</sup> <https://developer.apple.com/homekit/>

<sup>19</sup> <https://www.mbed.com/en/>

<sup>20</sup> <http://www.intel.com/content/www/us/en/internet-of-things/infographics/iot-platform-infographic.html>

<sup>21</sup> [http://www.ti.com/ww/en/internet\\_of\\_things/iot-challenges.html](http://www.ti.com/ww/en/internet_of_things/iot-challenges.html)

<sup>22</sup> <https://allseenalliance.org/>

<sup>23</sup> <https://www.qualcomm.com/products/internet-of-everything>

<sup>24</sup> <http://www.onem2m.org/>

information<sup>25</sup>. They call this concept the “physical web”, allowing browsers to talk to physical things, not just other computers.

The Swedish company Linkafy<sup>26</sup> has claimed to develop a single application to talk to IoT “things” via a series of APIs. This is the model of one cloud provider joining other cloud services together as shown in figure 3(a) above. If This Then That<sup>27</sup> (IFTTT) is another example of using a cloud service to solve the unified browser problem. The differentiator is that DeB communicates with the “thing” directly or via the gateway, whereas these other examples rely on a cloud service which is vulnerable to Internet outages. Customers will be hesitant to fully adopt an IoT solution if there are major issues with its operation if their Internet service is interrupted.

IoT is customer facing technology and as such localisation is critical when aiming for global markets. Xped have implemented DeB using extensible language files and have currently successfully tested English and Chinese browser languages.

While most browser concepts are either patented or open source already, Xped have applied for a patent for a unique mechanism that indicates the status of a control action entered on a smart device via DeB. This informs the user whether the action has actually occurred and the current status of the control link to the thing via a blinking coloured dot on the screen.

### *Embedded IoT Stack*

USPTO #2012/0021684

A major part of the Xped business plan is to gain revenue by selling its ADRC protocol stack embedded into multiple types of hardware. This flexibility is critical in the IoT market due to the vast range of devices expected but also due to the varying technical IoT capability of future Xped customers.

There are other examples of similar approaches to the IoT market. DigiKeys Electronics<sup>28</sup> offers development boards for their NFC/IoT solution. ARM offers development boards and embedded chips as part of its eco system to encourage adoption of its ARM chips and IoT software.

Chip manufacturers such as Intel and Qualcomm have solutions for every current IoT vertical. They have products and solutions that work in the application, communication, “thing” and subsystem level.

### *ADRC Hub*

USPTO #2012/0021684

A benefit of the ADRC hub as a standalone product is that the data that is collected via the hub is local and owned by the customer. This allows customers to decide how protect or use their IoT data. IoT solutions which tether directly to cloud services result in the data being

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<sup>25</sup> <http://blog.chromium.org/2015/04/reaching-and-re-engaging-users-on.html>

<sup>26</sup> <http://www.linkafy.com/>

<sup>27</sup> <https://ifttt.com/>

<sup>28</sup> <http://www.digikey.com.au/en/product-highlight/n/nxp-semi/nfc-for-iot>

available to the single cloud application and it can become difficult to export this data to other applications.

## *Other Technologies*

This section discusses the ancillary technology that Xped has developed. A separate report on Xped technology covers some of these features in more detail<sup>29</sup>.

### **Power Management**

Technology that Xped has developed related to patent #2012/0021684

The management of power in the IoT ecosystem is critical with the large number of battery powered devices expected. Xped have invented a power management circuit to monitor local power and have included this status into the RML language so that battery levels (current and historical) can be presented to the user via the DeB.

### **NFC based coupons**

Patent #2013/0176106

This covers the ability of a vendor to push data and triggers to a smart device after it completes a NFC payment cycle during a tap event. As an example, the data now stored on the smart device can be used as vouchers that can be used by the customer next time they shop. The trigger portion of the information can time out the voucher or make it useable after a certain time has elapsed.

### **Near Field Ping**

Patent #2013/0225077

This covers the capability to provide a communications path over near field magnetic induction that has longer range than NFC communications. It also utilises 1/10<sup>th</sup> of the power of similar technologies to achieve the same outcomes. This is a good candidate for IoT solutions that require low power characteristics.

### **Wireless Charging**

Not Patented – but technology that Xped has developed related to patent #2015/0044966. This covers the capability to provide wireless chargers and devices that operate in the near magnetic field. This allows devices to charge when sitting on a charge mat while simultaneously providing a data connection for the devices via the same process.

### **All in one Controllers**

Patent #2013/0176106

This covers the ability to provide a controller for devices that integrates smart device and hub capability. This also describes the issues involved in having multiple controllers in any one environment.

### **ADRC Wand**

Patent # 2015/0044966

This covers the ability to provide a wand that can carry out the NFC tap portion of the ADRC process when the smart device does not have integrated NFC capability. Xped could use

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<sup>29</sup> Statement of opinion about Xped Corporation, Invertech Electronics, Adelaide, South Australia.

smart watches as the ADRC wand, allowing a new set of use cases to be introduced into the IoT market.

### **Retail Precincts**

Patent #2011/0270712

This covers the ability of a smart device to tap a particular kiosk in an environment (such as smart city or retail) and be automatically logged into the appropriate wireless network for that precinct. This facilitates smart searches of local services. This patent also covers the ability to nest precincts so that searches can be tailored to a specific location (eg. a specific shop) within a larger environment (eg. a shopping mall).

## **Risk Assessment**

The following section describes risks in the technology and the current market that are apparent at the time of review.

### **Security**

The use of IoT technology in itself does not introduce any new risks above what is already present in other IP enabled products. However it can become a problem due to the predicted massive size of the unit numbers and the limited ability to update or patch software and firmware in “things”. Many adopters of IoT devices will get them to work with minimal security settings and default passwords then leave them alone. This means the fine tuning of security parameters, the ongoing monitoring, and patching of the device is unlikely to be a common occurrence. We see this today in many solutions connected to the Internet, for example baby monitors and standalone IP video surveillance cameras where hackers take control of “things” and use them for a multitude of sinister outcomes.

Xped style technology is exposed to security risks on a number of fronts:

- Internet - The Xped hub can be an Internet facing device that is susceptible to hacking.
- Radio – The Xped DeB application, or the IoT stack in the thing, may be vulnerable to NFC related spoofing leading to identity theft. This then opens up the devices and things to unauthorised access.
- Firmware – The process of upgrading the IoT stack in the thing needs special attention as the lack of automated upgrades can lead to out of date and insecure code remaining on a device. On the other hand automated processes can be hijacked to spread non desirable firmware to things in order to take over these devices. A balance is required to provide the optimum security.

Security is normally an afterthought to the design phase. Xped have designed security into the ADRC process, but until a comprehensive investigation (Penetration Test) of the Xped solution is carried out it is hard to declare the effectiveness of security present in the current solutions. After such a test it will be possible for Xped to mitigate against security flaws that may or may not be found. This is planned to occur during the Xped technology development roadmap. The outcome of this test cannot be predicted in this report.

Xped have planned for a separate access control function in their roadmap for ADRC implementation to scale for secure deployments in enterprise or citywide installations.

Initial NFC bump is available as a mechanism to enable a secure key exchange between devices and controllers limited by low power and coverage of NFC. From that point on the ADRC communication uses standards based secure transport methods.

## ***Customer Demand and Return on Investment (ROI)***

For any IoT solution to be widely adopted it needs to pass a simple test. It must offer a return on investment on the premium required to buy IoT connected devices. In the home market the return can be in simplicity, functionality or personal health. In other markets it must be tied to reduced expenses, improved productivity or intangibles such as security and employee wellbeing.

The latter often requires that IoT solutions be tied to a change in business process in order to obtain the promised ROI. IoT solutions sold just for technologies sake are likely to fail in the long run due to the increased operating costs incurred without the realisation of the associated savings.

For Xped technology to be widely adopted it needs to be associated with the correct mix of partners who can deploy IoT into an environment and assist the end customer enact the business process changes accordingly.

## ***Architecture, Technology and Standards***

As there are numerous technologies involved in the creation of a complete IoT solution, there are many different standards that need to be observed. This is complicated by the fact that currently there is no agreed upon overseer of architecture framework for IoT solutions. For example chip manufacturers could adopt one standard, communications companies another, and the home product vendors yet another standard. Add to this the fragmentation of the M2M standards bodies competing with the IoT standards and the picture is more complex.

Whilst the claim that ADRC is a valid option for a future standard for IoT, there are many other standards efforts under development. Whilst some standards seem compatible with ADRC such as the Open Group standards, many others are not as similar. There is a risk that Xped may not gain the traction it desires with ADRC if a suitable pathway to standardisation is not found.

## ***Market Fragmentation and Sales***

As mentioned earlier, the IoT market ranges from the home, to transport, to smart cities, to the human body, to food production, and finally to industry. Each of these verticals are large enough to support their own standards as they so often have in the past. However a significant part of the appeal of IoT is the inter-connectedness of all “things” and smart



devices to unlock new services and unleash productivity gains. If a comprehensive single set of IoT standards is developed, then the solutions will fragment along market lines.

A fragmented market is far more complicated to sell into, and the end market for Xped is then limited to the market segments that evolve around ADRC solutions.

## ***Partnering and Revenue Sources***

The IoT market is segmented into cloud, communications and “thing” providers. Additionally there are those who can provide the intelligence to the “things”. Any successful business model will need to have partners in most of the areas to succeed. The current IoT partner environment can be characterized as follows:

- standalone powerful vendors with their traditional existing partners (Apple, Google, Samsung)
- large groups teaming to provide ecosystems (Allseen Alliance, ARMs Mbed, Open Group, OneM2M). Allseen currently lists 185 partners, mbed lists 50 partners and M2M 230 partners.
- and individual small players.

Xped will need to find a way to influence standards in the IoT area that can compete with these existing efforts. It is possible that the unique NFC based ADRC approach may be able to influence the development of future IoT standards.

Much of the revenue planned for Xped is based around the selling or licensing of embedded devices. This requires Xped to partner with chip or microcircuit manufacturers in order to bring their solutions to market within the appropriate price, size and power constraints. The inability to find and maintain these relationships are a risk to success.

Cost margins are hard to predict. IoT devices can command a premium at first for the early adopters. However if the features become common place and the functionality doesn't provide a real ROI, then there will be market pressure to integrate IoT at reduced cost. The IoT stack will then be seen as an expense that can be trimmed, hence pressure for reducing margins on the devices or licenses.

The IoT is the opportunity for chip manufacturers to move up the value chain and start to offer end customer solutions (refer to AMDs standardisation effort). Conversely it's the opportunity of consumer product manufacturers to create standards and offer embedded solutions to other vendors to attempt to promote their IoT standards. This implies that companies that traditionally are in separate ecosystems (hardware, microchips, software, services, communications, etc) are now in competition for IoT mindshare. It is also not uncommon for companies to be involved in multiple standardisation efforts simultaneously.

Xped will need to join an existing standardisation effort, or build an ecosystem of their own.



## ***Technology Shortcomings and the Hype Cycle***

The market for IoT devices is predicted to be huge. It must be said however that many of the early adopters of IoT technology have been disappointed with the current state of the Internet of Things. High additional cost for IoT aware products, lack of integration to other IoT devices, security concerns, the burden of ongoing maintenance, the lack of failsafe operation when communications or power is down are all dampeners on the demand of IoT products. It is hoped that the second generation of IoT products that are produced as part of the newly formed standards bodies will address some of these issues. However IoT technology is still seen by many as too early or too risky for prime time adoption. It is up to industry to solve these problems and repair perceptions if the market is to truly embrace IoT and deliver the large sales numbers as predicted.

## References

### ***Patents***

US Patent 2012/0021684, Arrangement for managing wireless communication between devices
US Patent 2011/0270712, Arrangement for managing mobile device access to precinct regions containing services and products and information
US Patent 2013/0225077, Wireless device detection and communication apparatus and system
US Patent 2015/0044966, Method and apparatus for forming association and communicating between devices
US Patent 2014/0154983 Remote Control Arrangement
US Patent 2013/0176106 Remote Control and Remote Control Systems



**6. Patent Report**

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**LESICAR MAYNARD ANDREWS**  
PATENT AND TRADE MARK ATTORNEYS

22 December 2015

The Directors  
Raya Group Limited  
Level 6, 412 Collins Street  
Melbourne VIC 3000

Dear Sirs

## **Patent Attorney's Report**

### **1. Introduction**

We have been instructed by Raya Group Limited ("**Raya Group**") to prepare this report ("**Report**") for inclusion in a prospectus to be issue by Raya Group. Specifically, we have been asked by Raya Group to provide a general overview of the patents that are currently in force or are pending in the name of Xped Holdings Limited ("**Xped**")]

This Report sets out details of the various patents and pending patent applications shown in Section 3, as well as their status as at the date indicated in the Report. The Report is correct to the best of our knowledge as at the date of the Report, subject to the limitations and qualifications set out below.

This report has been prepared by accessing various publicly available databases and information obtained by contacting various overseas associates. In some instances the information may be incomplete given that only the attorneys responsible may have access to some of the patent status details.

Furthermore during the preparation of this Report the status of the patent applications may have progressed further and the Report only includes the results of our investigations to 18 December 2015.

We were not asked to verify the existence of any other IP such as Trade Marks and Designs and this Report is focussed solely on Patents and Patent applications.

The series of patents were filed in the following order in Section 2 whose country status is as below with further details in Section 3. Some of the patent applications are in a time critical situation where they have to be revived or responses filed to ensure that the applications do not lapse.

We have not included any details as to the renewals noting that patent rights exist for some 20 years and renewals are payable annually with a few exceptions.

### **2. Executive Summary**

#### **2.1 January 2009 (XPED reference RETAIL)**

**Lesicar Maynard Andrews Pty Ltd**  
ABN 93 165 741 131  
58 Rundle Street Kent Town SA 5067  
PO Box 2545 Kent Town SA 5071  
T +61 8 8362 7360 E [ip@lmaip.com.au](mailto:ip@lmaip.com.au)

AN ARRANGEMENT FOR MANAGING MOBILE DEVICE ACCESS TO PRECINCT REGIONS CONTAINING SERVICES AND PRODUCTS AND INFORMATION

Pending in Hong Kong and the US

**2.2 March 2009 (XPED reference ADRC)**

AN ARRANGEMENT FOR MANAGING WIRELESS COMMUNICATION BETWEEN DEVICES

Granted in Japan, Mexico, Russia, South Africa and the US

Pending in Australia, Brazil, Canada, Chile, China, EP, Hong Kong, India, Korea, Singapore and the US (continuation)

Israel - the application has been abandoned but may be able to be revived

**2.3 July 2009 (XPED reference EXERTS)**

REMOTE CONTROL ARRANGEMENT

Granted in Australia, China, Mexico, South Africa and the US

Pending in Brazil, Canada, Chile, EP, India, Japan, Russia and Singapore

Israel - the application has been abandoned but may be able to be revived

**2.4 September 2010 (XPED reference MULTI CONTROLLER)**

REMOTE CONTROL AND REMOTE CONTROL SYSTEMS

Granted In Mexico, Singapore and South Africa

Pending in Australia, Brazil, Canada, China, EP, Hong Kong, India, Israel, Japan, Korea, Russia and the US

**2.5 November 2010 (XPED reference PING)**

WIRELESS DEVICE DETECTION AND COMMUNICATION APPARATUS AND SYSTEM

Granted In Singapore and South Africa

Pending in Australia, Canada, Chile, China, EP, Hong Kong and Korea

Israel - the application has been abandoned but may be able to be revived

USA – application has been abandoned but a petition to revive may be filed

**2.6 March 2012 (XPED reference WAND)**

WIRELESS DEVICE DETECTION AND COMMUNICATION APPARATUS AND SYSTEM

Pending in Australia, EP, Singapore and the US

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2.7 **March 2013 (XPED reference DOT)**

REMOTE CONTROL ARRANGEMENT

Pending in the US

3. **Patent Portfolio**

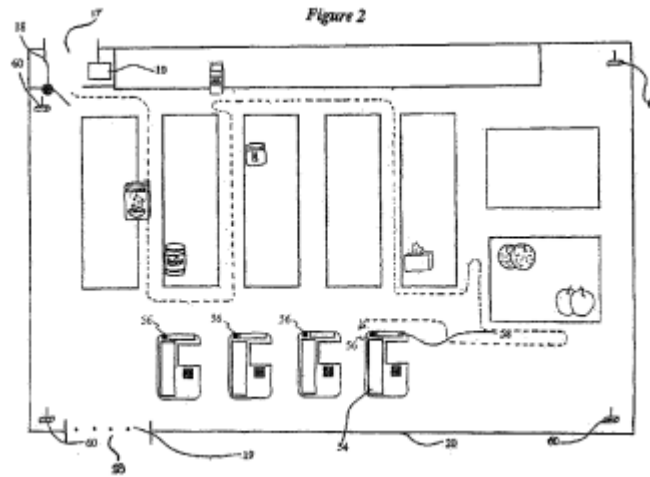
3.1 **RETAIL**

AN ARRANGEMENT FOR MANAGING MOBILE DEVICE ACCESS TO PRECINCT REGIONS CONTAINING SERVICES AND PRODUCTS AND INFORMATION (RETAIL)

PCT/AU2009/001711

Priority Date: 6 January 2009

An arrangement for managing mobile device access to precinct regions so that a user can access usable information about certain products, services or other things from said precinct for real time consideration and decision making, said arrangement including: a server with a database of vendors, products, services, promotional materials, information, applications and other resources for each precinct; a hand-held device having means to allow a user to operate software applications including a web browser; said hand-held device having means to support short range wireless communication protocols; said hand-held device having navigation means displayable upon said screen to locate, promote and/or direct a customer to a certain location and/or vendor within precinct; communication means for said hand-held device to wirelessly access information from and transfer information to said database; wherein provision for the hand-held device to associate with a precinct is realised by the inherent short range wireless communication protocol of the hand-held device to be activated by proximity with a kiosk, port, pad, gate or zone (proximity station) within or near to the precinct region such that once access to the wireless network has been established as permitted through the proximity gesture of the hand-held device coming in range with said proximity station, the user of the hand-held device may then interact with the precinct and those associated vendors, products, services, information, applications and other resources from the database and to be then under the guidance of the navigational display appearing on the hand-held device to be then guided to the point of sale of such a vendor, product and/or service.



Country	App/Reg number	Status
Hong Kong	1192963	Patent pending. The application is in force but the patent has yet to be granted.
USA	13/143540	The patent application received a final rejection. Notice of Appeal filed 15 July 2015 to the Patent Trial And Appeal Board. Xped is currently waiting for the appeal to be processed.

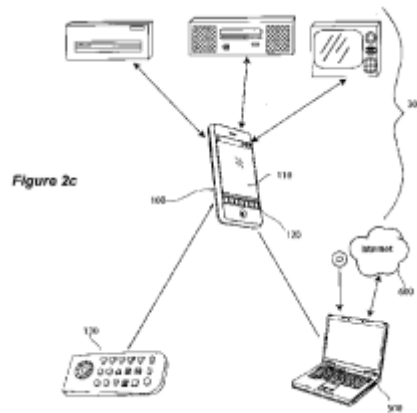
### 3.2 ADRC

AN ARRANGEMENT FOR MANAGING WIRELESS COMMUNICATION BETWEEN DEVICES (ADRC)

PCT/AU2010/000358

Priority Date: 26 March 2009

An arrangement for managing bi-directional wireless communication between a controller and a plurality of controllable-devices wherein each controllable-device is able to provide operable function specific instructions to the controller as to how it would like to be operated by the controller and wherein a proximity mechanism means provides bidirectional communications over a distance of a few centimetres between the controller and the or each controllable-device.



Country	App/Reg number	Status
Australia	2010228130	Patent pending. The application is currently under examination. The first examiners report was issued on 25 March 2015 with 12 months to respond. This report rejected most of the claims on the basis of the US report, renewal paid until 26 March 2016.
Brazil	PI1013591-0	Patent pending. The application is currently under examination and Xped is awaiting the exam report.
Canada	2756369	Patent pending. The application is currently under examination and Xped is awaiting the exam report.
Chile	2374-2011	Patent pending. Response to exam report filed June 2014.
China	201080018420.2	Patent pending. Second office action issued 26 November 2015. Typically applicant is given 2 months respond
EPO	10755331.5	Patent pending. A request for examination has been made but the application is yet to be examined. Amended claims were filed on entry to EP regional Phase, renewal needs to be paid by 26 March 2016.
Hong Kong	1167024	Patent pending. The application is in force but the patent has yet to be granted
India	7389/CHENP/2011	Patent pending. Waiting for examination report, not expected for some 12 months.
Israel	215319	Application rejected and abandoned on 25 October 2015 since a response to Office action of 4 December 2014 was not filed. A petition to revive can be filed within 12 months from the date of rejection, being 25 October 2016.
Japan	2012-501084	Patent is granted.
Mexico	317606	Patent is granted.

Country	App/Reg number	Status
Republic of Korea	10-2011-7025019	Patent pending. The application is yet to be examined.
Russian Federation	2011143235	Patent is granted.
Singapore	10201400953T	Patent pending. Divisional of 201106869-9.
South Africa	2011/07234	Patent is granted.
USA	9136913	Patent is granted.
USA	14/853745	Patent Pending. This was filed on 14 September 2015 as a continuation.

### 3.3 EXERTS

#### REMOTE CONTROL ARRANGEMENT (EXERTS)

PCT/AU2010/000938

Priority Date: 24 July 2009

**Abstract:** The present invention relates generally to an arrangement for delivering information to the user of a mobile device where the information presented to the user is associated with information that has a temporal or contextual or location based association with other information also presented to the user. In one example the mobile device is a device used to remotely control one or more controllable devices, such as a television, personal video recorder, and/or digital radio receiver, and additional multi-media information is made available to the user interface of the remote control to the user at the time the source information is being viewed/listened to or provided to the user regardless of when the source was generated or broadcast.



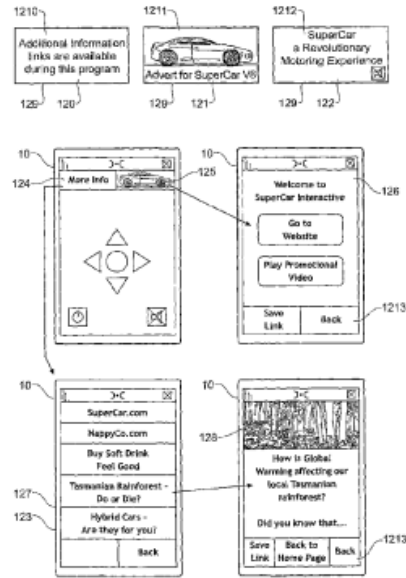


Figure 12

Country	App/Reg number	Status
Australia	2010276092	Patent is granted.
Brazil	112012001615 6	Patent pending. The application is currently being examined
Canada	2768855	Patent pending. The application has been filed but an examination is yet to be requested. A renewal was not lodged by the due date of 27 July 2015, however, there is a grace period until 27 January during which time Xped can renew the patent with late fees.
Chile	190-2012	Patent pending. Response was filed in January 2015.
China	201080043210.9	Patent is granted.
EPO	10801808.6	Patent pending. A reply to the last Examination report filed in October 2014.
India	1652/CHENP/2012	Patent pending. Waiting for examination report, not expected for some 12 months.
Israel	217682	Patent abandoned. A response to an Office Action of 19 March 2015 was due to be filed by 19 July 2015. Should be able to be restored within 12 months provided that the abandonment was unintentional.
Japan	2012-520864	Patent pending. A response was filed on 2 September 2015.
Mexico	322479	Patent is granted.
Russian	2012106460	Patent pending. Examiner issued a notification regarding a

Country	App/Reg number	Status
Federation		patentability check on 15 January 2015.
Singapore	10201404345W	Patent pending. Divisional of 201200506-2. Examination does not appear to have been requested as yet. Next deadline is 23 July 2017 to request substantive examination.
South Africa	2012/01310	Patent is granted.
USA	9,037,708	Patent is granted.

