



Raffles Capital Limited

ASX Release

31 May 2016

Company Announcement Office
Australian Securities Exchange Limited

Term Sheet executed to acquire Angeion Group Pty Limited

The ASX advised the Company on 21 April 2016, that the Company's securities would be suspended from trading pending an announcement about its future activities and re-compliance with Chapters 1 and 2 of the Listing Rules.

The board of Raffles Capital Limited (ASX: **Raffles**) (**Raffles**) wishes to advise shareholders that it has signed a Term Sheet for the purpose of acquiring 100% of the issued capital of Angeion Group Pty Limited (**Angeion**).

The transaction is conditional on shareholder approval being obtained and re-compliance with Chapters 1 and 2 of the Listing Rules.

About Angeion

Angeion was formed in 2015 to become a leading provider of outsourced services in the financial services sector.

Angeion's model is to integrate previously disconnected platforms in administration sectors and will look to acquire financial businesses that offer comprehensive custody, trustee and back office administration services.

- Angeion presently has companies in financial services under review for potential acquisition that will form an integrated platform as a specialist administration services provider. This will allow Angeion to deliver outsourced services through specialized technology and qualified personnel.
- Angeion will target the Australian funds management sector in its specific segments given the superannuation and funds market is one of the largest in the world by legislated growth.
- Demand for outsourced services is growing and is widespread in Australia and offshore for a wide range of activities for participants such as superannuation funds, investment managers, and insurance and mortgage providers.
- Today, outsourcing is well established with 75% of fund managers and over 80% of large superannuation funds using a third party in their back office.¹
- Fund managers, investment managers and others participants outsource their functions primarily to reduce cost, increase flexibility and improve the quality of their overall service.² Industry knowledge suggests a specialist company usually creates economies of scale as its processes and systems can be shared across clients.
- Angeion intends to grow its market share of the aforementioned sectors and look for opportunities over the next 5 years to gain footholds in Europe, North America and South East Asia in order to progress its offshore presence.

¹ APRA – Working Paper “Australian Superannuation – the outsourcing landscape” (12 July 2010), page 3 and SWIFT Operational Challenges facing Investment Managers in 2015 (February 2015), page 8.

² Accenture and RBC Dexia - “Outsourcing opportunities and strategies, Global Fund manager survey report” (February 2011), page 16.

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Acquisition Price

The proposed consideration for Angeion is the issue of 346,759,614 fully paid ordinary shares in Raffles at a strike price determined following an independent valuation of Angeion.

Term Sheet

The Term Sheet provides for the following conditions precedent:

A. Condition 1

Due diligence satisfactory to the parties to be completed within 3 weeks or such reasonable period of time from the date of the Term Sheet.

B. Condition 2

The acquisition of Angeion is subject to Angeion completing a capital raising that is underway and Angeion entering into any formal agreements for financial services business acquisitions for future integration.

C. Condition 3

- a) Raffles' Shareholders approving:
 - i. Acquisition of Angeion;
 - ii. The appointment of Angeion directors' nominated for the relisting;
 - iii. Change of Raffles name as selected by Angeion; and
 - iv. New directors' entitlements and rights including a minimum term of at least 3 years.
- b) Issue and completion of a prospectus.
- c) Due diligence completed by the parties.
- d) Completion of all requisite documentation.
- e) Obtaining all necessary third party approvals.
- f) Change of ASX code.
- g) Angeion to appoint its legal advisers and other agents as it determines for its legal work.
- h) Transfer of share register to a party nominated by Angeion.

D. Condition 4

ASX approval of Raffles to qualify for relisting as the ASX grants in writing.

Listing Rule Compliance

Raffles anticipates that ASX will exercise its discretion to require security holder approval under Listing Rule 11.1.2 and it intends to seek that approval without approaching ASX for a formal determination as to whether or not it is required.

Re-compliance with chapters 1 and 2 of the ASX listing rules will be required before the completion of the acquisition.

Shareholder approval will also be sought to authorise any capital raising that may be required, and any other requirements of the ASX and the Listing Rules.

Timing

It is proposed to complete the transaction and meet all necessary approvals within 4 months of the date of the Term Sheet.

Exclusivity

The parties have agree that from execution of the Term Sheet and 3 months afterwards a party to the Term Sheet may not engage in nor enter into any discussions with a third party about their business or the sale of

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shares or undertake a change the control of its board unless subject to both parties agreement. The Term Sheet will terminate after three months from the date of signing unless extended by the parties.

New directors and resignation

Raffles agrees to appoint up to 2 directors on behalf of Angeion to the Raffles Board following execution of the Term Sheet for the transition and relisting. Upon Shareholder approval of the acquisition, the current Raffles directors will resign, other than Abigail Zhang who will remain in office until 31 December 2016.

Other

Further details of the assets or business proposed to be acquired will be provided following completion of the due diligence including information about the likely effect of the transaction on the entity's total assets, total equity interests, annual revenue and annual expenditure.

The proposed acquisition may result in a change in PMR's main undertaking and the effect on Raffles' existing business is currently under review.

For further information please contact:

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