

**RAFFLES FINANCIAL GROUP LIMITED  
AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

(Expressed in Singapore Dollars)

## TABLE OF CONTENTS

	<b>PAGE</b>
Independent auditor's report	3 - 6
Consolidated statements of income and comprehensive income	7 – 8
Consolidated statements of financial position	9
Consolidated statements of changes in equity	10
Consolidated statements of cash flows	11
Notes to the consolidated financial statements	12 - 38

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF  
RAFFLES FINANCIAL GROUP LIMITED**

**HML PLT**  
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## Opinion

We have audited the consolidated financial statements of Raffles Financial Group Limited and its subsidiaries (collectively referred to as the "Company"), which comprise the consolidated statements of financial position as at June 30, 2023 and June 30, 2022, and the consolidated statements of income and comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2023 and June 30, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRSs").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Recoverability of Deposits

Refer to Note 11 – Other receivables, prepaid expenses and deposits

## The key audit matter

The Company recorded deposits of S\$19,097,126 for the year ended June 30, 2023 which is material and may not be directly tied to routine operational transactions.

We have identified the deposits as key audit matter due to the materiality of the balances and the subjective nature of accessing the recoverability of this area involves significant management judgment, particularly in evaluating the credit risk of counterparties, commercial substance of arrangements, and the timing and probability of recovery.



### **How the matter was addressed in our audit**

We performed the following audit procedures, among others:

- Obtaining and reviewing agreements for the arrangement on the refundable deposit;
- Obtaining deposit refund agreement, examining terms of the agreement and assess if the deposit was refunded to the Company;
- Obtaining nominee shareholding agreement, examine terms of the agreement and considered substantive rights of the Company over the Hong Kong-listed equity shares and determined that the shares are held in trust by the CEO;
- Agreeing the number of Hong Kong-listed equity shares held in trust by the CEO to his personal overseas stock brokerage account and obtained third-party broker confirmation; and
- Assessing adequacy and reasonableness of disclosures in the consolidated financial statements.

### **Other Information**

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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



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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with the those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ho Mee Ling.

Kuala Lumpur, Malaysia  
18 June 2025



HML PLT  
Chartered Accountants

**RAFFLES FINANCIAL GROUP LIMITED**
**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2023 AND 2022**  
(Expressed in Singapore Dollars)

	<b>Note</b>	<b>2023 S\$</b>	<b>2022 S\$</b>
Revenue	6	-	-
Expenses			
Administrative	7	<u>(514,043)</u>	<u>(1,460,345)</u>
<b>Loss before other items and income tax</b>		<b>(514,043)</b>	<b>(1,460,345)</b>
<b>Other items</b>			
Other income	8	45,184	27,905
Borrowing costs	14	(3,308)	-
Gain on disposal of subsidiaries	5	3,461,812	1,048,359
Bad debts		(21,059)	(3,447,227)
Foreign exchange (loss)/gain		<u>(596,242)</u>	<u>53,210</u>
<b>Net income/(loss) before income tax</b>		<b>2,372,344</b>	<b>(3,778,098)</b>
Income tax expense	9	<u>-</u>	<u>(180,920)</u>
<b>Net income/(loss) for the year</b>		<b>2,372,344</b>	<b>(3,959,018)</b>
<b>Other comprehensive loss</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation		(1,505,938)	(109,175)
Unrealised loss on investments		<u>(1,623,411)</u>	<u>(4,639,464)</u>
<b>Other comprehensive loss for the year, net of tax</b>		<u>(3,129,349)</u>	<u>(4,748,639)</u>
<b>Total comprehensive loss for the year</b>		<u><b>(757,005)</b></u>	<u><b>(8,707,657)</b></u>
<b>Net income/(loss) attributable to:</b>			
Owners of the Company		2,372,344	(4,003,521)
Non-controlling interest		<u>-</u>	<u>44,503</u>
<b>Net income/(loss) for the year</b>		<u><b>2,372,344</b></u>	<u><b>(3,959,018)</b></u>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		(757,005)	(8,752,160)
Non-controlling interest		<u>-</u>	<u>44,503</u>
<b>Total comprehensive loss for the year</b>		<u><b>(757,005)</b></u>	<u><b>(8,707,657)</b></u>

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

**RAFFLES FINANCIAL GROUP LIMITED**

**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2023 AND 2022**

(Expressed in Singapore Dollars)

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	<b>Note</b>	<b>2023 S\$</b>	<b>2022 S\$</b>
Basic and diluted earnings/(loss) per share		<u>0.05</u>	<u>(0.08)</u>
Weighted average number of common shares outstanding – basic		<u>50,105,000</u>	<u>50,105,000</u>
Weighted average number of common shares outstanding – diluted		<u>50,380,000</u>	<u>50,380,000</u>

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

**RAFFLES FINANCIAL GROUP LIMITED**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023 AND 2022**  
(Expressed in Singapore Dollars)

