



RAFFLES FINANCIAL FINDINGS OF A SPECIAL INTERNAL CONTROL REVIEW

Singapore, May 6 2022, Raffles Financial Group Limited (CSE: RICH) (FSE: 4VO) (OTCQX: RAFFF) (“RFG” or the “Company”) This is to give shareholders an update on findings of an internal control review of the Company.

The Board of Directors of Raffles Financial Group Limited (“**RFG**” or the “**Company**”) engaged an Internal Control Consultant (hereinafter referred to as “**I**” or “**IC Consultant**” in the extract of the internal control report) to conduct a special internal control review on the business processes from all operational, financial and compliance aspects involved in connection to the events of missing financial information and several materials transactions undertaken by one China Director without being known by the Board as announced by the Company in the Corporate Update dated 21st December 2021 (the “Special Internal Control Review”). The Special Internal Control Review engagement is completed on 30th April 2022, and its findings and recommendations are accepted and adopted by the Company.

The Special Internal Control Review comprised of two phases. Firstly, the IC Consultant reviewed the Company’s internal control and governance processes within the agreed scope approved by the Audit Committee, with an objective to (i) identify any material failures or weaknesses in the internal control and governance processes; (ii) ascertain that operations were conducted in accordance with the established policies and procedures, and (iii) report whether any new or revised procedures that have effectively addressed those failures or weaknesses (the “**1st Review**”). Subsequently, the IC Consultant has further conduct a follow up review of the internal control systems and procedures of the Company as of 31st March 2022 (the “**Follow Up Review**”) on an ad-hoc basis in order to verify that proper remedial measures have been put in place to address the control weaknesses and failures as identified in the 1st Review report, and ensure that the Group has continued to effectively implement the internal control systems and procedures, and to make improvements on an ongoing basis.

In the 1st Review, it was reported to the Board of Directors that there were several control processes weaknesses and failures identified in the Company and concluded that several control policies and procedures of the Company established were not effectively enforced and complied with in various circumstance by a director in the course of the Group’s China operation. The impact of such failure to comply was considered as material. The Board of Directors accepted these findings and adopted a series of remedial measures to overcome the weaknesses and failures according to the recommendations in the 1st Review report.

The Follow Up Review conducted hereafter reported to the Board of Directors that the Company completed implementation of the remedial measures as recommended in the 1st Review report, as a result, the risks of reoccurrence of those control processes weaknesses and failures are reduced to an acceptable level and there are no indication of any material deficiencies on the internal control systems and procedures in relation to the operating companies within the Group that were the subject of the Special Internal Control Review.

The extracts of the 1st Review report and the Follow Up Review report are attached in this News Release for shareholders’ information.

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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1. EXTRACT FROM THE REPORT OF THE 1st INTERNAL CONTROL REVIEW

PERFORMED WORKS AND RESULTS

I have performed relevant procedures as I considered necessary, including inquiries and observation, documentation inspection, full data analysis and testing, interview with relevant parties in order to identify and evaluate the design and operating effectiveness of the Company's key controls against the relevant risk. I identified a number of material weakness and failure in the Agreed Scope in the operational, financial and governance compliance aspects. Please refer to Section D(3) for details.

C. OBJECTIVE & APPROACH

The objectives of the Engagement are to (i) identify any material failures or weaknesses in the internal control and governance processes; (ii) ascertain those operations were conducted in accordance with the established policies and procedures, and (iii) report whether any new or revised procedures that have effectively addressed those failures or weaknesses. Key internal controls should also be properly and sufficiently documented and verifiable.

My work is planned, conducted and concluded in accordance with International Standards for the Professional Practice of Internal Auditing. In the course of my review, I have performed the following procedures in order to arrive my judgements;

- Inquiring and interviewing with managements and relevant third parties;
- Inspecting of documents and correspondences;
- Full testing on the management's representation against other available sources;
- Analysis.

