MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2020

October 28, 2020

The following Management's Discussion and Analysis ("MD&A") of the financial condition of Raffles Financial Group Limited ("Raffles" or "the Company") and results of operations of the Company, should be read in conjunction with the audited consolidated financial statements for the financial year ended June 30, 2020 ("Audited Financial Statements"). The Audited Financial Statements together with this MD&A for the financial year ended June 30, 2020 are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

The Audited Financial Statements are presented in accordance with International Financial Reporting Standards ("IFRS"). The Company's accounting policies are described in Note 3 of the Audited Financial Statements.

All monetary amounts are in Singapore dollars ("S$") unless otherwise specified.

Description of Business

Raffles Financial Group Limited (formerly Explorex Resources Inc.) (the "Company") was incorporated under the Business Corporations Act (British Columbia) on January 6, 2011.

Raffles Financial Private Limited ("RFPL") was incorporated on July 5, 2018, under the name "3R Strategic Holdings Private Limited" pursuant to The Companies Act (Chapter 50) of Singapore. RFPL changed its name to "Raffles Financial Private Limited" on March 21, 2019.

On April 29, 2020, the Company completed the share exchange agreement related to acquiring all the issued and outstanding shares of RFPL. 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 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. The transaction was accounted for as an acquisition of the Company by RFPL, resulting in a reverse take-over ("RTO").

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

Effective on June 29, 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 June 29, 2020.

Raffles management and team work closely with public and private companies, governments and financial sponsors to originate, structure and execute equity and equity-linked financings such as initial public offerings, follow-on offerings, convertibles and derivatives. Raffles also provides guidance on capital structure across debt, hybrid, derivative and equity-linked products for organizations.

The current board and management are as follows as at the date of this MD&A:

- In Nany Sing Charlie, Executive Director and Chairman of the Board;
- Liu Changsheng Victor, Executive Director/Chief Executive Officer;
- Zhang Liying Abigail, Executive Director/Chief Investment Officer;
- Dong Shim, Chief Financial Officer;
- Kit Chan, Chief Financial Officer of RFPL;
- Mike Zhou, Director;
- David Anthony Bruzzisi, Director; and
- Lily Ren, Director.

Overall Performance

The level of the Company's future operations will be determined by the availability of capital resources, which will be derived from the future financings.

During the year ended June 30, 2020, the Company reported a net loss of S$425,229 compared to net income of S$9,560,301 in the comparative period which included listing expenses related to the RTO in the amount of S$6,052,280. Excluding these listing expenses (it comprised of a non-cash consideration of $5,479,920 recognised under IFRS 3 in accounting for the RTO), the Company has made profit since its incorporation and had a net profit of S$5,627,051 for the financial year ended June 30, 2020 which has been primarily funded by operating cash flows and financing raised from the completion of a private placement as discussed above. For its last corresponding period ended June 30, 2019, the Company had a net profit of S$9,560,301 which has been funded primarily by the operating cash flows.

Selected Annual Information

	Year ended June 30, 2020 S$	From July 5, 2018 (date of incorporation) to June 30, 2019 S$
Revenue	8,866,672	11,533,334
Income before other items and income tax expenses	7,301,229	10,750,652
Net (loss) income	(425,229)	9,560,301
Comprehensive income	4,494,115	9,560,301
Basic and diluted (loss) earnings per share	(0.05)	469.61
Dividends declared to shareholders per share	-	90.00
Total assets	34,730,979	10,036,068

Current liabilities	2,245,032	8,027,100
Non-current liabilities	1,258,001	1,348,667

Results of Operations

	Three months ended June 30, 2020	Three months ended March 31, 2020	Three months ended December 31, 2019	Three months ended September 30, 2019
	S$	S$	S$	S$
Revenue	3,400,000	-	1,500,003	3,966,669
Net income (loss)	(6,731,047)	2,330,147	335,320	3,640,351
Comprehensive income (loss)	(1,811,703)	2,330,147	335,320	3,640,351
Basic and diluted earnings (loss) per share	(0.20)	23.30	3.35	36.40

	Three months ended June 30, 2019	Three months ended March 31, 2019	Three months ended December 31, 2018	Three months ended September 30, 2018
	S$	S$	S$	S$
Revenue	3,933,334	7,600,000	-	-
Net income (loss)	2,499,649	7,395,331	(200,973)	(133,706)
Comprehensive income (loss)	2,499,649	7,395,331	(200,973)	(133,706)
Basic and diluted earnings (loss) per share	31.15	73,953.31	(2,009.73)	(1,337.06)

Revenue - Service fee income

The following is a breakdown of the service fee income of the Company for the three months ended June 30, 2020 (“4Q2020”) and year ended June 30, 2020 (“FY2020”).

