

Raya Group Limited ACN 122 203 196 (to be renamed Xped Limited) Supplementary Prospectus

1. Introduction and Important Information

This document is a supplementary prospectus under section 719(1A) of the Corporations Act 2001 (Cth) dated 28 January 2016. It is the first supplementary prospectus issued by Raya Group Limited ACN 122 203 196 (**Raya Group**) in relation to its Public Offer of up to 320,000,000 New Shares at an Offer Price of \$0.025 per New Share to raise \$8 million and separate offers of a total of 640,000,000 Shares to the Xped Shareholders in connection with the acquisition of Xped holdings Limited (no funds will be raised from the Acquisition Offer) (**Supplementary Prospectus**).

This document supplements, and should be read together with the prospectus lodged with the Australian Securities and Investments Commission (**ASIC**) by Raya Group on 18 January 2016 (**Prospectus**).

This document is important and should be read in its entirety in conjunction with the Prospectus. If you are in any doubt as to the contents of this document, you should consult your financial or legal adviser.

Terms used in this Supplementary Prospectus shall have the same meaning as ascribed to them in the Prospectus, unless otherwise indicated.

2. Snapshot of Raya Group, Xped and the Combined Group post completion

As a new section to be included after the first paragraph of Section 1 of the Prospectus (page 15), Raya Group provides the following information regarding the current status of each of Raya Group and Xped and what the intentions of the combined group (including the Company and Xped) are after completion of the Acquisition and Public Offer.

Raya Group – current status

Raya Group's current key asset is its interest in the Sokoria Geothermal Project in Indonesia. Raya Group continues to seek a strategic investor for developing this project. Raya Group has a number of other geothermal projects in Indonesia and Australia, however, these have been fully impaired as at 30 June 2015 and Raya Group is considering divestment opportunities for these projects moving forward. For further details see page 15 and Section 3.1 (page 47) of the Prospectus.

Xped – current status

Xped was incorporated in 2008. Since its incorporation Xped has been developing its Auto Discovery Remote Control (ADRC) technology which allows users to tap a smart phone or smart remote to a device and the device is then ready to be controlled via the smart phone or smart remote. ADRC is Xped's core technology offering. For further details see page 18 and Section 4 of the Prospectus.

The ADRC technology has been patented in the USA, Japan, Russia, Mexico and South Africa (and has patents pending in China, EU and Australia) (for further details see page 20 of the Prospectus and the Patent Report in Section 6). In addition Xped also hold a number of other granted patents and have a number of patent applications pending in various jurisdictions (for further details see pages 21-25 of the Prospectus and the Patent Report in Section 6).

Xped is also in collaboration arrangements or proof of concept trials with a number of international and Australian companies. Recently, one of the world's largest semiconductor companies has nominated that it intends to collaborate with Xped for the development and test bedding of innovative solutions and products under the Singapore based Partnerships for Capability Transformation (PACT) initiative. For further details see Section 4.2(c) (page 55) of the Prospectus.

Combined Group – post completion

On completion of the Acquisition and Public Offer, the Company's primary activity will be an IoT technology business that is focussed on commercialising and realising value from Xped's technology (for further information see page 15 "What is Raya Group's strategy", page 18 "What are Xped's Key Objectives" and Section 4.3 of the Prospectus). As the combined group's focus will be on progressing the commercialisation of Xped's technology and further developing the product offering, it is intended that a significant part of the funds raised from the Public Offer will be applied to these matters (for further information see the Proposed Use of Funds tables on page 12 and Section 3.5 of the Prospectus, as expanded below).

With the ADRC technology it has developed and patented, Xped is now entering the commercialisation phase. Xped intends that its business will in the future revolve around three main offerings being on IP licensing, Seed Market and Service Revenues. 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. For further information see page 18 and Sections 4.2(a) and (c), 12.14 and 12.15 of the Prospectus.

Xped has not as yet commercialised its technology and is only now entering the commercialisation phase. Commercialisation of Xped's technology will require the Company to identify appropriate vendors, product designers and manufacturers and negotiate agreements on commercial terms to generate royalty and licence fee based revenue income. It is important to note that at this time Xped does not have any such agreements in place with third parties and no assurance can be given that Xped will be successful in entering into such agreement to generate revenue. For further information see page 27 and Section 7.3(g) (page 101) of the Prospectus.