D. ANALYSIS ON EVENTS AND KEY CONTROLS

1. Identify the Directors and Officers charged with governance

As of the date of this Report, the existing directors and officers are as follows;

Name	Residence & base of work	Position	Service Provided	Date of appointment
Dr. Charlie In	Singapore	Director and CEO	Executive Directorship	28 th April 2020

Ms. Abigail Zhang	Singapore	Director	Executive Directorship	28 th April 2020
Ms. Lily Ren	Canada	Director	Independent Directorship	28 th April 2020
Mr. David Wong	Hong Kong	Director	Independent Directorship	22 nd September 2021
Mr. Dong Shim	Canada	Chief Financial Officer	Financial accounting service	28 th April 2020

The Audit Committee (“AC”) of the Company comprises of:

Name	Residence & base of work	Position	Date of appointment	Remark
Ms. Lily Ren	Canada	AC Committee member/ Chairman	28 th April 2020	- Re-designated as the Chairman on 28 th September 2021
Mr. David Wong	Hong Kong	AC Committee member	22 nd September 2021	
Mr. David Anthony F. Brussisi	Canada	ex-AC Committee member/ Chairman	28 th April 2020	- Re-designated as the Chairman on 17 th April 2021 - Demised on 27 th September 2021
Mr. Mike Zhou	Canada	ex-AC Chairman	28 th April 2020	- Re-designated as the Executive Director on 5 th November 2020 - Ceased on 16 th April 2021

Based on the information provided by the management and various third parties, the director who was involved in the subject materials transactions at the material time as referred in the Corporate Update dated 21st December 2021 was Mr. Liu Changsheng and his details as follows;

Name	Residence & base of work	Position	Service Provided	Date of appointment	Date of Cessation
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Mr. Liu Changsheng	People's Republic of China	ex-Director and CEO	Executive Directorship	28 th April 2020	21 st July 2021
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2. Event Identification and Report of Factual Findings

Based on my understanding obtained from RFG's management and available public sources, I identified the following events and findings as listed in the below sequence table which are relevant to my analysis of internal control processes failure. Despite no assurance is provided, the below events and findings are carefully examined and verified on a best effort basis so as to ensure a reasonable level of reliability of information for making judgement and drawing conclusion.

Event no.	Time of the event	Description of findings	Due diligence performed
1.	February 2020:	RFG filed a listing application for listing on Canada Securities Exchange ("CSE") by way of Reverse Takeover ("RTO").	Checked against the listing application form filed by RFG
2.	March 2020:	International travel restriction began following the global outbreak of COVID-19. The China government declared that foreign nationals with visas issued before 28 March 2020, and foreign nationals with residence permits or APEC Business Travel Cards were all not permitted to enter the Chinese Mainland.	Verified against public information
3.	April 2020:	A private placement of shares completed by RFG on 29 th April 2020 for gross proceeds of CAD20,000,000 in conjunction with the RTO transaction approved by CSE. 4,000,000 new shares were issued by RFG at a price of CAD5.00 per Shares to four PRC investors namely (i) Citic Securities Co Ltd, (ii) China Securities Co Ltd, (iii) Ping An Securities Co Ltd, and (iv) Haitong Securities Co Ltd. Mr Liu Changsheng ("China Director") was appointed as the Chief Executive Officer and Director of RFG on 28 th April 2020. He was the only Director of RFG resided and based in China.	Checked against the listing statement filed by RFG and shares subscription forms submitted by the four investors
4.	May 2020:	RFG completed its listing on CSE and Stock trading resumed on 12 May 2020. The China Director represented RFG to appoint CITIC	Sighted the Trust Account