	Three months ended June 30, 2020 S$	Three months ended June 30, 2019 S$	Full year ended June 30, 2020 S$	From July 5, 2018 (date of incorporation) to June 30, 2019 S$
Advisory fee - recognized at a point in time:				
Re-structuring & Corporate Finance Advisory (“RCF”)	2,000,000	1,000,000	3,400,000	5,100,000
IPO & Global Fund Raising Advisory (“IRS”)	1,400,000	1,600,000	2,800,000	4,100,000
Fund, Family Office, Trust Advisory (“FOT”)	-	1,000,000	-	2,000,000
Licensing fee - recognized over time:				
FinTech Licensing As A Service (“FIT”)	-	333,334	2,666,672	333,334
Total service fee income	**3,400,000**	**3,933,334**	**8,866,672**	**11,533,334**

During the financial year ended June 30, 2020:

In FY2020, the Company recorded service fee income of S$8,866,672. The income was derived from two major service segments, namely (i) financial advisory service which was rendered at a point in time and (ii) licensing service which was rendered over time.

(i) The financial advisory service includes the followings areas;

- Providing advisory and expertise support on restructuring and reorganizing clients' assets so as to internationalize such assets in favourable jurisdictions ("RCF"). In FY2020, such advisory fee income amounting to S$3,400,000 was generated mainly from corporate clients with operations across Asia countries but mainly based in the Peoples' Republic of China ("PRC"). The Company successfully formulated tailor-made restructuring strategies and sourced M&A partner or vehicles in Singapore for the clients. This service transformed, securitised and internationalise the client's business from private and local entity to an oversea public listed company.

- Providing advisory and expertise support on public listings in various Asian countries and in other global markets ("IRS"). In FY2020, such advisory fee income amounting to S$2,800,000 was generated mainly from corporate clients with operations across Asia countries but mainly based in the Peoples' Republic of China ("PRC"). The Company helped its clients on listing preparation, appointment and verification of public listing matters and coordinating the works of the accountants, auditors, lawyers, bankers, independent experts, investors, media, valuers and various stakeholders, as well as investor relations counselling, with an objective to bring their business to get public listed via reverse take-over and joint ventures. The Company also led its clients to a significant improvement in market capitalization.

- Providing advisory and expertise support on funds, family offices and trusts regarding initial and ongoing investments and portfolios, plus performance assessments ("FOT"). This involves helping its PRC clients on the selection and qualification of investment targets, set-up of funds and trusts, performance follow-thru consulting, investment risks for the asset protection and appreciation purposes. There was no revenue recognised for this service in FY2020.

In performing our advisory service, the Company usually take a certain period of time to formulate the suite of solution and plan to the client, and once the suite of solution and facilities is delivered to and acknowledged by the client, our performance obligation under the service agreement is discharged and hence the corresponding service fee income shall be recognised at this point of time. The performance obligation is based on defined deliverables as predetermined with the client based on their needs, and this process is not truly worthwhile to and cannot be chargeable to the clients at halfway until the end result can be accomplished. Therefore, the basis of the recognition in the financial statement is only at the point of receipt of acknowledgement to our full-service package by the clients but not accruing over a period of time based on any input measures.

(ii) The licensing fee

Licensing service refer to our FinTech Licensing As A Service ("FIT") whereby the Company enters into a licensing agreement with the client which grants to the client (who is then regarded as the Company's "Regional Representative" in consideration of a fixed licensing fee) to:

(a) the right to use the brand name of "Raffles Financial" in developing its customised financial advisory services in the designated region for an agreed period of time, and during such period, Raffles commits to provide full support to the client in rendering its customised financial advisory services to its ultimate customer, and;

(b) provide certain financial technology-related resources, know-how, tools and techniques including but not limited to e-payment gateways, branded prepaid cards, web-based eWallets, high-speed buy-sell-swap transaction systems (collectively known as "FinTech") in the form of a license for use under Raffles Financial's brand and as a service to the client for an agreed period of time.

