

**Form 51-102F3  
Material Change Report**

**Item 1 Name and Address of Company**

**NAME**

(the "Company")  
Raffles Financial Group Limited  
3 Fraser Street #08-21  
Singapore, Singapore 189352

**Item 2 Date of Material Change**

November 8, 2022

**Item 3 News Release**

A news release was issued and disseminated on November 8, 2022 and filed on SEDAR (www.sedar.com ) and with the CSE.

**Item 4 Summary of Material Change**

On October 31, 2022, the Company accepted to terminate and release the share purchase agreements previously entered into in December 2021.

On November 4 2022, the Company entered into share purchase agreements with Mr. Bai Wenyin and Mr. Liu Dianke, of China, to acquire all of the outstanding share capital of Financial Technology (Asia) Pte Ltd, and Raffles Financial Technology (China) Ltd.

The Company appointed f Mr. Huang Chuan as the Chief Executive Officer.

**Item 5 Full Description of Material Change**

See attached news release at Schedule "A"

**Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7 Omitted Information**

Not applicable.

**Item 8 Executive Officer**

The following senior officer of the Company is knowledgeable about the material change and this report:

Monita Faris, Corporate Secretary  
Email: [monita@rafflesfinancial.co](mailto:monita@rafflesfinancial.co)  
Phone: 604-283-6110

**Item 9 Date of Report**

Date November 8, 2022

## RAFFLES FINANCIAL SHAREHOLDERS UPDATE

Singapore, November 08, 2022, **Raffles Financial Group Limited** (CSE: RICH) (FSE: 4VO) (OTCQX: RAFF) ("**RFG**" or the "**Company**") This is to give shareholders a corporate update of the Company and its only operating subsidiary, Raffle Financial Pte Ltd ("**RFP**").

### **Termination of share purchase agreements with Mr. Bai Wenyin and Mr. Liu Dianke as announced on 21 December 2021**

As announced on 21 December 2021, the Company had entered into share purchase agreements with Mr. Bai Wenyin and Mr. Liu Dianke for acquiring 100% interest in Bruce Ventures Pte. Ltd. (subsequently changed its name to Raffles Financial Technology (Asia) Pte Ltd, "**RFTA**"), a Singapore-based company and Dayou Investment Ltd. (subsequently changed its name to Raffles Financial Technology (China) Ltd, "**RFTC**"), a Hong Kong-based company.

Given the (i) current cease trading order in place and (ii) failure to commence their business in China as planned due to the COVID-19 pandemic, the owners Mr. Bai Wenyin and Mr. Liu Dianke requested for a termination of and mutual release from the share purchase agreements. On 31 October 2022, the Company accepted to terminate and release the share purchase agreements by way of unwinding the subject transaction with the effect as if the share purchase agreements were not entered into between both parties. Such termination shall release all of the Company's obligations to both parties.

### **Acquisition of two FINLAAS (Financial Licensing As A Service) operators for expanding RFP's FINLAAS business**

Before reaching the decision of termination of and mutual release from the share purchase agreements with Mr. Bai Wenyin and Mr. Liu Dianke, the Company had been in negotiation with two potential Chinese corporate finance experts, Mr. Huang Chuan and Mr. Xu Zhiyang who had expressed their interest in collaboration with the Company. Regarding the form of collaboration, both parties were keen to work under the hood of RFG and contribute as much profit as possible to RFG, in exchange for a performance-based reward in stake form based on going forward earnings.

In order to achieve the collaboration, Mr. Huang Chuan and Mr. Xu Zhiyang who were referred by the Company had taken over 100% interests in RFTA and RFTC from Mr. Bai Wenyin and Mr. Liu Dianke respectively upon the aforesaid termination. Then on 4 November 2022, Mr. Huang Chuan and Mr. Xu Zhiyang entered into share purchase agreements (the "SPAs") with RFP for it to acquire all of the outstanding share capital of RFTA (subsequently changed its name to Asia Oaktree Financial Pte Ltd ("**AOF**") and RFTC respectively ("**Acquisition**") to achieve the collaboration.

