



RAFFLES ANNOUNCES CORPORATE UPDATE

Singapore, December 21, 2021 – Raffles Financial Group Limited (CSE: RICH) (FSE: 4VO) (OTCQX: RAFFF) The Company wishes to ensure that it continues to keep all of our shareholders updated on the affairs of the Company, and as such the Board is today releasing an update on the current status of finalising year-end financial statements, entering into a cloud-based system right-to-use agreement and an acquisition of two technology operators.

Raffles Status of Finalizing Year-End Financial Statements

As disclosed in the RFG's new released dated 10 December 2021, the delay in finalizing its financial statements is due to the fact a director and officer of the Company (who is now a former director and officer) in another foreign jurisdiction with the sole access to required financial information compulsory to completing fully disclosing audited financial statements had fallen seriously ill and all efforts by the Company to access the director and the information had not been successful.

Further to the above, RFG wishes to update shareholders that the Company has successfully retrieved certain financial information from a source in the above foreign jurisdiction (to be further elaborated in the below) that would be crucial in finalising its audit financial statement. RFG is now working closely with the Group's Auditors to pursue filing the Annual Filings as soon as they are available.

More details of the progress in retrieving the missing financial information

In view of the fact that the Company had been unable to access the former director who was the only China-based director in RFG's Board (the "China Director") with the sole access of required financial information, around the time the Company first made the News release on 26 November 2021 to disclose such circumstance that caused a delay in finalizing its financial statement, the Company appointed a China local emissary as the follow-up action to explore alternative ways to gather the missing information.

On 12 December 2021 night, the emissary reported to the Company that he managed to trace to a China enterprise called Changsha HuDuoBao Technology Co Ltd ("HDB") and found out that there was a non-legal binding Memorandum of Understanding ("MOU") signed between RFG and HDB on 20 May 2021. A scanned copy of the said MOU was first made available to RFG by the emissary. The MOU appeared that was signed solely by the China Director. None of the RFG overseas directors were informed and aware of this signed MOU. The China Director had indeed introduced HDB to the RFG Board whereby RFG board had some preliminary discussion on the business collaboration potential with HDB before the date of the MOU. However, RFG had not been further updated by the China Director. He was then reported to bed-ridden with a heart-attack and became unreachable. Therefore, no further follow through work was done and no disclosure was made to the public shareholders as well.

As per the MOU and certain documents attached therein, RFG made a deposit of RMB 102 million for the first right of refusal to acquire 100% of HDB subject to due diligence satisfaction and both parties' board and shareholder approvals. The long stop date for this MOU is 31 December 2021.

RFG immediately went into discussion and negotiation with HDB and after the RFG board's deliberation, it is decided not to acquire HDB for now and instead to appoint HDB as the master solution and service provider for RFG's existing Finlaas business segment (Financial Technology Licensing as a Service). Finlaas is a suite of solution to enable RFG province representatives and clients to provide cloud-based technologies for online merchants and members with high-speed point of sales system, e-wallets and payment gateway, e-CRM loyalty and referral programs, virtual membership and payment cards and supply chain and logistics link. The details of the appointment with HDB will be further explained the Item 2 below.

RFG also checked with HDB and received an acknowledgment from their officers on the receipt of the deposit of RMB 102 million and the current amount due to RFG of the same amount.

In fact, RFG has always been interested in the collaboration potential with a business partner like HDB, because the management realized that the development of financial technology in the Asia Pacific region has brought a rapid increase in the demand for digital assets, e-commerce and cashless payment. This trend has created unlimited business opportunities for cloud-based resource sharing facilities. Therefore, RFG hope to find partners that are related in such fields to enhance RFG's existing Finlass business section, open up new customer groups and increase service incomes.

With reference to the RFG's Canadian Securities Exchange Form 2A Listing Statement filed with both the Canadian Securities Exchange and the securities commissions of British Columbia, Alberta, Ontario and the Yukon Territory and available for review on SEDAR and the CSE under RFG's profile on 5 May 2020, RFG disclosed its existing Finlass business operations and the significant potential of the Finlaas business and RFG intention to seek growth and expansion with Finlaas. Hence, the China Director has been tasked to seek collaboration parties to grow and expand this business. Under the global lockdown and travel restriction due to COVID-19, it was inevitable for RFG to delegate authorization and key responsibility to the China Director to develop business and administrate key affairs in China since its listing in May 2020, as no overseas directors except him were able to be on site in China to, among others, sign material contract and handle banking matters in person. This also explains the reason why the China Director was able to authorize deposit payment to HDB as he was the sole authorized person of the China bank account. On a side note, this China bank account was the only bank account RFG maintained in China and only the China Director was able to register and administrate this account because at the time of opening of this account for depositing incoming funds in May 2020, no overseas directors were able to travel to China to fulfill the physical onsite authentication procedure as required by the bank. Such corporate practice was intended to be temporary but was extended for an unexpectedly long period in tandem with the prolonged disruption caused by the pandemic till today.

