MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2020

February 26, 2021

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 unaudited condensed interim consolidated financial statements for the three and six months ended December 31, 2020 ("Interim Financial Statement") and the audited consolidated financial statements for the financial year ended June 30, 2020 ("Audited Financial Statements"). The Interim Financial Statements and the Audited Financial Statements together with this MD&A for the three and six months ended December 31, 2020 are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

The Interim Financial Statements and 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.

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.

The Company had a net loss of S$543,290 for the six-month period ended December 31, 2020. For its last corresponding period ended December 31, 2019, the Company had a net profit of S$3,975,671 which has been funded primarily by the operating cash flows.

Results of Operations

	Three months ended December 31, 2020	Three months ended September 30, 2020	Three months ended June 30, 2020	Three months ended March 31, 2020
	S$	S$	S$	S$
Revenue	-	-	3,400,000	-
Net income (loss)	(206,454)	(243,892)	(6,731,047)	2,330,147
Comprehensive income (loss)	(1,228,890)	685,600	(1,811,703)	2,330,147
Basic and diluted earnings (loss) per share	(0.00)	(0.01)	(0.20)	23.30

	Three months ended December 31, 2019	Three months ended September 30, 2019	Three months ended June 30, 2019	Three months ended March 31, 2019
	S$	S$	S$	S$
Revenue	1,500,003	3,966,669	3,933,334	7,600,000
Net income	335,320	3,640,351	2,499,649	7,395,331
Comprehensive income	335,320	3,640,351	2,499,649	7,395,331
Basic and diluted earnings per share	3.35	36.40	31.15	73,953.31

Revenue - Service fee income

The following is a breakdown of the service fee income of the Company for the three and six months ended December 31, 2020, referred to as Q2-2021 and 1H2021, respectively.

For the financial period ended	**Three-month ended December 31, 2020 S$**	**Three-month ended December 31, 2019 S$**	**Six-month ended December 31, 2020 S$**	**Six-month ended December 31, 2019 S$**
Advisory fee - recognized at a point in time:				
Re-structuring & Corporate Finance Advisory ("RCF")	-	-	-	1,400,000
IPO & Global Fund Raising Advisory ("IRS")	-	-	-	1,400,000
Fund, Family Office, Trust Advisory ("FOT")	-	-	-	-
Licensing fee - recognized over time:				
FinTech Licensing As A Service ("FIT")	-	1,500,003	-	2,666,672
Total service fee income	**-**	**1,500,003**	**-**	**5,466,672**

During the six month period ended December 31, 2020:

The revenue decreased from S$5,466,672 in 1H2020 to S$Nil in 1H2021, 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) 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 governments 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 and Administrative Expenses

During the six month period ended December 31, 2020:

In 1H2021, the Company reported a net loss of S$450,346. The other income, share of profit of joint venture and operating expenses incurred during the financial period are discussed below:

- Other income of S$190,510 pertained to a dividend income of S$186,556 generated from the Company's equity investments and a government subsidy of S$3,750 granted under a job support scheme in response to the COVID-19 pandemic.

- The share of profit or loss of joint venture of S$246,123 represented the Group's 50% share of the post-acquisition profits of the joint venture company, Raffles Infrastructure Capital Limited (formerly known as Mfund Limited, acquired 50% interest by the Group on August 31, 2020) which was recognised in profit or loss in the current period. The profit of the joint venture company was derived from the provision of business advisory services for infrastructure projects in PRC.

- Contract for service cost of S$268,955 was paid mainly to the directors and officers of the Company, in consideration of their services provided under service contracts. The decrease by 26% compared to the Last Corresponding Period of S$363,000 was due to a cost saving measure.

- Rental on operating lease of S$50,288 were paid for the office leases in various operating locations. The significant increase compared to the Last Corresponding Period of S$33,477 was mainly due to one addition lease entered in the current period.

- Office expenses of S$42,102 were incurred in relation to the expenses necessary to maintain the office operation. The significant increase compared to the Last Corresponding Period of S$2,509 was due to increased business activities in 1H2021.