Raffles role in this arrangement is a licensor as well as to bridge external resources and provide know-how to the Regional Representative to better serve its customers.

The total licensing fee income recognised in FY2020 was S$2,666,672. Such licensing fee income recognised in FY2020 was derived from three licensing agreements entered into with three clients in different provinces of PRC. The licensing fee from FIT is earned from the right to use the aforesaid 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. Therefore, revenue is recognised over time by reference to the contract period.

The financial year ended June 30, 2020 versus June 30, 2019:

The revenue decreased by S$2.7 million from S$11,533,334 in FY2019 to S$8,866,672 in FY2020, which was attributable to the below factors;

(i) the COVID-19 pandemic which caused travel restrictions and shutdowns that delayed and suspended the delivery of our advisory services (namely RCF, IRS and FOT), and created difficulties for the Company in serving clients in most of the major cities the Company was operating including, among others, China, Hong Kong and Singapore;

(ii) there was no FOT advisory service agreement entered with client so no fee income from FOT service during FY2020 (S$1,500,000 in FY2019);

(iii) Suspension in licensing service with clients pursuant to force majeure clause in response to the COVID-19 outbreak since January 2020. The Company had agreed with its clients (the Regional Representative) who were based in the PRC to suspend the contracted licensing services since January 2020. The COVID-19 outbreak had resulted in a significant impact not only on the Company itself but also the Company's clients in PRC, as they had been hindered from performing their obligations under their service agreements due to the lockdown imposed by the local authorities and market downturn during and after the COVID-19 outbreak. Consequently, the licensing service with the clients had been suspended until the clients are ready to fully resume operations.

In this regard, the Company is still in discussions with its clients on the timeline for resumption of the FIT licensing services. This depends on, inter alia, when the social and commercial situation in China, Hong Kong and Singapore are fully restored, and also on the optimistic outlook of the Company' clients. Although the government of various Asian countries have lifted the business, transportation and movement restrictions, return to normalcy is cautiously defensive and sudden lockdowns and restrictions may be imposed like in Melbourne, Australia.

As the Company values and practices long-term sustainable business practices, it will not hesitate to grant certain relief measures to help its clients in terms of business continuity in response to the unprecedented COVID-19 outbreak. Barring any unforeseen circumstance, the Group is of the view that the suspension of the FIT licensing services is temporary in nature and will not affect the Group's business sustainability in long term.

Net Profit After Tax, Other Income (Expenses) and Administrative Expenses

The financial year ended June 30, 2020 versus June 30, 2019:

In FY2020, the Company reported a net loss of S$425,229 and net income of S$9,560,301 in the comparative period. The income and operating expenses incurred during the financial year are discussed below:

- Other income of S$5,849 arose mainly from government subsidies under a jobs supporting scheme of the Singapore Government in response to the COVID-19.

- Contract for service cost of S$725,656 was paid to the directors and officers of the Company, in consideration of their services provided under service contracts. The increase by 13% compared to the Last Corresponding Period of S$643,500 was due to additional contracts and cost adjustment.

- Rental on operating lease of S$100,571 were paid for the office leases in various operating locations. The significant increase by 85% compared to the Last Corresponding Period of S$54,310 was mainly due to one addition lease entered in FY2020.

- Office expenses of S$20,534 were incurred in relation to the expenses necessary to maintain the office operation. The significant increase compared to the Last Corresponding Period of S$2,348 was due to increase business activities in FY2020.

- Listing expenses of S$6,052,280 representing professional and other expenses in relation to the RTO transaction as previously discussed.

- Staff cost of S$51,596 was paid to the employees of the Company for their day to day management and administration for the Company. The amount in FY2020 arose from the additional employment of office staff.

- Travelling and accommodation expenses of S$19,134 in FY2020 were incurred in performing the advisory services by the directors and officers in local and overseas. The significant decrease compared to the Last Corresponding Period of S$57,450 was because of the shutdown of international travelling under the COVID-19 situation.

- Business development and marketing of S$205,727 comprised mainly of business development and professional expenses incurred in FY2020 which were incurred in relation to client sourcing and marketing activities, and internal business development. The significant increase compared to the Last Corresponding Period of S$205,727 was because at that time the business of Raffles was just commenced and in an early development stage, and hence lesser expenses related to business were incurred.