There are numerous risks associated with an investment in the Company, further details of which are set out in pages 25 – 30 and Section 7 of the Prospectus. Investors should carefully consider the risk factors, all of which may affect the Company and the industries in which it will operate.

3. Capital Structure post Issue

Details regarding the capital structure of Raya Group on completion of the issue and allotment of Shares pursuant to the Prospectus and completion of the Acquisition and details of the percentage interests held by various groups of Shareholders are set out in sections 3.6 and 3.7 of the Prospectus.

The following table provides a further breakdown of the share interests of various groups of shareholders on completion of the issue and allotment of Shares pursuant to the Prospectus and completion of the Acquisition. The following table and information is included as a new section at the bottom of the section titled "Key Offer Statistics" on page 12 of the Prospectus and should be read in conjunction with sections 3.6 and 3.7 of the Prospectus.

Capital Structure Post Issue

Shareholder	Number of Shares	%
Existing Shareholders ¹	718,364,311	42.42
Public Offer ²	320,000,000	18.90
Xped Key Management - JK Group and Alanticx ^{3, 4, 5}	580,112,422	34.26
Other Xped Shareholders ^{3, 6}	59,887,578	3.53
Advisor Shares ³	15,000,000	0.89
TOTAL ⁵	1,693,364,311	100.00

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 assumes no New Shares under the Public Offer are issued to the Xped Key Management. The Xped Key Management do not intend to subscribe for any Shares under the Public Offer, and further, would not be able to do so without additional Shareholder approval first being obtained.
5. This excludes the Management Performance Shares
6. Assumes that no Xped Shareholders acquire New Shares under the Public Offer.

In addition:

- (1) the Company has on issue 382,452,357 Existing Options at the date of the 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. In the event that all of the Management Performance Shares were converted into Shares the maximum combined interest that would be held by the Xped Key Management would be 39.61% of the issued Shares (assuming no other Shares were issued).

4. Proposed Use of Funds and Offer and Acquisition Costs

Details regarding the proposed use of funds raised from the Public Offer together with the cash on hand of the Company, are set out on page 12 and in section 3.5 (page 50). Details regarding the Offer and Acquisition costs are set out in section 13.3 (page 170).

The following tables and information provides a more detailed breakdown of the proposed use of funds. The Prospectus is amended by deleting the section titled 'Proposed Use of Funds' on page 12 and replacing it with the following:

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			
Business development including USA expansion ¹	\$540,000	\$650,000	\$1,190,000
Sales and marketing activities	\$260,000	\$320,000	\$580,000
Engineering development costs			
Build and development of hardware products ²	\$880,000	\$835,000	\$1,715,000
Build and development of software products ³	\$920,000	\$145,000	\$1,065,000
Research and development costs			
Research and development ⁴	\$400,000	\$480,000	\$880,000
Administration costs and other expenses			
Administration and overheads	\$760,000	\$829,000	\$1,589,000
Restoration costs of geothermal well ⁵	\$ -	\$271,000	\$271,000
Employment costs			
Employment costs of executive and administration salaries	\$700,000	\$850,000	\$1,550,000
Offer and acquisition costs			
Acquisition costs of Xped ⁶	\$690,000	\$ -	\$690,000
Expenses of offer ⁷	\$860,000	\$ -	\$860,000
Total Expenditure	\$6,010,000	\$4,380,000	\$10,390,000

Notes:

1. Business development costs includes business development salaries and USA expansion.
2. Build and development of ADRC enabled equipment including new sensors and integrated chip design.
3. Software development includes Rules Engine and Proxy builds, DeB release for IOS and Android.
4. R&D includes Intellectual Property expansion, new product and technology concepts and Sokoria project.
5. Rehabilitation costs for Salamander-1 geothermal well in South Australia. A provision in this amount has been included as a non-current liability in the accounts of the Company (see section 8.3 of the Prospectus).
6. Includes payments to Global Funding Partners of \$260,000, to Xped creditors of \$170,000 and to Electro CAD and Alanticx Technologies of a total of \$260,000 (see section 12.1).
7. Includes Lead Manager fees of \$80,000 (1% management fee) and \$400,000 (5% capital raising fee). See table below for further details.