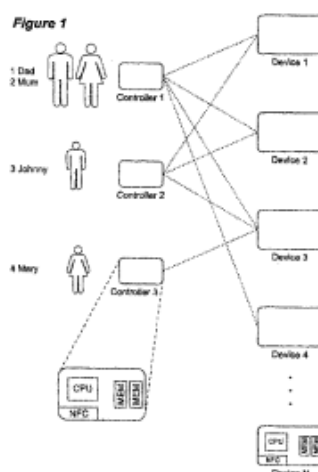
### 3.4 MULTI CONTROLLER

#### REMOTE CONTROL AND REMOTE CONTROL SYSTEMS (MULTI CONTROLLER)

PCT/AU2011/001235

Priority Date: 24 September 2010

**Abstract:** A controller device for controlling multiple devices, where a controller and device are brought into near field communication distance of one another, the proximity of which is such that the controller and device communicate and initiate processes that establish control mechanisms between at least the controller and the respective device, wherein the controller and device each include: a processor for processing digital data; a digital data memory a portion of the memory including digital data usable by the processor to restrict access of the controller to none, one or more devices.



Country	App/Reg number	Status
Australia	2011305067	Patent pending. First examiners report issued 15 August 2014 with 21 months to respond, rejecting some of the

Country	App/Reg number	Status
		claims on the basis of PCT report and EP search opinion.
Brazil	112013006469.2	Patent pending. Under examination and Xped is awaiting the exam report.
Canada	2813014	Application filed to restore abandoned patent application was filed on 16 September 2015
Chile	794-2013	Patent has lapsed by failure to respond to report.
China	201180045739.9	Patent pending. First office action issued on 30 July 2015 - a response typically needs to be filed within 4 months of the receipt of the office action. A response has not been filed but the application can be revived within two months.
EPO	EP2619739	Patent pending. Request for examination filed April 2013, supplementary search report rejected the claims; a response to the European Search Opinion was filed on the 21st July 2014.
Hong Kong	1183960	Patent pending. The application is in force but the patent has yet to be granted.
India	2946/CHENP/2013	Patent pending. The examination report is not expected for at least 24 months.
Israel	225475	Patent abandoned. The application is yet to be examined but a notice to respond to an Official Notification was issued 3 May 2015 and the deadline to respond was due 3 September 2015. The application needs to be revived to respond.
Japan	2013-529512	Patent pending. The Application was refused and reasons for the refusal were sent on 18 August 2015. This needs to be responded to.
Mexico	13/03253	Patent is granted.
Republic of Korea	10-2013-7010494	Patent pending. The patent is yet to be examined
Russian Federation	2013118208	Patent pending. Examiner issued a request on 24 September 2015. The applicant had two months to respond but the term for filing a response can be extended by several months when a response is filed.
Singapore	201301935-1	Patent is granted.
South Africa	2013/02744	Patent is granted.
USA	13/824342	Patent pending. Final rejection has been mailed on 28 October 2015 giving the applicant until 28 April 2016 to file response, the last three months incurring late fees.

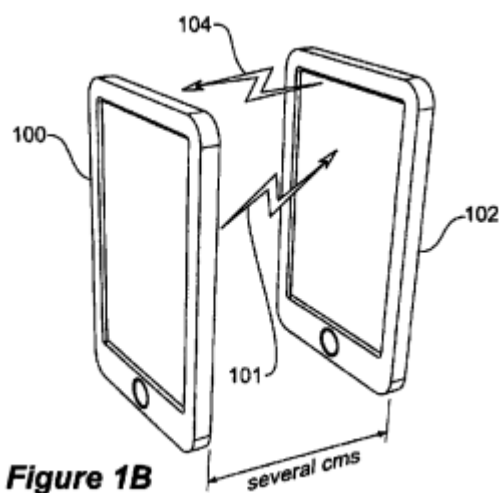
### 3.5 PING

#### WIRELESS DEVICE DETECTION AND COMMUNICATION APPARATUS AND SYSTEM

PCT/AU2011/001412

Priority Date: 3 November 2010

**Abstract:** A method for effecting a near field communication, including the steps of positioning a first device at a close proximity to a second device, wherein the close proximity is suitable for the near field communication; and sending a first effectively carrierless signal from the first device to the second device.



Country	App/Reg number	Status
Australia	2011325869	Patent pending. First examiners report issued on 11 September 2014 with 21 months to respond, rejecting the claims on the basis of the PCT report, renewal paid until 3 November 2015 and is now in the extension of time period.
Canada	2816082	Patent pending. The application has been filed but an examination is yet to be requested. A renewal was not lodged by the due date of 3 November 2015, however, there is a grace period until 3 May 2016 during which time Xped can renew the patent with late fees.
Chile	1204-2013	Patent pending. Waiting for it to be examined.
EPO	11837333.1	Patent pending. The application is currently under examination. The application was deemed to have lapsed as of 17 November 2015 but can be revived within 2 months. Renewal was also due to be paid by 10 November 2015 but can be paid by 10 May 2016 with extra fees.

Country	App/Reg number	Status
Hong Kong	1187458	Patent pending. The application is in force but the patent has yet to be granted.
Israel	225931	Patent abandoned. The application was yet to be examined but a notice to respond to an Official Notification was issued 13 April 2015 and a deadline to respond was 13 August 2015. The application can however be revived.
Mexico	13/05000	Patent has lapsed by failure to respond to office action.
Republic of Korea	10-2013-7014287	Patent pending. The application is yet to be examined.
Singapore	201303187-7	Patent is granted.
South Africa	2013/03715	Patent granted January 2013 and a renewal paid up until 3 November 2015. It appears it has not been paid but can be paid up to 6 months late with payment of late fee.
USA	13/883323	Patent pending. This patent application is abandoned by failure to respond to office action as of 20 October 2015. Xped is currently attempting to revive the application.

### 3.6 WAND

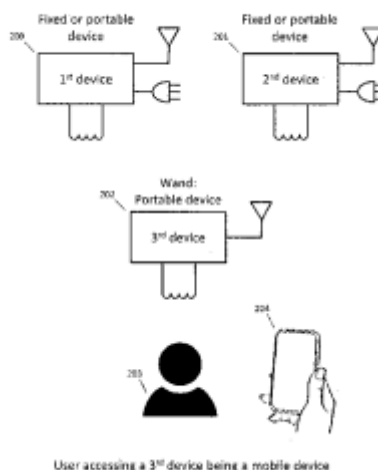
#### METHOD AND APPARATUS FOR FORMING ASSOCIATIONS AND COMMUNICATING BETWEEN DEVICES (WAND)

PCT/AU2013/000328

Priority Date: 28 Mar 2012

**Abstract:** The present invention relates to the field of proximity communications and especially methods for establishing associations, transferring power and communicating data between devices. Devices are proposed to interact with each other, initially by being brought into close proximity to initiate transfer of data that enables the device to communicate with other devices similarly brought together. The devices can be used as a controller or an appliance or both. There is also provided a power transfer mechanism for controller and appliance devices which do not have locally available power at the time the initial proximity action is taking place, so that the processes associated with the data transfer can take place regardless. There is also described a two part device, one part of which provides the proximity communications capability the other part does not have.

**Figure 2** Arrangement of 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> devices



Country	App/Reg number	Status
Australia	2013239344	Patent pending. A direction to request exam has been issued and an exam was requested 11 December 2015.
EPO	2832006	Patent pending. A European Search Opinion was issued on 19th November 2015.
Singapore	11201406028V	Patent pending. An examination request was filed in March 2015.
USA	14/387916	Patent pending. The case has been placed in the examination queue.

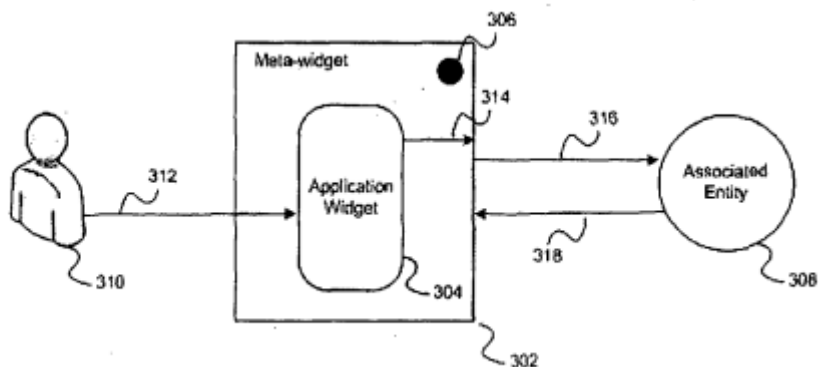
### 3.7 DOT

#### REMOTE CONTROL ARRANGEMENT

PCT/AU2014/000207

Priority Date: 5 Mar 2013

**Abstract:** The invention relates generally to remote controls with graphical user interfaces and user input mechanisms that are used to control the state of one or more other devices. The invention includes a meta- state widget provided on a remote control device to indicate a condition of the state of an application widget also on the device. An application widget provides on the remote control a visual icon such as a push button, slider, check box or other kind of icon that commonly appears on a graphical user interface. An application widget may be used to send a command to an associated entity to cause it to change state. In general an associated entity may be a physical device such as a PVR, or a software element such as a program or a component of a program. The conditions that may be indicated on the remote control device by the meta-state widget are: UNCONFIRMED, CONFIRMED, UNKNOWN and IN-ERROR.



Country	App/Reg number	Status
USA	14/773,721	Patent pending. Application yet to be examined - no action required at this stage.

**4. Lesicar Maynard Andrews' Interest**

Lesicar Maynard Andrews has not previously been engaged by Xped to provide patent attorney services, however, may be engaged in the future on usual commercial terms.

**5. Consent**

Consent for the inclusion of this report in a Prospectus to be issued by Raya has been granted by Lesicar Maynard Andrews and has not been revoked at the date of this Report.

Yours faithfully

**Dr Drazen Lesicar**

BSc (Hons), PhD (Physics),

FIPTA, FICPI Member

Director – Patent and Trade Mark Attorney

Lesicar Maynard Andrews

## **7. Investment Risks**

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### **7.1 Introduction**

An investment in the Shares being offered under this Prospectus is not risk free.

The future performance of Raya Group and the future investment performance of the Shares may be influenced by a range of factors. Many are outside the control of the Board. Prior to making any decision to accept the Offer, investors should carefully consider the following risk factors applicable to the Company. Some or all of your investment may be lost as a result of an occurrence of one or more of these factors.

Careful consideration should be given to the following risk factors, as well as the other information contained in this Prospectus and the Applicant's own knowledge and enquiries, before an investment decision is made.

In particular there are risks associated with the Acquisition, specifically in relation to the success of the Company which may adversely impact the value of an investment in the Securities of the Company (see below in section 7.3(a)).

In addition, there are other general investment risks, many of which are largely beyond the control of the Company and its Directors (Section 7.4).

However, the risks described below are not to be taken as exhaustive. The specific risks considered, and others not specifically referred to, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. The Company aims, and will aim, to manage these risks by carefully planning the Company's activities and implementing risk control measures.

However, some of the risks identified below are highly unpredictable and the Company is limited in the extent to which they can effectively manage them or they are outside the control of Raya Group and not capable of mitigation.

Investors should bear in mind that this Prospectus (including this section 1) has been prepared without taking into account each Applicant's individual financial objectives, financial situation and particular needs. Applicants should seek professional investment advice if they have any queries in relation to making an investment in the Company.

### **7.2 General risks**

A summary of the major general risks is set out below.

#### **(a) 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 the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares. In addition factors that in the future may impact specifically on the share prices of listed companies identified as being part of or involved in the resources and energy,



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

(b) **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates in Australia and other jurisdictions in which the Company does business, as well as globally, may have an adverse effect on the Company's activities, as well as on its ability to fund those activities. Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (1) general economic outlook;
- (2) interest rates and inflation rates;
- (3) currency fluctuations;
- (4) changes in investor sentiment toward particular market sectors;
- (5) the demand for, and supply of, capital; and
- (6) terrorism or other hostilities.

(c) **General legislative change**

The Company is not aware of any current or proposed material changes in relevant regulations or policy in Australia or in any other markets in which the Company may do or intend to do business. However, changes in laws and regulations in Australia or other relevant jurisdictions may adversely affect the financial performance or the current and proposed operations generally of the Company. Of particular note here might be laws or regulations affecting the resources and energy, technology, IT and telecommunications sectors.

Further consideration of the regulatory environment with regards to the IoT industry are discussed in section 5.

(d) **Government policy**

In addition to legislation changes, changes in relevant taxation, interest rates, other legal or administrative regimes, as well as Government policies in Australia or in any other markets in which the Company may do or intend to do business, may have an adverse effect on the assets, operations and ultimately the financial performance of both Raya Group and the entities in which it invests. These factors may ultimately affect the financial performance of Raya Group and the market price of its securities. Of particular note here might be Government policies affecting the resources and energy, technology, IT and telecommunications sectors.

Further, in addition to the normal level of income tax imposed on all industries, Raya Group may be required to pay indirect taxes, GST and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.

Changing attitudes to financial services regulation and protection of investment activities, together with the nature of the political process, provide the possibility for future policy changes. There is a risk that such changes may affect the Company's business, operations or financial condition.

(e) **Unforeseen expenses**

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

(f) **Management actions**

Directors of the Company will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its security, but without assuming any personal liability for the same.

(g) **Additional Requirements for Capital**

The capital requirements of the Company depend on numerous factors.

Depending on the ability of the Company to generate income from its operations, the Company may require further financing in addition to amounts raised under the Public Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

(h) **Litigation Risks**

The Company is exposed to possible disputes and litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. If any such claim or dispute is proven, this may impact adversely on the Company's operations, financial performance and financial position. Neither the Company nor Xped are currently engaged in any litigation.

(i) **Force Majeure**

The Company, now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(j) **Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to Raya Group's business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

### 7.3 Risks specific to an investment in the Company

In addition to the general market and economic risks noted in Section 7.2, investors should be aware of the risks specific to an investment in the Company. The major risks are described below.

#### (a) Completion Risk

The Acquisition is subject to a number of Acquisition Conditions as summarised in Section 12.1(b) of this Prospectus. These include a condition that all necessary regulatory approvals pursuant to the Listing Rules are met. These approvals are discussed in further detail below in section 7.3(b).

If these conditions are not satisfied or waived by the relevant due date, the Acquisition may not proceed, in which case the Company will need to evaluate its future strategy.

#### (b) Re-quotations of shares on ASX

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

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotations of its Shares and Options on the ASX, which would result in the investors' funds being returned, and the Acquisition not being completed. Should this occur, the Shares and Options will not be able to be traded on the ASX until such time as those requirements can be met, if at all. It is a risk for existing shareholders in the Company who may be prevented from trading their existing shares should the Company be suspended until such time as it does re-comply with the Listing Rules.

#### (c) Dilution Risk

The Company currently has 718,364,311 Shares and 382,452,357 Existing Options on issue. At Completion, the Company proposes to issue:

- (1) 640,000,000 Acquisition Shares;
- (2) 150,000,000 Management Performance Shares;
- (3) Up to 15,000,000 Advisor Shares; and
- (4) 320,000,000 Offer Shares to raise \$8,000,000 under the Prospectus Offer.

Upon Completion of the Acquisition and assuming the Public Offer is fully subscribed:

- (1) the Existing Shareholders (but excluding any holding under the Priority Offer) will retain approximately 42.42% of the Company's issued Share capital;
- (2) the Xped Shareholders will hold approximately 37.79% of the Company's issued Share capital;
- (3) the investors under the Public Offer (including those Existing Shareholders holding under the Priority Offer) will hold approximately 18.90% of the Company's issued Share capital; and
- (4) Advisors will hold approximately 0.89% of the Company's issued Share capital

If subsequently the performance milestones are met and all the Management Performance Shares are converted (and provided no other Shares are issued or Options exercised), the interests of the existing Shareholders in the Company will reduce to 38.97%.

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

(d) **Liquidity Risk**

On Completion, the Company proposes to issue the Acquisition Shares, the Management Performance Shares, the Adviser Shares and the Offer Shares. The Directors understand that ASX will treat some of these securities as Restricted Securities in accordance with Chapter 9 of the ASX Listing Rules. However, submissions will be made to the ASX to apply for cash formula relief in respect of these Securities. Further details in this regard are set out in section 13.7.

If a large number of the Company's Shares are classified as Restricted Securities, this would give rise to an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(e) **Protection of IP/IT**

At the core of Xped's business is its proprietary application software such as its Auto Discovery Remote Control (**ADRC**) which utilises Near Field Communications technology (**NFC**) and Near Field Ping (**NFP**), as well as Xped's Device Browser (the **Xped Technology**). The intellectual property at the core of the Xped Technology is key to its success. There is a risk that other individuals or companies may claim to have any interest in the intellectual property utilised in Xped Technology.

If Xped fails to protect its Xped Technology intellectual property rights adequately, competitors may gain access to Xped Technology or parts of it which may harm its business and following the Acquisition, the Raya Group and the value of the Shares.

In addition, there may well be significant value attached to the trademarks and other similar forms of intellectual property associated with the Xped brand. Failure by Xped to adequately protect against infringements of intellectual property associated with its brand may result in significant damage to that brand and deterioration in the goodwill of the Xped business. Again following the Acquisition, the value of the Shares may be reduced.

However legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain, and particularly so with software. Effective patent, trademark, copyright and trade secret protection may not be available to Xped in every country in which the Xped Technology may eventually be sold or otherwise launched. Accordingly, despite its efforts, Xped may not be able to prevent third parties from infringing upon or misappropriating its intellectual property.

Market conditions depending, Xped may be required to incur significant expense in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company, cause a distraction to management, and ultimately damage its business.

### *Dependence on the Internet and telecommunications infrastructure*

The success of the Xped Technology and products will depend to some extent on the availability and stability of the:

- (1) telecommunications infrastructure, and in particular the infrastructure over which devices directly communicate with each other; and
- (2) internet.

The utility of Xped's Technology depends initially on smart devices being able to establish communications between themselves using NFC (at less than approximately 1 cm), and then direct communications between devices, and then possibly pathways to transmit packets of data between each of those devices over the Internet. Accordingly direct connectivity (wireless or wireline) is likely to be critical to the adoption of Xped Technology and ultimately the success of the Xped business.

The utility of both connectivity and the Internet for carrying communications between devices can be adversely impacted upon as a result of the rapidly increasing demands for bandwidth, data security, reliability, cost, accessibility and quality-of-service. Delays in the development or adoption of new standards and protocols to handle these increased demands may impact on the adoption of Xped Technology and ultimately the success of Xped's business.

In particular the performance of the Internet has been harmed by "viruses," "worms" and similar malicious programs, and the Internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If for any reason the Internet does not remain a widespread communications medium, the demand for Xped Technology would be significantly reduced, which would harm its business.

Importantly, Xped's ADRC is agnostic of the transmission technology used. A wide range of wireless as well as wireline options can be used and would be dependent upon the application. This is a decision made by the manufacturer on what best suits the needs of their customers.

Please note that Xped's ADRC platform does not rely on access to the internet to function, however the experience may be enhanced if connection is made.

(f) **Standardisation Risk**

The application and use of different technologies in the IoT sector is presently subject to many different standards due to the absence of any agreed architecture framework for IoT solutions. Whilst Xped is hopeful that its ADRC technology may present the opportunity for adoption as a future standard, because of the activity by others at this time in this sector using different standards, no assurance can be given that Xped's technology will be adopted as the standard in this sector.

(g) **Commercialisation Risk**

Commercialisation of Xped's technology will require Raya Group to identify appropriate vendors, product designers and manufacturers and negotiate agreements on commercial terms to generate royalty and licence fee based revenue income. Whilst Xped is in either collaboration arrangements or advanced discussions with a number of international companies, it does not at this time have a licence agreement with any third parties and no assurance can be given that Xped will be successful in entering into such agreements.

(h) **Hacker risk, Technology / disruption / corruption / systems failure**

Security concerns and the possibility of data corruption and data manipulation are particular concerns with the ongoing confidence in IoT applications in general and the adoption of short-range wireless technology such as the NFC technology in particular. Where consumers perceive that ADRC is insecure and open to being hacked, then the adoption of Xped Technology may be impacted. This may ultimately impact on the success of the business of Xped and therefore the success of the Raya Group.

Similarly the threat of the hacking of communications over the Internet between devices may similarly impact of the uptake of Xped Technology.

The perception of risk associated with the theft of devices on which consumers are running Xped's Device Browser to communicate and control their other devices may also have a significant impact on the uptake of Xped Technology.

Whilst Xped have sought as part of the design of their ADRC technology to incorporate security aspects, at the present time this security design is still being investigated and no assurance can be given at this time that Xped's technology will be immune from the usual range of IoT technology risks.

To mitigate any risks associated with NFC security, Xped will be implementing changes to the hardware design to include an AES encryption engine.

(i) **Extensive competition**

There is a great deal of interest in the "Internet of Things" and device connectivity. Accordingly there is huge potential future competition and there can be no assurances that the competitive environment will not change adversely due to actions of competitors or changes in customer preferences. The Company's financial performance or operating margins could be adversely affected if the actions of competitors or potential competitors become more effective, or if new competitors enter the market and the Company is unable to counter these actions.

(j) **Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and directors. The Company will rely heavily on the experience and knowledge of John Schultz and Christopher Wood. In the event that any of these persons or any other key personnel that the Company subsequently recruits leaves the Company and the Company is unable to recruit suitable replacements, such loss could have a materially adverse effect on the Company. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these key management personnel cease their engagement with the Company and suitable replacements are not identified and engaged in a timely manner.

(k) **Risk of High Volume of Share Sales**

If Completion occurs, the Company will have issued a significant number of new securities to various parties. It may be the case that some of the Xped Shareholders and others that receive securities as a result of, or in connection with, the Acquisition or the Offers may not intend to continue to hold those securities and may wish to sell them on the ASX (subject to any applicable escrow period). There is a risk that an increase in the number of people wanting to sell Shares may adversely impact on the market price of the Company's Shares.

There can be no assurance that there will be, or continue to be, an active market for Shares or that the price of Shares will increase. As a result, holders of Shares may, upon selling their securities, receive a market price for their securities that is less than the price of Shares offered pursuant to the Offers.

(l) **Research and Development Risks**

Investments in research and development technologies such as the Xped Technology are often uncertain or unproven, and the exact value of those assets may not be known at the time that the Company acquires them. Expenditure on research and development may yield no results or results different to what is expected. Additionally investments in new technologies, products and processes may not yield the required return on those products for the Company to generate a return above cost.

(m) **Relationships with suppliers**

The Company will rely on sourcing products from various suppliers and any material adverse change in the Company's relationships with its suppliers, its terms of trade, or the ability of key suppliers to service orders could have an adverse impact on the Company's prospects.

It is important to note, however, that the business model for Xped is licensing of IP, or firmware. As such, its business revolves largely around the supply of software and does not heavily rely upon the supply of other products.

In areas where supply of components is necessary, i.e. to provide that same IP on a module, multiple avenues of supply will be available. Xped's ADRC is agnostic of the chip supplier and Xped is in discussions with several semiconductor firms to ensure that problems with availability are mitigated.

