

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

**1. Name and Address of Company:**

Composite Alliance Group Inc. (formerly CanAsia Financial Inc. (the "**Company**"))  
1600, 333 - 7<sup>th</sup> Avenue SW  
Calgary, AB T2P 2Z1

**2. Date of Material Change(s):**

October 7, 2019.

**3. News Release:**

A news release relating to the material changes described herein was disseminated on October 7, 2019 through the facilities of Newsfile Corp.

**4. Summary of Material Change(s):**

The Company announced that it completed a non-brokered private placement of unsecured debentures in the principal amount of USD\$351,507.25.

**5. Full Description of Material Change:**

**5.1 Full Description of Material Change**

The Company announced that it completed a non-brokered private placement of unsecured debentures (the "**Debentures**") in the principal amount of USD\$351,507.25. The Debentures accrue interest at 5% per year, mature October 7, 2024 and are payable at any time by the Company without penalty.

The proceeds from the sale of the Debentures will be used for a compensation payment pursuant to a settlement agreement among the Company, a former distributor and two shareholders of the former distributor dated September 10, 2019. The purpose of this settlement agreement is to allow the Company to acquire the exclusive distributorship of certain equipment-related products from the former distributor in China. The completion of the settlement agreement is conditional on the Company entering into a new distributorship agreement. The Debentures are subject to a four month hold period from the date of issuance. This is a non-arm's length transaction as the subscriber to the Debentures is Team Alpha Limited, an entity controlled by Jim Hsieh, a director, officer and shareholder of the Company.

**Related Party Transaction Compliance**

As the Debentures were issued to an insider, it is deemed to be a "related party transaction" as defined under Multilateral Instrument 61-101-*Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). Yu-Chung (Jim) Hsieh, indirectly through Team Alpha Limited, a company controlled by Mr. Hsieh, subscribed for a total of USD\$351,507.25 principal amount of Debentures for a subscription of USD\$351,507.25. Upon issuance of the Debentures, Mr. Hsieh owns USD\$351,507.25 principal amount of Debentures (held indirectly through Team Alpha Limited), \$400,000 principal amount of a previously issued debenture (held indirectly through Team Alpha

Limited), \$60,000 principal amount of convertible debentures (held indirectly through K Plus Capital LLC), 945 common shares of the Company (the "**Common Shares**") (held directly), 1,807,043 Common Shares (held indirectly through K Plus Capital LLC), 207 Series D preferred shares of the Company (the "**Preferred Shares**") (held directly), 396,064 Preferred Shares (held indirectly through K Plus Capital LLC) and 500,000 stock options (held directly), which represents approximately 1.64% of the issued and outstanding Common Shares. Assuming the conversion of the convertible debentures held by Mr. Hsieh indirectly and the Preferred Shares held directly and indirectly and the exercise of the stock options held directly, Mr. Hsieh would then own, directly and indirectly, 3,184,259 Common Shares, representing 2.89% of the issued and outstanding Common Shares.

Neither the Company, nor to the knowledge of the Company after reasonable inquiry, a related party, has knowledge of any material information concerning the Company or its securities that has not been generally disclosed. The independent directors of Composite reviewed and approved the terms of the Debentures.

The issuance of the Debentures is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 (pursuant to subsections 5.5(c) and 5.7(1)(b)) as it was a distribution of securities for cash and neither the fair market value of the Debentures distributed to, nor the consideration received from, interested parties exceeded \$2,500,000.

The Company did not file a material change report with all of the details required by MI 61-101 more than 21 days before the expected issuance of the Debentures because the Company wished to close on an expedited basis for business reasons.

## **5.2 Disclosure for Restructuring Transactions**

Not applicable.

### **6. Reliance on Subsection 7.1(2) of National Instrument 51-102 *Continuous Disclosure Obligations*:**

Not applicable.

### **7. Omitted Information:**

Not applicable.

### **8. Executive Officer Knowledgeable of Material Change:**

Jim Hsieh, President, Chief Executive Officer and Director  
Email: jimhsieh@kpluscapital.com

### **9. Date of Report:**

November 28, 2019