	Note	2023 S\$	2022 S\$
<b>ASSETS</b>			
<b>Current assets</b>			
Financial assets, at FVOCI	10	-	3,090,268
Other receivables, prepaid expenses and deposits	11	19,184,136	21,253,048
Cash and cash equivalents	12	13,619	226,729
		<u>19,197,755</u>	<u>24,570,045</u>
<b>TOTAL ASSETS</b>		<u>19,197,755</u>	<u>24,570,045</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payable and accrued liabilities	13	397,151	959,385
Borrowings	14	164,220	-
Current income tax liabilities		-	2,109,290
		<u>561,371</u>	<u>3,068,675</u>
<b>Non-current liabilities</b>			
Deferred income tax liabilities	9	-	2,107,981
<b>Total liabilities</b>		<u>561,371</u>	<u>5,176,656</u>
<b>NET ASSETS</b>		<u>18,636,384</u>	<u>19,393,389</u>
<b>EQUITY</b>			
Share capital	15	25,999,591	26,099,591
Contributed surplus		945,194	945,194
Accumulated other comprehensive income		(382,959)	(5,581,421)
Retained earnings		(7,925,442)	(2,069,975)
<b>TOTAL EQUITY</b>		<u>18,636,384</u>	<u>19,393,389</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>19,197,755</u>	<u>24,570,045</u>

Approved and authorised by the Board on 18 June 2025

Approved on behalf of the Board:

*"Abigail Zhang Liying"*

Director

*"Charlie In Nany Sing"*

Director

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

**RAFFLES FINANCIAL GROUP LIMITED**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2023 AND 2022**

(Expressed in Singapore Dollars)

	Note	Number of shares	Share capital S\$	Contributed surplus S\$	Accumulated other comprehensive loss S\$	Retained earnings S\$	Non- controlling interests S\$	Total equity S\$
<b>Balance as at June 30, 2021</b>		50,105,000	26,099,591	945,194	(832,782)	(481,806)	(756)	25,729,441
Disposal of subsidiaries		-	-	-	-	36,146	(43,747)	(7,601)
Disposal of investments		-	-	-	(20,757)	-	-	(20,757)
Reclassification on disposal of investments		-	-	-	(26,418)	26,418	-	-
Change in fair value of FVOCI investments		-	-	-	(4,592,289)	-	-	(4,592,289)
Foreign currency translation		-	-	-	(109,175)	-	-	(109,175)
Acquisition of subsidiaries		-	-	-	-	2,352,788	-	2,352,788
Net loss for the year		-	-	-	-	(4,003,521)	44,503	(3,959,018)
<b>Balance as at June 30, 2022</b>		50,105,000	26,099,591	945,194	(5,581,421)	(2,069,975)	-	19,393,389
Disposal of a subsidiary		-	(100,000)	-	8,327,811	(8,227,811)	-	-
Change in fair value of FVOCI investments		-	-	-	(1,623,411)	-	-	(1,623,411)
Foreign currency translation		-	-	-	(1,505,938)	-	-	(1,505,938)
Net income for the year		-	-	-	-	2,372,344	-	2,372,344
<b>Balance as at June 30, 2023</b>		<u>50,105,000</u>	<u>25,999,591</u>	<u>945,194</u>	<u>(382,959)</u>	<u>(7,925,442)</u>	<u>-</u>	<u>18,636,384</u>

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

**RAFFLES FINANCIAL GROUP LIMITED**
**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023 AND 2022**

(Expressed in Singapore Dollars)

	<b>Note</b>	<b>2023 S\$</b>	<b>2022 S\$</b>
<b>Cash flows provided by operating activities</b>			
Net income/(loss) for the year		2,372,344	(3,959,018)
Adjustment for:			
- Bad debts		21,059	3,447,227
- Borrowing costs		3,308	-
- Income tax expense		-	180,920
- Foreign exchange loss/(gain)		596,242	(53,210)
- Gain on acquisition of subsidiaries		-	(11,891)
- Gain on disposal of subsidiaries	5	(3,461,812)	(1,048,359)
- Gain on disposal of equity investment		-	(18)
<b>Operating cash flow before changes in working capital</b>		<b>(468,859)</b>	<b>(1,444,349)</b>
Changes in working capital:			
- Other receivables, prepaid expenses and deposits		8,711,595	8,010,657
- Accounts payable and accrued liabilities		(7,098,861)	(6,836,498)
- Tax paid		(12,000)	(55,000)
<b>Net cash provided by/(used in) operating activities</b>		<b>1,131,875</b>	<b>(325,190)</b>
<b>Cash flows provided by investing activities</b>			
Investment in subsidiary	5	(100)	-
Cash inflow from acquisition of subsidiary		212	-
Sales proceed from disposal of subsidiaries	5	100	39
Sales proceed from disposal of equity investment measured at FVOCI		-	37,740
<b>Net cash provided by investing activities</b>		<b>212</b>	<b>37,779</b>
<b>Cash flows provided by financing activity</b>			
Proceeds from borrowings		160,912	-
<b>Net cash provided by financing activity</b>		<b>160,912</b>	<b>-</b>
Effect of foreign exchange on cash		(1,506,109)	(115,715)
<b>Net decrease in cash</b>		<b>(213,110)</b>	<b>(403,126)</b>
<b>Cash</b>			
Cash, beginning of year		226,729	629,855
<b>Cash, end of year</b>		<b>13,619</b>	<b>226,729</b>

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

## **RAFFLES FINANCIAL GROUP LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Singapore Dollars)

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#### **1. General information**

Raffles Financial Group Limited (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on January 6, 2011. The head office of the Company is located at 3 Fraser Street, #08-21, Singapore, 189352. The principal activity of the Company is the provision of corporate finance advisory services.