(n) **Material arrangements**

Xped and its subsidiaries have entered various material arrangements which are important to the future of the Group. Key material arrangements are set out in Section 12 of the Prospectus. Any failure by counterparties to these arrangements, or any other arrangements identified in this Prospectus, to perform their obligations under such material arrangements may have a material adverse effect on the Group, and there can be no assurance that the Group would be successful in attempting to enforce any of its rights through legal action.

In addition Xped and its subsidiaries have entered a number of non-binding arrangements, by way of memorandums of understanding. These arrangements by their nature may be nonbinding and unenforceable. As such, in the event that the other parties to these arrangements fail to perform their obligations, the Group may have no right to enforce the provisions of these arrangements through legal action.

Additionally, as outlined in section 12.16, Xped is still awaiting execution of some outstanding documents with some employees, consultants and advisors of certain discharges. No assurances can be given that all of these discharges will be executed.

(o) **Growth prospects and company expansion plans**

The Company's growth prospects are dependent upon a number of factors, including acceptance by manufacturers to adopt an open application approach. If the Company fails to execute any expansion plan, its financial performance is likely to be negatively affected.

Xped recognises that any exponential growth will be achieved through partnerships it creates. ADRC has diverse appeal and application and as such the partnerships either formed or being created are in a diverse set of industry verticals.

Xped is also taking proactive steps to enter verticals where it feels significant benefits to consumers would be realised quickly. Raising the visibility of the ADRC technology through these avenues will bring further interest from other potential partners. This is known as Seeding the market and is used for similar purposes by other companies involved in IP Licensing .

(p) **Regulatory risks**

Currently there are few IoT-specific laws and regulations. However one area of particular concern is that of data privacy and protection. Currently in Australia IoT-based technologies may be impacted by informational privacy laws. Such laws differ from jurisdiction to jurisdiction.

In Australia, the collection, use, storage and disclosure of “personal information” is principally regulated by the Privacy Act. The Privacy Act does not prohibit IoT-based technologies; but it could in certain circumstances impose additional compliance obligations on businesses who use or commercialise those technologies.

The compliance obligations under the Privacy Act only extend to “personal information”. The term “personal information” is defined in the Privacy Act to mean (in summary) information or an opinion about an identified individual, or an individual who is reasonably identifiable.

If the ADRC IoT Platform Technology collects data which falls within the definition of “personal information”, then the compliance regime under the Privacy Act will apply to the Company in respect of the collection, use, storage and disclosure of that “personal information”.

If the data collected by the ADRC IoT Platform Technology does not (by itself) constitute “information or an opinion about an identified individual” (such a device MAC address, an IP address or event metadata), it is still possible that such data could be aggregated with other datasets which, together, could be considered personal information.

The Company will take steps to ensure compliance with any applicable requirements of the Privacy Act.

In addition there are on-going policy developments in a number of areas relevant to the take-up of IoT which may result in increased regulation and therefore increased regulatory compliance costs for Xped’s business. These areas include:

- (1) spectrum management;
- (2) interoperability and open systems;
- (3) network resilience and security;
- (4) security and data privacy;
- (5) data sharing; and
- (6) numbering.

See section 4.2(c) for more detail.



As laws and regulations develop around each of these areas in jurisdictions in which devices using Xped Technology are located, or in which data necessary for the application of that technology is collected, transferred, accessed, stored or analysed, there may be increased regulatory compliance costs for Xped's business. However, these costs may be off-set to some degree by the increased take-up and adoption of IoT applications in general, and Xped's technology in particular as consumer confidence in the security, safety and reliability of these IoT technologies increase.

(q) **Tenements**

The Company continues to hold its existing geothermal exploration tenements. The tenements of the Company are in various stages of exploration and potential investors should understand that geothermal exploration and development are high-risk enterprises, only occasionally providing high rewards.

Factors such as stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, project funding difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any geothermal resource.

The Company's activities in the geothermal industry are subject to various regulations and approvals and status and tenure can be impacted by local laws, particularly in foreign countries.

Inherent in geothermal exploration operations is a real environmental risk. The legal framework governing this area is constantly developing. As such the Company is unable to fully ascertain any future liability that might arise from environmental laws or regulations, although such regulation is typically strict and may impose severe penalties.

The Company's interest in the Sokoria project is subject to political and sovereign risk and there is the risk of political, legislative or bureaucratic events occurring within Indonesia that may cause delays to the commencement or implementation of development activities or may result in the delay or cancellation of the project which may have adversely affect the Company.

The Company has announced that it continues to maintain its interest in the Sokoria Geothermal project whilst seeking a strategic investor to provide funding and development of the project. The Company and its JV partner Pt Bakrie Power are in early discussions with a European power group to assess the project economics with no commitment or offer as yet to further this project.

The Australian tenements remain on care and maintenance and the Company will seek and consider divestment opportunities of these tenements going forward.

7.4 **General**

The above list of risk factors, both general and specific, ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. Any combination of the above factors may materially affect any business operations or the financial performance of Raya Group and the value of its securities. 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 Company's securities. To that extent the Shares offered in this Prospectus are subject to significant risk and uncertainty with respect to return or preservation of capital, the price (if any) at which the Shares may trade and the payment of dividends in any future time. Therefore, the securities 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 securities.

## 8. Historical and Pro Forma Financial Information

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### 8.1 Introduction

This Section sets out the Historical Financial Information and Pro forma Financial Information, as defined below, of the merged group of the Company and XPED Holdings Ltd group (**XPED**) consisting of XPED Holdings Ltd and its controlled entity XPED Corporation Pty Ltd (collectively the Financial Information). The basis of preparation and presentation is set out below.

The Financial Information has been prepared by management and adopted by the Directors of the Company.

The Directors are responsible for all Financial Information included in the Prospectus. Pitcher Partners has prepared an Investigating Accountant's Report in respect of the Financial Information. A copy of this report is set out in Section 9 of the Prospectus

### 8.2 Basis of Preparation

The Pro Forma Financial Information has been prepared for illustrative purposes and has been prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards and the significant accounting policies of the Company and XPED, as if the proposed acquisition occurred on 30 June 2015.

The accounting policies comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. They also comply with International Financial Reporting Standards. The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements, comparative information and notes required in annual general purpose financial report prepared in accordance with *Australian Accounting Standards and the Corporations Act 2001*.

The Company's financial statements as at and for the years ended 30 June 2013, 2014 and 2015 have been audited by Pitcher Partners. An audit opinion was issued by Pitcher Partners for the Company which included an emphasis of matter in relation to the Company's ability to continue as a going concern without raising additional working capital. XPED's financial statements as at and for the years ended 30 June 2013, 2014 and 2015 have been audited by Bentleys (SA) Partnership. An audit opinion was issued by Bentleys (SA) Partnership for XPED, which included a qualification in relation to Bentley (SA) Partnership inability to obtain sufficient and appropriate audit evidence regarding costs constituting the intangible asset, in addition to an emphasis of matter in relation to XPED's ability to continue as a going concern in the absence of the acquisition by the Company.

The historical financial information of the merged group provided in this Prospectus comprises a Pro forma consolidated statement of financial position as at 30 June 2015, which is based upon:

- (a) the Company's audited statement of financial position as at 30 June 2015;
- (b) XPED's audited statement of financial position as at 30 June 2015  
(together, the **Historical Financial Information**); and
- (c) relevant Pro forma adjustments required to present the merged group, (together with the Historical Financial Information, the Pro forma Financial Information).

The information in this Section is presented on a Proforma basis only, and as a result it is likely that this information will differ from the actual financial information for the merged group as at completion of the proposed acquisition.

The acquisition of XPED by the Company is based on consideration for 100% of the shares in XPED whereby the Company will issue 640,000,000 Acquisition Shares to the shareholders of XPED. In substance, the acquisition involves XPED shareholders gaining accounting control of the Company. Accordingly, the Acquisition has been accounted for as a reverse acquisition by which XPED acquires the net assets and listing status of the Company. The ongoing consolidated financial statements of the Company will therefore represent the continuation of XPED.

The Company is the legal acquirer and will be the reporting entity of the merged group. The accounting policies of the merged group used in the compilation of the Pro forma Financial Information are based on those approved and adopted by the Company. A summary of the significant accounting policies of the Company is disclosed in the audited financial statements of the Company for the year ended 30 June 2015, available on ASX's website at [www.asx.com.au](http://www.asx.com.au).

Upon completion of the proposed acquisition, the business of the Company will have changed to that of the merged group resulting in the need to consider and/or adopt new accounting policies. Significant new accounting policies to be adopted by the merged group are outlined in Section 8.5 below.

No adjustments have been made in the Pro forma financial information for any expected synergies or integration costs following the completion of the proposed acquisition. Nor have any adjustments been made in the Pro forma financial information for any one-off or non-recurring costs, other than those set out in the Pro forma adjustments.

The functional and presentation currency of the Company (the reporting entity) and XPED is Australian dollars. The Pro forma financial information is presented in Australian dollars.

### 8.3 The Company – Historical Statement of Financial Performance and Financial Position

#### (a) Historical Statement of Financial Performance – The Company

\$	12 months ended 30 June (audited)		
	2013	2014	2015
<b>Revenue and other income</b>			
R&D tax concession	308,285	284,812	196,658
Other revenue & income	10,092	12,918	5,020
	<u>318,377</u>	<u>297,730</u>	<u>201,678</u>
<b>Operating expenses</b>			
Employee benefits expense	(945,875)	(341,725)	(407,745)
Professional fees	(385,636)	(378,887)	(200,141)
Impairment of tenement and joint venture costs	(1,976,358)	(134,072)	(2,090,265)
Fair value loss on investment	-	(8,333)	(133,500)
Travel costs	(164,445)	(87,860)	(114,332)
Depreciation & amortisation	(23,192)	-	-
Finance costs	(4,671)	(5,246)	(4,292)
Other expenses	(453,155)	(223,008)	(174,992)
	<u>(3,953,332)</u>	<u>(1,179,131)</u>	<u>(3,125,267)</u>
<b>Loss before income tax expense</b>	<b>(3,634,955)</b>	<b>(881,401)</b>	<b>(2,923,589)</b>
Income tax expense	-	-	-
<b>Loss for the year</b>	<b><u>(3,634,955)</u></b>	<b><u>(881,401)</u></b>	<b><u>(2,923,589)</u></b>

#### (b) Historical Statement of Financial Position – The Company

\$	As at 30 June (audited)		
	2013	2014	2015
Current assets	387,032	733,291	553,959
Non-current assets	3,725,764	3,782,701	2,980,212
<b>Total assets</b>	<b>4,112,796</b>	<b>4,515,992</b>	<b>3,534,171</b>
Current liabilities	(315,427)	(221,187)	(118,024)
Non-current liabilities	(271,106)	(189,774)	(271,106)
<b>Total liabilities</b>	<b>(586,533)</b>	<b>(410,961)</b>	<b>(389,130)</b>
<b>Net assets</b>	<b><u>3,526,263</u></b>	<b><u>4,105,031</u></b>	<b><u>3,145,041</u></b>

#### 8.4 XPED – Historical Statement of financial performance and financial position

##### (a) Historical Statement of Financial Performance - XPED

\$	12 months ended 30 June (audited)		
	2013	2014	2015
<b>Revenue and other income</b>			
R&D tax concession	335,003	301,156	377,804
Other revenue & income	22,500	1,145	-
	<u>357,503</u>	<u>302,301</u>	<u>377,804</u>
<b>Operating expenses</b>			
Employee benefits expense	(393,619)	(336,277)	(265,118)
Subcontractors & contract work	(218,830)	(184,667)	(239,627)
Patent, trademark fees & permits	(190,288)	(158,732)	(171,226)
Professional fees	(30,589)	(44,726)	(58,795)
Materials, parts & supplies	(40,917)	(43,268)	(61,311)
Advertising	(3,838)	(3,248)	(23,952)
Travel	(3,784)	(11,950)	(15,511)
Depreciation and amortisation	(21,730)	(21,459)	(9,512)
Other expenses	(33,018)	(40,027)	(37,840)
	<u>(936,613)</u>	<u>(844,354)</u>	<u>(882,892)</u>
<b>Loss before income tax expense</b>	(579,110)	(542,053)	(505,088)
Income tax expense	-	-	-
<b>Loss for the year</b>	<u><b>(579,110)</b></u>	<u><b>(542,053)</b></u>	<u><b>(505,088)</b></u>

##### (b) Historical Statement of Financial Position - XPED

\$	As at 30 June (audited)		
	2013	2014	2015
Current assets	363,980	311,971	399,502
Non-current assets	4,426,925	4,405,466	4,406,311
<b>Total assets</b>	<u><b>4,790,905</b></u>	<u><b>4,717,437</b></u>	<u><b>4,805,813</b></u>
Current liabilities	(132,670)	(187,234)	(416,039)
Non-current liabilities	(5,352,550)	(5,766,571)	(5,986,630)
<b>Total liabilities</b>	<u><b>(5,485,220)</b></u>	<u><b>(5,953,805)</b></u>	<u><b>(6,402,669)</b></u>
<b>Net liabilities</b>	<u><b>(694,315)</b></u>	<u><b>(1,236,368)</b></u>	<u><b>(1,596,856)</b></u>

## 8.5 New accounting policies of the merged group

### (a) Basis of consolidation

The consolidated financial statements include the assets and liabilities of XPED Holdings Ltd and its subsidiaries/Raya Group Limited and its subsidiaries. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Control is achieved when the Company:

- (1) has power over the investee;
- (2) is exposed, or has rights, to variable returns from its involvement with the investee; and
- (3) has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

### (b) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

(c) Revenue

Revenue from sale of goods/licensing of software products is recognised when the significant risks and rewards of ownership have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods/licensing of software products to the customer.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

Grants from government, including Australian Research and Development tax concessions, are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

(d) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is calculated on accounting profit after allowing for non-taxable and non-deductible items based on the amount expected to be paid to taxation authorities on taxable profit for the period. Deferred tax is calculated at the tax rates that are expected to apply to the period in which the asset is realised or the liability is settled. Both current tax and deferred tax are calculated using tax rates that have been enacted or substantively enacted at reporting date.

Current and deferred tax is recognised as an expense in the income statement, except when it relates to items directly debited or credited to other comprehensive income or equity, in which case current and deferred tax is also recognised directly in other comprehensive income or equity.

Deferred tax is the expected tax payable or recoverable on all taxable and deductible temporary differences determined with reference to the tax bases of assets and liabilities and their carrying amount for financial reporting purposes as at the reporting date. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

In respect of investments in subsidiaries, deferred tax liabilities are recognised for all taxable temporary differences, except where the Group is able to control the timing of temporary difference reversal and it is probable that the temporary difference will not reverse in the foreseeable future.

Management judgement is required to determine the amount of deferred tax assets that can be recognised. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses and tax credits, can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(e) Foreign currencies - transactions and balances

Foreign currency transactions are converted into the relevant functional currency at market exchange rates applicable as at the date of each transaction. Amounts payable or receivable in foreign currencies are converted into the relevant functional currency at market exchange rates at the reporting date.

Currency translation gains and losses are recognised in profit or loss in the period in which they arise.

The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of XPED Holdings Ltd and Raya Group Limited.

(f) Financial instruments

(1) Non-derivative financial assets

Financial assets are recognised initially on the date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group has the following non-derivative financial assets: cash and cash equivalents and loans and receivables.

(2) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.



Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

(3) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(g) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(h) Financial instruments issued by the Company

(1) Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(2) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

(3) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(4) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(i) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would

be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs of inventories including goods available for sale and consumables are determined on a first-in-first-out basis. Net realisable value for items expected to be sold represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Net realisable value of items expected to be consumed is the net value expected to be earned through future use.

(k) Property, plant and equipment

Items of property, plant and equipment are recorded at cost and depreciated as described below. Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated on a straight line basis to the income statement over their estimated service lives. The Group starts depreciating assets when they are installed and ready for use. The service lives of significant items of property, plant and equipment are as follows:

- (1) Plant and Equipment: 20 - 33%; and
- (2) Furniture and fittings: 33 - 50%.

The service lives and residual values of our assets are reviewed each year.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(l) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(m) Intangible assets

Intangible assets are assets that have value but do not have physical substance. In order to be recognised, an intangible asset must be either separable or arise from contractual or other legal rights.

(1) Internally generated intangible assets - Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- (A) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (B) the intention to complete the intangible asset and use or sell it;
- (C) the ability to use or sell the intangible asset;
- (D) how the intangible asset will generate probable future economic benefits;
- (E) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (F) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(2) Intangible assets acquired separately

The Group acquires other intangible assets either as part of a business combination or through separate acquisition. Intangible assets acquired in a business combination are recorded at their fair value at the date of acquisition and recognised separately from goodwill. Intangible assets acquired through specific acquisition are recorded at cost. The Group applies management judgement to determine the appropriate fair value of identifiable intangible assets.

Intangible assets that are considered to have a finite life are amortised on a straight line basis over the period of expected benefit. Intangible assets that are considered to have an indefinite life are not amortised but tested for impairment on an annual basis or when an indication of impairment exists.

The service lives of identifiable intangible assets are reviewed each year. Any reassessment of service lives in a particular year will affect the amortisation expense through to the end of the reassessed useful life for both that current year and future years.

In relation to acquired intangible assets, the Group applies management judgement to determine the amortisation period based on the expected useful lives of the respective assets. In some cases, the useful lives of certain acquired intangible assets are supported by external valuation advice on acquisition. In addition, we apply management judgement to assess annually the indefinite useful life assumption applied to certain acquired intangible assets.

(n) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(q) Employee benefits

(1) Short-term and Long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual Leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(2) Termination benefits

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(r) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(s) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- (1) interest on short-term and long-term borrowings; and
- (2) interest on finance leases.

(t) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(u) GST

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (1) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (2) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(v) Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(w) Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(x) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(y) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

In the event estimated future cash flows are not achieved the carrying value of goodwill allocated to individual cash-generating units may be impaired.

## 8.6 Pro Forma Financial Information

This Section contains the Pro forma Financial Information for the merged group, reflecting the combined business of the Company and XPED. The Pro forma Financial Information is presented to provide shareholders with an indication of the Group's consolidated financial position as if the proposed acquisition had occurred as at 30 June 2015.

If the proposed Xped Acquisition is approved by Shareholders, the Company intends to sell or relinquish its mining tenements and plant and equipment.

The proposed Xped Acquisition has been accounted for as a "reverse acquisition" in accordance with the requirements of AASB 3. Accordingly, the assets and liabilities of the legal parent, the Company, have been measured at their acquisition date values in accordance with the requirements of AASB 3. The difference between the acquisition date fair values ascribed to the identified assets and liabilities of the legal parent and the consideration paid, is reflected as goodwill on consolidation.

As the proposed acquisition, if implemented, will be effected at a future date, the actual financial position of the consolidated group post completion will differ from that presented below.

References to notes in the table presented below refer to the notes to Pro forma adjustments set out below.



**XPED Limited Pro Forma Statement of Financial Position 30 June 2015**

\$	Note Ref	Historical Raya (audited)	Historical XPED (audited)	Pro forma (reviewed)
<b>Current Assets</b>				
Cash and cash equivalents	1	414,146	1,574	9,710,685
Receivables	2	9,500	397,859	757,359
Other financial assets		3,167	69	3,236
Other assets		27,146	-	27,146
		<u>453,959</u>	<u>399,502</u>	<u>10,498,426</u>
<b>Non-Current Assets</b>				
Other financial assets		100,000	-	100,000
Property, plant & equipment		-	11,926	11,926
Exploration & evaluation expenditure	3	1,100,000	-	-
Investments accounted for using the equity method		1,880,212	-	1,880,212
Intangible assets	4	-	4,394,385	1,764,994
		<u>3,080,212</u>	<u>4,406,311</u>	<u>3,757,132</u>
<b>Total Assets</b>		<b><u>3,534,171</u></b>	<b><u>4,805,813</u></b>	<b><u>14,255,558</u></b>
<b>Current Liabilities</b>				
Payables		97,710	360,788	458,498
Borrowings		20,314	26,565	46,879
Employee benefits	6	-	-	68,680
Other liabilities		-	28,686	28,686
		<u>118,024</u>	<u>416,039</u>	<u>602,743</u>
<b>Non-Current Liabilities</b>				
Related party loans payable	5	-	5,986,630	-
Employee benefits	6	-	-	78,486
Rehabilitation provision		271,106	-	271,106
		<u>271,106</u>	<u>5,986,630</u>	<u>349,592</u>
<b>Total Liabilities</b>		<b><u>389,130</u></b>	<b><u>6,402,669</u></b>	<b><u>952,335</u></b>
<b>Net Assets/(Liabilities)</b>		<b><u>3,145,041</u></b>	<b><u>(1,596,856)</u></b>	<b><u>13,303,223</u></b>
<b>Equity</b>				
Share capital	7	46,626,523	145,920	12,080,920
Reserves	8	2,416,204	499,880	2,749,038
Retained Earnings/(Accumulated Losses)	9	(45,897,686)	(2,242,656)	(1,526,735)
		<u>3,145,041</u>	<u>(1,596,856)</u>	<u>13,303,223</u>

The Pro forma Financial Information reflects the net impact of the following transactions as if they had occurred at 30 June 2015:

- (a) Sale of Raya's exploration and evaluation holdings to Pryme Energy Limited for consideration consisting of \$250,000 cash, 100,000,000 Pryme Energy Limited shares valued at \$500,000 and contingent consideration of \$350,000. Additional purchase of 35,014,214 Pryme Energy shares for \$162,500 and then subsequent sale of the total Pryme Energy shareholding for \$667,000 (net costs);
- (b) As approved at the extraordinary general meeting on 24 September 2015, issue of 40,000,000 ordinary shares to directors valued at 0.6 cents per share, totalling \$240,000;
- (c) Placement of 30,000,000 ordinary shares at 2 cents per share and 40,000,001 ordinary shares at 3.5 cents per share to raise \$600,000 and \$1,400,000 cash respectively;
- (d) Exercise of 8,364,310 listed options for \$125,465 cash;
- (e) A capital raising of 320,000,000 Offer Shares at \$0.025 each to raise \$8,000,000, less transaction costs of \$1,480,000, including:
  - (1) Advisory fees relating to the capital raise, to be settled by the issue of 30,000,000 EAS Options exercisable at prices ranging from \$0.07 to \$0.13 each subject to share price performance hurdles being met, expiring 2 years from allotment. These have been valued in accordance with AASB 2 and reflected in equity (refer to Note 11 below for valuation details and assumptions);
  - (2) Advisory fees related to the capital raise, to be settled by the issue of 15,000,000 Shares to certain advisors at \$0.025 each (reflected in equity);
- (f) Issue of the following equity instruments as consideration for the Acquisition –
  - (1) 640,000,000 Acquisition Shares; and
  - (2) 50,000,000 each of Class A, Class B and Class C Management Performance Shares. These have been valued in accordance with AASB13 and reflected in equity (refer to note 12 below for valuation details and assumptions);Refer note 10 for details of deemed consideration value calculation;
- (g) Recognition of costs of \$310,000 as an expense in relation to the Acquisition;
- (h) Related party loan extinguishment by way of payment of \$260,000 cash resulting in a debt forgiveness of the remaining balance of \$5,726,630; and
- (i) Alignment of accounting policies between the Company and XPED, including -
  - (1) Write-off of existing XPED intangible asset which is deemed to not meet the capitalisation requirements under the accounting standards;
  - (2) Recognition of XPED employee back pay totalling \$159,158 owing at 30 June 2015 to be settled by way of provision of equity; and
  - (3) Recognition of XPED employee benefits totalling \$147,166 owing at 30 June 2015, including oncosts.