Offer and Acquisition costs

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) ¹	\$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
Estimated total	\$1,755,000
Amount paid as at the date of the Prospectus	\$205,000
Balance outstanding as at the date of the Prospectus	\$1,550,000

Notes:

1. Lead Manager fees includes \$80,000 (1% management fee) and \$400,000 (5% capital raising fee).

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.

5. Information contained after Section 5 (Technical Expert Report) and Section 6 (Patent Report)

As a new section to be included in the Prospectus after the section titled 'Proposed Use of Funds' on page 12 Raya Group provides the following information.

Information contained after Section 5 (Technical Expert Report) and Section 6 (Patent Report)

Section 5 of the Prospectus contains the Technical Expert Report of Flocom Consulting.

Section 6 of the Prospectus contains the Patent Report of Lesicar Maynard Andrews Patent and Trade Mark Attorneys.

Investors should note that important information is contained in the balance of the Prospectus (including Section 7: Investment Risks, Section 8: Historical and Pro-Forma Financial Information, Section 9: Independent Accountant's Report, Section 10: Board of Directors and senior management), Section 11: Corporate Governance, Section 12: Material Contracts and Section 13: Additional Information) and that the Prospectus should be read in its entirety.

6. Pro Forma Financial Information

Section 8 of the Prospectus contains details of historical financial information and pro-forma financial information relevant to the Offer.

The table in Section 8.6 of the Prospectus contains a pro-forma statement of financial position as at 30 June 2015 illustrating:

- (a) the audited consolidated statement of financial position of Raya Group as at 30 June 2015;
- (b) the audited consolidated statement of financial position of Xped as at 30 June 2015; and
- (c) the reviewed pro-forma statement of financial position of the combined entity as at 30 June 2015 showing the impact of the proposed Public Offer and the effects of the Acquisition as well as a number of other matters (details of which are set out on page 122 of the Prospectus).

It is noted that the financial information in Section 8.6 has been prepared on a going concern basis that is dependent on the acquisition of XPED and the Public Offer being successful.

The notes relating to that table are contained in Section 8.6 (pages 123 – 126 (inclusive)) of the Prospectus and include detailed information regarding each adjustment made in the pro-forma statement of financial position of the combined entity as at 30 June 2015.

The following table includes an adjustments column in the pro-forma statement of financial position of the combined entity as at 30 June 2015 which reflects the notes contained on pages 123 – 126 (inclusive) of the Prospectus. The Prospectus is amended by deleting the table in Section 8.6 (page 121) and replacing it with the following:

XPED Limited Pro Forma Statement of Financial Position 30 June 2015

\$	Note Ref	Historical Raya (audited)	Historical XPED (audited)	Total Adjustments	Pro forma (reviewed)
Current Assets					
Cash and cash equivalents	1	414,146	1,574	9,294,965	9,710,685
Receivables	2	9,500	397,859	350,000	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>9,644,965</u>	<u>10,498,426</u>
Non-Current Assets					
Other financial assets		100,000	-	-	100,000
Property, plant & equipment		-	11,926	-	11,926
Exploration & evaluation expenditure	3	1,100,000	-	(1,100,000)	-
Investments accounted for using the equity method		1,880,212	-	-	1,880,212
Intangible assets	4	-	4,394,385	(2,629,391)	1,764,994
		<u>3,080,212</u>	<u>4,406,311</u>	<u>(3,729,391)</u>	<u>3,757,132</u>
Total Assets		<u>3,534,171</u>	<u>4,805,813</u>	<u>5,915,574</u>	<u>14,255,558</u>
Current Liabilities					
Payables		97,710	360,788	-	458,498
Borrowings		20,314	26,565	-	46,879
Employee benefits	6	-	-	68,680	68,680
Other liabilities		-	28,686	-	28,686
		<u>118,024</u>	<u>416,039</u>	<u>68,680</u>	<u>602,743</u>
Non-Current Liabilities					
Related party loans payable	5	-	5,986,630	(5,986,630)	-
Employee benefits	6	-	-	78,486	78,486
Rehabilitation provision		271,106	-	-	271,106
		<u>271,106</u>	<u>5,986,630</u>	<u>(5,908,144)</u>	<u>349,592</u>
Total Liabilities		<u>389,130</u>	<u>6,402,669</u>	<u>(5,839,464)</u>	<u>952,335</u>
Net Assets/(Liabilities)		<u>3,145,041</u>	<u>(1,596,856)</u>	<u>11,755,038</u>	<u>13,303,223</u>
Equity					
Share capital	7	46,626,523	145,920	(34,691,523)	12,080,920
Reserves	8	2,416,204	499,880	(167,046)	2,749,038
Retained Earnings/(Accumulated Losses)	9	(45,897,686)	(2,242,656)	46,613,607	(1,526,735)
		<u>3,145,041</u>	<u>(1,596,856)</u>	<u>11,755,038</u>	<u>13,303,223</u>

