

Raffles Financial Group Limited
(Formerly Explorex Resources Inc.)

Consolidated Financial Statements
for the Year Ended 30 June 2020 and Period from 5 July 2018 (Date of Incorporation)
to 30 June 2019
(Expressed in Singapore Dollars)



Independent Auditor's Report

To the Shareholders of Raffles Financial Group Limited (formerly Explorex Resources Inc.):

Opinion

We have audited the consolidated financial statements of Raffles Financial Group Limited (formerly Explorex Resources Inc.) and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at June 30, 2020, and the consolidated statements of income (loss) and comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements for the period from July 5, 2018 (date of incorporation) to June 30, 2019 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on December 17, 2019.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Jian-Kun Xu.

Vancouver, British Columbia

October 28, 2020

MNP LLP
Chartered Professional Accountants

MNP LLP

Raffles Financial Group Limited (Formerly Explorex Resources Inc.)
Consolidated Statements of Income (Loss) and Comprehensive Income
For the Year Ended 30 June 2020 and Period from 5 July 2018 (Date of Incorporation) to 30 June 2019
(Expressed in Singapore Dollars)

	Note	Year ended 30 June 2020	Period from 5 July 2018 (date of incorporation) to 30 June 2019
Revenue	7	S\$ 8,866,672	S\$ 11,533,334
Expenses			
Administrative	8	<u>(1,565,443)</u>	<u>(782,682)</u>
Income before other items and income tax expenses		7,301,229	10,750,652
Other items			
Foreign exchange loss		(331,115)	-
Loss on settlement of receivable		(22,498)	-
Listing expenses	4	(6,052,280)	-
Other income		5,849	-
Debt forgiveness of amounts due to related parties	14	<u>-</u>	<u>770,316</u>
Net income before income taxes		901,185	11,520,968
Income tax expense	17	<u>(1,326,414)</u>	<u>(1,960,667)</u>
Net (loss) income		(425,229)	9,560,301
Other comprehensive income items that might be reclassified subsequently to the profit or loss			
Foreign currency translation		171,205	-
Unrealized gain on investments	10	<u>4,748,139</u>	<u>-</u>
Comprehensive income		<u>S\$ 4,494,115</u>	<u>S\$ 9,560,301</u>
Basic and diluted (loss) earnings per share		S\$ (0.05)	S\$ 469.61
Weighted average number of common shares outstanding – basic and diluted		8,483,497	20,358

The accompanying notes form an integral part of these consolidated financial statements.

Raffles Financial Group Limited (Formerly Explorex Resources Inc.)
Consolidated Statements of Financial Position
As at 30 June 2020 and 2019
(Expressed in Singapore Dollars)

	Note	30 June 2020 S\$	30 June 2019 S\$
ASSETS			
Current assets			
Cash		21,040,893	2,102,734
Trade and other receivables	9	650,000	7,933,334
Prepaid expenses		85,303	-
Investments	10	12,954,783	-
TOTAL ASSETS		34,730,979	10,036,068
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11	215,952	7,415,100
Current income tax liabilities	17	2,029,080	612,000
		<u>2,245,032</u>	<u>8,027,100</u>
Non-current liabilities			
Deferred income tax liabilities	17	1,258,001	1,348,667
Total liabilities		3,503,033	9,375,767
NET ASSETS		31,227,946	660,301
EQUITY			
Share capital	13	25,875,920	100,000
Contributed surplus	13	297,610	-
Accumulated other comprehensive income		4,919,344	-
Retained earnings		135,072	560,301
TOTAL EQUITY		31,227,946	660,301
TOTAL LIABILITIES AND EQUITY		34,730,979	10,036,068

General information (Note 1)
Commitments (Note 12)
Subsequent event (Note 18)

Approved and authorized by the Board on October 28, 2020

Approved on behalf of the Board:

“Lily Ren”
Director

“Mike Zhou”
Director

The accompanying notes form an integral part of these consolidated financial statements.