On April 29, 2020, the Company changed its corporate jurisdiction from British Columbia to the Cayman Islands. The Company’s common shares are listed on Canadian Securities Exchange under symbol “RICH”. The trading in the Company’s common shares was suspended effective from January 6, 2022 by a cease trade order issued by the Ontario and British Columbia Securities Commission.

The Company’s subsidiary currently operates in Singapore.

The principal activities of the subsidiary are disclosed in Note 3.1 to the consolidated financial statements.

For the purposes of these consolidated financial statements, the “Company” is defined as the consolidated entity.

These consolidated financial statements for the year ended June 30, 2023 and 2022 were authorised for issuance by the Board of Directors on 18 June 2025.

#### **2. Basis of preparation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

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

The consolidated financial statements are measured and presented in the currency of the primary economic environment in which the Company operates (its functional currency). The consolidated financial statements of the Company are presented in Singapore Dollar (“S\$”). The functional currency of the parent company is the Canadian Dollar (“C\$”), the functional currency of Asia Oaktree Financial Private Limited is the S\$.

##### *New and amended standards*

In the current financial year, the Company has adopted all the amendments that are relevant to its operations and effective for the current financial year. Adoption of these amendments in the current financial year had no impact on the Company’s consolidated financial statements.

## RAFFLES FINANCIAL GROUP LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Singapore Dollars)

#### 2. Basis of preparation (Continued)

##### *Standards issued but not yet effective*

The Company has not early applied the following new and amended standards that have been issued but are not yet effective:

<b>Title</b>	<b>Effective date (annual periods beginning on or after)</b>
<i>Disclosure of Accounting Policies</i> (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023
<i>Definition of Accounting Estimates</i> (Amendments to IAS 8)	January 1, 2023
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> (Amendments to IAS 12)	January 1, 2023
<i>Initial Application of IFRS 17 and IFRS 9—Comparative Information</i> (Amendment to IFRS 17)	January 1, 2023
<i>International Tax Reform—Pillar Two Model Rules</i> (Amendments to IAS 12)	January 1, 2023
<i>Classification of Liabilities as Current or Non-current</i> (Amendments to IAS 1)	January 1, 2024
<i>Non-current Liabilities with Covenants</i> (Amendments to IAS 1)	January 1, 2024
<i>Lease Liability in a Sale and Leaseback</i> (Amendments to IFRS 16)	January 1, 2024
<i>Supplier Finance Arrangements</i> (Amendments to IAS 7 and IFRS 7)	January 1, 2024
<i>Lack of Exchangeability</i> (Amendments to IAS 21)	January 1, 2025
<i>Amendments to the Classification and Measurement of Financial Instruments</i> (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
<i>Annual Improvements to IFRS Accounting Standards—Volume 11</i>	January 1, 2026
<i>Contracts Referencing Nature-dependent Electricity</i> (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
<i>IFRS 18 Presentation and Disclosure in Financial Statements</i>	January 1, 2027
<i>IFRS 19 Subsidiaries without Public Accountability: Disclosures</i>	January 1, 2027
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> (Amendments to IFRS 10 and IAS 28)	Deferred

The Company intends to adopt these new and amended standards, if applicable, when they become effective. Except as described below, the new and amended standards are not expected to have a material impact on the Company's consolidated financial statements.

##### ***Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)***

The amendments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Singapore Dollars)

**2. Basis of preparation (Continued)**

**IFRS 18 *Presentation and Disclosure in Financial Statements***

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of income, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Company is still in the process of assessing the impact of the new standard.

**3. Significant accounting policies**

**3.1 Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Asia Oaktree Financial Private Limited acquired on December 16, 2022. All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

Particulars of subsidiaries are set out below:

Name of subsidiary	Country of incorporation/ Principal place of business	Effective equity interest held by the Company (%)		Principal activities
		2023	2022	
<b><u>Held directly by the Company</u></b>				
Raffles Financial Private Limited (“RFPL”)	Singapore	-	100	Provision of corporate finance advisory services
Asia Oaktree Financial Private Limited “(AOF”)	Singapore	100	-	Provision of corporate finance advisory services

Subsidiaries are entities (including structured entities) (i) over which the Company has power and the Company is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Company reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Singapore Dollars)

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**3. Significant accounting policies (Continued)**

**3.1 Basis of consolidation (Continued)**

When the Company has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Company up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the amended consolidated financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Company.