7. Treatment of non-current assets

Section 8.4(b) of the Prospectus contains the historical statement of financial position of Xped, including information regarding the non-current assets of Xped for the year ended 30 June 2013. The following further information is provided in this regard and included as a new note under the table included in Section 8.4(b) of the Prospectus.

The amount of non-current assets (and therefore also total assets and net liabilities) reported for Xped for the year ended 30 June 2013 contained in the table included in Section 8.4(b) of the Prospectus varies from those amounts reported at page 24 of the Independent Expert's Report prepared by BDO Corporate Finance (QLD) Ltd ABN 54 010 185 725 which accompanied the notice of the General Meeting (IER).

The difference relates to the different treatment of intangible assets between US GAAP and AIFRS. Under US GAAP, where specific expenses are incurred in the development phase of a product, these costs are required to be immediately expensed into a separate equity reserve account, although under AIFRS there is an opportunity to capitalise these amount as an intangible asset which is what Xped has done. The financial information set out in the IER in respect of 2013 was based on audited US GAAP financial statements prepared by Xped. For the audit of Xped in 2014, Bentleys (SA) Partnership conducted the audit in accordance with AIFRS and as such reclassified the 2013 amount from a reserve account to a non-current asset account to ensure consistency. This was not adjusted in the IER and was eliminated in the 2014 year.

8. Statistical References

The Prospectus contained various statistics regarding the growth potential of a number of markets which Xped intend to target to utilise its ADRC technology. These statistics appear in Section 1 (page 19) and Section 4.5 (pages 57 and 58) of the Prospectus. The following are provided as references for those statistics:

Section 1: Page 19: Medical devices for remote monitoring and diagnosis - Market expected to be US\$22B by 2018. / **Section 4.5: Page 57:** 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 Company notes that in the interim period between lodgement of the Prospectus and lodgement of this Supplementary Prospectus this report has been updated regarding expected growth in the patient monitoring devices market to US\$24B by 2020 growing at an estimated compound annual growth rate of 5.6% from 2015 to 2020.

Source: marketsandmarkets.com (2016) *Patient Monitoring Device/Equipment/System Market by Product (Blood Glucose, EEG, ECG, Capnography, Spirometer, Sleep Apnea, Pulse Oximeter, Fetal Doppler, Ultraparameter, Remote, Weight, Temperature), End-User (Hospitals, Home) - Global Forecast to 2020*. Retrieved from < <http://www.marketsandmarkets.com/Market-Reports/patient-healthcare-monitoring-systems-devices-market-678.html?gclid=CN7Ngd2No8oCFQF7vQodbfULDw>>.

Section 1: Page 19: Home Security & Surveillance - Market expected to be US\$42B by 2020. / **Section 4.5: Page 58:** 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. / **Section 4.5: Page 58:** 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.

Source: marketsandmarkets.com (2014) *Video Surveillance Market by System (Analog, IP) by Hardware, Software & Services, Application (Infrastructure, Commercial, Institutional, Industrial and Residential), and Geography- Global Trends & Forecasts to 2013 - 2020*. Retrieved from <<http://www.marketsandmarkets.com/Market-Reports/video-surveillance-market-645.html?gclid=CLz96e6No8oCFcaVvQodBfABIQ>>.