Raffles Financial Group Limited (Formerly Explorex Resources Inc.)
Consolidated Statements of Changes in Equity
For the Year Ended 30 June 2020 and Period from 5 July 2018 (Date of Incorporation) to 30 June 2019
(Expressed in Singapore Dollars)

	Note	Number of shares	Share capital S\$	Contributed surplus S\$	Accumulated other comprehensive income S\$	Retained earnings S\$	Total equity S\$
Balance as at 5 July 2018 (date of incorporation)	13	100	100	-	-	-	100
Issue of shares	13	99,900	99,900	-	-	-	99,900
Dividends paid		-	-	-	-	(9,000,000)	(9,000,000)
Net income for the period		-	-	-	-	9,560,301	9,560,301
Balance as at 30 June 2019		100,000	100,000	-	-	560,301	660,301
Recapitalization on reverse take-over	13	45,950,000	5,327,700	-	-	-	5,327,700
Shares issued for finders' fees on reverse take-over	13	30,000	152,220	-	-	-	152,220
Shares issued for cash	13	4,000,000	20,296,000	-	-	-	20,296,000
Share-based compensation	13	-	-	297,610	-	-	297,610
Foreign currency translation		-	-	-	171,205	-	171,205
Change in fair value of FVOCI investments	10	-	-	-	4,748,139	-	4,748,139
Net loss for the year		-	-	-	-	(425,229)	(425,229)
Balance as at 30 June 2020		50,080,000	25,875,920	297,610	4,919,344	135,072	31,227,946

The accompanying notes form an integral part of these consolidated financial statements.

Raffles Financial Group Limited (Formerly Explorex Resources Inc.)
Consolidated Statements of Cash Flows
For the Year Ended 30 June 2020 and Period from 5 July 2018 (Date of Incorporation) to 30 June 2019
(Expressed in Singapore Dollars)

	Note	Year ended 30 June 2020 S\$	Period from 5 July 2018 (date of incorporation) to 30 June 2019 S\$
Cash flows (used in) provided by operating activities			
Net (loss) income		(425,229)	9,560,301
Adjustment for:			
- Income tax expense	17	1,326,414	1,960,667
- Foreign exchange loss		(331,115)	-
- Loss on settlement of receivable		(22,498)	-
- Listing expenses	5	6,052,280	-
- Share-based compensation	13	297,610	-
Operating cash flow before changes in working capital		6,897,462	11,520,968
Changes in working capital:			
- Trade and other receivables		7,480,396	(7,933,334)
- Prepaid expenses and deposits		(35,367)	-
- Accounts payable and accrued liabilities		(7,297,837)	7,415,100
Net cash provided by operating activities		7,044,654	11,002,734
Cash flows used in investing activities			
Cash payments for acquisition of CID and MEL	6	(8,206,644)	-
Net cash payment for reverse take-over	5	(698,171)	-
Net cash used in investing activities		(8,904,815)	-
Cash flows from (used in) financing activities			
Proceeds from issuance of shares	13	20,296,000	100,000
Dividends paid	13	-	(9,000,000)
Net cash provided by (used in) financing activities		20,296,000	(8,900,000)
Effect of foreign exchange on cash		502,320	-
Net increase in cash		18,938,159	2,102,734
Cash			
Cash, beginning of period		2,102,734	-
Cash, end of period		21,040,893	2,102,734

The accompanying notes form an integral part of these consolidated financial statements.

Raffles Financial Group Limited (Formerly Explorex Resources Inc.)
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2020 and Period from 5 July 2018 (Date of Incorporation) to 30 June 2019
(Expressed in Singapore Dollars)

1. General information

Raffles Financial Group Limited (formerly Explorex Resources Inc.) (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on 6 January 2011. The head office of the Company is located at 3 Shenton Way, #11-1H Shenton House, Singapore, 068805. The principal activity of the Company is the provision of corporate finance advisory services.

Raffles Financial Private Limited (“RFPL”) was incorporated on 5 July 2018 and domiciled in Singapore. On 29 April 2020, the Company completed the share exchange agreement related to acquiring all the issued and outstanding shares of RFPL (Note 5). Pursuant to the share exchange agreement, the Company consolidated its outstanding share capital on the basis of 25.94 old shares to one new share, such that 1,050,000 shares were outstanding immediately before closing, issued 45,000,000 post-consolidation shares to the shareholders of RFPL, paid cash consideration of Canadian Dollars (“CAD \$”) \$150,000 and issued 30,000 post-consolidation shares as finder’s fee, and completed a private placement of 4,000,000 post-consolidation shares. In addition, the Company issued a total of 72,096 warrants to the existing warrant holders of Explorex Resources Inc. with an exercise price of CAD\$12.97 per share and same existing expiry dates. The transaction was accounted for as an acquisition of the Company by RFPL, resulting in a reverse take-over (“RTO”).

On 29 April 2020, Explorex Resources Inc. (“Explorex”) changed its name to Raffles Financial Group Limited, completed the share consolidation as discussed above and changed its corporate jurisdiction from British Columbia to the Cayman Islands. Subsequently, the Company completed the RTO as discussed above.