Non-controlling interests are identified separately from the Company's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Company's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of income reflects the Company's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Company's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Singapore Dollars)

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**3. Significant accounting policies (Continued)**

**3.1 Basis of consolidation (Continued)**

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the statements of income.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**3.2 Leases**

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

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

**3.3 Cash**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Singapore Dollars)

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**3. Significant accounting policies (Continued)**

**3.4 Financial instruments**

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

*(i) Financial assets*

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

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

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

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

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

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

Impairment of financial assets

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

Financial assets, other than those at FVTPL and amortised cost, are assessed for indicators of impairment at each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Singapore Dollars)

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**3. Significant accounting policies (Continued)**

**3.4 Financial instruments (Continued)**

De-recognition of financial assets

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

*(ii) Financial liabilities*

The Company classifies its financial liabilities in the following category:

Amortised cost

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

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

De-recognition of financial liabilities

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

*(iii) Offsetting financial instruments*

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Singapore Dollars)

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**3. Significant accounting policies (Continued)**

**3.5 Income taxes**

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

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

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

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

Deferred income tax is measured:

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Singapore Dollars)

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**3. Significant accounting policies (Continued)**

**3.6 Currency translation**

*(i) Functional and presentation currency*

The consolidated financial statements are measured and presented in the currency of the primary economic environment in which the Company operates (its functional currency). The consolidated financial statements of the Company are presented in Singapore Dollar ("S\$"). The functional currency of the parent company is the Canadian Dollar ("C\$"), the functional currency of Asia Oaktree Financial Private Limited is the S\$.

*(ii) Transactions and balances*

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

*(iii) Foreign operations*

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Singapore Dollars)

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**3. Significant accounting policies (Continued)**

**3.7 Share capital**

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

**3.8 Earnings per share**

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

**3.9 Share-based payments**

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

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

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

**3.10 Dividends to Company's shareholders**

Equity dividends are recognised as a liability when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Singapore Dollars)

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**4. Critical accounting judgments and estimates**

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

Estimates

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

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

## RAFFLES FINANCIAL GROUP LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Singapore Dollars)

#### 5. Acquisitions and disposals of subsidiaries

The Company had the following subsidiary corporations as at June 30, 2023 and 2022:

Name of company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company	
			2023 %	2022 %
Asia Oaktree Financial Private Limited ("AOF") (a)	Provision of corporate finance advisory services	Singapore	100	-
Raffles Financial Private Limited ("RFPL") (b)	Provision of corporate finance advisory services	Singapore	-	100

##### (a) Acquisition of Asia Oaktree Financial Private Limited ("AOF")

On November 4, 2022, the Company's wholly owned subsidiary, Raffles Financial Private Limited ("RFPL") entered into a share purchase agreement with Mr. Huang Chuan to acquire 100% interest in Raffles Financial Technology (Asia) Private Limited (subsequently changed its name to Asia Oaktree Financial Private Limited ("AOF")), a Singapore-based company at a cash consideration of S\$100 and a performance-based consideration payable either in:

- (i) a share consideration equivalent to 25% of the interest in the total issued shares capital of RFPL on a post-transaction basis, shall the AOF delivers an audited net profit after tax ("NPAT") for the financial year ending December 31, 2023 of S\$10,000,000; or
- (ii) a share consideration of ten times of the AOF's NPAT for the financial year ending December 31, 2023 payable in the shares of the Company valued at C\$3.30 per shares at a cap of 30,303,030 shares.

The performance-based consideration is subject to Company's shareholders and/or relevant authorities' approval.

The share transfer was completed on December 16, 2022. RFPL assigned the Company to own the shares on the same date under a mutual agreement with Mr Huang Chuan. As of June 30, 2023, no performance-based consideration was paid as AOF did not achieve a positive NPAT.

##### (b) Disposal of Raffles Financial Private Limited ("RFPL")

On June 30, 2023, the Company entered in a sales and purchase agreement with an independent third party to dispose 100% equity interest in RFPL at a consideration of S\$100. On the disposal date, the Company granted RFPL a waiver of loan receivables from RFPL amounting S\$7,188,915. There was a gain on disposal of S\$3,461,812 recorded by the Company during the current financial year.

## RAFFLES FINANCIAL GROUP LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Singapore Dollars)

#### 5. Acquisitions and disposals of subsidiaries (Continued)

##### *(b) Disposal of Raffles Financial Private Limited ("RFPL") (Continued)*

Summary of the effect of disposal on the financial position and cash flows of the Company:

	S\$
Investment in equity instrument	1,466,857
Bank overdraft	(313)
Amount due to Director	(644,985)
Amount due to related party	(78,000)
Tax payable	(2,097,290)
Deferred tax liabilities	(2,107,981)
Net assets in RFPL as at June 30, 2023	<u>(3,461,712)</u>
Consideration received	<u>100</u>
Gain recognised on disposal of RFPL	<u>3,461,812</u>

#### 6. Revenue

The Company did not derive any revenue from the rendering of services during the financial year ended June 30, 2023 and 2022.

**RAFFLES FINANCIAL GROUP LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Singapore Dollars)

**7. Administrative expenses by nature**

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
Audit fee	-	105,288
Business development and marketing	-	86,307
Contract for services	157,515	260,878
Director fees	214,008	236,073
Office expenses	68,851	114,592
Pension contribution fund	-	65,006
Professional fees	21,469	153,821
Rental on operating lease	-	58,336
Staff cost	-	286,612
Transfer agent and regulator fees	20,302	61,844
Other expenses	31,898	31,588
<b>Total administrative expenses</b>	<b>514,043</b>	<b>1,460,345</b>

**8. Other income**

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
Fair value gain from acquisition of subsidiary	-	5,666
Gain on disposal of equity investment	-	18
Government grants	-	4,987
Others	45,184	17,234
	<b>45,184</b>	<b>27,905</b>