In particular, RFP completed the Acquisition of AOF and RFTC for a purchase price of SGD100.00 (CDN\$96) each. Subsequent to the closing of the purchase of AOF and RFTC, Mr. Huang Chuan and Mr. Xu Zhiyang shall be respectively entitled to a performance-based payment payable in RFP's shares accounting for 25% of its total issued shares shall an audited net profit after tax for the financial periods ending December 31, 2022 ("**NPAT**") of SGD10 million can be achieved, or equal to ten (10) times AOF and RFTC's NPAT, payable in the Company's shares valued at CDN\$3.30 per share at a cap of 30,303,030 shares issuance. Besides, Mr. Huang Chuan and Mr. Xu Zhiyang were appointed as the director of AOF and RFTC to lead the FINLAAS business.

### **Rationale and merits of the Acquisition**

#### *Background*

RFP was focusing on China for the bulk of the business till the outbreak of COVID-19 pandemic in 2020 and the current China-US standoff.

China's authorities are still locking down international entries to curb the recent COVID variants outbreak. The zero Covid-19 policy ramping up by the China authorities essentially blocks business interactions between Chinese and international markets. It is not only affecting RFP in sourcing and serving Chinese based companies planning to list on overseas exchanges as all of our existing directors and management are not based in China, and also hindering RFG's audit work as our Auditor was unable to travel over China to conduct physical and virtual inspections to complete the additional appropriate audit actions required by the Auditor. Under such circumstances, RFP's revenue in the China segment

decreased significantly in FY2021 compared with FY2020, and did not recognize any revenue from the China segment in FY2022. Although RFP have shifted the focus in target markets of fastest growing economies in the RCEP region, namely Cambodia, Laos, Indonesia, Myanmar, Malaysia, Thailand, Vietnam (“**CLIMTV**”), it is in RFP’s interest to retain presence in the China market to secure the business opportunities when it returns to normalcy.

Apart from this, the political tension between US and Chinese is intensifying recently. The tension reaches boiling point over US House Speaker Nancy Pelosi’s Taiwan visit which is expected to further impact US-China bilateral trade and business engagement under the Joe Biden administration. Chinese companies listed on the US stock exchange will likely be cut off from U.S. capital markets in the next three years as tensions persist. It is recently reported that more than 270 Chinese companies listed in New York have been identified as being at delisting risk under the Holding Foreign Companies Accountable Act (HFCAA) passed late last year. Under this concern and after China’s tightened supervision on overseas listings, at the same time US regulators’ demand for greater disclosures from New York-listed Chinese companies, cross-border IPO from Chinese activity practically dried up since 2022. In the immediate term, many Chinese firms are reluctant to list on the US exchanges leading them to seek listing on their Chinese bourses and possibly on at the Singapore Stock Exchange. This re-direction presents opportunities for RFP.

#### *About AOF and RFTC*

Both AOF and RFTC owners Mr. Huang Chuan and Mr. Xu Zhiyang have extensive market reach in China, SE Asia and Australasia with local affiliates and collaboration parties. These two Chinese finance experts have many years of experiences in the capital markets in China and Southeast Asian region. They are intended to utilize AOF and RFTC to provide financial advisory services to their target customers in the 14 nations under the Indo-Pacific Economic Framework (IPEF) includes the US, Australia, Brunei, Fiji, India, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Thailand and Vietnam. AOF will target mainly at South East Asia region including CLIMPTV countries while RFTC will focus on China, Macau, Hong Kong and Taiwan and also extend to Australasia region comprises Australia, New Zealand and some neighboring islands in the Pacific Ocean.

#### *Merits*

By collaborating with them, RFP can leverage on these two owner’s resources and network in the region to penetrate the potential market rapidly with the use of RFP developed financial solutions to serve clients there even under the current lockdown situation.