For the purposes of these consolidated financial statements, the “Company” is defined as the consolidated entity. The comparative financial information as at and for the period from 5 July 2018 to 30 June 2019 is that of RFPL.

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant effects on the world’s equity markets and the movement of people and goods has become restricted. Due to market uncertainty, the Company may be restricted in its ability to raise additional funding. The current circumstances of COVID-19 are dynamic and management is closely evaluating the impact of COVID-19 on the Company’s business operations. The impact of COVID-19 on business operations may affect the demand for the Company’s services in the near term which could have a material impact on the Company’s financial position, results of operations and cash flows in future periods.

2. Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”).

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. In addition, the consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

The consolidated financial statements were authorised for issue by the Board of Directors on 28 October 2020.

3. Significant accounting policies

3.1 Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, RFPL acquired on 29 April 2020, Changsheng Investment Development Limited acquired on 29 June 2020 and Marvel Earn Limited acquired on 29 June 2020. All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

Particulars of subsidiaries are set out below:

Name of subsidiary	Country of incorporation/ Principal place of business	Effective equity interest held by the Company (%)		Principal activities
		2020	2019	
Raffles Financial Private Limited	Singapore	100	-	Provision of corporate finance advisory services
Changsheng Investment Development Limited	Hong Kong	100	-	Investment holding
Marvel Earn Limited	Hong Kong	100	-	Investment holding

3.2 Adoption of new accounting policies

IFRS 16 – Leases: On 13 January 2016, the IASB issued the final version of IFRS 16. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after 1 January 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short term leases (i.e. leases of 12 months or less) and leases of low-value assets. The Company adopted IFRS 16 as at 1 July 2019 using the modified retrospective approach, which involved adjusting 1 July 2019 opening retained earnings. The Company also applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Elected not to reassess whether a contract is, or contains, a lease at the date of initial application
- For leases previously accounted for as operating leases with a remaining lease term of less than 12 months the Company has applied the optional exemptions not to recognise right-of-use assets on the date of the initial application of IFRS 16.

The adoption of IFRS 16 did not have any impact on the Company's consolidated financial statements as there were no lease contracts subject to IFRS 16 as of 1 July 2019 and during the year ended 30 June 2020.

IFRIC 23 – Uncertainty Over Income Tax Treatments: IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. The Company adopted IFRIC 23 as at 1 July 2019 and the adoption did not have a material impact on the Company's consolidated financial statements.

3.3 Leases

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The Company has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

3.4 Cash

Cash consists of unrestricted bank deposits, some of which are interest-bearing.

3.5 Financial instruments

The classification of a financial asset or liability is determined at the time of initial recognition. The Company does not enter into derivative contracts.

(i) Financial assets

A financial asset is recognized when the Company has the contractual right to collect future cash flows. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. Financial assets are recorded at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortized cost.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Cash is initially recorded at their fair value and carried at amortized cost.

Trade and other receivables are initially recorded at their fair value, less transaction costs and subsequently carried at amortized cost using the effective interest method less impairment losses, if any.

Investments in equity instruments, where the Company cannot exert significant influence and the investments are not held for trading purpose, are classified as FVOCI.

Impairment of financial assets

The Company recognizes a loss allowance by applying the expected credit losses (“ECL”) model on the Company’s financial assets carried at amortized cost. The amount of the impairment is the difference between the asset’s carrying amount and the present value of the estimated future cash flows, discounted at the financial asset’s original effective interest rate.

Financial assets, other than those at FVTPL and amortized cost, are assessed for indicators of impairment at each reporting period. Financial assets are impaired when 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 financial assets have been impacted.

De-recognition of financial assets

A financial asset is derecognized when the contractual right to the asset’s cash flows expire or the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

(ii) *Financial liabilities*

The Company classifies its financial liabilities in the following category:

Amortized cost

A financial liability is recognized when the Company has the contractual obligation to pay future cash flows. Financial liabilities such as accounts payable and accrued liabilities are recognized at amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

De-recognition of financial liabilities

Financial liabilities are derecognized when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.6 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised services to a customer.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of the service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation when each of the Company’s activities are met:

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Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2020 and Period from 5 July 2018 (Date of Incorporation) to 30 June 2019
(Expressed in Singapore Dollars)

(a) *Advisory fee*

The provision of financial advisory services are recognised at a point in time upon satisfaction of a performance obligation, which is when services are rendered and accepted by the customer.

(b) *Licensing fee*

The licensing fee is earned from the right to use the Company's proprietary brands for a fixed fee under a non-cancellable contract, where a contract is granted to the licensee which permits the licensee to exploit the brands over the licensing period in any designated territory. Revenue is recognised over time by reference to the contract period.