<b>Note 1</b>	
<b>Cash and Cash Equivalents</b>	<b>\$</b>
Cash and cash equivalents at 30 June 2015	415,720
Net receipt from Pryme Energy transactions	754,500
Proceeds from share placements	2,000,000
Proceeds from option exercise	125,465
Payment for related party loan extinguishment	(260,000)
Proceeds from capital raise	8,000,000
Payment of transaction costs	(1,325,000)
<b>Total Pro Forma Cash and Cash Equivalents</b>	<b>9,710,685</b>
<b>Note 2</b>	
<b>Receivables</b>	<b>\$</b>
Receivables at 30 June 2015	407,359
Pryme Energy contingent consideration	350,000
<b>Total Pro Forma Receivables</b>	<b>757,359</b>
<b>Note 3</b>	
<b>Exploration and Evaluation Expenditure</b>	<b>\$</b>
E&E expenditure at 30 June 2015	1,100,000
Sale to Pryme Energy	(1,100,000)
<b>Total Pro Forma E&amp;E Expenditure</b>	<b>-</b>
<b>Note 4</b>	
<b>Intangible Assets</b>	<b>\$</b>
Intangible assets at 30 June 2015	4,394,385
Write-off of intangible assets	(4,394,385)
Recognition of goodwill upon acquisition	1,764,994
<b>Total Pro Forma Intangible Assets</b>	<b>1,764,994</b>
<b>Note 5</b>	
<b>Related Party Loans Payable</b>	<b>\$</b>
Related party loans payable at 30 June 2015	5,986,630
Payment for related party loan extinguishment	(260,000)
Forgiveness of remaining related party loan	(5,726,630)
<b>Total Pro Forma Related Party Loans Payable</b>	<b>-</b>

<b>Note 6</b>	
<b>Employee Benefits</b>	<b>\$</b>
CURRENT	
Employee benefits at 30 June 2015	-
Recognition of employee benefits	68,680
<b>Total Pro Forma Employee Benefits - Current</b>	<b>68,680</b>
NON-CURRENT	
Employee benefits at 30 June 2015	-
Recognition of employee benefits	78,486
<b>Total Pro Forma Employee Benefits – Non-Current</b>	<b>78,486</b>

<b>Note 7</b>		
<b>Share Capital</b>	<b>No of Shares</b>	<b>\$</b>
Share capital at 30 June 2015 - Raya Group Limited	600,000,000	46,626,523
Issue of shares to directors	40,000,000	240,000
Issue of shares pursuant to share placements	70,000,001	2,000,000
Issue of shares on exercise of options	8,364,310	125,465
	718,364,311	48,991,988
Fully paid ordinary shares of XPED	-	145,920
Elimination of Raya Group Limited issued capital*	-	(48,991,988)
Acquisition of XPED	640,000,000	7,040,000
Acquisition of XPED – Management Performance Shares	-	(2,000,000)
Issue of shares pursuant to offer	320,000,000	8,000,000
Issue of shares to advisors	15,000,000	375,000
Share issue costs	-	(1,480,000)
<b>Total Pro Forma Share Capital</b>	<b>1,693,364,311</b>	<b>12,080,920</b>
* adjusted for pre acquisition pro forma adjustments		

<b>Note 8</b>	
<b>Reserves</b>	<b>\$</b>
Reserves at 30 June 2015	2,916,084
Elimination of Raya Group Limited reserves	(2,416,204)
Acquisition of XPED – Management Performance Shares	2,000,000
Share based payment – employee back pay	159,158
Share issue costs – EAS options issued	90,000
<b>Total Pro Forma Reserves</b>	<b>2,749,038</b>

<b>Note 9</b>	
<b>Accumulated Losses</b>	<b>\$</b>

Accumulated losses at 30 June 2015	(48,140,342)
Profit on sale of Pryme Energy shares	4,500
Share based payment - shares issued to directors	(240,000)
Elimination of Raya Group Limited accumulated losses*	46,133,186
Impairment of intangible asset	(4,394,385)
Forgiveness of remaining related party loan	5,726,630
Share based payment – employee back pay	(159,158)
Recognition of employee benefits	(147,166)
Transaction costs	(310,000)
<b>Total Pro Forma Accumulated Losses</b>	<b>(1,526,735)</b>

\* adjusted for pre acquisition pro forma adjustments

<b>Note 10</b>	
<b>Deemed Consideration</b>	

No. of Shares at announcement date	640,000,000
Price per share (last Company trade price on announcement date)	\$0.011
<b>Deemed Consideration</b>	<b>\$7,040,000</b>

<b>Note 11</b>		<b>Tranche 1</b>	<b>Tranche 2</b>	<b>Tranche 3</b>	<b>Tranche 4</b>
<b>Option Valuation</b>					
Underlying security spot price		\$0.025	\$0.025	\$0.025	\$0.025
Exercise price		\$0.07	\$0.09	\$0.11	\$0.13
Life of the option		2 years	2 years	2 years	2 years
Dividend yield		0%	0%	0%	0%
Volatility		80%	80%	80%	80%
Interest free rate		2%	2%	2%	2%
<b>Value per option</b>		<b>\$0.004</b>	<b>\$0.003</b>	<b>\$0.003</b>	<b>\$0.002</b>
<b>Number of options</b>		<b>7,500,000</b>	<b>7,500,000</b>	<b>7,500,000</b>	<b>7,500,000</b>
<b>Value of EAS Options</b>		<b>\$30,000</b>	<b>\$22,500</b>	<b>\$22,500</b>	<b>\$15,000</b>

<b>Note 12</b>				
<b>Management Performance Share Valuation</b>	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	
Underlying security spot price	\$0.025	\$0.025	\$0.025	
Exercise price	\$nil	\$nil	\$nil	
Life of the right	1.5 years	2 years	2.5 years	
Dividend yield	0%	0%	0%	
Volatility	80%	80%	80%	
Interest free rate	2%	2%	2%	
<b>Value per share</b>	<b>\$0.014</b>	<b>\$0.013</b>	<b>\$0.013</b>	
No. of performance shares	50,000,000	50,000,000	50,000,000	
<b>Value of Management Performance Shares</b>	<b>\$700,000</b>	<b>\$650,000</b>	<b>\$650,000</b>	

**Note 13:** As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

**9. Independent accountant’s report**

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KYLIE LAMPRECHT  
NORMAN THURECHT  
BRETT HEADRICK  
WARWICK FACE  
NIGEL BATTERS  
COLE WILKINSON  
SIMON CHUN

18 January 2016

The Directors  
Raya Group Limited  
Level 6, 412 Collins Street  
MELBOURNE VIC 3000

Pitcher Partners is an association of independent firms  
Brisbane | Melbourne | Sydney | Perth | Adelaide | Newcastle

Dear Sirs,

**INDEPENDENT LIMITED ASSURANCE REPORT ON RAYA GROUP LIMITED HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION**

We have been engaged by Raya Group Limited to report on the historical financial information and pro forma historical financial information of Raya Group Limited and its subsidiaries ("Raya") and XPED Holdings Limited ("XPED") as at 30 June 2015 for inclusion in the prospectus dated on or about 18 January 2016 and relating to the proposed raising of \$8 million at an issue price of not less than \$0.025 per Raya share.

Expressions and terms defined in the prospectus have the same meaning in this report.

Raya is an Australian public company and is listed on the ASX.

Until recently, Raya was an exploration and development company which was focused on the exploration and development of geothermal assets in Australia, India and Indonesia. On 24 October 2015, Raya announced that it entered into a Head of Agreement with key shareholders of XPED Holdings Limited to acquire all of the issued capital in XPED.

XPED is an information technology company focused on the development of Auto Discovery Remote Control technology which allows for a common platform for devices to share a common language making Internet of Things Technology a reality.

The prospectus contains details of the proposed acquisition of the shares in XPED by way of issuance of 640 million ordinary shares and a further 150 million management performance shares which convert to ordinary shares on the achievement of certain market based performance milestones.

**Scope**

*Historical Financial Information*

You have requested Pitcher Partners to review the following historical financial information of the combining entities included in the prospectus:

- the Statement of Financial Position as at 30 June 2015.

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the combining entities adopted accounting policies. The historical financial information has been extracted from the financial reports of the



combining entities for the period ended 30 June 2015, which were audited by Pitcher Partners (Raya) and Bentleys (SA) Pty Ltd (XPED) in accordance with the Australian Auditing Standards.

Bentleys (SA) Pty Ltd issued a qualified audit opinion on the financial report of XPED Holdings Limited. The historical financial information is presented in the prospectus in abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

#### *Pro Forma Historical Financial Information*

You have requested Pitcher Partners to review the pro forma historical Statement of Financial Position as at 30 June 2015 referred to as “the pro forma historical financial information”.

The pro forma historical financial information has been derived from the historical financial information of the combining entities, after adjusting for the effects of pro forma adjustments described in Section 8.6 of the prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 8.6 of the prospectus, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the combining entity’s actual financial position.

#### **Directors’ Responsibility**

The directors of Raya and XPED are responsible for the preparation of the historical financial information. The directors of Raya are responsible for the preparation of the pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

#### **Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing

Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

## **Conclusions**

### *Historical Financial Information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as described in Section 8.6 of the prospectus, and comprising:

- the Statements of Financial Position as at 30 June 2015

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 8.2 of the prospectus.

As noted in Section 8.2 of the prospectus, the Independent Audit Report of XPED Holdings Limited dated 26 November 2015 contained a qualification regarding the carrying value of intangibles.

### *Pro Forma Historical Financial Information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information being the Statement of Financial Position as at 30 June 2015 is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 8.2 of the prospectus.

## **Restriction on Use**

Without modifying our conclusions, we draw attention to Section 8.2 of the prospectus, which describes the purpose of the financial information, being for inclusion in the prospectus. As a result, the financial information may not be suitable for use for another purpose.

Pitcher Partners has consented to the inclusion of this limited assurance report in the prospectus the form and context in which it is included.

**Liability**

The directors of Raya are responsible for:

- the content of the prospectus, other than the content of our Independent Limited Assurance Report, and any other experts' reports;
- issuing the prospectus; and
- the preparation and presentation of the financial information included in the prospectus.

We do not assume any liability for information or statements included in the prospectus other than our Independent Limited Assurance Report.

**Declaration of Interest**

Pitcher Partners does not have any interest in the outcome of this transaction other than in our engagement as Independent Accountant for which normal professional fees will be received.

*Pitcher Partners*

Yours faithfully  
PITCHER PARTNERS

*N Batters*

N BATTERS  
Partner

Dated: 18 January 2016  
Brisbane, Queensland

## 10. Board of Directors and senior management

### 10.1 Board of Directors

The Directors of the Company bring to the Board relevant expertise and skills, including industry and business knowledge, financial management and corporate governance experience. Following completion of the Transaction, the following will be members of the Board:

<p><b>Athan Lekkas, Non-Executive Director / Proposed Executive Director (Chief Operating Officer)</b> Dip Business and Management</p>	<p>Athan Lekkas has participated in a broad range of business and corporate advisory transactions, and has more recently focused and specialised on the restructure and recapitalisation of a wide range of ASX Listed companies including those in the resource and technology sectors.</p> <p>Athan is currently a Director of First Growth Funds Limited.</p>
<p><b>John Schultz, Proposed Executive Director (Head of Engineering)</b> B Engineering. University of South Australia</p>	<p>John Schultz is a serial entrepreneur founding and successfully growing several companies over the last two decades specialising in the design, manufacture and business development of electronics systems. John has a wealth of experience running design and manufacturing businesses, managing staff and subcontractors and secured significant international business exporting vehicle immobilisers to Malaysia for aftermarket distribution and direct fit to Honda. This contract saw a peak of 30 employees locally employed and managed at Technology Park. John's involvement in this project will encompass system specification, design, product design and manufacture, resource management and developing initial commercialisation opportunities.</p>
<p><b>Christopher Wood, Proposed Chief Executive Officer and Chairman</b> B of Electrical and Computer Systems Engineering Hons, Monash University, Victoria Australia</p>	<p>Chris has extensive experience in large telecommunications companies developing mission critical software applications. Chris has architected projects worth up to \$200M and supported by a pool of 200 IT staff. Chris is a domain expert in the areas of GPS, inertial sensors and communications. Chris also possesses substantial technology development commercialisation experience. In 2003 Chris founded Neve Technologies Pty Ltd, a company which developed and commercialised an augmented GPS system for positioning vehicles in areas where GPS signals are severely degraded. In the</p>

	commercialisation process Chris established a joint venture with the University of South Australia. Neve secured COMET funding, raised capital and successfully commercialised its technology internationally.
<b>Michael Clarke, Non-Executive Director / Proposed Executive Director (Head of IT)</b> Dip Business, Dip Management, MAICD	Michael 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. Michael has consulted and provided services to a variety of industries including manufacturing, mining and resources, government and education.  Michael is currently a director of First Growth Funds Limited.

## 10.2 Constraints on availability

Save as noted in this Prospectus, each Director has confirmed with the Company that he anticipates being available to perform his duties as an Executive Director, as the case may be, of the Company without undue constraints from other commitments.

## 10.3 Independence of Directors

Neither John Schultz, Christopher Wood, Athan Lekkas or Michael Clarke are considered by the Board to be able to fulfil the role of Independent Directors for the purposes of the ASX Corporate Governance Principles and Recommendations (Third Edition) on Completion. John Schultz will be an Executive Director of the Company on completion of the Acquisition and entities controlled by him will hold up to approximately 18.84% of the Shares in the Company. Christopher Wood will be an Executive Director of the Company on completion of the Acquisition entities controlled by him will hold up to approximately 15.42% of the Shares in the Company. Athan Lekkas and Michael Clarke will also be Executive Directors from Completion.

## 10.4 Management

The senior management team of the Company has been assembled to incorporate the required expertise and skills to foster the Company's corporate and business development. Following completion of the Transaction, the following will comprise the senior management team of the Company:

<b>John Stefanac, Head of Asia</b> MBA Henley Management School (UK)	John joined Xped in May 2014 from Qualcomm, where he served as President of Southeast Asia & Pacific. John is head of Asia and is responsible for all aspects of Xped business including market strategies, company direction, and business operations in that region. He has more than 30 years of experience in the telecommunications and information technologies industries. Prior to Qualcomm John was with Nokia where he served as Vice President and General Manager of Asia/Pacific and has held
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	senior positions with Lucent Technologies, Flextronics and AT&T.
<p><b>Bill Chang, Business Development Manager - Asia</b></p> <p>BASc (EE) degree from University of British Columbia, Canada and MBA from the National University of Singapore.</p>	<p>Prior to joining Xped, Bill was the Chief Planning &amp; Strategy Officer uMobile in Malaysia and had a number of senior positions in the telecom and high tech sector including CEO/Nokia Siemens Multimedia, Managing Director/Nokia and Country Director of Nokia Siemens Networks. Well travelled with over 30 years of business and management experience in Canada and Asia, Bill held other senior positions in the region including CEO/3D Networks, a former Nortel JV based in Beijing, Regional Director/Nortel based in Singapore as well as a number senior management positions in Stentor and BC Telecom (now Telus) in Canada.</p>

In addition, the Company intends to seek and engage a Senior VP USA following completion of the Transaction who will be responsible for developing, building and managing ongoing sales pipeline in the North American markets. The focus of the position will be to implement and manage a complete revenue process from prospect to sale to nurturing ongoing client relationships.

#### 10.5 Directors' Interests in Raya Group

The interests of Directors and Proposed Directors and of any associates of them in the securities of the Company as at the date of this Prospectus and assuming the Acquisition completes are as follows:

Name	Shares		Options	
	Current number	Post Acquisition Number <sup>1</sup>	Current number	Post Acquisition Number <sup>1</sup>
Athan Lekkas	38,700,000	38,700,000	19,000,000	19,000,000
Michael Clarke	25,321,703	25,321,703	12,500,000	12,500,000
Dr Brendan De Kauwe	1,750,000	1,750,000	Nil	Nil
John Schultz <sup>2</sup> JK Group Australia Pty Ltd ACN 132 382 597 as trustee for the JK Family Trust	Nil	319,061,831	Nil	Nil
Christopher Wood <sup>3</sup> Alanticx Technologies Pty Ltd ACN 008 290 131 as trustee for the Alanticx Trust	Nil	261,050,591	Nil	Nil

Notes:

1. Assumes no Directors or proposed Directors subscribe for Shares under the Prospectus, other than in respect of Acquisition Shares that are to be issued to them as Eligible Raya Group Shareholders.

2. This does not include the direct holdings of Christopher Wood and Alanticx Technologies. This also does not include the 150,000,000 Management Performance Shares to be issued to the Key Management further details of which are set out in section 13.6.
3. This does not include the direct holdings of John Schultz and JK Group. This also does not include the 150,000,000 Management Performance Shares to be issued to the Key Management further details of which are set out in section 13.6.

## 10.6 Management Interest in Raya Group Limited

The interests of Management and Proposed Management and of any associates of them in the securities of the Company as at the date of this Prospectus and assuming the Acquisition completes are as follows:

Name	Shares		Options	
	Current number	Post Acquisition Number	Current number	Post Acquisition number
John Stefanac	Nil	29,722,572	Nil	Nil
Bill Chang	Nil	3,049,175	Nil	Nil

## 10.7 Director's fees

The Constitution of the Company provides that the non-executive Directors are entitled to remuneration as determined by the Company in a general meeting to be apportioned among them in such manner as the directors agree and, in default of agreement, equally. The aggregate maximum remuneration for non-executive Directors currently determined by the Company is \$300,000 per annum. Additionally, non-executive Directors will be entitled to be reimbursed for properly incurred expenses.

At present, the Board of the Company is constituted by three non-executive Directors. On completion of the Acquisition, the Board will be constituted by four executive Directors. Each executive Director will be engaged by the Company pursuant to consultancy agreements, the terms of which are summarised in Section 12 of this Prospectus. The Board has agreed that each executive Director will be paid Director's fees of \$36,000 per annum in addition to their salary packages set forth in their respective consultancy contracts.

If a non-executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. However, no payment can be made if the effect would be to exceed the maximum aggregate amount payable to non-executive Directors. A non-executive Director is entitled to be paid travelling and other expenses properly incurred by them in attending Director's or general meetings of the Company or otherwise in connection with the business of the Company.

The remuneration of any executive Director may from time to time be fixed by the Directors. The remuneration may be by way of salary or commission or participation in profits but may not be by commission on, or a percentage of, operating revenue. Except as disclosed in Section 12, no other remuneration will be payable to executive Directors.

In addition to the fees noted above, the Directors and the Proposed Directors (or their associated entities) have received the following fees from the Company or Xped in the two years prior to the date of this Prospectus:

**Year ended 30 June 2014**

Director	Fees and salary (\$)	Share based payments (\$)	Total (\$)
Michael Clarke	50,513	Nil	50,513
Athan Lekkas	86,692	Nil	86,692
John Schultz	22,100	Nil	22,100
Christopher Wood	28,980	Nil	28,980

**Year ended 30 June 2015**

Director	Fees and salary (\$)	Share based payments (\$)	Total (\$)
Michael Clarke	49,275	Nil	49,275
Athan Lekkas	85,410	Nil	85,410
John Schultz	16,197	Nil	16,197
Christopher Wood	38,640	Nil	38,640

**From 1 July 2015 to date of prospectus**

Director	Fees and salary (\$)	Share based payments (\$)	Total (\$)
Michael Clarke	63,750	Nil	63,750
Athan Lekkas	112,500	Nil	112,500
John Schultz	23,182	Nil	23,182
Christopher Wood	25,760	Nil	25,760

**10.8 Related Party Transactions**

Chapter 2E of the Corporations Act governs related party transactions with respect to public companies. Related parties include directors and entities controlled by directors. Related party transactions require shareholder approval unless they fall within one of the exceptions in Chapter 2E of the Corporations Act.

The Company listed on ASX on 22 June 2011 following the issue of its initial public offering prospectus. The Company believes that it has made appropriate disclosure of past related party transactions. In recognising that this Prospectus is being issued to enable the Company to, amongst other things, re-comply with Chapters 1 and 2 of the Listing Rules, other than further disclosure specifically set out below of related party transactions made in the two years before the date of this Prospectus or made elsewhere in this Prospectus the Company does not intend to make any further disclosure of such transactions which will have either proceeded on an "arms length" basis, reasonable remuneration basis or been approved by Shareholders in general meeting.

The Company discloses the following transactions with related parties made in the two years before the date of this Prospectus which have either proceeded on an "arm's length" or reasonable remuneration basis. The transactions are:

- (a) The Company entered into an agreement with Mr Daniel Lanskey as Director of ASC Resources Pty Ltd in July 2014. Mr Lanskey was appointed as the COO on a monthly



retainer of \$20,000 and an initial share consideration of 10,000,000 Raya Shares (**ASC Resources Consultancy Agreement**). The ASC Resources Consultancy Agreement allowed for a further share issue of up to 70,000,000 fully paid ordinary shares in the Company on a progressive basis upon certain operational and commercial milestones being achieved by ASC Resources. The ASC Resources Consultancy Agreement was cancelled in April 2015 with no further shares issued. During the period 1 July 2014 to April 2015 \$335,000 had been expensed in relation to consultancy services provided by ASC Resources. This is comprised of \$185,000 of fees paid in cash and 10,000,000 Shares (valued at \$150,000) issued to ASC Resources.

- (b) Mr Athan Lekkas and Mr Michael Clarke are Directors and Shareholders of Resource Capital Finance and Advisory Pty Ltd, which provides company secretarial and management services to Raya at commercial rates. An agreed monthly charge of \$15,000 per month plus GST is charged for these services with additional fees for capital raising and accounting services. During the 2015 financial year, no fees were charged in relation to this agreement (2014: \$74,813). No fees have been charged in relation to this agreement from 1 July 2015 to the date of this Prospectus.
- (c) Directors fees and other remuneration was paid to various Directors during the previous two years. Details of such payment to current Directors are set out in section 10.7.
- (d) Entry of the Heads of Agreement (see section 12.1), Deeds of Release for Majority Shareholder loans (see section 12.9) Share Transfer Deed (see section 12.15);
- (e) Entry of Access Deeds (see section 12.10), consultancy agreements (see sections 12.3, 12.4, 12.5 and 12.6);

In addition, the following transactions with Related Parties were approved by Shareholders in the previous two years:

- (a) On 14 October 2015, pursuant to shareholder approval obtained at an extraordinary general meeting of Raya held on 24 September 2015, Raya issued 30,750,000 Shares at a price of \$0.0005 per Share to the Directors as follows:
  - (1) Mr Athan Lekkas: 15,000,000 Shares;
  - (2) Mr Daniel Lanskey: 7,500,000 Shares;
  - (3) Mr Michael Clarke: 6,500,000 Shares; and
  - (4) Dr Brendan de Kauwe: 1,750,000 Shares.
- (b) An Extraordinary General Meeting of the Company held on 21 June 2015 approved the issue of a total of 35,000,000 Shares to Directors at an issue price of \$0.001 per Share as follows:
  - (1) Mr Athan Lekkas: 12,500,000 Shares;
  - (2) Mr Kerry Parker: 7,500,000 Shares;
  - (3) Mr Michael Clarke: 7,500,000 Shares; and
  - (4) Mr David Wildy: 7,500,000 Shares.