- Listing expenses of S$7,177 represented professional and other expenses in relation to the over-the-counter listing on OTC Market. The significant decrease compared with 1H2020 of S$154,359 was due to the legal fee paid for the preparation of RTO transaction undertaken by the Company in the Last Corresponding Period.

- Staff cost of S$53,656 was paid to the employees of the Company for their day to day management and administration for the Company. The amount in 1H2020 arose from the additional employment of office staff.

- Travelling and accommodation expenses of S$559 in 1H2021 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$16,616 was due to either travel restrictions or shutdowns imposed by various countries amid the COVID-19 pandemic.

- Share-based compensation of S$617,019 relates to the vesting of 300,000 stock options exercisable at CAD$5.00 per share and expiry date of May 11, 2025 during the period.

Other expenses comprised mainly of business development of S$26,017 and professional expenses S$70,769 incurred in 1H2021, which included legal fee, audit fee, marketing & investor relation expenses, and fee incurred in registration of the Raffles Portfolios Variable Capital Company ("VCC") in Singapore under the new framework of the Monetary Authority of Singapore (MAS).

Other Comprehensive Income

During the six month period ended December 31, 2020:

In 1H2021, the Company recorded a fair value loss on financial assets at fair value through other comprehensive income of S$370,044. The fair value loss 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 the International Financial Reporting Standards No. 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.

Total Comprehensive Income

During the six month period ended December 31, 2020:

The total comprehensive income for the period decreased by 114% from S$3,975,671 in 1H2020 to loss of S$543,290 in 1H2021, which was attributable mainly to the decrease in advisory service income and fair value of the investments in equity securities in 1H2021.

Net Profit after tax, Other Income and Administrative Expenses

During the three month period ended December 31, 2020:

In Q2-2021, the Company reported a net loss of S$206,454. The other income, share of profit of joint venture and operating expenses incurred during the financial period are discussed below:

- The share of profit or loss of joint venture of S$246,123 represented the Group's 50% share of the post-acquisition profits of the joint venture company, Raffles Infrastructure Capital Limited (formerly known as Mfund Limited, acquired 50% interest by the Group on August 31, 2020) which was recognised in profit or loss in the current period. The profit of the joint venture company was derived from the provision of business advisory services for infrastructure projects in PRC.

- Contract for service cost of S$95,955 was paid mainly to the directors and officers of the Company, in consideration of their services provided under service contracts. The decrease by 47% compared to the Last Corresponding Period of S$363,000 was due to a cost saving measure.

- Rental on operating lease of S$25,146 were paid for the office leases in various operating locations. The significant increase compared to the Last Corresponding Period of S$8,333 was mainly due to one addition lease entered in the current period.

- Office expenses of S$17,913 were incurred in relation to the expenses necessary to maintain the office operation. The significant increase compared to the Last Corresponding Period of S$1,890 was due to increased business activities in Q2-2021.

- Listing expenses of S$Nil was a significant decrease compared with Q2-2020 of S$138,471 was due to the legal fee paid for the preparation of RTO transaction undertaken by the Company in the Last Corresponding Period.

- Staff cost of S$29,063 was paid to the employees of the Company for their day to day management and administration for the Company. The amount in Q2-2020 arose from the additional employment of office staff.

- Travelling and accommodation expenses of S$Nil in Q2-2021 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$6,614 was due to either travel restrictions or shutdowns imposed by various countries amid the COVID-19 pandemic.

- Share-based compensation of S$213,298 relates to the vesting of 300,000 stock options exercisable at CAD$5.00 per share and expiry date of May 11, 2025 during the period.

Other expenses comprised mainly of business development of S$6,359 and professional expenses S$39,353 incurred in Q2-2021, which included legal fee, audit fee, marketing & investor relation expenses, and fee incurred in registration of the Raffles Portfolios Variable Capital Company ("VCC") in Singapore under the new framework of the Monetary Authority of Singapore (MAS).