3.7 Income taxes

Current income tax for current period is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent the deferred tax liability arises from the initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income tax shall be recognised as income or an expense and included in profit or loss, except to the extent that the tax arises from a transaction or event which is recognised in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity; or a business combination.

3.8 Currency translation

(i) *Functional and presentation currency*

Items included in the consolidated financial statements of the Company are measured using the currency of the primary economic environment in which it operates ("functional currency"). The consolidated financial statements are presented in Singapore dollars ("S\$"). The functional currency of Raffles Financial Group Limited is Canadian dollars. The functional currency of RFPL, Changsheng Investment Development Limited and Marvel Earn Limited is Singapore dollars.

(ii) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

(iii) *Foreign operations*

On consolidation, the assets and liabilities of foreign operations are translated into Singapore dollars at the exchange rate prevailing at the reporting period end and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognized in other comprehensive income and accumulated in the foreign currency translation reserve in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in earnings and recognized as part of the gain or loss on disposal.

3.9 Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of new common shares are deducted against the share capital amount.

3.10 Earnings per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is calculated by adjusting the earnings (loss) attributable to equity shareholders and the weighted average of common shares outstanding for the effects of all potentially dilutive instruments. The calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year. In years where a loss is reported, diluted loss per share is the same as basic loss per share because the effects of potentially dilutive common shares would be anti-dilutive.

3.11 Share-based payments

The Company uses the fair value based method for measuring compensation costs. The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of equity settled share-based compensation issued to employees is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity settled share-based compensation are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based compensation is measured at the fair value of the goods or services received.

3.12 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

3.13 New or revised accounting standards and interpretations not yet effective

Certain new standards, amendments and interpretations to existing standards that have been published and are mandatory for accounting periods beginning on or after 1 July 2020 or later periods and which the Company has not early adopted. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

IFRS 3 – Business Combinations

The amendments to IFRS 3 clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020.

The Company will assess the impact of these amendments on future acquisitions to all business combinations and asset acquisitions.

4. Critical accounting judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and the reported amount of expenses during the period. Significant areas requiring the use of management's judgment and estimates relate to the determination of income taxes and inputs used in accounting for share-based compensation. Actual results may differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

Judgments

Business combinations and reverse take-over - Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. The Company must determine whether it is the acquirer or acquiree in each acquisition. Under IFRS 3 –Business Combinations, the acquirer is the entity that obtains control of the acquiree in the acquisition. If it is not clear which company is the acquirer, additional information must be considered, such as the combined entity's relative voting rights, existence of a large minority voting interest, composition of the governing body and senior management, and the terms behind the exchange of equity interest.

Revenue recognition – Judgment is used in determining the timing of the point in time or period of time for when the Company satisfies the performance obligation related to the provision of financial advisory services and licensing fees.

Estimates

Income taxes - Tax interpretations, regulations and legislation are subject to change and as such, income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of the reporting period to determine the probability that they will be realized from future taxable earnings.

Inputs used in accounting for share-based compensation - The Company uses the Black-Scholes option pricing model for valuation of share-based compensation and other equity-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and reserves.

Expected credit losses - Trade and other receivables are assessed for impairment at each reporting date by applying the expected credit loss impairment model. Expected credit loss represents management's best estimate and assumptions based on actual credit loss experience and also takes into consideration forward-looking information. If actual credit losses differ from estimates, future earnings would be affected.

5. Reverse take-over

Explorex entered into a definitive share exchange agreement dated 20 December 2019 (the "Share Exchange Agreement") to acquire all of the outstanding shares of RFPL, a company incorporated under the laws of Singapore and operating in Singapore, with regional branch offices in Sydney, Australia, Beijing and Hong Kong ("Transaction"). RFPL is arm's-length to Explorex and is a diversified financial services company that provides corporate finance advisory services related to initial public offering investments and arrangements, advice related to investment management, wealth and family office strategy counsel, and investment governance and oversight of funds. The Transaction constituted a "fundamental change" of business for Explorex.

Explorex consolidated its outstanding common shares such that the consolidation resulted in 1,050,000 common shares outstanding immediately before closing of the Transaction. The shareholders of RFPL ("RFPL Shareholders") were issued an aggregate of 45,000,000 common shares of Explorex. In addition, the Company issued a total of 72,096 warrants to the existing warrant holders of Explorex Resources Inc. with an exercise price of CAD\$12.97 per share and same existing expiry dates. The completion of a concurrent financing resulted in the issuance of 4,000,000 common shares (Note 13), such that giving effect to the financing, a total of 50,050,000 common shares of the Company were outstanding, with the RFPL Shareholders holding approximately 97.7% of the outstanding common shares. The Transaction resulted in the RFPL Shareholders acquiring control of Explorex.