There were no other related party transactions with respect to Raya Group Limited within the previous 24 months.

Xped Holdings Limited converted to a public company on 2 February 2015. The following sets out details of agreements or transactions with related parties of Xped Holdings Limited after this date which have either proceeded on an “arm’s length” or reasonable remuneration basis:

- (a) directors fees and other remuneration was paid to various directors or their associated entities by Xped Holdings during the previous two years. Details of such payments to Christopher Wood and John Schultz are set out in section 10.7;
- (b) Mr John Schultz is a director of Electro which provides contracted engineering services to Xped including PCB assembly, component sourcing and costings and kitting. During the 2015 financial year, fees in the amount of \$109,425 were charged by Electro to Xped Corporation Pty Ltd (2014 FY: \$36,110). Fees in the amount of \$76,418 have been charged by Electro to Xped Corporation Pty Ltd from 1 July 2015 to the date of this Prospectus;
- (c) Electro loaned a total of \$110,000 to Xped Corporation Pty Ltd. This amount will be repaid on Completion as provided for in the Heads of Agreement;
- (d) on 5 March 2015 Xped entered into a Licence Agreement with Chris Wood and John Schultz. Pursuant to this Agreement, Xped Holdings granted a perpetual, irrevocable, non-exclusive, fee-free, royalty free licence to use, modify, commercialise and exploit the intellectual property of Xped Holdings Limited throughout the world, subject to the terms and conditions of the Agreement. Pursuant to a Deed of Cancellation entered by Xped, John Schultz and Christopher Wood on 12 December 2015, this Agreement is to be cancelled on Completion.

## 11. Corporate Governance

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### 11.1 ASX Corporate Governance Council Principles and Recommendations

For the purposes of this Prospectus, the Company relies upon the provisions in Section 712 of the Corporations Act which enables the Company to incorporate material by reference into this Prospectus. Accordingly rather than contain all the information that may be required to be set out in a standard document of this type in relation to the corporate governance practices of the Company, it incorporates by reference the Corporate Governance Charter of Raya Group Limited (**Corporate Governance Charter**) lodged with ASIC on 18 January 2016. Any capitalised terms contained within this Corporate Governance section that are not defined, take their meaning from the Corporate Governance Charter.

The Corporate Governance Charter can be obtained, at no cost, from the Company's registered office and is also available on the Company's website [www.rayagroup.com.au](http://www.rayagroup.com.au).

The following summary is provided pursuant to Section 712(2) of the Corporations Act.

### 11.2 General

To the extent applicable, commensurate with the Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (**Recommendations**). The Directors will seek, where appropriate, to provide accountability levels that meet or exceed the Recommendations, which are not prescriptions, but guidelines. The Company's main corporate governance policies and practices are outlined below.

### 11.3 Board of Directors

The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. The goals and objectives of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure that appropriate checks, balances and procedures are in place to monitor the operations of the Company and those charged with its management;
- (c) ensure compliance with the Company's legal and regulatory objectives; and
- (d) provide shareholders with a transparent method to evaluate the performance of the Company from a corporate governance perspective.

Consistent with these objectives, the Board assumes responsibility for a number of matters including:

- (a) ensuring compliance with the Corporations Act, Listing Rules (where appropriate) and all other relevant laws;
- (b) implementing appropriate strategies to monitor performance of the Board in implementing its functions and powers and ensure that the Board are accountable to Shareholders; and
- (c) implementing and overseeing the Company's risk management framework to enable risks to be identified, assessed and managed and to set the risk appetite the Board expects Management to operate within.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

#### 11.4 **Composition of the Board**

The Board currently comprises three Directors. On Completion, the Board will comprise four Directors. The names, qualifications and relevant experience of each Director and Proposed Director is set out in section 10.1. There is no requirement for any Director to maintain a shareholding within the Company.

As the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately govern the Company's activities determined within the limitations imposed by the Constitution.

In assessing the independence of Directors, the Company has regard to Principle 2 of the Corporate Governance Principles and Recommendations. The Company's Corporate Governance Charter sets out further matters that the Board will consider when determining the independence of Directors of the Company.

#### 11.5 **Nomination Committee Charter**

The Company has established a nomination committee (**Nomination Committee**) to assist the Board in relation to the appointment of members to the Board and of Management. The Nomination Committee will establish a Board skill matrix to identify gaps in the collective skills of the Board that are to be addressed through professional development and ensure that the Board comprises Directors with the appropriate mix of skills, experience, expertise and diversity relevant to the Company's business and the Board's responsibilities.

#### 11.6 **Identification and Management of Risk**

The Company has established an audit and risk committee (**Audit and Risk Committee**) to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company. The Audit and Risk Committee will be responsible for reviewing and making recommendations to the Board in relation to the adequacy of the Company's processes for managing risks and developing an appropriate risk management policy framework to provide guidance to Company management.

#### 11.7 **Ethical Standards**

The Company is committed to the establishment and maintenance of appropriate ethical standards. Accordingly, the Company has adopted a corporate ethics policy and a corporate code of conduct (**Code of Conduct**). The Code of Conduct establishes the principles and responsibilities to which the Company is committed with respect to both its internal dealings with employees and consultants, and external dealings with shareholders and the community at large.

The Code of Conduct sets out the standard which the Board, Management and employees of the Company are encouraged to comply with when dealing with each other, shareholders and the broader community.

The responsibilities contained within the Code of Conduct include:

- (a) to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community;
- (b) compliance with all legislative and common law requirements which affect its business;

- (c) compliance with the applicable legal rules regarding privacy, privileges, private and confidential information; and
- (d) compliance with the laws and regulations of the countries in which its businesses operate and acting in an ethical manner, consistent with the principles of honesty, integrity, fairness and respect.

#### 11.8 Independent Professional Advice

A Director may seek independent advice, including legal advice, where he or she believes it is necessary to properly discharge his or her duties as a Director. The Company will pay for the reasonable cost of this advice provided that the Director has obtained the prior written approval of the Chairperson (including for the cost of the advice).

#### 11.9 Remuneration Arrangements

The Company has established a remuneration committee (**Remuneration Committee**) which is responsible for reviewing the remuneration policies and practices of the Company and making recommendations to the Board in this regard. All members of the Board currently comprise the remuneration committee, however, with respect to executive Directors, no executive Director is involved in deciding his or her own remuneration and each executive Director is cognisant of any potential conflict of interest that may arise if he is involved in setting remuneration for other executives that may indirectly affect his own remuneration.

The Remuneration Committee is responsible for designing remuneration policies in such a way to ensure that the policy:

- (a) motivates Directors and Management to pursue the long-term growth and success of the Company within an appropriate control framework; and
- (b) demonstrates a clear relationship between key executive performance and remuneration.

#### 11.10 Trading Policy

The Company has adopted a trading policy (**Trading Policy**) which is intended to ensure that persons who are discharging managerial responsibilities including but not limited to Directors, do not abuse, and do not place themselves under suspicion of abusing Inside Information that they may be thought to have, especially in periods leading up to an announcement of the Company.

Under the terms of the Trading Policy, a Restricted Person must not deal with Securities of the Company unless a clearance to deal is obtained in accordance with the Trading Policy or the dealing is an Excluded Dealing. Further, a Restricted Person must not deal with Securities of the Company if such a dealing would involve:

- (a) use of inside information;
- (b) short-term selling;
- (c) short selling; or
- (d) hedging transactions.

### 11.11 External Audit

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Any appointment made by the Board must be ratified by shareholders at the next AGM of the Company.

The Audit and Risk Committee will be responsible for:

- (a) considering and making recommendations regarding the appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; and
- (b) monitoring and reviewing the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements and the performance of the external auditor.

### 11.12 Diversity Policy

Given the relative small size of the Company and its staff, the Board does not consider it appropriate to establish a diversity policy at this time. As the nature and scope of the activities of the Company increase, the Board will review this position and adopt a diversity policy at an appropriate time.

### 11.13 Compliance with the Recommendations

The following table briefly addresses each recommendation made by the Corporate Governance Principles and Recommendations.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all practices are appropriate for the Company due to the size and scale of the Company's operations at present and in this respect believes that any departures are reasonable. As the Company's activities develop in size, nature and scope the implementation of additional corporate governance structures will be given further consideration.

The following table has been completed on the assumption that the Transaction occurs. It is anticipated that upon Completion, the Board of the Company will consist of:

- (a) Athan Lekkas;
- (b) Michael Clarke;
- (c) John Schultz; and
- (d) Christopher Wood.

Principle number	Best practice recommendation	Compliance (yes/no)
<b>1</b>	<b>Lay solid foundations for management and oversight</b>	
1.1	Disclose the respective roles and responsibilities of the board and management and those matters expressly reserved to the board and those delegated to management.	Yes
1.2	Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director and provide security holders with all material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a	Yes

Principle number	Best practice recommendation	Compliance (yes/no)
	director.	
1.3	Have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes
1.4	The company secretary should be accountable directly to the board, through the chair, on all matters to do with the property functioning of the board.	Yes
1.5	<p>Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measureable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them.</p> <p>Disclose that policy or a summary of it.</p> <p>Disclose at the end of each reporting period the measureable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the Company's diversity policy and its progress toward achieving them and either the respective proportions of men and women on the board, in senior executive positions across the whole organisation (including how the entity has defined "senior executive" for these purposes) or if the Company is a "relevant employer" under the Workplace Gender Equality Act, the Company's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>No</p> <p>No</p> <p>No</p> <p>(see section 11.12)</p>
1.6	Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors and disclose whether a performance evaluation was undertaken in accordance with that process.	No <sup>1</sup>
1.7	Have and disclose a process for periodically evaluating the performance of senior executives and disclose whether a performance evaluation was undertaken in accordance with that process.	Yes
<b>2</b>	<b>Structure the Board to add value</b>	
2.1	If the Board does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Yes
2.2	Have and disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	No <sup>2</sup>
2.3	<p>Disclose the names of the directors considered by the Board to be independent directors.</p> <p>If a director has an interest, position, association or relationship that might cause doubts about the independence of a director, disclose the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion.</p> <p>Disclose the length of service of each director.</p>	Yes
2.4	The majority of the Board should be independent directors.	No <sup>3</sup>
2.5	The chair of the Board should be an independent director and, in particular, should not be the same person as the CEO.	No <sup>3</sup>
2.6	Have a program for inducting new directors and provide appropriate	Yes

Principle number	Best practice recommendation	Compliance (yes/no)
	professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	
<b>3</b>	<b>Act ethically and responsibly</b>	
3.1	Have a code of conduct for directors, senior executives and employees and disclose that code or a summary of it.	Yes
<b>4</b>	<b>Safeguard integrity in corporate reporting</b>	
4.1	The Board should have an audit committee which: <ul style="list-style-type: none"> <li>• has at least three members, all of whom are non-executive directors;</li> <li>• a majority of whom are independent directors;</li> <li>• be chaired by an independent director who is not the chair of the board;</li> <li>• disclose the charter of the committee, the relevant qualifications and experience of the members of the committee; and</li> <li>• in relation to each reporting period, disclose the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</li> </ul>	No <sup>3</sup>  No <sup>3</sup> No <sup>3</sup>  Yes  Yes
4.2	The Board should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes
4.3	Ensure that the Company's external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.	Yes
<b>5</b>	<b>Make timely and balanced disclosure</b>	
5.1	Establish a written policy designed to ensure compliance with ASX Listing Rule disclosure requirements and disclose that policy or a summary of it.	Yes
<b>6</b>	<b>Respect the rights of shareholders</b>	
6.1	Provide information about the Company and its governance to investors via the Company's website.	Yes
6.2	Design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes
6.3	Disclose policies and processes in place to facilitate and encourage participation at meetings of security holders.	Yes
6.4	Give security holders the option to receive communications from, and send communications to, the Company and its security registry electronically.	Yes
<b>7</b>	<b>Recognise and manage risk</b>	
7.1	Have a committee or committees to oversee risk, each of which has: <ul style="list-style-type: none"> <li>• at least three members;</li> </ul>	



Principle number	Best practice recommendation	Compliance (yes/no)
	<ul style="list-style-type: none"> <li>a majority of whom are independent directors;</li> <li>are chaired by an independent directors;</li> <li>disclose the charter of the committee and the members of the committee; and</li> <li>at the end of each reporting period, disclose the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</li> </ul>	<p>Yes</p> <p>No<sup>3</sup></p> <p>No<sup>3</sup></p> <p>Yes</p> <p>Yes</p>
7.2	The Board or committee of the board should review the Company's risk management framework at least annually to satisfy itself that it continues to be sound and disclose, in relation to each reporting period, whether such a review has taken place.	Yes
7.3	Disclose if it has an internal audit function, how the function is structured and what role it performs or if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.	Yes
7.4	Disclose whether the Company has any material exposure to economic, environmental and social sustainability risks and if it does, how it manages or intends to manage those risks.	Yes
<b>8</b>	<b>Remunerate fairly and responsibly</b>	
8.1	<p>The Board should have a remuneration committee which has:</p> <ul style="list-style-type: none"> <li>at least three members, all of whom are independent directors;</li> <li>is chaired by an independent director;</li> <li>disclose the charter of the committee, the members of the committee; and</li> <li>at the end of each reporting period, disclose the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</li> </ul>	<p>No<sup>3</sup></p> <p>No<sup>3</sup></p> <p>Yes</p> <p>Yes</p>
8.2	Separately disclose policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes
8.3	Have a policy on whether participants are permitted to enter into transactions (whether through use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or a summary of it.	Yes

Note:

- The Board follows an informal process of self-assessment of its performance and the performance of its committees. The Board will undertake an assessment of individual director's performance via informal discussions between each director and the Chairman.
- The Company adopts an informal process to review the Board's skills at board meetings without the need for a board skills matrix. The Board believes the skill base of the current Directors and the proposed Directors will be appropriate and adequate for the Company's size.
- On Completion, the Board will comprise of four executive Directors, none of whom will be considered independent Directors. Due to the size and nature of the Company's operations presently and on Completion, the Board believes it is reasonable for the Company not to comply with this recommendation.

## 12. Summary of material contracts

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A summary of the material agreements to which the Company or Xped is a party is set out below:

### 12.1 Heads of Agreement

(a) Acquisition

Pursuant to the Heads of Agreement and upon satisfaction of the Acquisition Conditions, the Company will acquire all of Xped Shares from the Xped Shareholders.

Completion will occur on a date that is 5 business days after the satisfaction of all of the Acquisition Conditions, or some other date agreed to by Xped and Raya.

(b) Acquisition Conditions

Completion is conditional upon the satisfaction (or waiver, to the extent permitted by law) of the following conditions precedent:

- (1) completion of due diligence by Raya Group on Xped's business, assets, operations, financial position, financial performance and any further matters relevant to Xped in each case to the satisfaction of Raya Group on or before 30 November 2015, or such other later date as may be agreed by the parties in writing. This condition has been satisfied;
- (2) completion of due diligence by the Majority Shareholders on Raya Group's business, assets, operations, financial position, financial performance and any further matters relevant to Raya Group, in each case to the satisfaction of the Majority Shareholders on or before 30 November 2015, or such other later date as may be agreed by the parties in writing. This condition has been satisfied;
- (3) if ASX requires, Xped preparing audited accounts for the shorter period of three years or from the date of incorporation of Xped, and delivering those accounts to Raya Group;
- (4) the Majority Shareholders transferring a portion of their shares in Xped to such employees, advisors and contractors of Xped as determined by the Majority Shareholders but so as to not result in Xped having more than 49 shareholders;
- (5) Raya Group having commissioned and received an Independent Expert's Report required pursuant to item 7 of section 611 of the Corporations Act. This condition has been satisfied;
- (6) Raya Group obtaining all necessary Shareholder approvals at the General Meeting required pursuant to item 7 of section 611 of the Corporations Act and Listing Rule 7.1, and Chapters 10 and 11 of the ASX Listing Rules in relation to the Xped Acquisition and the transactions contemplated under this Heads of Agreement, including without limitation approval for the issue of the Acquisition Shares to the Xped Shareholders and the issue of the Management Performance Shares to Key Management;
- (7) Raya Group obtaining a waiver of any and all relevant Listing Rules, as required, so to permit the transactions contemplated under the Heads of Agreement, including but not limited to carrying out the Public Offer, and the issue of the Acquisition Shares and the Adviser Shares;

- (8) Raya Group obtaining Shareholder approval at the General Meeting for the alteration of the constitution:
  - (A) to permit the issue of the Management Performance Shares;
  - (B) if permitted by ASX, to give the chairman of the board a casting vote on all decisions of the board where there is an equality of votes; and
  - (C) to change the name of Raya Group to "Xped Limited";
- (9) the Majority Shareholders providing to Raya Group a certificate stating that there has been no material adverse effect in respect of Xped from the date of executing the Heads of Agreement to the date of Completion, and Raya Group providing to the Majority Shareholders a certificate stating that there has been no material adverse effect in respect of Raya from the date of executing the Heads of Agreement to the date of Completion;
- (10) Raya Group undertaking a capital raising under a prospectus to raise up to \$8,000,000 through the issue of Shares at a price of \$0.025 or such other price as agreed to by the Company and the Majority Shareholders;
- (11) the Parties obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law on terms acceptable to the Parties as are required to allow the Parties to lawfully complete the matters set out in the Heads of Agreement (including, but not limited to, re-compliance by Raya Group with Chapters 1 and 2 of the Listing Rules and Raya Group receiving conditional approval from ASX to reinstate Raya Group's quoted securities to trading on ASX following completion of the Acquisition on conditions satisfactory to Raya, acting reasonably);
- (12) if required, each of the Xped Shareholders waiving all pre-emptive and other rights over any of the Xped Shares conferred by the constituent documents of Xped, any shareholders' agreement relating to Xped or in any other way (if any);
- (13) to the extent required by the ASX, Raya Group or the Listing Rules, each Xped Shareholder entering into a restriction agreement as required by ASX;
- (14) all the Minority Shareholders have signed an Accession Deed agreeing to be bound by the terms of these Heads of Agreement within 14 days of the Execution Date. This condition has been satisfied; and
- (15) Global Funding Partners having signed a deed of release and termination in a form reasonably acceptable to Xped, terminating the arrangements between Global Funding Partners and Xped. This condition has been satisfied,

(together the **Conditions Precedent**). If the Conditions Precedent are not satisfied or waived by 26 March 2016 or such later date agreed by the Parties (**End Date**), either Party may by notice terminate this agreement.

(c) Consideration

Upon execution of the Heads of Agreement, Raya Group paid to Xped an initial amount of \$50,000, which is non-refundable.

A total of 640,000,000 Acquisition Shares will be issued to the Xped Shareholders in consideration for the sale of all of the Xped Shares. The Acquisition Shares are to be apportioned amongst the Xped Shareholders as follows:

<b>Xped Majority Shareholder</b>	<b>Xped Shares</b>	<b>Acquisition Shares</b>
JK Group Australia Pty Ltd ACN 132 382 597	55,628,470	319,061,831
Alanticx Technologies Pty Ltd ACN 008 290 131	45,514,203	261,050,591
Baldmonk Pty Ltd ACN 603 362 849	5,182,134	29,722,572
<b>Total</b>	<b>106,324,807</b>	<b>609,834,994</b>
<b>Xped Minority Shareholder</b>	<b>Xped Shares</b>	<b>Acquisition Shares</b>
David Moray Pringle	187,500	1,075,422
Kim Thye Toh	375,000	2,150,844
Carol Ivy Michalicek	375,000	2,150,844
Leon Bianco Holdings Pty Ltd ACN 116 117 867	120,000	688,270
Fred Tat Fu Chang	62,500	358,474
Raymond Mark Wu	62,500	358,474
William Tat-Nin Chang	250,840	1,438,714
Chong Che Wong	2,500,000	14,338,963
Ciaron Daniel Murphy	325,933	1,869,416
RDLK Pty Ltd ACN 141 986 030 (ATF The Red Lake S/F)	1,000,000	5,735,585
<b>Total</b>	<b>5,259,273</b>	<b>30,165,006</b>

On Completion, JK Group and Alanticx Technologies will also be issued a total of 150,000,000 Management Performance Shares details of which are set out in section 13.6.

The Company is to pay all stamp duty on the Xped Acquisition.

(d) Additional Payments on Completion

At Completion, Raya Group is required to pay, at the direction of Xped, the following sums in order to discharge a number of loans which have been entered into by each of the Majority Shareholders respectively with Xped:

- (1) the amount of \$185,000 to Electro, an entity controlled by John Schultz; and
- (2) the amount of \$75,000 to Alanticx Technologies, an entity controlled by Christopher Wood.

Upon payment of the above amounts, Xped must provide evidence of a release of Xped of all further liability in respect of the loans outlined above.

Raya Group must also pay an amount which does not exceed \$170,000 at the direction of Xped to its creditors at the time of Completion. Xped must provide evidence of the payment of these funds to its creditors. Further, on or before the Re-admission Date, Raya Group will pay Global Funding Partners Pty Ltd at the direction of Xped \$260,000.

(e) Board Appointments

JK Group and Alantix Technologies are able to nominate two persons to be appointed to the board of the Company, one of whom will assume the position of Chairman of the Board. Raya Group will subsequently cause all current Directors to retire (other than Athan Lekkas and Michael Clarke).

(f) Capital Raising

Raya Group must carry out a capital raising as one of the Conditions Precedent. Raya Group must prepare and lodge the Prospectus with ASIC on or before 29 February 2016, or such other date as may be agreed. Raya Group is entitled to appoint any corporate advisors, brokers or underwriters to the capital raising as it considers appropriate, in consultation with the Majority Shareholders. In consideration, or partial consideration as the case may be, for the services of the advisors, Raya Group is entitled to issue a maximum of 15,000,000 Advisor Shares.

(g) Exclusivity

Under the Heads of Agreement, each of Xped and the Majority Shareholders have agreed that they will not participate in any negotiations or discussions with, or provide any information to or engage with any other third party in respect of a transaction that may reduce the likelihood of success of the Transactions or in connection with the sale of all or any of the Xped Shares, or any of Xped's business, assets or undertaking.

In consideration of the grant of exclusivity, Raya Group agrees that if Completion does not occur for any reason, including in particular where the capital raising Condition Precedent is not met by the End Date, but other than where failure of Completion is due to a default or breach by the Xped Shareholders, then Raya will provide funding of at least \$300,000 in Xped upon written notice from Xped, by subscribing for new fully paid ordinary shares in Xped at an issue price of \$0.12 per share. An irrevocable bank guarantee has been provided by Raya Group in favour of Xped to secure this obligation should it arise.

From the Execution Date, the Company is to make available a line of credit facility of \$250,000 to Xped for working capital purposes to be drawn down by Xped upon written notice and approval from the Company. If Completion does not occur for any reason, including in particular where the capital raising condition precedent is not met by the End Date, but other than where failure of Completion is due to a default or breach by the Shareholders, then the Company agrees to convert any drawn down outstanding balance of such credit facility into equity by accepting the issue of new fully paid ordinary shares in Xped at an issue price of \$0.12 per share, in full and final settlement of any obligation to repay such drawn down outstanding credit facility balance. As at the date of this Prospectus, Xped has drawn down a total of \$33,050 under this facility.

(h) Warranties and Claims

Each of the Majority Shareholders provides various warranties as to the business, assets and operations of Xped. Each Xped Shareholder provides warranties regarding unencumbered title to their Xped Shares. The Company has also provided warranties regarding its operations and compliance with laws. There are minimum thresholds for making claims (\$640,000 per claim and \$1,280,000 in aggregate for all claims), time

limits for making claims (18 months to give notice and a further 6 months to settle or serve proceedings) and caps on liability of and to Xped Shareholders is to the value of their Acquisition Shares on the Re-admission Date.