		China Securities Investment Services Co., Ltd () (“Citic”) as a fund custodian of RFG to receive and escrow the gross proceeds of CNY102,000,000 (equivalent to CAD20,000,000) in total from the four PRC investors. The proceeds was placed under the trust account no. 8110701013200381180 () (the “Trust Account”) which was designated for the subscription of overseas listed shares.	statement issued by Citic
5.	July 2020:	Citic issued a Letter of Confirmation for Receipt of Fund and a Certificate of Deposit Balance to the China Director and he in turn showed them to the management of RFG for acknowledging the fund balance in Citic. The overseas directors were satisfied by these documents as a fund proof.	Sighted the relevant documents issued by Citic
6.	October 2020:	Upon RFG’s Auditor’s request, the China Director authorised Citic to respond to RFG’s Auditor by email and by a stamped audit confirmation letter to confirm the balance of the Trust Account as of 30 th June 2020. The confirmation letter was stamped by Citic () and Mr Wu Jinwen (), who is the department head of Citic.	Sighted the relevant email and document issued by Citic / public searched Mr Wu Jinwen to ascertain his identity and position
7.	July 2021:	The China Director tendered his resignation from his directorship in RFG on 21 st July 2021. Afterwards, RFG’s Board was informed by his family that he was hospitalised due to a heart attack. Dr Charlie In had replaced him as the CEO. At the same time, he made numbers of attempts to contact the China Director to take over the control of Trust Account, but no success. The China Director became uncontactable since then.	Checked against the resignation notice served by the China Director and New Releases filed by RFG
8.	October 2021:	In the course of the RFG audit for the year ended 30 th Jun 2021, the Auditor was not able to obtain an audit confirmation from Citic. The RFG’s overseas Board members was unable to enquire Citic for the situation as the only authorised person of the Trust Account is the China Director. Citic and RFG couldn’t contact the China Director as he was reported to bed-ridden with a heart-attack.	Checked against the correspondence between RFG and Citic / Verified against public information

		At the same time, Beijing had tightened lockdowns amid the latest surge in COVID-19 cases found in late-October, whereby travel in or out of the city was banned except with official clearance. As a result, RFG's overseas directors were not able to go into Beijing to address this problem effectively with Citic and the China Director.	
9.	November 2021:	As the last resort, the management commissioned a local emissary, Jason Zhang in PRC, as the authorised representative to visit Citic in person to find out what happened.	Checked against the engagement document with Jason Zhang
10.	December 2021:	<p>The Emissary just finished his investigation and reported to the management that, through his multiple interactions with different levels of Citic's officers, it was revealed to him verbally that the account authorised person had sometime in May 2021, remitted the funds out to another PRC enterprise's account and closed the Trust Account. After following through the lead, Jason managed to contact the accountant of a local fintech enterprise called "HDB" based in Changsha which perhaps was relevant.</p> <p>Afterwards, Jason was informed about an MOU the China Director signed with them in May 2021 and they confirmed they received RMB102 million as deposit for a proposed acquisition of HDB as per the MOU, and the balance remained in full. The long stop date of the MOU is 31 Dec 2021.</p> <p>As per the executive directors of RFG, they were not aware of the fact that the China Director had represented RFG to sign the MOU with HDB and made the deposit payment by his own in May 2021.</p>	Conducted an interview with Jason Zhang to verify his findings as reported to RFG / interview with HDB accounting officer, Anina to obtain an understanding of the event and confirm with her on these disclosed facts

3. Review on the Existing Control Policies and Procedures In Place for the Events Identified

Below are the summary of the management's business process cycles and control objectives covering the above events identified in Section D(1). Such information is gathered after enquiring and examining the Company's documented policies and procedures of the relevant process cycles.

No.	Process Cycles	Function	Control Objectives & Procedures
1	Cash and Bank	Operational	<ul style="list-style-type: none"> - Safeguarding the bank token for authorizing payment by an Officer who is not the approver; - At least two authorised persons who can administrate a bank account or approve payments; - Segregation of duties in setting up payments, authorizing payments, recording payments and maintaining custody of the bank security token of the account; - Reconciliating bank accounts with statements monthly to ensure all transactions are being recorded completely; - Monitoring account movements for any unusual transactions;
2	Purchase and Payment	Operational	<ul style="list-style-type: none"> - Policies and procedures on purchase and payments are established and communicated; - Purchase or Payment requisitions are properly documented by the responsible officer, and approved by a Director. Significant payments shall be undergone deliberation and approval by majority Board members; - Sourcing and selection of competitive vendors are properly documented based on established procedures, evaluations and approval; - Approved vendors list is maintained and updated; - Goods or services delivered are matched to approved POs before acceptance; - Three-way matching of purchase orders, goods received note and invoice is performed before payment; - Original invoices are used and invalidated upon payment; - Payments are duly authorised and processed by delegated authorised bank signatories; and;