Section 1: Page 19: Sensors - Market expected to be US\$10.46B by 2020. / **Section 4.5: Page 57:** 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.

Source: marketsandmarkets.com (2014) *Smart / Intelligent Sensor Market by Type (Flow Sensor, Dissolved Oxygen Sensor, Temperature Sensor, Pressure Sensor, Touch Sensor), Technology (MEMS, CMOS), Application (Aerospace, Automotive, Industrial, Building Automation), & by Geography - Forecasts & Analysis to 2013 – 2020*. Retrieved from <<http://www.marketsandmarkets.com/Market-Reports/smart-sensor-market-43119772.html>>.

Section 4.5: Page 57: According to Cisco, there will be 50 billion 'things' connected to the internet by 2020 **Source:** Cisco Internet Business Solutions Group (2011) *The Internet of Things How the Next Evolution of the Internet Is Changing Everything*. Retrieved from Cisco Internet Business Solutions Group website <http://www.cisco.com/web/about/ac79/docs/innov/IoT_IBSG_0411FINAL.pdf>.

Section 4.5: Page 57: 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. **Source:** Postcapes.com *What Exactly Is The "Internet of Things"? A graphic primer behind the term & technologies*. Retrieved from <<http://postscapes.com/what-exactly-is-the-internet-of-things-infographic>>.

9. Closing Date of the Priority Offer

In accordance with a resolution of the Directors of the Company on 28 January 2016, the Priority Offer Closing Date under the Prospectus is extended from 5:00pm (Perth time) Friday, 12 February 2016 to **5:00pm (Perth time) Friday, 19 February 2016**, subject to the right of the Directors to close the Offers earlier or to extend the Closing Date without notice (**Extended Date**). The Directors continue to reserve the right to further extend the Priority Offer Closing Date for Priority Offer Application Forms, or to extend the Closing Date of the Public Offer or the Acquisition Offer Closing Date under the Prospectus.

Consequential amendments to the Prospectus

As a consequence of the extension of the Priority Offer Closing Date (as referred to above), the Prospectus is to be amended as follows:

- (a) Page 11, Indicative Timetable - For the event of "Priority Offer Closing Date", the date of "12 February 2016" is deleted and replaced with "19 February 2016";
- (b) Page 37, Section 2.2 Indicative Timetable - For the event of "Priority Offer Closing Date", the date of "12 February 2016" is deleted and replaced with "19 February 2016";
- (c) Page 40, Section 2.11 When to Apply for Offer Shares under the Priority Offer - In reference to the Priority Offer Closing Date, the date of "12 February 2016" is deleted and replaced with "19 February 2016";
- (d) Page 41, Section 2.12 How to Apply for Offer Shares under the Priority Offer, (a) BPAY - In reference to the date on which Eligible Raya Group Shareholders must pay Application Monies by BPAY in accordance with the Priority Offer Application Form, the date of "12 February 2016" is deleted and replaced with "19 February 2016";
- (e) Page 177, Section 15 Glossary of defined terms - In the definition of the Priority Offer Closing Date, the text of "12 February 2016" is deleted and replaced with "19 February 2016".

10. Date of General Meeting

The General Meeting has been convened for 4 March 2016. The Prospectus noted an indicative date for the General Meeting of 29 February 2016.

Accordingly, all references to the indicative date of the General Meeting in the Prospectus (pages 11 and 37 (Section 2.2)) should be read as 4 March 2016.

It is however noted that the timetable included in the Prospectus (pages 11 and 37 (Section 2.2)) is indicative only, subject to a number of factors outside of the control of the Company and are subject to change.

11. Lodgement with ASIC

A copy of this document was lodged with the ASIC on 28 January 2016. This document will prevail to the extent of any inconsistency with the Prospectus lodged with ASIC on 18 January 2016. Neither the ASIC nor any of its officers takes any responsibility for the contents of this document.

12. Authorisation

This Supplementary Prospectus has been approved by a resolution passed by the directors of Raya Group Limited. Each Director and Proposed Director has consented in writing to lodgement of this Supplementary Prospectus with the ASIC.

Dated 28 January 2016

Signed for and on behalf of Raya Group Limited



Michael Clarke
Director