## 12.2 Lead Manager Engagement

The Company has entered into a mandate with KTM Capital Pty Limited dated on or about 7 December 2015 (as varied) (**Lead Manager Mandate**).

Pursuant to the Lead Manager Mandate, KTM Capital Pty Limited has been appointed as lead manager to the Public Offer and will assist the Company in undertaking the Public Offer. KTM Capital Pty Limited is not underwriting the Public Offer.

KTM Capital Pty Limited will receive a management fee of 1% of the amount raised pursuant to the Public Offer and a capital raising fee of 5% of any funds raised from the Public Offer as a result of Applications containing the broker stamp of the Lead Manager. The Company has agreed to reimburse the Lead Manager in respect of expenses incurred incidental to the Public Offer and indemnify the Lead manager and related persons against losses, liabilities and claims in respect of the Public Offers.

Either party may terminate the Lead Manager Mandate at any time on written notice to the other party. If the Lead Manager Mandate is terminated, the Company is required to reimburse the Lead Manager for expenses incurred prior to termination. Further, if terminated by the Company (other than for cause) and the Company raises capital within 12 months of termination from parties introduced by the Lead Manager or in receipt of documentation prepared pursuant to the Lead Manager Mandate, the Company will be required to pay the fees set out above.

## 12.3 Consultancy agreement – JK Group

The Company has entered into a consultancy agreement with JK Group and John Schultz dated 14 January 2016 under which JK Group has agreed to provide certain executive and consultancy services to the Company and John Schultz has agreed to be appointed as an executive director and Head of Engineering of the Company (**JK Consultancy Agreement**).

The services to be provided by JK to the Company include procuring an executive director and a head of engineering and providing executive and consulting services (**Services**). JK Group agrees to appoint John Schultz to act as head of engineering and provide the Services to the Company. A minimum of 10 days per month of services is required to be provided by JK Group.

The initial term of the JK Consultancy Agreement is a period of 2 years which will commence on completion of the acquisition of Xped by the Company. Either party may extend the term for a further 2 years on notice at least 30 days prior to the end of the initial term.

A fee of \$220,000 per annum is payable on account of the provision of the Services. Board fees are additional to this amount, which are to be determined by Raya Group from time to time and will initially be \$36,000 per annum.

The Remuneration Committee shall conduct a review of the performance of the Services and the consultancy fee payable every 12 months (which shall be increased at least by any upwards movement in the Australian Quarterly CPI). The Company is obliged to reimburse JK Group for all reasonable and necessary expenses incurred in the performance of the Services.

JK Group may terminate the JK Consultancy Agreement by giving 3 months written notice. The Company may terminate the JK Consultancy Agreement by giving 6 months written notice or paying JK the amount equivalent to the consultancy fee for 6 months. The Company may immediately terminate the JK Consultancy Agreement by giving written notice if JK Group

breaches any term of the agreement, an insolvency event occurs in respect of JK Group, any officer of JK Group is charged with a criminal offence which in the reasonable opinion of the Company brings the Company into disrepute or John Schultz resigns as a director of the Company (other than where he is removed as a director or is required to resign as a consequence of a change in control at the direction of the Board).

The Company indemnifies JK Group, its staff and John Schultz in respect of claims, actions, demands, suits, costs and any other ramifications which arise as a consequence of or in the course of the discharge by them of duties or activities pursuant to the JK Consultancy Agreement, except to the extent the liability is incurred as a result of a proven act of dishonesty by JK Group, its staff or John Schultz (which JK Group indemnifies the Company for).

#### 12.4 Consultancy agreement – Dalext Pty Ltd

The Company has entered into a consultancy agreement with Dalext Pty Ltd (**Dalext**) and Athan Lekkas dated 14 January 2016 under which Dalext Pty Ltd has agreed to provide certain consultancy services to the Company and Athan Lekkas has agreed to be appointed as an executive director and Chief Operating Officer of the Company (**Dalext Consultancy Agreement**).

The services to be provided by Dalext to the Company include procuring an executive director and a Chief Operating Officer and providing executive and consulting services (**Services**). Dalext agrees to appoint Athan Lekkas to act as Chief Operating Officer and provide the Services to the Company. A minimum of 10 days per month of services is required to be provided by Dalext.

The initial term of the Dalext Consultancy Agreement is a period of 2 years which will commence on completion of the acquisition of Xped by the Company. Either party may extend the term for a further 2 years on notice at least 30 days prior to the end of the initial term.

A fee of \$220,000 per annum is payable on account of the provision of the Services. Board fees are additional to this amount, which are to be determined by Raya Group from time to time and will initially be \$36,000 per annum.

The Remuneration Committee shall conduct a review of the performance of the Services and the consultancy fee payable every 12 months (which shall be increased at least by any upwards movement in the Australian Quarterly CPI). The Company is obliged to reimburse Dalext for all reasonable and necessary expenses incurred in the performance of the Services.

Dalext may terminate the Dalext Consultancy Agreement by giving 3 months written notice. The Company may terminate the Dalext Consultancy Agreement by giving 6 months written notice and paying Dalext the amount equivalent to the consultancy fee for 6 months.

The Company may immediately terminate the Dalext Consultancy Agreement by giving written notice if Dalext breaches any term of the agreement, an insolvency event occurs in respect of Dalext, or any officer of Dalext is charged with a criminal offence which in the reasonable opinion of the Company brings the Company into disrepute.

The Company indemnifies Dalext and its staff in respect of claims, actions, demands, suits, costs and any other ramifications which arise as a consequence of or in the course of the discharge by them of duties or activities pursuant to the Dalext Consultancy Agreement, except to the extent the liability is incurred as a result of a proven act of dishonesty by Dalext or its staff (which Dalext indemnifies the Company for).

## 12.5 Consultancy agreement – Malvern Corporation

The Company has entered into a consultancy agreement with Malvern Corporation Pty Ltd (**Malvern Corporation**) and Michael Clarke dated 14 January 2016 under which Malvern Corporation has agreed to provide certain consultancy services to the Company and Michael Clarke has agreed to be appointed as an executive director and Head of IT of the Company (**Malvern Consultancy Agreement**).

The services to be provided by Malvern to the Company include procuring an executive director and a Head of IT and providing executive and consulting services (**Services**). Malvern agrees to appoint Michael Clarke to act as Head of IT and provide the Services to the Company. A minimum of 10 days per month of services is required to be provided by Malvern.

The initial term of the Malvern Consultancy Agreement is a period of 2 years which will commence on completion of the acquisition of Xped by the Company. Either party may extend the term for a further 2 years on notice at least 30 days prior to the end of the initial term.

A fee of \$150,000 per annum is payable on account of the provision of the Services. Board fees are additional to this amount, which are to be determined by Raya Group from time to time and will initially be \$36,000 per annum.

The Remuneration Committee shall conduct a review of the performance of the Services and the consultancy fee payable every 12 months (which shall be increased at least by any upwards movement in the Australian Quarterly CPI). The Company is obliged to reimburse Malvern Corporation for all reasonable and necessary expenses incurred in the performance of the Services.

Malvern Corporation may terminate the Malvern Consultancy Agreement by giving 3 months written notice. The Company may terminate the Malvern Consultancy Agreement by giving 6 months written notice and paying Malvern Corporation the amount equivalent to the consultancy fee for 6 months.

The Company may immediately terminate the Malvern Consultancy Agreement by giving written notice if Malvern Corporation breaches any term of the agreement, an insolvency event occurs in respect of Malvern Corporation, or any officer of Malvern Corporation is charged with a criminal offence which in the reasonable opinion of the Company brings the Company into disrepute.

The Company indemnifies Malvern Corporation and its staff in respect of claims, actions, demands, suits, costs and any other ramifications which arise as a consequence of or in the course of the discharge by them of duties or activities pursuant to the Malvern Consultancy Agreement, except to the extent the liability is incurred as a result of a proven act of dishonesty by Malvern Corporation or its staff (which Malvern Corporation indemnifies the Company for).

## 12.6 Consultancy agreement – Alanticx Technologies

The Company has entered into a consultancy agreement with Alanticx Technologies and Christopher Wood dated 14 January 2016 under which Alanticx Technologies has agreed to provide certain executive and consultancy services to the Company and Christopher Wood has agreed to be appointed as an executive director and chief executive officer of the Company (**Alanticx Consultancy Agreement**).

The services to be provided by Alanticx Technologies to the Company include procuring an executive and chief executive officer and providing executive and consulting services (**Services**). Alanticx Technologies agrees to appoint Christopher Wood to act as chief executive officer of the Company and provide the Services to the Company. A minimum of 10 days per month of services is required to be provided by Alanticx Technologies.



The initial term of the Alanticx Consultancy Agreement is a period of 2 years which will commence on completion of the acquisition of Xped by the Company. Either party may extend the term for a further 2 years on notice at least 30 days prior to the end of the initial term.

A fee of \$220,000 per annum is payable on account of the provision of the Services. Board fees are additional to this amount, which are to be determined by Raya Group from time to time and will initially be \$36,000 per annum.

The Remuneration Committee shall conduct a review of the performance of the Services and the consultancy fee payable every 12 months (which shall be increased at least by any upwards movement in the Australian Quarterly CPI). The Company is obliged to reimburse Alanticx Technologies for all reasonable and necessary expenses incurred in the performance of the Services.

Alanticx Technologies may terminate the Alanticx Consultancy Agreement by giving 3 months written notice. The Company may terminate the Alanticx Consultancy Agreement by giving 6 months written notice or paying Alanticx Technologies the amount equivalent to the consultancy fee for 6 months. The Company may immediately terminate the Alanticx Consultancy Agreement by giving written notice if Alanticx Technologies breaches any term of the agreement, an insolvency event occurs in respect of Alanticx Technologies, any officer of Alanticx Technologies is charged with a criminal offence which in the reasonable opinion of the Company brings the Company into disrepute or Christopher Wood resigns as a director of the Company (other than where he is removed as a director or is required to resign as a consequence of a change in control at the direction of the Board).

The Company indemnifies Alanticx Technologies, its staff and Christopher Wood in respect of claims, actions, demands, suits, costs and any other ramifications which arise as a consequence of or in the course of the discharge by them of duties or activities pursuant to the Alanticx Consultancy Agreement, except to the extent the liability is incurred as a result of a proven act of dishonesty by Alanticx Technologies, its staff or Christopher Wood (which Alanticx Technologies indemnifies the Company for).

#### 12.7 **Consultancy agreement – Baldmonk Pty Ltd**

The Company and Xped Global Pte Ltd have entered into a consultancy agreement with Baldmonk Pty Ltd and John Stefanac dated on or about 14 January 2016 under which Baldmonk Pty Ltd has agreed to provide certain executive and consultancy services to the Group and John Stefanac has agreed to be appointed as Head of Asia (**Baldmonk Consultancy Agreement**).

The services to be provided by Baldmonk Pty Ltd to the Group include procuring an executive to act as Head of Asia and providing executive and consulting services (**Services**). Baldmonk Pty Ltd agrees to appoint John Stefanac to act as Head of Asia and provide the Services to the Group. A minimum of 15 days per month of services is required to be provided by Baldmonk Pty Ltd.

The initial term of the Baldmonk Agreement is a period of 2 years which will commence on completion of the acquisition of Xped by the Company. Either party may extend the term for a further 2 years on notice at least 30 days prior to the end of the initial term.

A fee of \$150,000 per annum is payable on account of the provision of the Services.

The Remuneration Committee shall conduct a review of the performance of the Services and the consultancy fee payable every 12 months (which shall be increased at least by any upwards movement in the Australian Quarterly CPI). The Company is obliged to reimburse Baldmonk Pty Ltd for all reasonable and necessary expenses incurred in the performance of the Services.

Baldmonk Pty Ltd may terminate the Baldmonk Consultancy Agreement by giving 3 months written notice. Xped Global Pte Ltd may terminate the Baldmonk Consultancy Agreement by giving 3 months written notice or paying Baldmonk Pty Ltd the amount equivalent to the consultancy fee for 3 months. Xped Global Pte Ltd may immediately terminate the Baldmonk Consultancy Agreement by giving written notice if Baldmonk Pty Ltd breaches any term of the agreement, an insolvency event occurs in respect of Baldmonk Pty Ltd, any officer of Baldmonk Pty Ltd is charged with a criminal offence which in the reasonable opinion of Xped Global Pte Ltd brings the Group into disrepute.

The Company and Xped Global Pte Ltd indemnify Baldmonk Pty Ltd, its staff and John Stefanac in respect of claims, actions, demands, suits, costs and any other ramifications which arise as a consequence of or in the course of the discharge by them of duties or activities pursuant to the Baldmonk Consultancy Agreement, except to the extent the liability is incurred as a result of a proven act of dishonesty by Baldmonk Pty Ltd, its staff or John Stefanac (which Baldmonk Pty Ltd indemnifies the Company and Xped Global Pte Ltd for).

## 12.8 EAS Advisory LLC Engagement

The Company has entered into an agreement with EAS Advisors LLC (**EAS**), on 14 January 2016 (**Engagement**) pursuant to which EAS will provide for a 2 year term, certain corporate and other advice and guidance and strategic services to the Company. EAS is entitled to a monthly fee of USD 10,000 per month.

Additionally, EAS will be granted, subject to Shareholder approval at the General Meeting, 30,000,000 Options (**EAS Options**) subject to performance hurdles being met, each exercisable on or before 24 months from the allotment date.

The key terms of the EAS Options are:

- (a) 7,500,000 of the EAS Options will be exercisable at \$0.07 but subject to the 10 day volume weighted average price of Shares on ASX being not less than \$0.07 at the time of exercise;
- (b) 7,500,000 of the EAS Options will be exercisable at \$0.09 but subject to the 10 day volume weighted average price of Shares on ASX being not less than \$0.09 at the time of exercise;
- (c) 7,500,000 of the EAS Options will be exercisable at \$0.11 but subject to the 10 day volume weighted average price of Shares on ASX being not less than \$0.11 at the time of exercise;
- (d) 7,500,000 of the EAS Options will be exercisable at \$0.13 but subject to the 10 day volume weighted average price of Shares on ASX being not less than \$0.13 at the time of exercise;
- (e) The EAS Options will be non-transferable in whole or in part;
- (f) The EAS Options may only be exercised when the performance hurdle which is share price based is met;
- (g) Upon the valid exercise of the EAS Options and payment of the exercise price, the Company will issue fully paid ordinary shares ranking pari passu with the then issued ordinary shares of the Company;
- (h) The Option holder will be permitted to participate in new issues of securities of the Company to Shareholders only on the prior exercise of the EAS Options, in which case the holders of the EAS Options will be afforded the minimum period of notice

prescribed under the Listing Rules prior to and inclusive of the books closing date (to determine entitlements to the issue) to exercise the EAS Options; and

- (i) In all other respects the EAS Options shall have the same terms as Existing Options which are listed (see section 13.5).

Raya is entitled to terminate the Engagement on notice whereupon a termination payment of 3 months will be payable to EAS.

#### 12.9 **Majority Shareholder Loans**

Xped has received funding totalling \$6,487,579 (**Majority Shareholder Loans**) from entities associated with major shareholders of Xped being Electro, an entity controlled by John Schultz, JK Group Australia Pty Ltd, an entity controlled by John Schultz and Alanticx Technologies, an entity controlled by Christopher Wood.

Each of those companies has entered into a deed of release whereby upon Completion of the acquisition of Xped by the Company, the Majority Shareholder Loans will be released in full upon payment by the Company of the following:

- (a) \$185,000 to Electro; and
- (b) \$75,000 to Alanticx Technologies Pty Ltd.

#### 12.10 **Access deeds**

Each of the Directors and the Company Secretary have entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those officers and to effect and maintain insurance in respect of directors and officers liability and provide certain indemnities to each of the officers, to the extent permitted by law.

#### 12.11 **Global Funding Partners Pty Ltd Deed of Release**

Global Funding Partners Pty Ltd ACN 602 324 658 of 125 Rundle Street, Kent Town SA 5067 (**GFP**), the Company and Xped have entered into a Deed of Release on or about 14 December 2015 (as varied).

Under this deed upon the successful completion of the acquisition of Xped by the Company, the Company has agreed to discharge all liability of Xped under a retainer agreement entered into by Xped and GFP on or about 14 January 2015 (**Retainer Agreement**), by payment by the Company of \$260,000 to GFP at the direction of Xped.

#### 12.12 **Jay-V Subscription Agreement**

Pursuant to a share subscription agreement dated on or about 8 November 2015 between JAY-V Inc and the Company, JAY-V Inc subscribed for 30,000,000 Shares at \$0.02 per share. JAY-V Inc was entitled to be issued a further 10,000,000 Shares (**Further Shares**) subject to obtaining Shareholder approval for such issue of the Further Shares. However, JAY-V Inc has agreed that the Further Shares will no longer be issued and as such, the Company has no obligation to and will not issue the Further Shares. JAY-V has also agreed to 30,000,000 Shares being subject to escrow until the Re-admission Date.

#### 12.13 **Subscription Agreement with Gold Resources Ltd**

The Company entered into a share subscription agreement with Gold Resources Ltd (**Gold Resources**) on 14 December 2015 (as varied).

Gold Resources is required to provide services and assist the Company with respect to fund raising by the Company both prior to and in relation to this Prospectus. The Company will, in consideration for the services provided by Gold Resources, issue 10,000,000 Adviser Shares to Gold Resources the day after the Re-admission Date.

#### **12.14 Memorandum of Understanding with Tekelek Australia (Tytronics) Pty Ltd**

Pursuant to this Memorandum of Understanding, both Xped and Tytronics aim to co-develop thermostat products that use the expertise of both Xped and Tytronics that will benefit both companies through the distribution and sale of co-developed products. Initially, Xped and Tytronics intend to co-develop an internet capable thermostat product that they can supply to the market with cross-branding. To facilitate this process, Tytronics will purchase microprocessor chip sets from Xped and Xped will purchase manufactured thermostats from Tytronics.

#### **12.15 Memorandum of Understanding with Vital Xense Pte Ltd**

Pursuant to this Memorandum of Understanding, both Xped Global and Vital Xense Pte Ltd intend to collaborate on the building of an end to end Internet of Things service, to simplify and accelerate the creation, deployment and management of connected products and solutions. The responsibilities of the parties are allocated in accordance with the knowledge and expertise of the respective parties. Vital Xense Pte Ltd will undertake, amongst other things, supply chain management and cloud hosting environment and Xped Global will undertake, amongst other things, design of hardware and engineering support.

#### **12.16 Xped Share Transfer Deed**

Pursuant to a Share Transfer Deed dated 14 December 2015 entered into by Xped, Xped Corporation Pty Ltd ACN 145 637 145, the Company, JK Group, Alanticx Technologies and Baldmonk, JK Group, Alanticx Technologies and Baldmonk have agreed to be responsible for any entitlements that may exist or arise from arrangements entered into with certain employees, consultants and advisors.

Under the Share Transfer Deed, any such entitlements will be discharged on or before the completion of the acquisition of Xped by the Company, by the transfer of equity by JK Group, Baldmonk and Alanticx Technologies in either Xped or in the Company. At the date of this Prospectus, agreements had been entered into with some but not all of the employees, consultants and advisors.

#### **12.17 Sokoria Power Purchase Agreement**

##### **(a) Power Purchase Agreement**

Under this agreement, PT Sokoria Geothermal Indonesia, in which Raya Group has a 45% shareholding, has agreed to make available and/or transmit, sell and deliver the power generated by it to PT PLN (Persero) at various meeting points as determined by the agreement. PT PLN (Persero) has agreed to pay for the power made available and/or buy and receive the power supplied and transmitted to it by PT Sokoria Geothermal Indonesia to various connection points.

PT PLN (Persero) has agreed to pay a monthly charge in respect of every contract month pursuant to the agreement. PT PLN (Persero) will also pay for all the power which has been delivered by PT Sokoria Geothermal Indonesia.

##### **(b) Sokoria Geothermal Project Shareholders Agreement**

Pursuant to this agreement, Raya Group, PT Bakrie Power, PT Energy Management Indonesia (Persero) and PT Sokoria Geothermal Indonesia have agreed to form an

incorporated joint venture, using the Company as the joint venture entity, in relation to the Sokoria Geothermal Project and to otherwise undertake the Sokoria Geothermal Project on the terms and conditions set out in the agreement.

Each participant will contribute by way of cash calls to Sokoria Geothermal Project expenditure from the commencement date on a pro rata basis in accordance with their respective participation interests and the terms of the agreement. Raya Group will be responsible for funding, at its own cost, those activities required to ensure the selection of the well site locations for the first exploration wells.

The agreement contains a number of standard provisions to regulate and govern the interaction of the parties to the agreement, including in respect of the relationship of the parties, joint venture board, board meetings, cash calls and funding, dilution and transfer of Shareholding.

#### **12.18 Ngebel Geothermal Project Shareholders Agreement**

Pursuant to this agreement, Panax Geothermal (Singapore) Number 1 Pte Ltd, PT Bakrie Power, PT Energy Management Indonesia (Persero), PT Bangun Infrastruktur Nusantara and PT Bakrie Darmakarya Energi were shareholders in an incorporated joint venture to hold various assets for a geothermal development project in Ngebel.

Each party was to contribute by cash calls to the Ngebel Geothermal Project Expenditure for commercial development on a pro rata basis in accordance with their respective participation interests. Panax Geothermal (Singapore) Number 1 Pte Ltd is required to bear sole responsibility to fund all exploration activities as listed in schedule 1 of the agreement and any other activities related thereto.

Following commercial development, all parties shall bear, in proportion of their shareholding, all costs and expenses incurred in relation to wells, infrastructure, land acquisition and other activity which will continue to form part of the commercial development.

The Shareholders Agreement contains a number of standard provisions in relation to the shareholders themselves, the Board of the joint venture company, the Directors of that company, and the transfer of any shareholding in the joint venture company.

## **13. Additional information**

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### **13.1 Corporate status**

The Company was incorporated under the Corporations Act on 16 October 2006. The Company's balance date is 30 June. The Company is taxed as an Australian public company.

### **13.2 Constitution**

It is proposed that the Company's constitution be repealed and replaced at the General Meeting with the New Constitution to ensure that it is current and up to date with the Corporations Act and the Listing Rules and is of a kind usually adopted by a public company that is listed on the ASX. Copies of the Existing Constitution and the New Constitution may be inspected at the registered office of the Company during normal business hours by appointment with the Company Secretary. Further information regarding the New Constitution is set out in the Notice of Meeting

### **13.3 Rights attaching to Shares in the Company**

A summary of the rights which relate to all New Shares which may be issued pursuant to this Prospectus is set out below, on the assumption that the New Constitution is adopted. Where these key provisions materially differ to those in the current constitution of the Company this is noted. These rights are the same as those in respect of the Company's existing issued Shares. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of the Company's Shares.

(a) Voting

At a general meeting of the Company on a show of hands, every member present in person or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

(b) Dividends

The New Shares will rank equally with all other issued Shares in the capital of the Company and may participate in dividends from time to time from their date of issue. Subject to the rights of holders of Shares of any special preferential or qualified rights attaching thereto, dividends are payable amongst the holders of Shares in proportion to the amounts paid up on such Shares respectively at the date of declaration of the dividend. The Directors may from time to time pay to Shareholders such final and interim dividends as in their judgment the position of the Company justifies.