The Company could have been better organized to ensure communication and business were not disconnected due to sudden calamities or illness. Furthermore, RFG has immediately put in steps to fully adopt international corporate governance standards.

Entering into a Cloud-based System Right-to-Use Agreement with HDB to secure RFG's Finlaas Master Solution and Service Provider

RFG today announced that it entered into a 3-Year "Solution As A Service" Cloud-based System Right-to-Use Agreement (the "SaaS Agreement") with HuDuoBao Network Technology Co., Ltd. ("HDB"). This Agreement is mainly to license RFG and its agent(s) a right to use HDB's cloud-based e-malls, 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. HDB shall provide instant 24/7 technical & application support and solutions to RFG as well. Pursuant to the SaaS Agreement, the Right-to-Use is on a period of 3 year for a monthly fee of RMB 2.5 million, to be deducted from the deposit that was placed in HDB as per the MOU.

Apart from this, RFG is currently in a discussion with HDB for granting RFG an option to acquire 100% equity interest of HDB for a consideration of ten times of their average audited annual net profit after tax upon completion of the Right-to-Use term. The consideration could be paid in cash or RFG shares priced at C\$15 per share. However, no definite term has been reached between both parties at this moment.

RFG wishes to highlight that the SaaS Agreement is entered to extend the service coverage and enhance the profitability of the Finlass segment, which is the ordinary course of business of Raffles Financial Private Limited, the 100% owned subsidiary of RFG.

About HDB

HDB is a fintech solution provider that is keen to expand their “SaaS” (Solutions as a Service) business model in Asia-Pacific region. Currently HDB has a data centre based in the heart of China, Changsha as well as Fintech experts and equipment in various Provinces in China which is capable of providing various electronic malls apps, high speed POS payment system, member incentive points management, e-payment servers and platforms, various seamless cloud based financial technology solutions to online and onsite merchants in diverse industries.

“RFG realized that the development of financial technology in the RCEP region has brought a rapid increase in the demand for digital assets, e-commerce and cashless payment. This trend has created unlimited business opportunities for cloud-based resource sharing facilities. To equip RFG with required one-stop facilities to serve the clients of our newly acquired solution provider BV and DI, RFG hopes to find supporting partners that are related in such fields to enrich RFG Finlass service segment. This one-stop service is expected to offer RCEP’s merchants and SMEs to enjoy the latest financial technology without having to invest in huge capital expenditures and long development time. Apart from this, HDB also incubates start-up companies in RECP region. With this long-term contract relationship, HDB enables RFG to expand its presence to its incubation network which would create opportunities for RFG to deploy its financial solutions to address the M+A, fund raising and overseas public listing needs of the start-ups;” said Dr Charlie In, RFG Chairman.

Acquisition of two technology operators for expanding RFG's Finlass business

RFG has entered into a share purchase agreement on December 21, 2021 (the "Share Purchase Agreement") to acquire all of the outstanding share capital of Bruce Ventures Pte. Ltd. ("BV"), a Singapore-based company and Dayou Investment Ltd. ("DI"), a Hong Kong-based company ("Acquisition").

About BV and DI

BV vendor has been in the technology business for more than 15 years providing commercial-used hardware and software sales and solutions in China. DI vendor has been in the trading business of supplying various B2B computing hardware and software to clients in Hong Kong, Vietnam, Thailand, Malaysia and Indonesia for more than 6 years.

Subject to prior approval of the Canadian Securities Exchange, Raffles Financial Group Ltd. shall complete the acquisition of BV and DI for the purchase price of SGD100.00 (CDN\$93.71) each. Subsequent to the closing of the purchase of BV and DI, the Vendors of BV and DI shall be respectively entitled to a performance-based payment equal to ten (10) times BV and DI’s audited net profit after tax for the financial periods ending December 31, 2022, payable in the Company’s shares valued at CDN\$10.00 per share.

“Both owners of BV and DI has been in the fintech hardware and software business for many years and have deep local representations and client’s networks in the RCEP region which is the RFG key focus area. The market for fintech solutions in the ASEAN and China regions alone is huge with the escalation in e-commerce and cashless payments. The demand for systems integration in virtual cards payments, point-of-sale payment systems, payment gateways, delivery and logistics link-ways, procurement and distribution, accounting and report generation are badly needed by both seasoned and novice merchants. BV and DI will then belong to RFG’s Finlass business unit and as the service providers of enhanced Finlass solution. This proposed Acquisitions provides RFG with their existing network of merchants and buyers to subscribe to RFG’s fintech integrated solution for a fee.” said Dr Charlie In, RFG Chairman.

About Raffles Financial Group Limited

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

Raffles Financial Pte Ltd is the operating subsidiary of Raffles Financial Group Limited

Please visit www.rafflesfinancial.co for more information.

Raffles Financial Private Limited (a wholly owned subsidiary of Raffles Financial Group Limited) is an exempt corporate finance advisory firm, registered with the Monetary Authority of Singapore, which provides public listing advisory and arrangement services. RFP serves as advisor for family trusts, family offices and investment funds.

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