Other Comprehensive Income

During the three month period ended December 31, 2020:

In Q2-2021, the Company recorded a fair value loss on financial assets at fair value through other comprehensive income of S$1,286,444. The fair value loss 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 the International Financial Reporting Standards No. 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.

Total Comprehensive Income

During the three month period ended December 31, 2020:

The total comprehensive income for the period decreased by 466% from S$335,320 in Q2-2020 to loss of S$1,228,890 in Q2-2021, which was attributable mainly to the decrease in advisory service income and fair value of the investments in equity securities in Q2-2021.

Related Party Transactions

During the six month ended December 31, 2020:

The Company considers all directors and officers of the Company to be key management personnel, and related parties. During 1H2021, 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$45,000 (2019 – S$60,000) and director fees of S$30,975 (2019 – S$Nil) to In Nany Sing Charlie, a director of the Company under contract for services. As at December 31, 2020, accounts payable and accrued liabilities included S$272,166 (June 30, 2020 – S$47,306) due to this individual. These amounts were interest-free, non-secured and repayable on demand.

- Paid or accrued contract for service cost of S$45,000 (2019 – S$60,000) and director fees of S$30,975 (2019 – S$Nil) to Zhang Liying, a director of the Company under contract for services. As at December 31, 2020, accounts payable and accrued liabilities included S$72,035 (June 30, 2020 – S$10,747) due to this individual. This amount was interest-free, non-secured and repayable on demand.

- Paid or accrued contract for service cost of S$45,000 (2019 – S$60,000) and director fees of S$30,975 (2019 – S$Nil) to Liu Changsheng, a director of the Company under contract for services. As at December 31, 2020, accounts payable and accrued liabilities included S$42,035 (June 30, 2020 – S$10,747) due to this individual. This amount was interest-free, non-secured and repayable on demand.

- Paid or accrued contract for service cost of S$Nil (2019 – S$60,000) and director fees of S$15,488 (2019 – S$Nil) to the Chief Financial Officer of RFPL under contract for services. As at December 31, 2020, accounts payable and accrued liabilities included S$21,017 (June 30, 2020 – S$5,373) due to this individual. This amount was interest-free, non-secured and repayable on demand.

- Paid or accrued contract for service cost of S$18,585 (2019 – S$Nil) to the Chief Financial Officer of the Company under contract for services.

- Paid or accrued rental expenses of S$16,810 (2019 – S$33,477) to a company controlled by the executive director and Chairman of the Board of the Company.

- Paid or accrued director fees of S$20,295 (2019 – S$Nil) to an independent director of the Company under contract for services. As at December 31, 2020, accounts payable and accrued liabilities included S$28,185 (June 30, 2020 – S$7,330) due to this individual. This amount was interest-free, non-secured and repayable on demand.

- Paid or accrued director fees of S$15,488 (2019 – S$Nil) to an independent director of the Company under contract for services. As at December 31, 2020, accounts payable and accrued liabilities included S$21,017 (June 30, 2020 – S$5,131) due to this individual. This amount was interest-free, non-secured and repayable on demand.

- Paid or accrued director fees of S$15,488 (2019 – S$Nil) to an independent director of the Company under contract for services. As at December 31, 2020, accounts payable and accrued liabilities included S$21,017 (June 30, 2020 – S$5,131) due to this individual. This amount was interest-free, non-secured and repayable on demand.

- Share-based compensation of S$617,019 (2019 – S$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 six months period ended December 31, 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, is as follows:

As at	**December 31, 2020**
	S$
Not later than one year	-

Liquidity and Capital Resources

As at	**December 31, 2020**	**June 30, 2020**
	S$	**S$**
Bank balance	21,295,820	21,040,893
Current assets	35,058,772	34,730,979
Non-current assets	246,143	-
Current liabilities	2,745,239	2,245,032
Non-current liabilities	1,258,001	1,258,001
Shareholders' equity	31,301,675	31,227,946

The following is a breakdown of current assets of the Company as at the second quarter period ended December 31, 2020 and the financial year ended June 30, 2020.