(c) Winding Up

Upon paying the Application Monies, Shareholders will have no further liability to make payments to the Company in the event of the Company being wound up pursuant to the provisions of the Corporations Act.

(d) Transfer of Securities

Generally, the Shares in the Company will be freely transferable, subject to satisfying the usual requirements of security transfers on ASX. The Directors may decline to register any transfer of Shares, but only where permitted to do so under its constitution or the Listing Rules.

(e) Sale of Non-Marketable Holdings

The Company may take steps in respect of non-marketable holdings of Shares in the Company to effect an orderly sale of those Shares in the event that holders do not take steps to retain their holdings.

The Company may only take steps to eliminate non-marketable holdings in accordance with the constitution and the Listing Rules. For more particular details of the rights attaching to Shares in the Company, investors should refer to the constitution of the Company.

(f) Future Increases, Alteration and Reduction of Capital

The allotment and issue of securities is under the control of the Directors. Subject to restrictions on the allotment of securities pursuant to the Listing Rules, the Constitution of the Company and the Corporations Act, the Directors may allot, issue or otherwise dispose of new securities on such terms and conditions as they decide.

The Company in general meeting may convert its securities into a larger or smaller number of securities, and subject to the Corporations Act and the Listing Rules, the Company may reduce its share capital and buy-back Shares in itself.

(g) Variation of Rights

The Company may only modify or vary the rights attaching to any class of Shares with the consent in writing of the holders of at least 75% of the issued Shares of the class or the sanction of a special resolution passed at a meeting of the holders of the issued Shares of that class.

Full details of the rights attaching to Shares are set out in the Constitution of the Company. A copy of the existing or proposed New Constitution can be obtained from the Company. The New Shares to be issued pursuant to this Prospectus will rank equally with all of the Company's existing Shares.

### 13.4 Shares and Xped Shares issues

As at the date of this Prospectus the Company has 718,364,311 Shares on issue. These Share issues have occurred progressively since incorporation of the Company.

There are currently 111,584,080 Xped Shares on issue. These Xped Share issues have occurred progressively since incorporation of Xped.

### 13.5 Options

The Company has 382,452,357 Existing Options on issue as at the date of the Prospectus as follows:

Type of Options	Number of Options	Expiry Date	Exercise Price
Listed	381,352,357	21 July 2016	\$0.015
Unlisted	1,100,000	15 December 2016	\$0.75 - \$1.50

Additionally, pursuant to the Engagement with EAS Advisors LLC, the Company is to issue 30,000,000 EAS Options subject to Shareholder approval at the General Meeting. The EAS Options are exercisable at prices ranging from \$0.07 - \$0.13 subject to share price performance hurdles being met and are exercisable for a period of 2 years from allotment. The terms of the EAS Options are set out in section 12.8.

Accordingly, on completion of the Offers and the Acquisition, the Company will have 412,452,357 Options on issue.

The terms of the listed Options (in the table above) were set out in the prospectus to facilitate the issue of such listed Options dated 7 June 2013. The unlisted Options (in the table above) were issued to directors of the Company in 2011 pursuant to a resolution at the Company's annual general meeting on 16 November 2011 and the terms of those Options were set out in the notice of meeting for that meeting.

The following are remainder of the terms and conditions of the Existing Options:

- (a) the Options are transferable in whole or in part and may be exercised by any other person (including, in the case of the Option holder's death, by his or her legal personal representative);
- (b) the Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the Exercise Price per Option to the Company at any time on or after the date of issue of the Options and on or before the Expiry Date;
- (c) the number of Options that may be exercised at one time must be not less than 25,000;
- (d) within 14 days of the valid exercise of the Options and receipt of payment of the Exercise Price by the Company, the Company will issue fully paid Shares ranking *pari passu* with the then issued Shares;
- (e) option holders do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the Listing Rules.
- (f) option holders do not participate in any dividends unless the Options are exercised and the resultant Shares of the Company are issued prior to the record date to determine entitlements to the dividend;
- (g) in the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
  - (1) the number of Options, the Exercise Price of the Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Options which are not conferred on Shareholders; and
  - (2) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged;



- (h) if there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:

$$O^n = O - \frac{E [P - (S + D)]}{N + 1}$$

Where:

- $O^n$  = the new exercise price of the Option;
- $O$  = the old exercise price of the Option;
- $E$  = the number of underlying securities into which one Option is exercisable;
- $P$  = the volume weighted average market price per security of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;
- $S$  = the subscription price for a security under the pro rata issue;
- $D$  = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);
- $N$  = the number of securities with rights or entitlements that must be held to receive a right to one new security;
- (i) if there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue;
- (j) the terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of Shares approve of such a change. However, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options;
- (k) in respect of the listed Options, the Company shall apply for listing of the Options on the ASX. The unlisted Options shall not be listed on the ASX; and
- (l) The Company shall apply for listing of the resultant Shares of the Company issued upon exercise of any Option.

### 13.6 Management Performance Shares

On completion of the Acquisition, the Company will issue the following Management Performance Shares:

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>
Xped Key Management	50,000,000	50,000,000	50,000,000

The following is a summary of the material terms of the Management Performance Shares to be issued by the Company pursuant to the Acquisition:

- (a) Terms of Conversion (referred to below as Performance Criteria):
- (1) each Class A Performance Share will automatically convert into one Share upon the Company achieving the following within 18 months from the Re-admission Date:
    - (A) the market capitalisation of the Company being not less than \$75,000,000 for 20 consecutive trading days on ASX; and
    - (B) the revenue of the Company for any 18 month period being not less than \$1,000,000;
  - (2) each Class B Performance Share will automatically convert into one Share at a time upon the Company achieving the following within 24 months from the Re-admission Date:
    - (A) the market capitalisation of the Company is not less than \$100,000,000 for 20 consecutive trading days on ASX; and
    - (B) the revenue of the Company for any 24 month period being not less than \$2,500,000; and
  - (3) each Class C Performance Share will automatically convert into one Share upon the Company achieving the following within 30 months from the Re-admission Date:
    - (A) the market capitalisation of the Company is not less than \$125,000,000 for 20 consecutive trading days on ASX; and
    - (B) the revenue of the Company for any 30 month period is not less than \$5,000,000;
- (b) The Management Performance Shares do not entitle the holder to vote on any resolutions proposed at a general meeting of Shareholders.
- (c) The Management Performance Shares shall confer on the holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to holders of Shares in the capital of the Company.
- (d) The holders of Management Performance Shares have the right to attend general meetings of Shareholders.
- (e) The Management Performance Shares do not entitle the holder to any dividends.
- (f) The Management Performance Shares are only capable of being disposed of by the holder upon achievement of the Performance Criteria applying to the Management Performance Shares, detailed above.
- (g) The Management Performance Shares do not entitle the holder to payment of the capital paid up on it from time to time, whether in a winding up of the Company, upon a reduction of the capital of the Company or otherwise, unless and only to the extent that a Management Performance Share has converted into a Share.
- (h) The Management Performance Shares do not entitle the holder to any right to participate in the surplus profits or assets of the Company on winding up of the Company, unless and only to the extent that a Management Performance Share has converted into a Share.

- (i) The Management Performance Shares do not entitle the holder to participate in new issues of equity securities offered to Shareholders of the Company.
- (j) The Management Performance Shares will not be quoted on ASX. However, upon conversion of the Management Performance Shares into Shares, the Shares will (as and from allotment) rank equally with and confer rights identical with all other Shares then on issues and the Company must within 2 Business Days after the conversion, apply for official quotation of the Shares arising from the conversion on ASX.
- (k) Shares issued on conversion of the Management Performance Shares must be free from all encumbrances, securities and third party interests. The Company must ensure that Shares issued on conversion of the Management Performance Shares are freely tradeable, without being subject to on-sale restrictions under section 707 of the Corporations Act, on and from their date of issue.
- (l) The Management Performance Shares will automatically convert into Shares of the Company upon satisfaction of the Performance Criteria applying to the Management Performance Shares.
- (m) Unless otherwise determined by the Board, a Management Performance Share shall convert into a Share on the basis of one Management Performance Share for every one Share.
- (n) Unless otherwise determined by the Board, in the event that the Performance Criteria applying to any class of Management Performance Share held by Xped Key Management is not satisfied by the End Date, all of the Management Performance Shares in that class held by the Xped Key Management or its nominee shall convert into one Share.
- (o) The terms of the Management Performance Shares may be amended as required from time to time in order to comply with the Listing Rules or a direction of the ASX regarding the terms.
- (p) If the Company is listed on the ASX and undertakes a reconstruction or reorganisation of its issued capital, all rights of a holder of Management Performance Shares will be changed to the extent necessary to comply with the Listing Rules at the time of the reconstruction or reorganisation.
- (q) The Management Performance Shares give the holder no other rights save for those expressly set out in these terms and any other rights provided by law which cannot be excluded by these terms.

### 13.7 Restricted Securities

The ASX will make a determination as to the securities of the Company that will be Restricted Securities as a result of the Transaction.

The Company intends to make submissions with respect to the securities to be classified as Restricted Securities, however, the number and length of restriction will ultimately be determined by the ASX.

If the submissions the Company proposes to make are successful, the Directors expect that the ASX will classify the following securities as Restricted Securities:

Shareholder (inc Associates)	Number of Acquisition Shares	Management Performance Shares	Period of Restriction
Xped Key Management	331,047,222	150,000,000	24 months from the Re-admission Date
Other Xped Shareholders	43,736,410	N/A	12 months from the date the Xped Shareholders were issued Xped Shares
<b>Total</b>	<b>374,783,632</b>	<b>150,000,000</b>	

Based on the above information (and assuming the Company's submissions to ASX unsuccessful), 22.13% of the Company's Shares will be subject to escrow for up to 24 months from date of re-listing, together with all of the Management Performance Shares.

If the submissions of the Company are not successful, the Directors expect that the ASX will classify the following securities as Restricted Securities:

Shareholder (inc Associates)	Number of Acquisition Shares	Management Performance Shares	Period of Restriction
Xped Key Management	580,112,422	150,000,000	24 months from the Re-admission Date
Other Xped Shareholders	59,887,578	N/A	12 months from the date the Xped Shareholders were issued the Acquisition Shares
<b>Total</b>	<b>640,000,000</b>	<b>150,000,000</b>	

Based on the above information (and assuming the Company's submissions to ASX is not successful), 37.79% of the Company's Shares will be subject to escrow for up to 24 months from date of re-listing.

Chapter 9 of the Listing Rules precludes holders of Restricted Securities from disposing of or otherwise dealing with any of those securities or an interest in those securities or agreeing to dispose of those securities or an interest in those securities, for the relevant restriction periods. The holder will also be precluded from granting a security interest over those securities.

ASX may review these restrictions during consideration of the Company's application for re-compliance with Chapters 1 and 2 of the Listing Rules. ASX may also, at its discretion, waive or vary the requirements in accordance with the Listing Rules in the event that an affected holder and the Company apply for a review of any escrow restrictions.

### 13.8 Details of Company and Xped group entities

The entities within the Group as at the date of this Prospectus are as follows:

Controlled entities	Country of incorporation	Interest held
Raya Group Limited	Australia	100%
Panax Holdings Pty Ltd	Australia	100%
Scopenergy Pty Ltd	Australia	100%
Scopenergy Petroleum Pty Ltd	Australia	100%
Osiris Energy Ltd	Australia	100%
Panax Geothermal (Singapore) 1 Pte Ltd	Singapore	100%
Panax Geothermal (Singapore) 2 Pte Ltd	Singapore	100%
Panax Geothermal (Singapore) 3 Pte Ltd	Singapore	100%
Raya HK Limited <sup>1</sup>	Hong Kong	100%
OP 1 Corp for Xavier 1 LLC (3) <sup>1</sup>	USA	100%

Notes:

1. Raya HK Limited and OP1 Corp for Xavier LLC have been documented as currently in dissolution process.

Upon completion of the Acquisition, the Company will also control the following entities:

Controlled entities	Country of incorporation	Interest held
Xped Holdings Limited	Australia	100%
Xped Corporation Pty Ltd	Australia	100%
Xped Global Pte Ltd	Singapore	100%

### 13.9 Employee Share and Option Plan

The ESOP is to extend to Eligible Persons or Eligible Associate (as the case may be) of the Company or an Associated Body Corporate of the Company as the Board may in its discretion determine.

The total number of Securities which may be offered by the Company under the ESOP shall not at any time exceed 5% of the Company's total issued Shares when aggregated with the number of Securities issued or that may be issued as a result of offers made at any time during the previous 3 year period under:

- (a) an employee incentive scheme covered by ASIC CO 14/1000; or
- (b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.

The Shares are to be issued at a price determined by the Board. The Options are to be issued for no consideration. The exercise price of an Option is to be determined by the Board at its sole discretion. The Option Commencement Date will be any such date or dates with respect

to the Options or tranches of Options (as the case may be) as may be determined by the Board prior to the issuance of the relevant Options.

The Option Period commences on the Option Commencement Date and ends on the earlier of:

- (a) the expiration of such period nominated by the Board at its sole discretion at the time of the grant of the Option but being not less than two years;
- (b) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of an Uncontrollable Event, the earlier of:
  - (1) the expiry of the Option Period; or
  - (2) 6 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement;
- (c) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of a Controllable Event:
  - (1) the expiry of the Option Period; or
  - (2) 3 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement; or
- (d) the Eligible Person ceasing to be employed or engaged by the Company or an Associated Body Corporate of the Company due to fraud, dishonesty or being in material breach of their obligations to the Company or an Associated Body Corporate.

Eligibility to participate is determined by the Board. Eligibility is restricted to Eligible Persons (or their Eligible Associates where applicable) of the Company or an Associated Body Corporate of the Company. The Board is entitled to determine:

- (a) subject to paragraph 2, the total number of Shares and Options to be offered in any 1 year to Eligible Persons or Eligible Associates;
- (b) the Eligible Persons to whom offers will be made; and
- (c) the terms and conditions of any Shares and Options granted, subject to the ESOP.

In respect of Options, Option holders do not participate in dividends or in bonus issues unless the Options are exercised.

Option holders do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the ASX Listing Rules.

In the event of a pro rata issue (except a bonus issue) made by the Company during the term of the Options the Company may adjust the exercise price for the Options in accordance with the formula in the terms of the ESOP.

The Board has the right to vary the entitlements of Participants to take account of the effect of capital reorganisations, bonus issues or rights issues.

The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.

The Board may impose as a condition of any offer of Shares and Options under the ESOP any restrictions on the transfer or encumbrance of such Shares and Options as it determines.

The Board may vary the ESOP.

The ESOP is separate to and does not in any way form part of, vary or otherwise affect the rights and obligations of an Eligible Person under the terms of his or her employment or arrangement.

At any time from the date of an Offer until the Acceptance Date of that Offer, the Board undertakes that it shall provide information as to:

- (a) the Current Market Price of the Shares; and
- (b) the acquisition price of the Shares or Options offered where this is calculated by reference to a formula, as at the date of the Offer,

to any Participant within 3 Business Days of a written request to the Company from that Participant to do so.

Any Offer made pursuant to the ESOP will specify whether subdivision 83A-C of the applicable Tax Laws applies to that Offer such that any tax payable by a Participant under the Offer will be deferred to the applicable deferred taxing point described in that subdivision.

In the ESOP:

“Controllable Event” means cessation of employment or engagement other than by an Uncontrollable Event.

“Uncontrollable Event” means:

- (a) death, serious injury, disability or illness which renders the Eligible Person incapable of continuing their employment or engagement (or providing the services the subject of the engagement) with the Company or Associated Body Corporate;
- (b) forced early retirement, retrenchment or redundancy; or
- (c) such other circumstances which results in an Eligible Person leaving the employment of or ceasing their engagement with the Company or Associated Body Corporate and which the Board determines is an Uncontrollable Event.

### 13.10 **Taxation implications of Offers**

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

### 13.11 **Litigation**

Legal proceedings may arise from time to time in the course of the Company’s business. As of the date of this Prospectus, neither the Company nor Xped are involved in any material

litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company or Xped.

### 13.12 Liability of other persons named in this Prospectus and Consents

Notwithstanding that they may be referred to elsewhere in this Prospectus, 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) 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 and for any misleading statements or omissions in this Prospectus; and
- (c) did not authorise or cause the issue of all or any part of this Prospectus, other than as set out in this Section.

KTM Capital Pty Limited are named in the Corporate Directory as lead manager to the Public Offer. KTM Capital Pty Limited has not authorised or caused the issue of this Prospectus and does not make or purport to make any statement in this Prospectus. KTM Capital Pty Limited has given consent to be named in the form and context in which it is named, and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC. KTM Capital Pty Limited will be paid for services provided pursuant to the Lead Manager Mandate, details of which are set out in section 12.2. The maximum fee that KTM Capital Pty Limited may be paid under the Lead Manager Agreement is \$480,000 (excluding disbursements and GST). During the two years prior to the date of this Prospectus, KTM Capital Pty Limited has not provided any other services to the Company.

EAS Advisors LLC has given its written consent to be named as the North American Corporate Advisor in the form and context in which it is named and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC. EAS Advisors LLC has not authorised or caused the issue of this Prospectus and does not make or purport to make any statement in this Prospectus. During the two years prior to the date of this Prospectus, EAS Advisors LLC has not provided any other services to the Company.

HopgoodGanim Lawyers are named in the Corporate Directory as Solicitors to the Offers and have performed work in relation to the Prospectus. In doing so, they have placed reasonable reliance upon information provided to them by the Company and other third parties. They do not make any statement in this Prospectus. HopgoodGanim Lawyers has given its consent to be named as Solicitors to the Offers in the form and context in which it is named and has not withdrawn that consent prior to the lodgement of this Prospectus with ASIC. HopgoodGanim will be paid for work performed in accordance with usual time based charge out rates and estimate their professional costs at \$250,000 (excluding disbursements and GST) at the date of this Prospectus. During the two years prior to the date of this Prospectus, HopgoodGanim Lawyers has provided legal advice to the Company on various matters and in this regard has received fees in the amount of approximately \$84,000 (excluding disbursements and GST) and in accordance with usual time based charge out rates.

Pitcher Partners are named in the Corporate Directory as Investigating Accountants to the Company. They were involved in the preparation of the Investigating Accountants Report set out in Section 9 of this Prospectus. In doing so, they have placed reasonable reliance upon information provided to them by the Company and other third parties. They do not make any other statement in this Prospectus. Pitcher Partners has given consent for inclusion of the Investigating Accountant's Report in the Prospectus and to be named in the form and context in which it is named, and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC. Pitcher Partners will be paid for work performed in accordance with



usual time based charge out rates and estimate their professional costs at \$40,000 (excluding disbursements and GST), at the date of this Prospectus. During the two years prior to the date of this Prospectus, Pitcher Partners has provided auditing services to the Company and in this regard has received fees in the amount of \$86,000 (excluding disbursements and GST) and in accordance with usual time based charge out rates.

Flocom Consulting are named in the Corporate Directory as Technical Expert to the Company. They were involved in the preparation of the Technical Expert Review set out in Section 5 of this Prospectus. In doing so, they have placed reasonable reliance upon information provided to them by the Company and other third parties. They do not make any other statement in this Prospectus. Flocom Consulting has given consent for inclusion of Technical Expert Review in the Prospectus and to be named in the form and context in which it is named, and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC. Flocom Consulting will be paid for work performed in accordance with usual time based charge out rates and estimate their professional costs at \$20,000 (excluding disbursements and GST), at the date of this Prospectus. During the two years prior to the date of this Prospectus, Flocom Consulting has not provided any other services to the Company

Lesicar Maynard Andrews Patent and Trade Mark Attorneys are named in the Corporate Directory as Patent Attorneys to the Company. They were involved in the preparation of the Patent Report set out in Section 1 of this Prospectus. In doing so, they have placed reasonable reliance upon information provided to them by the Company and other third parties. They do not make any other statement in this Prospectus. Lesicar Maynard Andrews Patent and Trade Mark Attorneys has given consent for inclusion of Patent Report in the Prospectus and to be named in the form and context in which it is named, and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC. Lesicar Maynard Andrews Patent and Trade Mark Attorneys will be paid for work performed in accordance with usual time based charge out rates and estimate their professional costs at \$9,000 (excluding disbursements and GST), at the date of this Prospectus. During the two years prior to the date of this Prospectus, Lesicar Maynard Andrews Patent and Trade Mark Attorneys has not provided any other services to the Company.

Automic Registry Services has given its written consent to be named as the Share Registrar in the form and context in which it is named and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC. Automic Registry Services has not authorised or caused the issue of this Prospectus and does not make or purport to make any statement in this Prospectus.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

### 13.13 Costs of the Offers and the Acquisition

If the Offers and the Acquisition proceeds, the total estimated costs of the Offers and the Acquisitions including capital raising fees and commissions, advisory, ASIC and ASX fees, prospectus printing, miscellaneous expenses and payments to Xped creditors and Global Funding Partners will be approximately \$1.76 million (excluding GST) as follows:

Item of expenditure	Amount of Expenditure (\$) (excluding GST)
ASX and ASIC fees	\$100,000
Legal and Due Diligence	\$250,000
Accounting	\$40,000
Expert Reports	\$84,000
Lead Manager Fees (assuming full fees are payable)	\$480,000
Other capital raising costs	\$75,000
Printing and registry costs	\$36,000
Global Funding Partners	\$260,000
Payment of Xped loans (Electro and Alanticx)	\$260,000
Payment of Xped Creditors	\$170,000
<b>Estimated Total</b>	<b>\$1,755,000</b>

### 13.14 Continuous disclosure obligations

As the Company is admitted to the Official List, the Company is a “disclosing entity” (as defined in Section 111AC 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.

Price sensitive information will be publicly released through the ASX before it is otherwise disclosed to shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

All announcements to the ASX made by the Company, as well as the 30 June 2015 Annual Report, are available for public viewing on the ASX website [www.asx.com.au](http://www.asx.com.au), or by a direct request to the Company and copies may be obtained from or inspected at an ASIC office. Upon request to the Company, copies will be sent by mail to the enquirer’s nominated address at no charge.

### 13.15 Financial Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 (**RG 170**), and based on the guidance provided under RG 170 have elected not to include forecast future earnings for the purposes of this prospectus.

### 13.16 Interests of experts, advisers, Directors and Proposed Directors

The nature and extent of the interests (if any) that:

- (a) any Directors or Proposed Director;
- (b) a person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus;
- (c) a promoter of the Company; or
- (d) a stockbroker or underwriter (but not a sub-underwriter) to the Offers;

holds, or held at any time during the last two years in:

- (a) the formation or promotion of the Company;
- (b) property acquired or to be acquired by the Company in connection with:
  - (1) its formation or promotion; or
  - (2) the Offer; or
- (c) the Offer,

is set out in this section 13.16.

The amount that anyone has paid or agreed to pay, or the nature and value of any benefit anyone has given or agreed to give for services provided by:

- (a) any Directors or Proposed Director to induce them to become, or to qualify as, a Director of the Company; or
- (b) for services provided by:
  - (1) any Directors or Proposed Director;
  - (2) a person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus;
  - (3) a promoter of the Company; or
  - (4) a stockbroker or underwriter (but not a sub-underwriter) to the Offers;in connection with:
  - (5) the formation or promotion of the Company; or
  - (6) the Offers,

is set out in this Section 13.16.

### 13.17 Privacy

By submitting an Application Form or Acquisition Application Form for Shares you are providing to the Company personal information about you. If you do not provide complete and accurate personal information, your application may not be able to be processed.