RFG will also try to work with AOF and RFTC owners, being China-based businessmen, to address its audit outstanding matter in China to get rid of the current Cease Trade Order.

RFP also believes both teams with their fundraising experience in the U.S. can help clients to raise capital from retail and accredited investors. RFP can also leverage their experience in applying for new security Regulations & Exemptions (Reg D, Reg CF, Reg A+) for those fast-growing firms to raise early-stage capital rapidly. Once RFTC and AOF become RFP subsidiaries, their clients will be able to access all of RFP’s CLIMTVP reps for public listings on various major stock exchanges. RFP can cherry pick promising firms to sponsor and to provide advice to help them get listed quickly and cost-effectively.

Despite the Covid-19 pandemic, RFP believes by working together with both the teams, RFP can get introductions to various deals from the RCEP region as well as getting Chinese deals from them. RFS also foresees her team can benefit from the AOF’s platform by exchanging information, resources and network. AOF and RFTC are ideal business partners for RFS as their capabilities and business directions are perfectly matched.

#### **Appointment of CEO**

RFG is also pleased to announce the appointment of Mr. Huang Chuan as the Chief Executive Officer of RFG. Mr. Huang Chuan is a corporate finance expert and governance professional with over 20 years’ experience working as a corporate finance executive, executive director and independent director of several listed companies in Australia, Hong Kong, Singapore and other major financial hubs. He specializes in listed companies’ governance, strategic management, mergers and acquisitions investment, risk management and audit. He obtained a DBA from ISC Paris, France, MBA from Bangor

University, United Kingdom and MBA from Tsinghua University School of Management. He is also a member and QLED of Singapore Institute of Directors (SID)

*“Mr. Huang Chuan’s expertise, experience and exposure can contribute significantly to RFG and look forward to his guidance”* said Dr Charlie In, Chairman, RFG.

## **Business Update**

In the past 2 years, health and economic conditions in Asia has affected many businesses including corporate finance, IPO and investment banking. Large investment banks like Morgan Stanley, Goldman Sachs and Credit Suisse are badly affected. With prospects for arranging and financing deals drying up, some investment banks are firming up plans to cut jobs.

As recently reported by Reuters on 4 November 2022, WALL Street bank Morgan Stanley is expected to start a fresh round of lay-offs globally in the coming weeks as dealmaking business takes a hit due to rising inflation and an economic downturn. Some of the cuts will come from capital markets teams in Hong Kong and mainland China, and most of the rest are expected to be from other teams focusing on China business, both onshore and offshore. Morgan Stanley’s headcount reduction plans in Asia come as China’s strict Covid-19 restrictions weigh on its economy, which has taken a toll on capital markets and merger and acquisition (M&A) activity.

Goldman Sachs also cut jobs in September after pausing the annual practice for two years during the pandemic. Deutsche Bank also cut staff last month in origination and advisory segments of its investment banking unit.

Hong Kong, the preferred IPO venue for Chinese companies, has handled US\$10.77 billion of listings so far in 2022, the lowest level since 2017, compared with US\$37.7 billion at the same time last year, according to Refinitiv figures. M&A transaction values involving China plunged 35 per cent year on year to US\$266 billion in the first nine months of the year, to the lowest level since 2013, Refinitiv data showed, although it remains Asia’s largest deals market.

Amid the challenges, RFG has been maintaining the prospective client relationship and training regional representatives to get their mandates for advisory services when the market condition improves.

**About Raffles Financial Group Limited** (CSE: RICH) (GR: 4VO) (OTC:RAFFF) Raffles Financial Group is listed on the Canadian Securities Exchange Purchasable under the stock symbol (RICH:CN), the Frankfurt Stock Exchange Purchasable under the stock symbol (4VO:GR) and the OTC Markets under the stock symbol (RAFFF:OTCQX).

## **On behalf of the RFG Board of Directors**

Monita Faris

Corporate Secretary

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The CSE has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

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