As at	**December 31, 2020**	**June 30, 2020**
	S$	**S$**
ASSETS – Current assets		
Bank balance	21,295,820	21,040,893
Trade receivables	-	650,000
Prepaid expenses	94,613	85,303
Convertible loan receivable	450,000	-
Investment in equity securities	13,218,339	12,954,783
	35,058,772	34,730,979
ASSETS - Non-current assets		
Investment in joint venture	246,143	-
Total assets	**35,304,915**	**34,730,979**

As at December 31, 2020:

The current assets of the Company as at December 30, 2020 comprised of prepaids of S$94,613, convertible loan receivable of S$450,000, investments in equity instruments of S$13,218,339 and a cash balance deposited in banks of S$21,295,820.

As at December 31, 2020, the investment in equity securities represented the major investments of the Company of approximately S$13,218,339 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 increase by 2% compared with December 31, 2020 was due to the purchase of listed financial instrument and decrease in fair value of the portfolio of the equity securities during 1H2021.

The investment in joint venture represented the 50% interests in a joint venture company, Raffles Infrastructure Capital Limited. Pursuant to the Joint Venture Agreement dated November 2, 2020 entered into with an unrelated joint venture partner, the Group had significant influence but no majority control over the board of directors of the joint venture company. Therefore, the investment was accounted for using equity method. Under such method, the investment was initially recognised at cost of $20 on the date of the Joint Venture Agreement, and was adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee, that was the Group's share of the profit of S$246,123 in 1H2021. The joint venture company is a private company incorporated in Hong Kong with a principal activity of providing infrastructure project funding and advisory services.

The joint venture company was consolidated into the Group's consolidated financial statement as at the last reporting period ended 30 September 2020. In view of the Joint Venture Agreement, it ceased to be consolidated into the Group as a subsidiary at the date of the Joint Venture Agreement by virtue of the fact that it changed the Group's status of control over the joint venture company. The joint venture partner is an entity listed on Singapore Exchange, engaging in infrastructure investment in Asia, having created a platform to provide an integrated suite of services from investment, financing to construction and operation under the Public-Private Partnership (PPP) model.

The prepaids mainly comprised of rental deposit and fund advances of S$60,061 in total collectible from third parties.

The convertible loan receivable consists of S$450,000 with Infini Capital Limited ("Infini"). The convertible loan is unsecured, non-interest bearing and due on June 30, 2021 ("Repayment Date"). At any time after Repayment Date, Infini must pay interest at 20% per annum on the unpaid sum from the due date to the date of actual payment and the Company will have the right to convert all or part of the outstanding loan to shares of Infini in lieu of cash repayment for the loan. The conversion price is set as follows:

- If no capital raise by Infini has occurred by July 1, 2021, the conversion price will be S$0.25 per share
- If a capital raise by Infini has occurred by July 1, 2021, the conversion price will be a base price of S$0.25 per share subject to an adjustment if there are any changes to the share capital of Infini

The Company recorded an increase in the current assets from S$34,730,979 as at June 30, 2020 to S$35,058,772 as at December 31, 2020, attributable to (i) the increase by 1% or S$327,793 compared with June 30, 2020 was due to the purchase of listed financial instrument which was partially offset by the decrease in fair value of the portfolio of the equity securities during 1H2021, (ii) the increase in convertible loan receivable by S$450,000 which attributable to a short-term convertible loan provided to a third party. The increase was partially offset by the decrease in the trade receivables from S$650,000 as at June 30, 2020 to S$Nil as at December 31, 2020, due to the subsequent settlement of the advisory service fees in full from clients.

