

## RAFFLES FINANCIAL GROUP SHAREHOLDERS UPDATE – January 5<sup>th</sup>, 2026

Hong Kong, January 5<sup>th</sup>, 2026. **Raffles Financial Group Limited** (CSE: RICH) ("**RFG**" or the "**Company**") This is to give shareholders an update on the development of the Company.

### STRATEGIC ASSET SWAP AGREEMENT AND UPDATE ON TRADING RESUMPTION PROGRESS

#### TRANSACTION OVERVIEW

The Company announces that on December 31<sup>st</sup>, 2025, it entered into a definitive Asset Swap Agreement (the "**Agreement**") with an owner of the Stockbroker Firm (as defined below). Pursuant to the Agreement, the Company has swapped its entire holding of 575,000 Tencent Holdings Limited ordinary shares (the "**Listed Shares**") for physical assets comprising mesenchymal stromal cell ("**MSC**") inventory, valued at approximately RMB 339 million (equivalent to approximately SGD 62 million) (the "**Asset Swap**"). This transaction results in a gain of approximately RMB 29 million (equivalent to approximately SGD 5 million), which will be recognized in the Company's Income Statement for the current financial period (subject to finalisation of the financial accounts and review from the Company's Board of Directors).

The owner of the Stockbroker Firm has a Chinese business affiliate who engages in biotechnology business and intended to exchange his MSC inventory for the Company's overseas assets, the Listed Shares. The owner of the Stockbroker Firm recently linked this business affiliate with the Company's Chief Executive Officer, Mr. Huang Chuan (the "**CEO**") to negotiate a mutually beneficial transaction, which has now been successfully concluded.

#### BACKGROUND OF THE LISTED SHARES

Immediately prior to the Agreement, the Company's investment portfolio consisted solely of the Listed Shares. These shares were held in trust for the Company by the CEO, in his stock brokerage account in an overseas stockbroker firm (the "**Stockbroker Firm**") under a power of attorney arrangement. As disclosed in the Company's last published audited financial statements as of 30 June 2024, the carrying amount of this investment was SGD37,311,314. This single asset constituted nearly 100% of the Company's total assets and exceeded 100% of its net asset value, highlighting a significant concentration of asset value.

#### RATIONALE FOR THE ASSET SWAP

The Company is actively pursuing the resumption of trading of its shares on the Canadian Securities Exchange ("**CSE**") and the re-listing on the OTCQX Best Market in the United States. A critical consideration in this process is compliance with U.S. securities regulations, specifically the Investment Company Act of 1940 (the "**Act**") as enforced by the U.S. Securities and Exchange Commission ("**SEC**").

Under the Act, a company holding more than 40% of its total assets in investment securities may be classified as an "investment company." Such a classification would subject the Company to a stringent regulatory regime requiring SEC registration and imposing extensive disclosure, governance, operational, and leverage limitations. This status would fundamentally alter the regulatory pathway and ongoing compliance obligations for the Company's trading resumption.

To proactively structure its balance sheet and strategically avoid triggering the investment company classification, as well as taking in consideration the benefits of the Asset Swap, RFG's Board of Directors approved this asset restructuring initiative. The Asset Swap transforms a substantial portion of the Company's assets from listed securities into physical inventory held for sale in its ordinary course of business, thereby supporting the strategic goal of maintaining regulatory eligibility for its planned re-listing on dual exchanges CSE and OTCQX.

The decision to proceed with the Asset Swap also took into account the practical challenges associated with liquidating the Listed Shares. The Company had initially appointed the CEO to hold the Listed Shares on its behalf with the intention of transferring them into a Company-owned brokerage account once opened, for subsequent sales. However, this transfer process handled by the CEO encountered significant and protracted delays due to operational and regulatory hurdles in opening a securities account in China in the name of the Company, which is incorporated in the Cayman Islands and listed in Canada. Given the length and difficulty of this account opening process as reported by the CEO, the Asset Swap presents a timely and efficient alternative for the Company to monetise the value of the Listed Shares and reconfigure the Company's asset base.

## DETAILS AND BENEFITS OF THE ASSET SWAP

The physical assets acquired are MSC inventory with an independently appraised market value of RMB 339 million (equivalent to approximately SGD 62 million). The Company plans to consign the MSC Inventory to a trade finance client within the biotechnology sector, which is a client of the Company's wholly-owned subsidiary, Raffles FinTech Limited ("**RFT**") with thoughtful understanding on the relevant market, industry experience, business network and downstream resource in connection with the application of MSC. This consignment structure is designed to:

- **Realize Value:** Facilitate the sale of the MSCs to convert the asset into cash and generate a trading profit.
- **Support Business Operations:** Subsequently utilize the generated cash to finance the trading activities of the aforementioned client, aligning with the Company's trade finance operations.

The Board considers this Asset Swap to be beneficial to the Company for the following reasons:

- **Immediate Financial Gain:** The transaction generates an immediate positive financial impact through the recognition of a significant gain, due to the fact that the fair value of the MSCs was significantly higher than the fair value of the Listed Shares on the effective date of the Asset Swap.
- **Ongoing Profit Potential:** The subsequent consignment and sale of the MSCs are expected to yield additional trading profit.
- **Strategic Alignment:** The transaction supports the Company's long-term business strategy and facilitates its core trade finance operations.

Management expects that the sales process from the consignment arrangement will allow the Company to convert the MSC inventory into cash, with a profit, swiftly within the first quarter of 2026.

## ASSESSMENT AND DUE DILIGENCE

The Company conducted a comprehensive assessment of the proposed Asset Swap, evaluating key factors including the transaction's feasibility, timeline, the marketability of the MSCs, validation of fair value, and its strategic impact on the trading resumption process and dual-listing plan.

A thorough due diligence exercise was performed, which included a site visit by the Company's Board members, management, and representatives of RFT's biotechnology client to the MSC storage facility in Shenzhen, China. The due diligence encompassed:

- **Physical Verification:** A physical inspection and stock count of the MSCs within the cryogenic storage repository.
- **Quality Assurance:** Review of third-party quality inspection reports to verify that the technical specifications and quality of the MSCs meet prevailing market standards and saleable condition.
- **Valuation Confirmation:** Engagement of an independent, qualified valuer to appraise and confirm the market value of the MSC inventory.
- **Market Validation:** Examination of relevant third-party sales contracts to confirm prevailing transacted market prices for comparable assets.

The Board, having considered the results of the due diligence and the strategic rationale, is satisfied that the terms of the Asset Swap are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

The auditor will update their audit report for the financial year ended June 30, 2025 for the Asset Swap as a post balance sheet event accordingly, and once released, the Company will make the necessary filing to get the Cease Trade Order relieved to resume trading on CSE. The Company thank you for your patience and believe from 2026 onwards, the Company will have the best years yet.

About **Raffles Financial Group Limited** (CSE: RICH) Raffles Financial Group is listed on the Canadian Securities Exchange Purchasable under the stock symbol (RICH:CN).

On behalf of the RFG Board of Directors

**Monita Faris**

Corporate Secretary

Phone: +1 604-283-6110

Email: [monita@rafflesfinancial.co](mailto:monita@rafflesfinancial.co)

Website: [www.RafflesFinancial.co](http://www.RafflesFinancial.co)

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