

## RAFFLES FINANCIAL SHAREHOLDERS UPDATE

Singapore, October 19, 2022, **Raffles Financial Group Limited** (CSE: RICH) (FSE: 4VO) (OTCQX: RAFFF) ("RFG" or the "Company") This is to give shareholders an update on the corporate and audit status of the Company.

### Proposed Reorganization

As announced earlier, in light of the current cease trade order caused by the outstanding audit matter, our legal team have commenced informal discussions with securities regulators for a review on a possible reorganization to aid the Company's shares to resume trading, for the sake of regaining corporate and shareholders' value, in case the Company could not resume its trading in near term.

The following proposed steps are based on these discussions and discussions with our Canadian and United States legal advisors and are subject to all applicable regulatory approvals and the cooperation of all applicable securities depositories:

- (i) Forming a US Corporation: RFG shall form a corporation in the State of Wyoming of the United States ("USCo");
- (ii) Setting up a Singapore Subsidiary under USCo: USCo setup a Singapore-incorporated 100% wholly owned subsidiary ("SGCo");
- (iii) Carrying on Raffle's existing Financial Licensing As A Service ("Finlass") business under SGCo: subsume and carry on Raffles's Finlass business which is to develop, train and provide on-going guidance to regional representatives provinces in the Indo-Pacific region on the current trending of online fundraising via private equity portals, digital asset exchanges and SME stock exchanges (being formed by various countries), as well as providing arrangement service for the representatives with all various financial technologies and necessary facilities to provide corporate finance advisory and IPO arrangement services to their ultimate clients.
- (iv) Distribution of free shares of USCo to RFG's shareholders: The USCo shall have issued to RFG **50,150,000** shares, being the same amount of the total issued shares of RFG to all existing RFG shareholders, and such shares shall be distributed to the shareholders of RFG without payment of any consideration whatsoever by the RFG shareholders on a one (1) USCo shares for each share of RFG.
- (v) Applying for US listing: USCo applies for listing on a recognisable exchange in the US and may carry out a pre-listing financing, if necessary.

The foregoing steps shall be approved and managed by the Board of Directors of RFG and no shareholder approval shall be required under applicable corporate laws.

### Proposed assignment of SaaS agreement

RFG is also in a discussion with a potential assignee for a proposal of assigning all the contractual rights and obligations of RFG's the 3-Year "Solution As A Service" (the "SaaS") Cloud-based System Right-to-Use Agreement as well as the right to the utilization of the CAD20 million performance deposit placed with HuDuoBao Network Technology Co., Ltd. ("HDB"), to his nominated financial institution, in exchange for offshore cash, assets, or any financial instrument ("Offshore Assets") that is acceptable to RFG outside of China with a total valuation of not less than CAD 20 million, and that will be further assigned to USCo or SGCo by an irrecoverable arrangement (the "Assignment").

RFG also intends to distribute the Offshore Assets collected by dividend in species to RFG shareholders. RFG believes the distribution will be in the best interest of the existing shareholders of RFG.

## Effect

In effect, each RFG's shareholder will simultaneously become a shareholder of USCo by holding the same number of shares and shareholding as in RFG. The business value and substantial assets of RFG will be shifted to USCo to which the existing RFG's shareholders are equivalently entitled thereafter through holding USCo's shares. Upon the listing of USCo and the proper registration of the USCo shares with the SEC, RFG's shareholders can trade their USCo shares freely in any way and manner as on CSE.

## Audit Status

For the audit status, the latest situation in China is that it is still not open for non-essential travels. We are also not aware of any news reports that the China Covid-19 situation has improved such that the officials concerned would consider opening up allowing visitors albeit auditors to freely enter China and travel between provinces anytime sooner.

As of today, foreign auditors are not allowed to inspect or conduct their works in China without Chinese authorities' approval. The news reports that auditors from PCAOB of the US are now allowed to inspect the auditing works of Chinese companies that are applicable for those with Hong Kong based offices whose audit can be conducted in Hong Kong. Such relief is not applicable to us as our key director and SaaS vendor relating to the unresolved audit matter are all based in China.

We have approached different auditing firms while none of them expressed interest in engaging with us now in light of the above hurdles.

We believe our approach as stated above is the best course of action to relieve the Company and shareholders of the impact and suffering this event has caused all of us.

We thank all stakeholders for your care and patience during this difficult time and we do whatever we can to seek relief that this event has caused us. We will keep all stakeholders duly updated.

**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

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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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