The substance of the transaction was a reverse takeover of the non-operating company and the transaction does not constitute a business combination as Explorex does not meet the definition of a business under IFRS 3. As a result, the transaction was recorded by the Company as a reverse takeover that was not a business combination with a recognition of a listing expense which represented the difference between the fair value of consideration RFPL paid and the fair value of Explorex's net assets.

RFPL, the legal subsidiary, has been identified as the accounting acquirer and Explorex, the legal parent, has been identified as the accounting acquiree. As RFPL was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in these consolidated financial statements at their historical carrying value. Explorex's results of operations have been included from 29 April 2020, the date of the completion of the Transaction.

The fair value of the consideration was calculated as follows:

- The fair value of 1,050,000 common shares was determined to be S\$5,327,700 based on the fair value of Explorex's shares on 29 April 2020;
- The fair value of 30,000 common shares paid for finder's fees was determined to be S\$152,220 based on the fair value of Explorex's shares on 29 April 2020;
- Cash and cash advances in the total amount of S\$456,659; and
- legal fees of S\$375,894 related to the Transaction during the year ended 30 June 2020.

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	Amount S\$
Consideration	
Common shares	5,479,920
Cash and cash advances	456,659
Legal fees	375,894
	<u>6,312,473</u>
Total consideration	<u>6,312,473</u>
Identifiable net assets acquired	
Cash	134,382
Amounts receivable	174,564
Prepaid expenses	49,936
Accounts payable and accrued liabilities	(98,689)
	<u>260,193</u>
Total identifiable net assets acquired	<u>260,193</u>
Listing expense	<u>6,052,280</u>

6. Acquisitions

Effective on 29 June 2020, the Company entered into a Bought and Sold agreement with two directors of the Company to acquire all the issued and outstanding common shares of Changsheng Investment Development Limited ("CID") and Marvel Earn Limited ("MEL") for cash payment of S\$1,798 (HKD\$10,000) and S\$18 (HKD\$100) respectively, which are equivalent to the net asset values of CID and MEL respectively on 29 June 2020.

These acquisitions were accounted for as acquisition of assets since CID and MEL did not meet the definition of a business under IFRS 3.

	CID S\$	MEL S\$	Total S\$
Consideration			
Cash	1,798	18	1,816
Effective settlement of amount due from the directors	4,846,846	3,357,982	8,204,828
	<u>4,848,644</u>	<u>3,358,000</u>	<u>8,206,644</u>
Total consideration given	<u>4,848,644</u>	<u>3,358,000</u>	<u>8,206,644</u>

The whole purchase consideration was allocated to investment since CID and MEL has no other asset and liability on the date of acquisition.

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7. Revenue

The Company derives revenue from the rendering of services over time and at a point in the following type of services:

	At a point in time S\$	Over time S\$	Total S\$
For the year ended 30 June 2020			
Advisory fee	6,200,000	-	6,200,000
Licensing fee	-	2,666,672	2,666,672
	<u>6,200,000</u>	<u>2,666,672</u>	<u>8,866,672</u>
For the period from 5 July 2018 (date of incorporation) to 30 June 2019			
Advisory fee	11,200,000	-	11,200,000
Licensing fee	-	333,334	333,334
	<u>11,200,000</u>	<u>333,334</u>	<u>11,533,334</u>

8. Administrative expenses by nature

	Year ended 30 June 2020 S\$	Period from 5 July 2018 (date of incorporation) to 30 June 2019 S\$
Business development and marketing	205,727	-
Contract for services	725,656	643,500
Director fees (Note 14)	55,944	-
Office expenses	20,534	2,348
Professional fees	87,062	15,000
Rental on operating lease	100,571	54,310
Staff cost	51,596	-
Share-based compensation (Note 13)	297,610	-
Transfer agent and regulator fees	1,609	-
Travelling and accommodation	19,134	57,450
Other expenses	-	10,074
Total administrative expenses	<u>1,565,443</u>	<u>782,682</u>

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9. Trade and other receivables

	30 June 2020 S\$	30 June 2019 S\$
Trade receivables - non related parties	650,000	7,600,000
Other receivables		
- Related parties	-	333,334
	-	333,334
	<u>650,000</u>	<u>7,933,334</u>

Other receivable due from related parties are unsecured, interest-free and repayable on demand.