			- Conflicting purchasing duties are segregated.
3	Compliance	Compliance	- Policies and procedures on disclosure of insider information in relation to entry into a material contract or deploy of significant fund are established and communicated.
4	Financial Reporting	Financial	<ul style="list-style-type: none"> - The Group CEO and CFO collectively evaluate the effectiveness of ICFR at the financial year end date to ensure accuracy, completeness, consistency and timeliness in financial reporting; - Monitor and test of control activities is performed periodically to ensure that risks are properly mitigated; - Management maintain sufficient and proper documentations for material transactions; - Management to identify any material weakness in the internal control over financial reporting relating to the accounting for significant non-routine and complex transaction;

4. Analysis of processes effectiveness and management's remediation

Based on the results of my analysis, it appears that the Control Policies and Procedures established were not effectively enforced and complied with in various circumstance by a director mostly in the course of the Group's China operation and the impact of such failure to comply was material. In particular, weaknesses and failure in several control processes were identified that were the predominant causes of the event of missing financial information and several material transactions undertaken by the China Director not being known to the rest of the RFG's Directors until a China Emissary reported to the Board after hand in December 2021.

It is worthwhile to note that according to the Management explanation, those failure were largely unavoidable because of the COVID-19 pandemic which unprecedentedly disrupted all of their cross-border business processes and activities. Some of the crucial business activities, for an instance to open an escrow account in China for collecting investor's fund, was not able to be accomplished should the Board required two authorized persons to register joint control over the account. In order not to seriously interfere the fund collection process, certain control processes in the bank's process cycle were compromised. Management also explained that such non-compliance to certain control processes was envisaged to be temporary at the initial stage whereby remediation could quickly be put in place to rectify the weaknesses, whereas no one could foresee the COVID-19 related lock-down and travel restriction eventually being prolonged for almost two years till now in some cities and countries especially in China. In this aspect, my analysis will not give an opinion on the Management's decision to accept the consequential control weaknesses due to the aforesaid limitations and restrictions under COVID-19, but only report my findings on where the control processes failed based on facts and whether those failures are properly addressed and remedied as of the date of this Report.

Next, I have observed the remediation commenced by the management with the objective to address those weaknesses and failure and concluded that the remediations overall are reasonable and effective take into consideration the nature, size and complexity of RFG's operations, and management's justifications of the reasons for the weaknesses or failures which were mainly due to the unprecedented disruption caused by COVID-19.

Below is the summary of my analysis;

No.	Process cycles	Weaknesses or failure in control processes	Management's Response / justification	Management's remediation status
1	Cash and Bank	<ul style="list-style-type: none"> - Lack of joint signatory / interim director registered on the Trust Account; - Lack of segregation of duties in authorizing, recording and maintaining custody of the money in the Trust Account. The China Director was the only man able to control over the monies in the Trust Account; - Lack of regularly reconciling Trust Accounts with statements to ensure all transactions are being recorded completely. Therefore the management and the Board were not aware of the monies all being withdrawn from the Trust Account; - Unable to monitor account movements for any unusual transactions, as the rest of the overseas Directors were unable to access the Trust Account information on their own wills; 	<ul style="list-style-type: none"> - The Management explained that all these weaknesses were unavoidable under the COVID-19 pandemic which unprecedentedly disrupted all of their cross-border business processes and activities. RFG listing was approved in April 2020 whereby it urgently needed a local bank account to deposit the investor's proceeds for subscribing RFG's listed shares. - The China Director was the sole director to register the Trust Account as Citic required the entities director to physically present for authentication in the account opening process. - The China Director was the only director based in China able to complete the opening of the Trust Account while all other RFG directors were at overseas not able to travel to PRC to do it due to the travel restrictions since COVID-19 outbreak; - Therefore, only the China Director was able to access, manage and handle the 	<ul style="list-style-type: none"> - The Board had circulated the revised control policy and procedure over the bank account opening and authorization. In the revised one, there should be at least two Directors, one local and one overseas to jointly opening and authorize bank transactions of a bank account. In no event that exemption can be granted to reduce the number of authorized person. Such revised control applies to the Company and all of its subsidiaries and joint venture companies. - The subsidiaries of the Company are reviewing their control policies over their bank accounts, and shall update accordingly to align with the Group's