- Share-based compensation of S$297,610 and S$Nil in the comparative period related to stock options granted to certain management and directors of the Company exercisable at CAD$5.00 per share and expiry date in five years. 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.

- Foreign exchange loss of S$331,115 and S$Nil in the comparative period mainly related to the translation of the Company’s foreign cash balances to Singapore dollars as at June 30, 2020.

The net profit for the year decreased by 104% from S$9,560,301 in FY2019 to a loss of S$425,229 in FY2020, which was attributable mainly to the listing expenses related to the RTO, decrease in advisory income and overall increase in operating expenses in FY2020.

Other Comprehensive Income

The financial year ended June 30, 2020 versus June 30, 2019:

In FY2020, the Company recorded a fair value gain on financial assets at fair value through other comprehensive income of S$4,748,139. The fair value gain was derived from the Company's investment in a portfolio of equity securities quoted on Singapore Exchange. As the investment in equity securities was categorized at fair value through other comprehensive income ("FVTOCI") according to IFRS 9 as the equity investment was not held for trading purposes and on initial recognition of the investment the Company made an election to designate the investment at FVTOCI (non-recycling), such that subsequent changes in fair value were recognised in other comprehensive income.

For illustrative purpose, if the total comprehensive income for FY2020 was adjusted to exclude an one-off and non-recurring listing expenses of S$6,052,280, the adjusted total comprehensive income would be S$10,546,395.

In addition, the Company incurred foreign translation adjustment of $171,205 during FY2020 due to the translation of foreign operations in Canadian dollars to the Company's presentation currency of Singapore dollars.

During the three months ended June 30, 2020:

In 4Q2020, the Company reported a net loss of S$6,731,047 and net income of S$2,499,649 in the comparative period. In addition, comprehensive loss was S$1,811,703 and comprehensive income of S$2,499,649 during the three months ended June 2020 and 2019, respectively. The income and operating expenses incurred during the financial period are discussed below:

- In 4Q2020, the Company incurred revenue of S$3,400,000 and S$3,933,334 in the comparative period mainly related to providing advisory services in the amount of S$3,400,000 and S$3,600,000, respectively.

- Business development and marketing increased by S$205,727, office and miscellaneous increased by S$116,870 and professional fees increased by S$57,864 mainly related to the increase in general operating and business activity during the three months ended June 30, 2020.

- Share-based compensation was S$297,610 during the three months ended June 30, 2020 due to stock options granted to certain management and directors of the Company exercisable at CAD$5.00 per share and expiry date in five years. 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.

- Listing expenses of S$5,683,587 during the three months ended June 30, 2020 consisted of professional and other expenses in relation to the RTO transaction as previously discussed.

- Foreign exchange loss of S$331,115 and S$Nil in the comparative period mainly related to the translation of the Company's foreign cash balances to Singapore dollars as at June 30, 2020.

- In 4Q2020, the Company recorded a fair value gain on financial assets at fair value through other comprehensive income of S$4,748,139. The fair value gain was derived from the Company's investment in a portfolio of equity securities quoted on Singapore Exchange.

- In 4Q2020, the Company incurred foreign translation adjustment of $171,205 due to the translation of foreign operations in Canadian dollars to the Company's presentation currency of Singapore dollars.

Related Party Transactions

During the financial year ended June 30, 2020:

The Company considers all directors and officers of the Company to be key management personnel, and related parties. During the financial year ended June 30, 2020, the Company entered into the following transactions with the key management personnel as related party transactions:

- Paid or accrued contract for service cost of S$120,000 (2019 – S$80,000) and director fees of S$10,262 (2019 – S$Nil) to In Nany Sing Charlie, a director of the Company under contract for services. As at June 30, 2020, accounts payable and accrued liabilities included S$47,306 (2019 – S$2,060,100) due to this individual and accounts receivable included S$Nil (2019 – S$333,334) due from a company affiliated with this individual. These amounts were interest-free, non-secured and repayable on demand.

- Paid or accrued contract for service cost of S$120,000 (2019 – S$80,000) and director fees of S$10,262 (2019 – S$Nil) to Zhang Liying, a director of the Company under contract for services. As at June 30, 2020, accounts payable and accrued liabilities included S$10,747 (2019 – S$1,780,000) due to this individual. This amount was interest-free, non-secured and repayable on demand.