10. Investments

During the year ended 30 June 2020, the Company acquired a total of 19,797,439 shares of Metech International Ltd. ("Metech") for S\$3,888,811 pursuant to the acquisition of CID (Note 6). As at 30 June 2020, the fair value of the 19,797,439 (2019 – Nil) shares of Metech was S\$2,573,667 (2019 – S\$Nil) resulting in an unrealized loss of S\$1,315,144 (2019 - S\$Nil) for the year ended 30 June 2020.

During the year ended 30 June 2020, the Company acquired a total of 47,879,000 shares of KTL Global Limited ("KTL") for S\$959,833 pursuant to the acquisition of CID (Note 6). As at 30 June 2020, the fair value of the 47,879,000 (2019 – Nil) shares of KTL was S\$1,053,338 (2019 – S\$Nil) resulting in an unrealized gain of S\$93,505 (2019 - S\$Nil) for the year ended 30 June 2020.

During the year ended 30 June 2020, the Company acquired a total of 18,655,555 shares of GS Holdings Limited ("GS") for S\$3,358,000 pursuant to the acquisition of MEL (Note 6). As at 30 June 2020, the fair value of the 18,655,555 (2019 – Nil) shares of GS was S\$9,327,778 (2019 – S\$Nil) resulting in an unrealized gain of S\$5,969,778 (2019 - S\$Nil) for the year ended 30 June 2020.

All above unrealized gain or loss were recorded in the other comprehensive income.

11. Accounts payable and accrued liabilities

	30 June 2020 S\$	30 June 2019 S\$
Amount due to directors	92,595	7,400,100
Accounts payable	123,357	-
Accruals for operating expenses	-	15,000
	<u>215,952</u>	<u>7,415,100</u>

Amounts due to directors are unsecured, interest-free and repayable on demand.

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12. Commitments

The Company leased office space from a related party during the period ended 30 June 2019. The lessor ceased to be a related party during the year ended 30 June 2020.

The future minimum lease payable under lease contracted for at the reporting date but not recognised as liabilities, is as follows:

	30 June 2020	30 June 2019
	S\$	S\$
Not later than one year	<u>52,512</u>	<u>33,618</u>

13. Share capital

	Number of common shares	S\$
Balance at 5 July 2018 (date of incorporation)	100	100
Shares issued for cash	<u>99,900</u>	<u>99,900</u>
Balance at 30 June 2019	100,000	100,000
Recapitalization on reverse take-over (Note 5):		
Elimination of RFPL shares	(100,000)	-
Shares of Raffles Financial Group Limited	1,050,000	-
Shares issued pursuant to reverse take-over	45,000,000	5,327,700
Shares issued for finder's fees on reverse take-over	30,000	152,220
Shares issued for cash	<u>4,000,000</u>	<u>20,296,000</u>
Balance at 30 June 2020	<u>50,080,000</u>	<u>25,875,920</u>

The authorized share capital of the Company is 5,000,000,000 common shares without par value.

Effective on 29 April 2020, the Company completed a share consolidation on the basis of 25.94 pre-consolidation shares for 1 post-consolidation common share. These consolidated financial statements have been retroactively adjusted to reflect this consolidation.

At the date of incorporation, the Company issued 100 common shares for a total consideration of S\$100 for cash as subscriber's shares to incorporate the Company.

On 18 April 2019, the Company issued and allotted 99,900 common shares for a total consideration of S\$99,900.

On 29 April 2020, the Company issued 45,000,000 common shares pursuant to the terms of the Transaction (Note 5).

On 29 April 2020, the Company issued 30,000 common shares for finder's fees valued at CAD \$150,000 (S\$152,220) related to the Transaction (Note 5).

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On 29 April 2020, the Company completed a private placement, whereby the Company issued an aggregate of 4,000,000 common shares at a price of CAD \$5 per common share for gross proceeds of CAD \$20,000,000 (S\$20,296,000).

Stock options

The Company has a stock option plan under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a term of ten years and vest as determined by the board of directors.

On 11 May 2020, the Company issued 300,000 stock options with an exercise price of CAD\$5.00 per share, at a fair value of CAD\$1,310,392. These stock options are subject to vesting provisions such that 25% of the options vest three months from the date of grant, 25% of the stock options vest six months from the date of grant, 25% of the stock options vest nine months from the date of grant and 25% of the stock options vest twelve months from the date of grant. The fair value per option was CAD\$3.40. The fair value of the options is estimated using the Black-Scholes option pricing model assuming a life expectancy of 5 years, a risk-free rate of 0.38%, a forfeiture rate of 0%, and volatility of 100%. During the year ended 30 June 2020, the Company recorded share-based compensation of S\$297,610 (CAD\$291,260) related to these stock options.