			<p>Trust Account's matter as he alone was the only authorised person of it.</p> <ul style="list-style-type: none"> - RFG Board had assessed different alternatives to deposit the investors' proceeds, among others, to remit it out from China to the Company's bank account in Canada. However, it was given to understand that it was not doable due to currency control in China. - Without thee travel limitation, one more overseas Director should had travelled to China to register multi-person authorization, or should had deposited the proceeds to a bank account with adequate safeguard measures. 	<p>policy no later than Q4 of FY2022.</p>
2	Purchase and Payment	<ul style="list-style-type: none"> - Failed to monitor the China Director to adhere the policies and procedures on material purchase and payments established; - Deposit payment requisitions are not properly documented the China Director and approved the Board; - Failing to document the sourcing and selection of competitive vendors based on established procedures, evaluations and approval; 	<ul style="list-style-type: none"> - The China Director has been tasked to seek collaboration parties to grow and expand RFG's Finlass business considering the significant potential in China market. - 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 	<ul style="list-style-type: none"> - The Board had circulated a revised control policy and procedure over the Purchase and Payment to vendor. In the revised one, there should be at least 3 Directors, consisting of both executive and independent directors to form effective quorum of a director's meeting to approve material payment exceeds CAD100,000. In no circumstance that exemption can be granted

		<ul style="list-style-type: none"> - Lack of duly payment authorisation process by delegated authorised bank signatories; and; - Lack of segregation of purchasing duties. 	<p>material contract and handle banking matters in person.</p> <ul style="list-style-type: none"> - 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 Trust account. - The Company could have been better organized to ensure communication and business were not disconnected due to sudden calamities or illness. 	<p>for the quorum of the meeting.</p> <ul style="list-style-type: none"> - Since December 2021, the Board sought all Directors' approval on material payment to vendors. One example is the Licensing agreement with HDB. - The Board is actively seeking interim directors in case for calamities or illness with anyone particularly executive director.
3	Compliance	<ul style="list-style-type: none"> - Failed to disclose of insider information in relation to entry into a MOU and placing a material deposit to HDB in a timely manner. - Failed to identify and disclose the internal control weaknesses on the Trust Account when they came to the Board's knowledge. 	<ul style="list-style-type: none"> - The Singapore Executive Directors remembered that the China Director had brought up a collaboration opportunity with HDB to the Board and there were some preliminary discussions in March 2021. As the proposed collaboration was far from materialized, the Directors decided not to make any announcement to avoid misleading the public. - The Directors were not updated on the matter by the China Director since then and thought the deal was off. They were made aware of the deal only until received the report from the Emissary. 	<ul style="list-style-type: none"> - The Board had re-circulated the policy on information disclosure and provided a training session to all Board members on the CSE's requirement on information disclosure.

			<ul style="list-style-type: none"> - The Directors believe those failures in timely disclosure was an exceptional incident due to the sudden health issue on the China Director, and such instance shall not occur again as the subject China Director had stepped down. - The Singapore Executive Directors believed the issue of single authorised person was temporary and not a material disclosable weakness as they were standby to travel to China to register them as joint authorised persons once travel restriction was lifted. 	
4	Financial Reporting	<ul style="list-style-type: none"> - Lack of monitoring and testing of control activities periodically so the risks were not mitigated; - Failure to maintain sufficient and proper documentations for material transactions; - Failure to identify any material weakness in the internal control over financial reporting relating to the accounting for significant non-routine and complex transaction; 	<ul style="list-style-type: none"> - Due to cultural difference, the China Director prioritized business developing tasks over internal control over financial reporting. Therefore, he did sometime overlook the document or control testing requests from the CEO and CFO. - Same as above. The Directors believe such failure to maintain documentations for material transactions was an exceptional incident due to the sudden health issue on the China Director, and such instance shall not occur again as the subject China Director had stepped down. 	<ul style="list-style-type: none"> - The Board had re-circulated the policy on ICFR and provided a training session to all Board members on the FR requirement. - The Board had instructed the CFO to strictly adhere the ICFR requirement and to perform testing of control activities on a more regular basis due to the increase in the control risk arising from those control failure events identified.

E. MARKET BEST PRACTICE ADVICE

I have also made the following recommendations in accordance with the market best governance practice to the Company for its consideration of adopting them as an enhancement.