- Paid or accrued contract for service cost of S$120,000 (2019 – S$80,000) and director fees of S$10,262 (2019 – S$Nil) to Liu Changsheng, a director of the Company under contract for services. As at June 30, 2020, accounts payable and accrued liabilities included S$10,747 (2019 – S$3,560,000) due to this individual. This amount was interest-free, non-secured and repayable on demand.

- Paid or accrued contract for service cost of S$100,000 (2019 – S$64,000) and director fees of S$5,131 (2019 – S$Nil) to the Chief Financial Officer of RFPL under contract for services. As at June 30, 2020, accounts payable and accrued liabilities included S$5,373 (2019 – S$Nil) due to this individual. This amount was interest-free, non-secured and repayable on demand.

- Paid or accrued contract for service cost of S$5,864 (2019 – S$Nil) to the Chief Financial Officer of the Company under contract for services.

- Paid or accrued rental expenses of S$81,130 (2019 – S$54,310) to a company controlled by the executive director and Chairman of the Board of the Company.

- Paid or accrued director fees of S$7,330 (2019 – S$Nil) to an independent director of the Company under contract for services. As at June 30, 2020, accounts payable and accrued liabilities included S$7,330 (2019 – S$Nil) due to this individual. This amount was interest-free, non-secured and repayable on demand.

- Paid or accrued director fees of S$5,131 (2019 – S$Nil) to an independent director of the Company under contract for services. As at June 30, 2020, accounts payable and accrued liabilities included S$5,131 (2019 – S$Nil) due to this individual. This amount was interest-free, non-secured and repayable on demand.

- Paid or accrued director fees of S$5,131 (2019 – S$Nil) to an independent director of the Company under contract for services. As at June 30, 2020, accounts payable and accrued liabilities included S$5,131 (2019 – S$Nil) due to this individual. This amount was interest-free, non-secured and repayable on demand.

- Share-based compensation of S$297,610 (2019 – S$Nil) to certain management and directors of the Company related to 300,000 stock options granted with an exercise price of CAD$5.00 per share and expiry term of 5 years.

Commitments

As at the financial year ended June 30, 2020:

Operating lease commitment – where the Company is a lessee

The Company leases office spaces under operating leases from a related party and an unrelated party.

The future minimum lease payable under operating lease contracted for at the reporting date but not recognised as liabilities due to the short term nature of the lease term, is as follows:

As at	**June 30, 2020** **S$**
Not later than one year	52,512

Liquidity and Capital Resources

As at	**June 30, 2020** **S$**	**June 30, 2019** **S$**
Bank balance	21,040,893	2,102,734
Current assets	34,730,979	10,036,068
Current liabilities	2,245,032	8,027,100
Non-current liabilities	1,258,001	1,348,667
Shareholders’ equity	31,227,946	660,301

The following is a breakdown of current assets of the Company as at financial year ended June 30, 2020 and the last financial period ended June 30, 2019.

As at	June 30, 2020 S$	June 30, 2019 S$
ASSETS – Current assets		
Bank balance	21,040,893	2,102,734
Trade receivables	650,000	7,600,000
Other receivables:		
Amounts due from related parties	-	333,334
Prepaid expenses	85,303	-
Investment in equity securities	12,954,783	-
Total assets	**34,730,979**	**10,036,068**

As at the financial year ended June 30, 2020:

As at 30 June 2020, the investment in equity securities represented the major investments of the Company of approximately S$12,954,783 of a portfolio of listed financial instrument. The investment portfolio mainly comprises public traded equity securities on Singapore Exchange. The intention of the Company to invest in these equity securities is to invest in firms that the Company had taken them public through provision of advisory services, which was in line with the Company's treasury management policy and investment strategy.

The trade receivables of S$650,000 as at June 30, 2020 mainly represented receivables from its services provided under the advisory services agreements. The outstanding trade receivable balances were arisen from one client, and full amount was subsequently collected in July 2020.

The Company recorded an increase in the current assets from S$10,036,068 as at June 30, 2019 to S$34,730,979 as at June 30, 2020, attributable to the increase in the investment in equity securities and completion of a private placement related to issuing 4,000,000 common shares for gross proceeds of S$20,296,000 whereas partly offset by the decrease in trade receivables. The increase in the investment in equity securities from S$Nil as at June 30, 2019 to S$12,954,783 as at 30 June 2020 was due to the acquisition of CID and MEL on June 29, 2020 which had purchased equity securities prior to the closing of the acquisition in FY2020 via open stock market and private dealing by utilising internal cash resources and recognizing an unrealized gain on these investments during FY2020. The decrease in the trade receivables from S$7,600,000 as at June 30, 2019 to S$650,000 as at June 30, 2020 was largely contributable to the subsequent settlement of the advisory service fees from clients. The decrease in the amount due from a related party of S$333,334 as at June 30, 2019 to S$Nil as at June 30, 2020 was mainly due to repayment by the related party.