	Number of options	Exercise price CAD\$	Expiry date
Balance outstanding at 5 July 2018 and 30 June 2019	-	-	
Granted	<u>300,000</u>	<u>5.00</u>	11 May 2025
Balance outstanding at 30 June 2020	<u>300,000</u>	<u>5.00</u>	
Balance at 30 June 2020 - Exercisable	<u>-</u>	<u>-</u>	

Share purchase warrants

	Number of warrants	Exercise price CAD\$
Balance outstanding at 5 July 2018 and 30 June 2019	-	-
Issued upon RTO (Note 5)	<u>72,096</u>	<u>12.97</u>
Balance outstanding at 30 June 2020	<u>72,096</u>	<u>12.97</u>

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As at 30 June 2020, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price CAD\$	Expiry date
43,393	12.97	3 July 2020 (subsequently expired)
20,629	12.97	27 November 2020
8,074	12.97	19 December 2020

14. Related party transactions

In addition to the information disclosed elsewhere in the consolidated financial statements, the following transactions took place between the Company and related party at terms agreed between the parties.

<u>Transaction entered into between the related parties and Raffles Financial Private Limited, the wholly owned subsidiary of the Company</u>	Year ended 30 June 2020 S\$	Period from 5 July 2018 (date of incorporation) to 30 June 2019 S\$
Rental expenses paid to related parties	81,130	54,310

Related party refers to the Company which is controlled by the Company's directors and their close family members.

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Key management personnel compensation

<u>Transaction entered into between the related parties and the Company</u>	Year ended 30 June 2020 S\$	Period from 5 July 2018 (date of incorporation) to 30 June 2019 S\$
Contract for services, a director	10,262	-
Contract for services, a director	10,262	-
Contract for services, a director	10,262	-
Contract for services, Chief Financial Officer	5,864	-
Contract for services, a non- executive director	5,131	-
Contract for services, an independent director	7,330	-
Contract for services, an independent director	5,131	-
Contract for services, an independent director	5,131	-
Share-based compensation	297,610	-
	<u>356,983</u>	<u>-</u>
<u>Transaction entered into between the related parties and Raffles Financial Private Limited, the wholly owned subsidiary of the Company</u>		
Contract for services, a director	120,000	80,000
Contract for services, a director	120,000	80,000
Contract for services, a director	120,000	80,000
Contract for services, Chief Financial Officer	100,000	64,000
	<u>816,983</u>	<u>304,000</u>

These transactions are in the normal course of operations and have been valued in these consolidated financial statements at the fair value, which is the amount of consideration established and agreed to by the related parties.

During the year ended 30 June 2020, the Company entered into a Bought and Sold agreement related to the acquisition of CID and MEL from two directors of the Company (Note 6).

During the year ended 30 June 2020, the Company recognized a write-off of amounts due to directors of the Company in the total amount of S\$Nil (2019 – S\$770,316).

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15. Segmented information

The assets, liabilities and operations of the Company are located in five geographical areas.

	Singapore S\$	Hong Kong S\$	China S\$	Tanzania S\$	Canada S\$	Total S\$
Year ended 30 June 2020						
Revenue	-	3,900,000	2,666,672	2,300,000	-	8,866,672
Period ended 30 June 2019						
Revenue	-	11,200,000	333,334	-	-	11,533,334
As at 30 June 2020						
Cash	830,260	-	20,127,742	-	82,891	21,040,893
Current and total assets	14,501,710	-	19,665,600	-	563,669	34,730,979
As at 30 June 2019						
Cash	2,102,734	-	-	-	-	2,102,734
Current and total assets	9,702,734	-	333,334	-	-	10,036,068

16. Financial risk management

Financial risks factors

The Company's activities expose it to credit risk, liquidity risk, currency risk, market risk and capital risk. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

The Board of Directors are responsible for setting the objectives and underlying principles of financial risk management for the Company. This includes establishing detailed policies such as risk identification, measurement and exposure limits.

(a) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank deposits and trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

Cash are placed with banks and financial institutions with high credit-ratings assigned by international credit rating agencies. Trade receivables are substantially companies with a good collection track record.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments present on the statement of financial position.

The Company has applied the simplified approach to measure the lifetime expected credit losses for trade receivables.