The Company maintains the register of members of the Company through Automic Registry Services, an external service provider. The Company requires Automic Registry Services to comply with the National Privacy Principles with performing these services. The Company's register is required by law to contain certain personal information about members such as their name and address and number of Shares held. In addition the Company collects personal information from members including contact details, bank accounts, membership details and tax file numbers.

This information is used to carry out registry functions such as payment of dividends, sending annual and half yearly reports, notices of meetings, newsletters and notifications to the Australian Taxation Office. In addition, contact information will be used from time to time to inform members of new initiatives concerning the Company.

The Company understands how important it is to keep your personal information private. The Company will only disclose personal information we have about you:

- (a) when you agree to the disclosure;
- (b) when used for the purposes for which it was collected;
- (c) when disclosure is required or authorised by law;
- (d) to other members within the Company's group;
- (e) to your broker; or
- (f) to external service suppliers who supply services in connection with the administration of the Company's register such as mailing houses and printers, Australia Post and financial institutions.

Shareholders have the right to access, update and correct your personal information held by the Company and Automic Registry Services except in limited circumstances. If you wish to access, update or correct your personal information held by Automic Registry Services or by the Company please contact the respective offices.

If you have any questions concerning how the Company handles your personal information please contact the Company.

### 13.18 Inspection of documents

Copies of the following documents may be inspected free of charge at the registered office of the Company and at the offices of HopgoodGanim Lawyers, Level 8, 1 Eagle Street, Brisbane during normal business hours:

- (a) the Material Contracts in Section 12 of this Prospectus;
- (b) the Existing Constitution and the New Constitution;
- (c) the consents referred to in Section 13.12 of this Prospectus; and
- (d) Corporate Governance Charter.

### 13.19 **Electronic Prospectus**

An electronic version of this Prospectus is available from the Company's website at [www.rayagroup.com.au](http://www.rayagroup.com.au).

The Application Form, the Acquisition Application Form and the Priority Entitlement Form can only be distributed attached to a complete and unaltered copy of the Prospectus. The Application Form, the Acquisition Application Form or the Priority Entitlement Form included with this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form, the Acquisition Application Form or the Priority Entitlement Form.

The Company will not accept a completed Application Form, Acquisition Application Form or Priority Entitlement Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Application Form, the Acquisition Application Form, the Priority Entitlement Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus ought immediately request a paper copy of the Prospectus directly from the Company or a financial adviser.

### 13.20 **Subsequent events**

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors to affect substantially:

- (a) the operations of the Group;
- (b) the results of those operations; or
- (c) the state of affairs of the Group.

#### 14. Consent to lodgement

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This Prospectus is dated 18 January 2016 and is issued by Raya Group Limited.

Each Director and Proposed Director has consented in writing to the lodgement of this Prospectus with the ASIC.

Signed on behalf of the Company by:



.....  
Michael Clarke  
Director  
Raya Group Limited

## 15. Glossary of defined terms

<b>Acquisition</b>	the acquisition of all of the Xped Shares by the Company pursuant to the Heads of Agreement.
<b>Acquisition Application Form</b>	the application form enclosed with and forming part of this Prospectus for use by Xped Shareholders in respect of the Acquisition Offer.
<b>Acquisition Conditions</b>	the conditions precedent to Completion of the Acquisition, as described in section 12.1(b).
<b>Acquisition Offer</b>	the offer under this Prospectus of the Acquisition Shares.
<b>Acquisition Offer Closing Date</b>	19 February 2016
<b>Acquisition Shares</b>	the offer and issue to the Xped Shareholders of a total of 640,000,000 Shares at a deemed issue price of \$0.02 each in the proportions set out in section 12.1(c).
<b>ADRC</b>	Auto Discovery Remote Control
<b>Advisor Shares</b>	up to 15,000,000 Shares to be issued to Advisors for services provided to the Company in respect of the Public Offer.
<b>Advisors</b>	any corporate advisors, brokers or underwriters to the Public Offer.
<b>Applicants</b>	a person applying for Shares offered by this Prospectus.
<b>Application Form</b>	the application form enclosed with and forming part of this Prospectus for use by investors in respect of the Public Offer, including the Priority Offer Application Form.
<b>Application Monies</b>	the Offer Price multiplied by the number of Offer Shares applied for.
<b>Approval Resolutions</b>	each of Resolutions 1 to 5 (inclusive) and 8 in the Notice of Meeting.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX Settlement Operating Rules</b>	the operating rules of ASX Settlement which apply while the Company is an issuer of CHESS-approved securities, each as amended or replaced from time to time.
<b>ASX</b>	ASX Limited ABN 98 008 624 691.
<b>Alanticx Technologies</b>	Alanticx Technologies Pty Ltd ACN 008 290 131.
<b>Board</b>	the board of Directors of the Company from time to time.
<b>business day</b>	has the meaning ascribed to it in the ASX Listing Rules.
<b>CHESS</b>	Clearing House Electronic Sub-registry System operated by ASX.
<b>Closing Date</b>	19 February 2016 (subject to the right of the Directors to close the Offer earlier or to extend this date without notice) and the Priority Offer Closing Date and Acquisition Offer Closing Date as the context requires.
<b>Completion</b>	completion of the Acquisition in accordance with the Heads of Agreement.
<b>Company or Raya Group</b>	Raya Group Limited ACN 122 203 196.
<b>Conditional Approval</b>	a conditional approval letter from the ASX to the Company confirming that, subject to completion of the Acquisition, the equity securities of the Company will be re-admitted to Official Quotation.

<b>Constitution</b>	the Constitution of the Company.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Commonwealth).
<b>Director</b>	the Directors of the Company.
<b>EAS Options</b>	30,000,000 Options to be issued to EAS, details of which are set out in section 12.8.
<b>Electro</b>	Electro CAD Australia Pty Ltd ACN 050 166 142.
<b>Eligible Raya Group Shareholders</b>	a Shareholder who is, on the Record Date, resident in Australia or New Zealand or any other foreign jurisdiction which the Directors determine is appropriate.
<b>Existing Constitution</b>	the constitution of the Company as at the date of this Prospectus.
<b>Existing Options</b>	Options on issue as at the date of this Prospectus, being: <ol style="list-style-type: none"> <li>1. 381,352,357 existing listed Options, exercisable at \$0.015 each and expiring on 21 July 2016; and</li> <li>2. 1,100,000 existing unlisted Options, exercisable between \$0.75 - \$1.50 and expiring on 15 December 2016.</li> </ol>
<b>Existing Option Holders</b>	all holders of Existing Options at the date of this Prospectus.
<b>Existing Shareholders</b>	all holders of Shares in the Company at the date of this Prospectus.
<b>General Meeting</b>	An extraordinary general meeting of Shareholders to be convened, at which, amongst other things, the Approval Resolutions will be voted on by Shareholders.
<b>Group</b>	the Company and its subsidiaries as set out in section 13.8 (Table 1)
<b>GST</b>	has the same meaning as in the GST Law.
<b>GST Law</b>	has the meaning given to that term in A New Tax System (Goods and Services Tax) 1999 (Cth) and any other Act or regulation relating to the imposition or administration of GST.
<b>Heads of Agreement</b>	the heads of agreement entered into between the Company and the Majority Shareholders on or about 26 October 2015 (as varied), which the Minority Shareholders agreed to be bound by pursuant to deeds of accession.
<b>HVAC</b>	Heating Ventilation and Airconditioning
<b>Independent Expert</b>	BDO Corporate Finance (QLD) Ltd ABN 54 010 185 725
<b>IoT</b>	Internet of Things
<b>IP</b>	Intellectual property
<b>JK Group</b>	JK Group Australia Pty Ltd ACN 132 382 597.
<b>Lead Manager</b>	KTM Capital Pty Limited ACN 086 281 950
<b>Lead Manager Mandate</b>	the agreement by the Company with the Lead Manager to act as lead manager to the Public Offer details of which are set out in section 12.2.
<b>Listing Rules</b>	the official listing rules of the ASX.
<b>Management Performance Shares</b>	150,000,000 Management Performance Shares to be issued to the Xped Key Management as described in section 13.6.
<b>MOU</b>	memorandum of understanding.



<b>New Constitution</b>	the new constitution proposed to be adopted by the Company at the General Meeting.
<b>New Share</b>	An Acquisition Share or an Offer Share.
<b>NFC</b>	Near field communications.
<b>NFP</b>	Near Field Ping system.
<b>Notice of Meeting</b>	The notice of meeting and explanatory memorandum dated, convening the General Meeting.
<b>OEM</b>	Original equipment manufacturers.
<b>Offer Price</b>	\$0.025 per Offer Share.
<b>Offer Shares</b>	the Shares offered pursuant to the Public Offer under this Prospectus, being 320,000,000 Shares.
<b>Offers</b>	the Acquisition Offer and the Public Offer.
<b>Official List</b>	the Official List of ASX.
<b>Official Quotation</b>	quotation on the Official List of ASX.
<b>Opening Date</b>	18 January 2016
<b>Options</b>	options to subscribe for Shares.
<b>Priority Offer</b>	the invitation under this Prospectus to Eligible Raya Group Shareholders to apply for Offer Shares, as described in section 2.9.
<b>Priority Offer Applicant</b>	an Applicant under the Priority Offer.
<b>Priority Offer Application Form</b>	an Application Form titled "Priority Offer Application Form" attached to or accompanying this Prospectus when provided to Eligible Raya Group Shareholders.
<b>Priority Offer Closing Date</b>	the date on which the Priority Offer closes, 12 February 2016 (subject to the right of the Company to close the offer earlier or to extend this date without notice in accordance with the Corporations Act and the Listing Rules).
<b>Prospectus</b>	this Prospectus which is dated 18 January 2016 (including the electronic form of this Prospectus and any supplementary or replacement Prospectus in relation to this document).
<b>Public Offer</b>	the offer under this Prospectus of the Offer Shares.
<b>Re-admission Date</b>	the date on which the Company's Equity Securities are re-admitted to Official Quotation.
<b>Record Date</b>	15 January 2016 (4.00pm Perth time)
<b>Relevant Interest</b>	Has the meaning given to that term in the Corporations Act.
<b>Restricted Securities</b>	Securities of the Company which are subject to escrow pursuant to the Listing Rules.
<b>RML</b>	Resource Modelling Language
<b>Shareholders</b>	holders of Shares in the Company.
<b>Shares</b>	fully paid ordinary shares in the capital of the Company.
<b>Share Registry</b>	Automatic Registry Services
<b>Xped</b>	Xped Holdings Ltd ACN 132 435 312.
<b>Xped Completion</b>	a completed and signed share transfer form (as required by the Company), every certificate that evidences that Xped Shareholder's holding of each Xped

<b>Documents</b>	Share held (or statutory declaration pursuant to the Corporations Act for lost certificates) and a completed and signed escrow agreement (as may be required by the Company or ASX).
<b>Xped Key Management</b>	each of JK Group, a company associated with John Schultz, and Alanticx Technologies, a company associated with Christopher Wood.
<b>Xped Majority Shareholders</b>	each of JK Group, Alanticx Technologies and Baldmonk, who hold Xped Shares in the proportions set out in section 12.1.
<b>Xped Minority Shareholders</b>	the holders of Xped Shares who are not Majority Shareholders and who hold Xped Shares in the proportions set out in section 12.1 .
<b>Xped Shareholders</b>	the Xped Majority Shareholders and the Xped Minority Shareholders.
<b>Xped Shares</b>	shares in the issued capital of Xped.
<b>Xped Technology</b>	All technology to which Xped hold Patents awarded or pending, including its proprietary application software such as its ADRC which utilises Near Field Communications technology and Near Field Ping, as well as Xped's Device Browser.

References in this Prospectus to Sections and paragraphs are to Sections and paragraphs of this Prospectus.

References in this Prospectus to dollars (\$) are to the currency of Australia unless stated otherwise.

## Corporate Directory

<b>Registered Office</b>	<b>Broker to the Issue</b>
Level 6, 412 Collins Street Melbourne VIC 3000 Telephone: +61 3 9642 0655 Facsimile: +61 3 9642 5177 Email: info@rayagroup.com.au Website: www.rayagroup.com.au	KTM Capital Pty Ltd Level 2, 16 O'Connell Street Sydney NSW 2000 Telephone: +61 2 9235 9900 Facsimile: +61 2 9235 9999
<b>Auditor and independent accountant</b>	<b>Solicitors to the Issue</b>
Pitcher Partners Chartered Accountants Level 30 345 Queen Street Brisbane QLD 4000 Telephone: +61 3222 8444 Facsimile: +61 3221 7779 Website: www.pitcher.com.au	HopgoodGanim Lawyers Level 8 Waterfront Place 1 Eagle Street Brisbane QLD 4000 Telephone: +61 7 3024 0000 Facsimile: +61 7 3024 0300 Website: www.hopgoodganim.com.au
<b>Share Registry</b>	<b>Technical Expert</b>
Automic Registry Services PO Box 223 West Perth WA 6005 Phone: 1300 288 664 Overseas Callers: 61 8 9324 2099 Facsimile: 61 8 9321 2337 Website: www.automic.com.au	Flocom Consulting 31 High Street Kensington SA 5068 Telephone: 61 4 0816 9441 Website: www.flocomconsulting.com
<b>Directors and Proposed Directors</b>	<b>Patent Attorney</b>
Michael Clarke Athan Lekkas Dr Brendan De Kauwe John Schultz (proposed executive Director) Christopher Wood (proposed executive Chairman)	Lesicar Maynard Andrews Patent and Trade Mark Attorneys 58 Rundle St Kent Town SA 5067 Telephone: 61 8 8362 7360 Facsimile: 61 8 8363 3352

**APPLICATION FORM**

This is an Application Form for Offer Shares in Raya Group Limited under the terms set out in the Prospectus dated 18 January 2016. This Application Form and your cheque must be received by the registry, Automic Registry Services, by the Closing Date.

**The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Offer Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser.**

1 Number of Offer Shares you are applying for  
 ,  ,

2 Total amount payable (multiply box 1 by \$0.025 per Share)  
 A\$  ,  ,  .

Applications must be for a minimum of 80,000 Shares and thereafter in multiples of 16,000 Shares.

3 Write the name(s) you wish to register the Offer Shares in (see reverse for instructions)  
 Name of Applicant 1

Name of Applicant 2 or <Account Designation>

Name of Applicant 3 or <Account Designation>

4 Write your postal address here – to be registered against your holding  
 Number/Street

Suburb/Town

State

Postcode

5 CHESS Participants only – Holder Identification Number (HIN)

*Note: if the name and address details in sections 3 & 4 above do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.*

6 Email Address (see reverse of form – this is for all communications legally permissible and despatched by the Company)

7 TFN/ABN/Exemption Code

Applicant #1

Applicant #2

Applicant #3

If NOT an individual TFN/ABN, please note the type in the box  
 C = Company; P = Partnership; T = Trust; S = Super Fund

**8 PLEASE INSERT CHEQUE DETAILS**

Cheques must be drawn on an Australian branch of a financial institutional in Australian currency, made payable to **Raya Group Limited** crossed “Not Negotiable” and forwarded to Automic Registry Services to arrive no later than the Closing Date.

Cheque Number

BSB

-

Account Number

**9 CONTACT DETAILS**

Please use details where we can contact you between the hours of 9:00am and 5:00pm should we need to speak to you about your application.

Telephone Number

(  )

Contact Name (PRINT)

**Privacy Clause:** Automic Pty Ltd (ACN 152 260 814) trading as Automic Registry Services (Automic) advises that Chapter 2C of the *Corporation Act 2001* requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – [www.automic.com.au](http://www.automic.com.au)

By submitting this Application form, I/We declare that I/We have read and understood the Prospectus, that this Application Form is completed and lodged according to the Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Raya Group Limited (the Company) and agree to take any number of Offer Shares that may be allotted to me/us. I/We was/were given access to the Prospectus together with the Application Form. I/We represent, warrant and undertake to the Company that our subscription for the above Offer Shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Offer Shares in the Company.

# INSTRUCTIONS FOR COMPLETION OF THIS APPLICATION FORM

## YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM

Please complete all relevant sections of this Application Form using BLOCK LETTERS

The below instructions are cross-referenced to each section of the Application Form.

### 1 Number of Offer Shares

Insert the number of Offer Shares you wish to apply for in section 1. Your application must be for a minimum of 80,000 Shares and in multiples of 16,000 Shares thereafter.

### 2 Payment Amount

Enter into section 2 the total amount payable. Multiply the number of Offer Shares applied for by \$0.025 – the application price per Share.

### 3 Name(s) in which the Offer Shares are to be registered

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person.

## CORRECT FORMS OF REGISTRABLE TITLE

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Help Club A/C>	Food Help Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

### 4 Postal Address

Enter into section 4 the postal address to be used for all written correspondence. Only one address can be recorded against a holding. With exception to annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released. Should you wish to receive a hard copy of the annual report you must notify the Share Registry. You can notify any change to your communication preferences by visiting the registry website – [www.automic.com.au](http://www.automic.com.au)

### 5 CHESS Holders

If you are sponsored by a stockbroker or other participant and you wish to have your allocation directed into your HIN, please complete the details in section 5.

### 6 Email Address

As permitted under the Corporations Act, Raya Group Limited will only be forwarding printed annual reports to shareholders electing to receive one. Our company annual report and company information will be available at [www.rayagroup.com.au](http://www.rayagroup.com.au). You may elect to receive all communications despatched by Raya Group Limited electronically (where legally permissible) such as a notice of meeting, proxy form and annual report via email.

### 7 TFN/ABN/Exemption

If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details in section 7. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application Form.

### 8 Cheque Details

Cheques must be drawn on an Australian branch of a financial institutional in Australian currency, made payable to **Raya Group Limited** and crossed "Not Negotiable". Please complete the relevant details in section 8.

### 9 Contact Details

Please enter contact details where we may reach you between the hours of 9:00am and 5:00pm should we need to speak to you about your application.

## HOW TO LODGE YOUR APPLICATION FORM

Mail or deliver your completed Application Form with your cheque to the following address.

#### Mailing Address

Raya Group Limited  
C/- Automic Registry Services  
PO Box 223  
West Perth WA 6872

#### Hand Delivery (*Please do not use this address for mailing purposes*)

Raya Group Limited  
C/- Automic Registry Services  
Level 1, 7 Ventnor Avenue  
West Perth WA 6005

**Holder Number**

**IMPORTANT: THIS FORM CAN ONLY BE USED TO APPLY FOR SHARES IN THE NAME OF THE ELIGIBLE HOLDER WHOSE DETAILS APPEAR ON THE LEFT SIDE OF THIS FORM. TO APPLY FOR SHARES IN A DIFFERENT NAME YOU MUST COMPLETE THE PUBLIC OFFER APPLICATION FORM ACCOMPANYING THE PROSPECTUS.**

**PRIORITY OFFER APPLICATION FORM**

This is a Priority Offer Application Form for Offer Shares in Raya Group Limited under the terms set out in the Prospectus dated 18 January 2016. This Priority Offer Application Form and your cheque must be received by the registry, Automic Registry Services, by the Priority Offer Closing Date. If you are to utilise the BPAY payment option please be aware of your financial institution’s cut-off time (the payment must be made to be processed overnight). It is the Applicant’s responsibility to ensure funds are submitted correctly by the Priority Offer Closing Date and time.

The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Offer Shares. If you are in doubt as to how to deal with this Priority Offer Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. A copy of the Prospectus can be downloaded at [www.rayagroup.com.au](http://www.rayagroup.com.au).

By submitting this Priority Offer Application form or making payment via Bpay, I/We declare that I/We have read and understood the Prospectus, that this Priority Offer Application Form is completed or lodgement of Bpay payment made according to the Prospectus and the instructions on the reverse of the Priority Offer Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Raya Group Limited (the Company) and agree to take any number of Offer Shares that may be allotted to me/us. I/We was/were given access to the Prospectus together with the Priority Offer Application Form. I/We represent, warrant and undertake to the Company that our subscription for the below Offer Shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Offer Shares in the Company.

**1** Number of Offer Shares you are applying for

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**2** Total amount payable (multiply box 1 by \$0.025 per Share)

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Applications must be for a **minimum of 80,000 Shares** and thereafter in **multiples of 16,000 Shares**.

**3 PLEASE INSERT CHEQUE DETAILS**

Cheques must be drawn on an Australian branch of a financial institutional in Australian currency, made payable to **Raya Group Limited** and crossed “Not Negotiable” and forwarded to Automic Registry Services to arrive no later than the Closing Date.

<i>Cheque Number</i>	<i>BSB</i>	-	<i>Account Number</i>
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Please note, the BPAY payment option is only available to the registered shareholding as detailed above. If you are wishing to apply for Shares in Raya Group Limited under a differing registrable title to that stated above, please use a Public Offer Application Form. **DO NOT PAY BY BPAY.**

**4 BPAY PAYMENTS**

You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. To BPAY® this payment via internet or telephone banking use your reference number quoted on this Application Form. Multiple acceptances must be paid separately. Applicants should be aware of their financial institution’s cut-off time (the payment must be made to be processed overnight). It is the Applicant’s responsibility to ensure funds are submitted correctly by the Closing Date and time.

**You do not need to return this form if you have made payment via BPAY®. Your BPAY® reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such Shares for which you have paid.**



**Biller Code:**

**Ref:**

**Telephone & Internet Banking – BPAY®**  
 Contact your bank or financial institution to make this payment from your cheque, savings, debit, or transaction account. More info: [www.bpay.com.au](http://www.bpay.com.au)

**5 CONTACT DETAILS**

Please use details where we can contact you between the hours of 9:00am and 5:00pm should we need to speak to you about your application.

**Telephone Number**

(    )

**Contact Name (PRINT)**

## INSTRUCTIONS FOR COMPLETION OF THIS APPLICATION FORM

### YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM

Please complete all relevant sections of this Application Form using BLOCK LETTERS.  
The below instructions are cross-referenced to each section of the Application Form.

#### 1 Number of Shares

Enter into section 1 the number of Offer Shares you wish to apply for. Applications must be for a minimum of 80,000 Shares and thereafter in multiples of 16,000 Shares.

#### 2 Payment Amount

Enter into section 2 the total amount payable for the number of Offer Shares for which you are applying. Multiply the number of Shares applied for in section 1 by \$0.025 – (the application price per Share).

#### 3 Cheque Details

Cheques must be drawn on an Australian branch of a financial institution in Australian currency, made payable to **Raya Group Limited** and crossed “Not Negotiable”. Please complete the relevant details in section 3.

#### 4 BPAY®

You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. To BPAY® this payment via internet or telephone banking use your reference number quoted on this Application Form. Multiple acceptances must be paid separately. Applicants should be aware of their financial institution’s cut-off time (the payment must be made to be processed overnight). It is the Applicant’s responsibility to ensure funds are submitted correctly by the Closing Date and time.

**You do not need to return this form if you have made payment via BPAY®. Your BPAY® reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such Shares for which you have paid.**

#### 5 Contact Details

Please enter a contact number we may reach you on between the hours of 9:00am and 5:00pm. We may use this number to contact you regarding your application form, if necessary.

### HOW TO LODGE YOUR APPLICATION FORM

If paying by cheque, you must mail or deliver your completed Application Form with your cheque to the following address by the closing date and time.

#### Mailing Address

Raya Group Limited  
C/- Automic Registry Services  
PO Box 223  
WEST PERTH WA 6872

#### Hand Delivery (*Please do not use this address for mailing purposes*)

Raya Group Limited  
C/- Automic Registry Services  
Level 1  
7 Ventnor Avenue  
WEST PERTH WA 6005