The following is a breakdown of liabilities of the Company as at financial year ended June 30, 2020, and the last financial period ended June 30, 2019:

As at	June 30, 2020 S$	June 30, 2019 S$
LIABILITIES – Current liabilities		
Accounts payable and accrued liabilities	215,952	7,415,100
Current income tax liabilities	2,029,080	612,000
	2,245,032	8,027,100
LIABILITIES – Non-current liabilities		
Deferred income tax liabilities	1,258,001	1,348,667
Total Liabilities	**3,503,033**	**9,375,767**

As at the financial year ended June 30, 2020:

The Company recorded a decrease in the total liabilities from S$9,375,767 as at June 30, 2019 to S$3,503,033 as at June 30, 2020, attributable to the decrease in other payables and deferred tax income tax liabilities. The decrease in other payables from S$7,400,100 as at June 30, 2019 to S$92,595 as at June 30, 2020 was due to settlements against the other payables which ascribed largely to the amount due to directors amounting to S$7,400,100 during FY2020.

The non-current liabilities of the Company as at June 30, 2020 were S$1,258,001. The balance as at June 30, 2019 was a provision of deferred income tax liabilities of S$1,348,667 in connection to unremitted foreign income.

The Company does not have any commitments for material capital expenditures, and none are presently contemplated other than normal operating requirements and as disclosed above.

The Company generally financed its working capital requirements through a combination of cash generated from its operating activities, equity financing and advance from directors to fund its staff cost, operating expenses and administrative costs. Moving forward, the Company expects to fund its working capital requirements with a combination of various sources, including but not limited to cash generated from its operations and the net proceeds from share offer exercise, as well as other possible equity financings as and when appropriate.

For the financial year/period ended	Full year ended June 30, 2020 S$	From July 5, 2018 (date of incorporation) to June 30, 2019 S$
Net cash generated from operating activities	7,044,654	11,002,734
Net cash used in investing activities	(8,904,815)	-
Net cash generated from (used in) financing activities	20,296,000	(8,900,000)
Effect of foreign exchange on cash	502,320	-
Net increase in cash and bank balance	**18,938,159**	**2,102,734**

During the financial year ended June 30, 2020:

- The Company generated operating cash inflow after working capital changes of S$7,044,654 from operating activities in FY2020. It was derived from the net loss after tax of S$425,229, less adjustment for non-cash items such as RTO listing expenses of S$6,052,280, income tax expenses of S$1,326,414, share-based compensation of S$297,610 and the net changes in working capital of S$147,192. Cash generated from operating activities decreased by S$4,623,506 mainly due to the increase in administrative expenses of RFGL after completion of the RTO and decrease in revenue due to factors previously discussed in the "Results of Operations" section.
- The Company recorded investing cash outflow of S$8,904,815 for investing activities in FY2020, which was mainly attributable to the completion of the RTO transaction of Explorex of S$698,171 and cash payments for the acquisition of MID and MEL of S$8,206,644 during the year.
- The Company generated cash inflow from financing activities of S$20,296,000 related to the completion of a private placement related to issuing 4,000,000 common shares for gross proceeds of S$20,296,000.

Off Balance Sheet Agreements

The Company has not engaged in any off-balance sheet arrangements during the financial year ended June 30, 2020.

Critical Accounting Policies and Estimates

The details of the Company's significant accounting policies are presented in Note 3 of the Audited Financial Statements.

Capital Management

Capital is comprised of the Company's shareholders' equity. The Company's shareholders' equity as at June 30, 2019 and as at June 30, 2020 were S$660,301 and S$31,227,946, respectively. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

Management Financial Risks

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 minimize 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.

The ageing analysis of the trade receivables as of June 30, 2020, is as follows. Based on management assessment, the trade receivables as at June 30, 2020 are not subject to any material credit losses as the receivables were fully settled by the client in July 2020.