- The management is advised to circulating its latest management account together with all bank accounts' statements to all directors including independent directors on a monthly basis for them oversight of Company's bank transaction. Subsidiaries of RFG can be imposed rules regarding access to different amounts of funds in the bank account based on various levels and titles, and not be authorized to sponsor any loan applied by a third party.
- The Board shall assign at least two directors/ officers or in combination of both to take charge of an oversea business segment/ unit other than its principal operating location, i.e. Singapore. This is to avoid over centralization of power in one person.
- The Board can consider using a control framework as prescribed by section 3.4 of NI 52-109 to strengthen the design of the Company's ICFR.
- The Board shall evaluate again the risks of conducting business in foreign counties including financial, business and compliance aspects under the COVID-19 situation where international travel has not resumed to normalcy. Shall the risks be substantial which the Company is unable to implement control measures to mitigate, the Board shall consider suspend or cutting off the foreign operation.
- The Board shall develop a business continuity planning, which is the process involved in creating a system of prevention and recovery from potential threats to a company. The plan shall ensure that personnel and assets are protected and are able to function quickly in the event of a natural disasters or accidents causing threats and disruptions in personnel or business operations.
- It is suggested that the management should not make any prepayment, deposit or funding to any third party under a non-legal binding agreement, for an instance, a Memorandum of Understanding.

- It is recommended to adopt the attached set of Financial Policies and Procedures for the Group company in Appendix 1 and a Financial Accounting Manual for the Group's operating subsidiary in Appendix 2 which are revised on top of the Group's and Company's existing polices with reference to the market best practice.

[The end of the 1st Review Report]

2. EXTRACT FROM THE REPORT OF THE FOLLOW UP REVIEW

IEWS OF THE IC CONSULTANT

The scope and performed work of the Follow Up Review had covered the new or revised remedial procedures that have been implemented to address those control processes weaknesses and failures found in the 2021 Report. The summary of these weaknesses and failures and their corresponding rectification recommendations and the progress of implementation of the remedial measures as verified in the Follow Up Review is set forth in the **Appendix – Summary of follow up review on control processes weaknesses and failures** as attached in this letter.

According to the result of the Follow Up Review, the IC Consultant is of the view that on the basis of the Company's completion of implementation of the remedial measures as recommended in the 2021 Report, the risks of reoccurrence of those control processes weaknesses and failures are reduced to an acceptable level and there was no indication of any material deficiencies on the internal control systems and procedures in relation to the operating companies within the Group that were the subject of the Special Internal Control Review.

IEWS OF THE AUDIT COMMITTEE AND THE BOARD

Having considered the results of the Follow Up Review, the Audit Committee of the Company is of the view that the remedial measures implemented by the Company are sufficient and adequate to address all the major issues in the internal control systems and procedures of the Group as identified by the IC Consultant in the 2021 Report, and the Group's enhanced financial reporting procedures and internal control systems are sufficient to meet the obligations of the Company under the applicable listing policies to safeguard its interest.

The Board, after considering the results of the Follow Up Review, agrees with the views of the Audit Committee of the Company. The Board is of the view that the Company has put in place adequate internal control systems and procedures including financial reporting procedures to meet its obligations under the applicable listing policies to safeguard its interest.

Appendix – Summary of follow up review on control processes weaknesses and failures

No.	Process cycles	Weaknesses or failure in control processes	Progress of implementation of remedial measures as of 31 March 2022
1	Cash and Bank	<ul style="list-style-type: none"> - Lack of joint signatory / interim director registered on the Trust Account; - Lack of segregation of duties in authorizing, recording, and maintaining custody of the money in the Trust Account. The China Director was the only man able to control over the monies in the Trust Account; - Lack of regularly reconciling Trust Accounts with statements to ensure all transactions are being recorded completely. Therefore, the management and the Board were not aware of the monies all being withdrawn from the Trust Account; - Unable to monitor account movements for any unusual transactions, as the rest of the overseas Directors were unable to access the Trust Account information on their own wills. 	<ul style="list-style-type: none"> - The Management had adopted a revised control policy and procedure over the bank account opening and authorization. It now requires at least two Directors to jointly opening and authorize bank transactions of a bank account. In no event that exemption can be granted to reduce the number of authorized person. Such revised control applies to the Company and all its subsidiaries and joint venture companies. - There are at least two authorized controller and signatories of the bank accounts of the Company and its subsidiaries as of 31st March 2022: <ul style="list-style-type: none"> o For the BMO bank account of <u>Raffles Financial Group Limited</u>: the CFO and the independent director; o For the DBS, Maybank bank accounts of <u>Raffles Financial Private Limited</u>: two executive directors. - There is segregation of duties control in place for placing, authorizing, recording of the bank payment transactions; <ul style="list-style-type: none"> o For <u>Raffles Financial Group Limited</u>: the CFO being the place, the independent director being the authorizer, and the outsourced accountant being the recorder;