# **RAFFLES FINANCIAL GROUP LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Singapore Dollars)

### **9. Income tax**

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

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
Income/(loss) before income taxes		
Cayman Islands	2,594,702	(549,763)
Singapore	(222,358)	(3,228,335)
	<u>2,372,344</u>	<u>(3,778,098)</u>
Current income tax expense		
Cayman Islands	-	-
Singapore	-	-
	<u>-</u>	<u>-</u>
Deferred income tax expense		
Cayman Islands	-	-
Singapore	-	180,920
	<u>-</u>	<u>180,920</u>
	<u>-</u>	<u>180,920</u>

The following table reconciles the expected income taxes expense at the statutory income tax rates to the amounts recognised in the consolidated statements of loss and comprehensive loss for the years ended June 30, 2023 and June 30, 2022:

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
Net income/(loss) before tax	2,372,344	(3,778,098)
Statutory tax rate	0.00%	0.00%
Expected income tax	<u>0.00</u>	<u>0.00</u>
Difference in foreign jurisdiction tax rates	(37,801)	(589,871)
Non-deductible items	37,801	753,015
Income not subject to tax	-	(173,147)
Others	-	10,003
Under provision of income tax expense in prior year	-	180,920
<b>Total tax expense</b>	<u>-</u>	<u>180,920</u>

The Company's jurisdiction is the Cayman Islands, where the statutory tax rate is 0%.

**RAFFLES FINANCIAL GROUP LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Singapore Dollars)

**9. Income tax (Continued)**

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax liabilities at June 30, 2023 and 2022 are comprised of the following:

	2023 S\$	2022 S\$
Unremitted foreign income	-	(2,107,981)
Total deferred tax liabilities	-	(2,107,981)

There were no transactions on deferred tax liabilities during the current financial year. The deferred tax liabilities were derecognised from the Company's consolidated financial statement following the disposal of 100% equity interest in Raffles Financial Private Limited on June 30, 2023.

**10. Financial assets, at fair value through other comprehensive income ("FVOCI")**

Details of financial assets, at FVOCI as at June 30, 2023 and 2022 are as follows:

	2023 S\$	2022 S\$
<i>Investment in equity designated at FVOCI</i>		
Listed securities:		
Raffles Infrastructure Holdings Limited ("RIHL")	-	180,000
GS Holding Limited ("GSHL")	-	2,910,268
	-	3,090,268

*Raffles Infrastructure Holdings Limited ("RIHL")*

There were no transactions on RIHL shares during the current financial year. It was derecognised from the Company's consolidated financial statement following the disposal of 100% equity interest in Raffles Financial Private Limited on June 30, 2023.

*GS Holdings Limited ("GSHL")*

There were no transactions on GSHL shares during the current financial year. It was derecognised from the Company's consolidated financial statement following the disposal of 100% equity interest in Raffles Financial Private Limited on June 30, 2023.

# RAFFLES FINANCIAL GROUP LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Singapore Dollars)

### 11. Other receivables, prepaid expenses and deposits

	2023 S\$	2022 S\$
Other receivables		
- Non related parties	78,102	7,091,532
Less: Loss allowance	-	(7,091,532)
	78,102	-
- Related party	-	21,761
	78,102	21,761
Prepaid expenses	8,908	15,224
Deposits*	19,097,126	21,216,063
	19,184,136	21,253,048

*\*Right-to-Use agreement with HuDuoBao Network Technology Co., Ltd.*

As at June 30, 2023, the Company had a deposit in the amount of S\$19,097,126 (RMB 102,000,000).

On May 20, 2021, the Company entered into a Memorandum of Understanding (the "MOU") to acquire 100% HuDuoBao Network Technology Co., Ltd. ("HDB"). For consideration, the Company made a refundable deposit of RMB 102,000,000 (the "Deposit") for the first right of refusal subject to due diligence satisfaction and both parties' board and shareholder approvals. After deliberation by the Company's board of directors, it was decided to not acquire HDB and instead appoint HDB as the master solution and service provider for the Company's existing Finlaas business segment.

In December 2021, the Company entered into a cloud-based system right-to-use agreement ("SaaS Agreement") with HDB to license the Company and its agent(s) a right to use HDB's cloud-based emails, cash-less payment Apps, POS system, payment gateways, point-of-sale systems, customer-merchant relationship management, order fulfilment linkage, supply chain and logistic link way, procurement & distribution, accounting & reporting generation in 30 defined provinces and cities in China ("Right-to-Use") to provide e-commerce integrated solution to merchants. Pursuant to the agreement, the Right-to-Use is on a period of 3 years for a monthly fee of RMB 2,500,000 which can be offset from the Deposit through the utilisation of the Right-to-Use service.

However, the Right-to-Use service had not subsequently commenced due to a force majeure situation, where China's authorities accelerated efforts in mass locking down several major cities in China in light of the surging COVID-19 Omicron variant case that hindered HDB and the Company's management to perform the agreement in China. In June 2022, HDB and the Company mutually agreed to an assignment of the SaaS Agreement to a third party in China whereby HDB shall return the deposit in the amount of RMB 102,000,000 (equivalent to S\$19,097,126 as of June 30, 2023 (S\$21,216,063 as of June 30, 2022)) to the Company pursuant to the MOU.