The following is a breakdown of liabilities of the Company as at the second quarter period ended December 31, 2020 and the financial year ended June 30, 2020:

As at	**December 31, 2020** **S$**	**June 30, 2020** **S$**
LIABILITIES – Current liabilities		
Accounts payable and accrued liabilities	716,159	215,952
Current income tax liabilities	2,029,080	2,029,080
	2,745,239	2,245,032
LIABILITIES – Non-current liabilities		
Deferred income tax liabilities	1,258,001	1,258,001
Total Liabilities	**4,003,240**	**3,503,033**

As at December 31, 2020:

The current liabilities of the Company as at December 31, 2020 comprised of accruals of S$232,468, other payable of S$483,691 which were amounts due to directors and amount due to a joint venture, and an income tax payable of S$2,029,080.

The Company recorded an increase in the total liabilities from S$3,503,033 as at June 30, 2020 to S$4,003,240 as at December 31, 2020, attributable to the increase in other payables. The increase in other payables from S$123,358 as at June 30, 2020 to S$238,687 as at December 31, 2020 was due to the payment of various operating expenses by the Directors on behalf of the Company and an fund advanced from a joint venture company during 1H2021.

The non-current liabilities of the Company as at December 31, 2020 were S$1,258,001, pertaining to a provision of deferred income tax liabilities in connection to unremitted foreign income.

In 2Q-2021, the Company had been awarded a foreign-sourced income tax credit of S$1,263,023 by the Inland Revenue Authority of Singapore (the “IRAS”) in respect of the provision of income tax made for FY2020. The tax credit discharged the Company’s liabilities to pay the income tax of the same amount for FY2020 based on the fact that the corresponding profit generated was entirely foreign-sourced and thus deemed not taxable under Singapore tax jurisdiction. Apart from this, considering that the nature and the territorial base of our revenue in FY2021 was identical to FY2020, the management expected that the IRAS would make the same tax judgement about the taxability of the net profit for FY2021. Notwithstanding the foregoing, the Company took its Auditors’ advice of not recognising the aforesaid tax credit in the current period to follow the prudence accounting principle.

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 and advance from directors to fund its staff cost, operating expenses and administrative costs. Moving forward, the Company expect 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	**Six months ended December 31, 2020 S$**	**Six months ended December 31, 2019 S$**
Net cash generated from (used in) operating activities	1,061,438	(1,971,371)
Net cash used in investing activities	(1,083,611)	-
Net cash generated from financing activities	-	-
Effect of foreign exchange on cash	277,100	-
Net increase in cash and bank balance	**254,927**	**(1,971,371)**

During the six month period ended December 31, 2020:

- The Company used operating cash flow before working capital changes of S$79,450 from operating activities. The changes in working capital comprise of a decrease in trade and other receivables of S$650,000, increase in prepaid expenses and deposits of S$9,310 and an increase in other payables of S$500,198.

- The Company recorded investing cash outflow of S$1,083,611 from investing activities in 1H2021, which was mainly attributable to purchase of equity securities of S$633,600 and entering into a convertible loan receivable with a third party of S$450,000 during the period.

Off Balance Sheet Agreements

The Company has not engaged in any off-balance sheet arrangements during the financial period ended December 31, 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 and the Condensed Interim Financial Statements.

Capital Management

Capital is comprised of the Company's shareholders' equity. The Company's shareholders' equity as at June 30, 2020 and as at December 31, 2020 were S$31,227,946 and S$31,301,675, 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.

Bank balances and other receivables are subject to immaterial credit loss.

Based on management assessment, the receivables as at December 31, 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 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$2,080,000 during the six months ended December 31, 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 31 December 2020, a 5% change in the closing trade price of the Company's equity investments would result in a S$660,917 (30 June 2020 - S$647,700) 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	**December 31, 2020 S$**	**June 30, 2020 S$**
Financial assets at amortised cost	21,745,820	21,690,893
Financial assets at fair value through other comprehensive income	13,218,339	12,954,783
Financial liabilities at amortised cost	716,159	215,952

(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 six months ended December 31, 2020:

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 adoption of IFRS 3 amendments did not have any impact on the Company's condensed consolidated interim 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
	50,380,000

On May 11, 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.

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.