			<ul style="list-style-type: none"> ○ For <u>Raffles Financial Limited</u>: one executive director being the placee, another executive director being the authorizer, and the outsourced accountant being the recorder. - The Company has stopped using any bank accounts or equivalents in China. The Company will only open bank accounts and deal with material transactions or payments in the China until the company sets up a subsidiary or opens bank accounts in its own name in the PRC with more than two directors for control and oversight. - The Company no longer has any bank account in China. The revised policy also prohibited opening of any bank account in a region where there are no more than two Directors based locally that can enable an effective implementation of the revised internal control over bank accounts. - All the bank accounts have been reconciliated with the bank statements and reviewed by directors monthly to ensure all transactions are being recorded completely. - The Company will arrange for internal control consultants to conduct an internal control review of its major subsidiaries at least annually and will appoint internal auditors to conduct internal monitoring or special audit on the subsidiaries when necessary.
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2	Purchase and Payment	<ul style="list-style-type: none"> - Failed to monitor the China Director to adhere the policies and procedures on material purchase and payments established; - Deposit payment requisitions are not properly documented the China Director and approved the Board; - Failing to document the sourcing and selection of competitive vendors based on established procedures, evaluations and approval; - Lack of duly payment authorisation process by delegated authorised bank signatories, and; - Lack of segregation of purchasing duties. 	<ul style="list-style-type: none"> - The Company will require any Company’s representative who conduct business on behalf of the Company in China to (i) report at least on a monthly basis all forms of the use of seal, signature or any business license, the date of use, the entity applying for use, the nature and main content of the underlying transaction, the amount of the transaction, the approver; and (ii) strictly implement the separate management of official seal, financial seal, legal representative seal and business license according to the established measures in order to prevent the legal representative or any executive from handling and approving major issues on his/her own. The relevant requirements have been incorporated in the revised control policy. - The Board had adopted a revised control policy and procedure over the Purchase and Payment to vendor. The revised policy requires at least 3 directors, consisting of both executive and independent directors to form effective quorum of a director’s meeting to approve material payment exceeds CAD200,000. In no circumstance that exemption can be granted for the quorum of the meeting. - Since December 2021, the Board sought all Directors’ approval on material payment to vendors. One example is the Licensing agreement with HDB. - The Board intends to appoint more directors on Board to
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			enhance the size and diversity of the Board. Interviews with few candidates are in progress. The Board is also actively seeking interim directors in case for calamities or illness with anyone particularly executive director.
3	Compliance	<ul style="list-style-type: none"> - Failed to disclose of insider information in relation to entry into a MOU and placing a material deposit to HDB in a timely manner. - Failed to identify and disclose the internal control weaknesses on the Trust Account when they came to the Board’s knowledge. 	<ul style="list-style-type: none"> - The Board had re-circulated the policy on information disclosure and provided a training session to all Board members on the CSE’s requirement on information disclosure. - The Company has formulated the List of Major Issues Requiring Reporting which sets out at least 10 major issues required to be reported. Each subsidiary is required to fill out the list at least quarterly to confirm whether any major issues occurred during the past period.
4	Financial Reporting	<ul style="list-style-type: none"> - Lack of monitoring and testing of control activities periodically so the risks were not mitigated; - Failure to maintain sufficient and proper documentations for material transactions; - Failure to identify any material weakness in the internal control over financial reporting relating to the accounting for significant non-routine and complex transaction; 	<ul style="list-style-type: none"> - The Board had re-circulated the policy on ICFR and provided a training session to all Board members on the FR requirement. - The Board had instructed the CFO to strictly adhere the ICFR requirement and to perform testing of control activities on a more regular basis due to the increase in the control risk arising from those control failure events identified.

[The end of the Follow Up Review Report]