In light of the foreign exchange control in China which restricts refund of the Deposit being held by HDB in China to the Company's overseas account, HDB had been exploring ways to assign the SaaS Agreement to an entity or financial institution which could facilitate refund of the deposit in China to RFG in the form of overseas assets including offshore cash, assets, financial instrument or their combination. HDB had identified an assignee and secured an assignment agreement with a party based in Hong Kong (the "FI") whereby FI shall take over all the rights and liabilities of the SaaS Agreement.

**RAFFLES FINANCIAL GROUP LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Singapore Dollars)

**11. Other receivables, prepaid expenses and deposit (Continued)**

On March 12, 2024, the Company entered into a deposit refund agreement ("Refund Agreement") whereby the equivalent amount of the Deposit was refunded in the form of 575,000 ordinary shares of Tencent Holdings Limited, a company listed on the Hong Kong Stock Exchange. On the same date, the Company entered into a nominee shareholding agreement with Chief Executive Officer ("CEO") of the Company, Mr. Huang Chuan, whereby the CEO is granted power of attorney to hold the share of Tencent Holdings Limited in trust in his overseas stock brokerage account on behalf of the Company. As a result of the Refund Agreement, the deposit was refunded during the year in the form of 575,000 ordinary shares of Tencent Holdings Limited, a company listed on the Hong Kong Stock Exchange.

**12. Cash and cash equivalents**

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
Bank balances	13,619	226,729
Cash and cash equivalents in the consolidated statements of financial position and cash flows	<u>13,619</u>	<u>226,729</u>

The currency profile of the Company's cash and cash equivalents is as follows:

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
Singapore Dollar	11,290	188,867
United States Dollar	355	500
Hong Kong Dollar	-	36,260
Canadian Dollar	1,974	1,102
	<u>13,619</u>	<u>226,729</u>

**13. Other payable and accrued liabilities**

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
Accrued liabilities	386,597	348,444
Amount due to Directors	10,554	610,941
	<u>397,151</u>	<u>959,385</u>

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

# RAFFLES FINANCIAL GROUP LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Singapore Dollars)

### 14. Borrowings

	2023 S\$	2022 S\$
Short-term borrowings – Non related party	164,220	-

On January 1, 2023, the Company's wholly owned subsidiary, AOF, entered into a convertible bond agreement with an independent third party (the "Lender"). Under this agreement, the Lender agreed to provide AOF with an unsecured, interest-bearing loan facility of up to C\$2,000,000. Each drawdown under the facility carries an interest rate of 8% per annum and is subject to a one-year maturity term.

Pursuant to the agreement, the Lender has the right to convert all or part of the outstanding loan balance into new ordinary shares of the Company at an exercise price of C\$2.60 per share, at any time during the term of the loan. The number of shares issuable upon conversion is limited to less than 30% of the Company's enlarged share capital. The conversion right is subject to the prior approval of the Company's shareholders and relevant Canadian regulatory authorities.

As of June 30, 2023, the required approvals had not been obtained. Accordingly, no equity component has been recognised in relation to the conversion feature of the loan as of that date.

### 15. Share capital

	Number of common shares	S\$
Balance at June 30, 2021 and 2022	50,105,000	26,099,591
Disposal of subsidiary	-	(100,000)
Balance at June 30, 2023	50,105,000	25,999,591

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

#### Stock options

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

On May 11, 2020, the Company issued 300,000 stock options with an exercise price of C\$5.00 per share, at a fair value of C\$1,019,754. These stock options are subject to vesting provisions such that 25% of the options vest three months from the date of grant, 25% of the stock options vest six months from the date of grant, 25% of the stock options vest nine months from the date of grant and 25% of the stock options vest twelve months from the date of grant. The fair value per option was C\$3.40. The fair value of the options is estimated using the Black-Scholes option pricing model assuming a life expectancy of 5 years, a risk-free rate of 0.38%, a forfeiture rate of 0%, and volatility of 100%.

During the year ended June 30, 2023 and 2022, the Company recorded no share-based compensation in relation to these stock options.

	Number of options	Exercise price C\$	Expiry date
Balance exercisable at June 30, 2022 and 2023	275,000	5.00	May 11, 2025

## RAFFLES FINANCIAL GROUP LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Singapore Dollars)

#### 16. Related party transactions

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

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

##### *Key management personnel compensation*

##### Transaction entered into between the related parties and the Company

	2023 S\$	2022 S\$
Director fees	214,008	236,073
Contract for services	-	35,454
	<u>214,008</u>	<u>271,527</u>

##### Transaction entered into between the related parties and Raffles Financial Private Limited, the former wholly owned subsidiary of the Company

	2023 S\$	2022 S\$
Contract for services	<u>-</u>	<u>60,000</u>

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

# RAFFLES FINANCIAL GROUP LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Singapore Dollars)

### 17. Segmental information

	Singapore S\$	United States S\$	Hong Kong S\$	China S\$	Canada S\$	Total S\$
<b>As at June 30, 2023</b>						
Cash	11,290	355	-	-	1,974	13,619
Current and total assets	89,290	355	-	19,097,126	10,984	19,197,755
<b>As at June 30, 2022</b>						
Cash	188,867	500	36,260	-	1,102	226,729
Current and total assets	3,316,120	500	36,260	21,216,063	1,102	24,570,045

#### Segment assets

Segment assets has been based on the geographic location of the assets.