During FY2020, most of our clients pay on time for services rendered and the Company will only grant a longer credit terms case by case on a discretionary basis. This is not an ongoing practice of the Company, nevertheless the factors of allowing a longer credit term to the client would include but not limited to;

(i) the Company expected the difficulty faced by the client to be temporary in nature and not to permanently affect the client's business and ability to make repayment particularly under the COVID-19 pandemic;

(ii) as the client had a good repayment history and it was repeating client, the Company is also of the view that it was with good credit quality and low default risk;

(iii) in order to retain good business relationship and hope for follow-up advisory service can be secured with the client;

(iv) The granting of longer credit term would not have materially impact on the Company's operation as our working capital and operating cash flow requirement are low.

(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 bank balances to enable it to meet its operating commitments. As at the reporting date, all the non-derivative 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 Singapore dollars against Renminbi dollar would have increased (decreased) the Company's net income (loss) by approximately S$1,830,000 during the year ended June 30, 2020.

(d) Market risk

Market 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 market 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 June 30, 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.

(g) Financial instruments by category

As at	**June 30, 2020 S$**	**June 30, 2019 S$**
Financial assets at amortised cost	21,690,893	10,036,068
Financial assets at fair value through other comprehensive income	12,954,783	-
Financial liabilities at amortised cost	215,952	7,415,100

(h) Coronovirus Global Pandemic risk

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.

Changes in Accounting Policies

The following standards have been adopted during the year ended June 30, 2020:

IFRS 16 – Leases: On January 13, 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 January 1, 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 July 1, 2019 using the modified restropective approach, which involved adjusting July 1, 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 January 1, 2019 with early adoption permitted. The Company adopted IFRIC 23 as at July 1, 2019 and the adoption did not have a material impact on the Company's consolidated financial statements.

Outstanding Share Data

The following share capital data is current as of the date of this MD&A:

	Balance
Common shares issued and outstanding	50,080,000
Stock options	300,000
Share purchase warrants	28,703
	50,408,703

On 11 May 2020, the Company issued 300,000 stock options with an exercise price of CAD$5.00 per share and expiry date of 5 years. 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.

As at the date of this MD&A, the outstanding share purchase warrants consists of 20,629 warrants with an exercise price of CAD$12.97 and expiry date of November 27, 2020 and 8,074 warrants with an exercise price of CAD$12.97 and expiry date of December 19, 2020.

Material Event

(a) Share Exchange Agreement

Explorex Resources Inc. ("Explorex") which is listed on the Canadian Stock Exchange ("CSE"), has entered into a definitive share exchange agreement dated December 20, 2019 (the "Share Exchange Agreement") with RFPL and the shareholders of RFPL (the "RFPL Shareholders") to acquire all of the outstanding shares of RFPL (the "Transaction"). RFPL is arm's-length to Explorex and the proposed transaction will constitute a "fundamental change" for Explorex under the CSE Policy 8.

Effective on April 29, 2020, the Share Exchange Agreement among RFPL, Explorex and RFPL Shareholders resulted in a reverse takeover of Explorex by the RFPL Shareholders (the "Reverse Takeover").

(b) Continuation

On April 29, 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.

Completion of the Transaction on April 29, 2020

Subsequent to the annual general and special meeting at which the Transaction and Continuation to Cayman Islands were also approved by the Explorex's shareholders, RFPL has completed the transaction of all of the issued and outstanding shares of RFPL, by way of a share exchange agreement among Explorex, RFPL and the shareholders of RFPL on April 29, 2020. The Resulting Issuer 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. Then RFGL continued its corporate jurisdiction to the Cayman Islands, following which the acquisition of RFPL completed by the issuance of 45,000,000 RFGL's shares to the shareholders of RFPL and issuance of 72,096 warrants of the RFGL to the existing warrants holders of Explorex with an exercise price of CAD$12.97 and the same existing expiry dates. RFPL then became a wholly-owned subsidiary of RFGL.

The Transaction constituted a "fundamental change" of Explorex under the policies of the CSE, and the CSE has provided approval for the listing of Raffles which resumed trading on May 11, 2020.

Subsequent Event

On August 31, 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.

Forward-Looking Information

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward looking statements. Forward looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Singapore dollar, fluctuations in the prices of commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Singapore, the Peoples’ Republic of China, Hong Kong, or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company’s actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the Company's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.