In measuring the expected credit losses, receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company has considered the customers' available credit history and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The Company performs ongoing reviews on the collectability of its trade receivables in order to mitigate any potential credit losses. The definition of trade receivables that are past due is determined by reference to terms agreed upon with individual customers. No trade receivables have been challenged by the respective customers and the Company continues to conduct business with them on an ongoing basis.

Trade receivables are written off when there is no reasonable expectation of recovery, such as counterparty failing to engage in a repayment plan with the Company. Where receivables have been written off, the Company continues to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Based on management assessment, cash and receivables as at 30 June 2020 are not subject to any material credit losses.

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk by maintaining sufficient cash to enable it to meet its operating commitments. As at June 30, 2020, all the financial liabilities of the Company are due within 12 months. Balance due within 12 months equal their carrying amounts as the impact of discounting is not significant.

(c) *Currency risk*

The functional currency is CAD for the Company and S\$ for RFPL, MEL and CID. The main currency to which the Company has an exposure is the Renminbi dollar. The Company is exposed to currency risk to the extent of its cash, that are denominated in Renminbi dollars. The Company does not hedge its exposure to fluctuations in the related foreign exchange rates. A 10% strengthening (weakening) of the Singapore dollar against the Renminbi dollar would have increased (decreased) the Company's net (loss) income by approximately S\$1,830,000 during the year ended 30 June 2020.

(d) *Price risk*

Price risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in equity and commodity prices. The Company is exposed to price risk in equity investments and unfavorable market conditions could result in dispositions of investments at less than favorable prices.

Additionally, the Company is required to fair value its equity investments at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavorable effect on the Company's financial position.

Equity price risk is defined as the potential adverse impact on the Company's loss due to movements in individual equity prices or general movements in the level of stock market on traded investments. The Company has a concentration of equity price risk due to one of its investments being worth a significant amount of its portfolio. During periods of significant broader market volatility or volatility experienced by the resource or commodity markets, the value of the Company's investment portfolio can be quite vulnerable to market fluctuations. At 30 June 2020, a 5% change in the closing trade price of the Company's equity investments would result in a S\$647,700 (2019 - S\$Nil) change in unrealized gain (loss) on investments.

(e) *Capital risk*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares.

The Company is not subject to any externally imposed capital requirements.

(f) *Fair value measurements*

Fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair values of current financial assets and liabilities other than the investment approximate their carrying amounts due to the short term nature.

The equity investments at FVOCI include shares in publicly traded companies listed on a stock exchange. The fair value of equity investments at FVOCI is determined based on a market approach reflecting the closing price of each particular security at the consolidated financial position date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the particular security, and therefore equity investments at FVOCI are classified within Level 1 of the fair value hierarchy.

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17. Income tax

The Cayman Islands and Singapore components of loss before income taxes and provision for income taxes were as follows:

	2020	2019
	S\$	S\$
(Loss) income before income taxes		
Cayman Islands	(6,641,435)	-
Singapore	7,542,620	11,520,968
	<u>901,185</u>	<u>11,520,968</u>
Current income tax expense		
Cayman Islands	-	-
Singapore	1,417,080	612,000
	<u>1,417,080</u>	<u>612,000</u>
Deferred income tax (recovery) expense		
Cayman Islands	-	-
Singapore	(90,666)	1,348,667
	<u>(90,666)</u>	<u>1,348,667</u>
	<u>1,326,414</u>	<u>1,960,667</u>

The following table reconciles the expected income taxes expense (recovery) at the statutory income tax rates to the amounts recognized in the consolidated statements of loss and comprehensive loss for the years ended June 30, 2020 and 2019:

	2020	2019
	\$	\$
Net income before tax	901,185	11,520,968
Statutory tax rate	0.00%	17.00%
Expected income tax	0.00	1,958,565
Difference in foreign jurisdiction tax rates	1,282,245	-
Non-deductible items	62,104	-
Income not subject tot tax	(850)	-
Tax exemption	(17,425)	-
Others	340	2,102
Total tax expense	1,326,414	1,960,667

Due to the Company's continuation into the Cayman Islands on April 29, 2020, the statutory tax rate declined from 17% to 0%.

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Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax (liabilities) at June 30, 2020 and 2019 are comprised of the following:

	30 June 2020	30 June 2019
	S\$	S\$
Unremitted foreign income	<u>(1,258,001)</u>	<u>(1,348,667)</u>
Total deferred tax (liabilities)	<u>(1,258,001)</u>	<u>(1,348,667)</u>

18. Subsequent event

On 31 August 2020, the Company acquired 50% of the outstanding shares of Mfund Limited for HKD\$50, a private company incorporated in Hong Kong with a principal activity of providing infrastructure project funding and advisory services.