#### Segment liabilities

Segment liabilities information is not included in the internal management reports. Hence, no disclosures are made on segment liabilities.

### 18. Financial instruments and financial risk management

#### Classification of financial instruments:

	2023 S\$	2022 S\$
<u>Financial assets</u>		
Financial assets, at FVTOCI	-	3,090,268
Other receivables and deposits	19,175,228	21,237,824
Cash and cash equivalents	13,619	226,729
	<u>19,188,847</u>	<u>24,554,821</u>
<u>Financial liabilities</u>		
Other payable and accrued liabilities	397,151	959,385
Borrowings	164,220	-
	<u>561,371</u>	<u>959,385</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Singapore Dollars)

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18. Financial instruments and financial risk management (Continued)

**Financial risks factors**

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

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

(a) *Credit risk*

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

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

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

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

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

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

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

Based on management assessment, cash and receivables as at June 30, 2023 are not subject to any material credit losses after recognising a bad debt provision of S\$21,059 during the year ended June 30, 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Singapore Dollars)

18. Financial instruments and financial risk management (Continued)

**Financial risks factors (Continued)**

(b) *Liquidity risk*

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

The Company manages liquidity risk by maintaining sufficient cash to enable it to meet its operating commitments. As at June 30, 2023, all the financial liabilities of the Company are due within 12 months. Balance due within 12 months equal their carrying amounts as the impact of discounting is not significant.

(c) *Currency risk*

The functional currency is C\$ for the Company and S\$ AOF. The Company is exposed to currency risk primarily through its cash and deposit balances that are denominated in foreign currencies. The Company does not hedge its exposure to fluctuations in the related foreign exchange rates. The Company's exposure to currency risk related to the deposit balance is currently considered significant.

Foreign currency risk sensitivity analysis

	Base Value	Strengthening	Weakening	Impact	Impact
	S\$	(+5%) S\$	(-5%) S\$	(+5%) S\$	(-5%) S\$
Chinese Renminbi	19,097,126	20,051,982	18,142,270	954,856	(954,856)

As at June 30, 2023, the Company held foreign currency deposit totalling S\$19,097,126. A 5% strengthening or weakening of the Singapore Dollar against the respective foreign currencies would have resulted in a decrease or increase in the value of these balances by approximately S\$954,856. This analysis assumes that all other variables remain constant.

(d) *Equity price risk*

The Company is exposed to equity price risk arising from its investments in quoted equity instruments which are classified as financial assets at FVOCI. The Company has a concentration of equity price risk due to one of its investments being worth a significant amount of its portfolio.

Equity price risk arises from fluctuations in the market prices of these shares due to market volatility, changes in investor sentiment, and specific performance of the investee companies. The risk is managed through regular monitoring of the investment portfolio, diversification where applicable, and adherence to established investment policies.

At the reporting date, if the market prices of the quoted equity investments had increased or decreased by 10%, with all other variables held constant, the Company's other comprehensive income would have increased or decreased by approximately Nil (2022: S\$309,000), mainly as a result of changes in the fair value of quoted equity investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Singapore Dollars)

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18. Financial instruments and financial risk management (Continued)

**Financial risks factors (Continued)**

(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 categorised 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Singapore Dollars)

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**19. Significant events**

- (a) On December 21, 2021, the Company entered into a share purchase agreement to acquire all of the outstanding share capital of Dayou Investment Limited ("DI"), a Hong Kong-based company supplying various B2B computing hardware and software to clients in Hong Kong, Vietnam, Thailand, Malaysia and Indonesia. Subject to prior approval of the Canadian Securities Exchange, the Company shall complete the acquisition of DI for the purchase price of S\$100 (C\$93.71). Subsequent to the closing of the purchase of DI, the Vendors of DI shall be entitled to a performance-based payment equal to ten times DI's audited net profit after tax for the financial periods ended December 31, 2022, payable in the Company's shares valued at C\$10 per share.

However, such share transaction was not completed nor been taken into effect due to the fact that the condition precedent of the transaction was not fulfilled in light of a cease trading order in place and failure to commence the proposed business in China due to the prolong COVID-19 pandemic. Subsequently on October 31, 2022, both parties entered into a termination and mutual release agreement from the share purchase agreement with an independent party.

Before reaching the decision of termination and mutual release from the share purchase agreements, the Company had been in negotiation with a potential Chinese corporate finance expert, Mr. Xu Zhiyang who had expressed his interest in collaboration with the Company in the form of contributing profit to the Company in exchange for a performance-based reward in a stake form based on future earnings.

In order to achieve such collaboration, Mr. Xu Zhiyang had taken over 100% interests in DI upon the aforesaid termination. Then on November 4, 2022, Mr. Xu Zhiyang entered into share purchase agreement with RFPL, pursuant to which:

- (i) RFPL shall acquire all of the outstanding share capital of and DI (subsequently changed its name to Raffles Financial Technology (China) Limited ("RFTC")) at a consideration of S\$100 (C\$96);
- (ii) subject to the Company's shareholders and necessary approval from relevant authorities, Mr. Xu Zhiyang shall be entitled to a performance-based payment payable in terms of:
  - a) a share consideration equivalent to 25% of the interest in the total issued shares capital of RFPL on a post-transaction basis, shall the RFTC delivers an audited net profit after tax ("NPAT") for the financial year ending December 31, 2023 of S\$10,000,000; or
  - b) a share consideration of ten times of the RFTC's NPAT for the financial year ending December 31, 2023 payable in the shares of the Company valued at C\$3.30 per shares at a cap of 30,303,030 shares.

On July 31, 2023, Mr. Xu Zhiyang, RFPL and the Company entered into a novation agreement to novate the rights and obligations of the original purchaser, RFPL in relation to the purchase of 100% equity interest in RFTC under the original share purchase agreement ("Original Agreement 1") dated November 4, 2022 to the Company as the new purchaser of RFTC. Pursuant to the novation agreement, the Company undertakes to perform the Original Agreement 1 and to be bound by its terms in every way as if it were named in the Original Agreement 1 in place of RFPL, saved for the terms of the performance-based consideration which shall be superseded by the following:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Singapore Dollars)

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**19. Significant events (Continued)**

- (a) The Company has a right to choose the payment form of a performance consideration to Mr. Xu Zhiyang in either:
- (i) a share consideration equivalent to 25% of the interest in the total issued shares capital of the Company on a post-transaction basis, shall RFTC deliver an audited net profit after tax for the financial year ending December 31, 2024 of S\$10,000,000; or
  - (ii) a share consideration of twelve times of RFTC's audited net profit after tax for the financial year ending December 31, 2024 payable in the shares of the Company valued at C\$3.30 per shares. It shall be satisfied by an issuance of new shares by the Company at a cap of 36,363,636 shares and subject to its shareholders' and/or relevant authorities' approval.

On August 28, 2024, 100,000 shares representing 100% interest in RFTC (subsequently changed its name to Oaktree Financial Limited ("OFHK")) was transferred to the Company from Mr. Xu Zhiyang, representing that the acquisition pursuant to the novation agreement dated July 31, 2023 was affected. No performance-based consideration was paid as OFHK did not achieve a positive NPAT.

- (b) On December 1, 2023, Asia Oaktree Financial Private Limited ("AOF"), Guangzhou Oaktree Investment Co. Ltd. and the Company entered into an assignment of convertible bond agreement and pursuant to which, all parties agreed to transfer all the rights, obligations and drawdowns of loan under the original convertible bond agreement dated January 1, 2023 from AOF to the Company within 30 days of the signing date. As a result, the Company shall be the new borrower to supersede AOF as the borrower of the loan drawn under the original convertible bond agreement in the principal amount of S\$198,238 as of the date of the assignment agreement.
- (c) On December 1, 2023, Mr. Huang Chuan, Oaktree International Financial Limited ("OIF"), AOF, RFPL and the Company entered into a novation agreement to novate the rights and obligations of the original purchaser, RFPL in relation to the purchase of 100% equity interest in AOF under the original share purchase agreement ("Original Agreement 2") dated November 4, 2022 as disclosed in Note 5(a) to the Company, and to supersede the original target corporation, AOF by a new target corporation, OIF. Pursuant to the novation agreement, the Company undertakes to perform the Original Agreement 2 and to be bound by its terms in every way as if it were named in the Original Agreement 2 in place of RFPL, saved for the terms of the performance-based consideration which shall be superseded by the following:

The Company has a right to choose the payment form of a performance consideration to Mr. Huang Chuan in either:

- (i) a share consideration equivalent to 25% of the interest in the total issued shares capital of the Company on a post-transaction basis, shall OIF deliver an audited net profit after tax for the financial year ending December 31, 2024 of S\$10,000,000; or
- (ii) a share consideration of twelve times of OIF's audited net profit after tax for the financial year ending December 31, 2024 payable in the shares of the Company valued at C\$3.30 per shares. It shall be satisfied by an issuance of new shares by the Company at a cap of 36,363,636 shares and subject to its shareholders' and/or relevant authorities' approval.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Singapore Dollars)

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**19. Significant events (Continued)**

- (c) On December 27, 2023, AOF was deregistered and struck off from the register of Accounting and Corporate Regulatory Authority of Singapore.

On August 28, 2024, 100 shares representing 100% interest in OIF was transferred to the Company from Mr. Huang Chuan, representing that the acquisition pursuant to the novation agreement dated December 1, 2023 was affected. No performance-based consideration was paid as OIF did not achieve a positive NPAT.

- (d) On November 1, 2021, the Company announced that it will miss its filing deadline of October 28, 2021 (the "Filing Deadline"), to file its audited annual financial statements and accompanying management's discussion and analysis and related Chief Executive Officer and Chief Financial Officer certifications for the year ended June 30, 2021 (collectively, the "Annual Filings"). As a result of not filing the Annual Filings by the Filing Deadline, the Company became subject to a cease trade order (the "CTO") issued by the British Columbia Securities Commission (the "BCSC") that will prohibit the trading in all securities of the Company by securityholders of the Company and will remain in effect until revoked by the BCSC.