



**AF Global Limited**

Company Registration No.197301118N  
(Incorporated in the Republic of Singapore)

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**THE PROPOSED CAPITAL REDUCTION AND THE CASH DISTRIBUTION**

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**1. INTRODUCTION**

- 1.1 The board of directors (the “**Board**”) of AF Global Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement titled “Proposed Disposal of Certain of the Group’s Assets in Thailand” dated 10 January 2024 and the announcement titled “Completion of the Proposed Disposal of Certain of the Group’s Assets in Thailand” dated 11 July 2024 (the “**Rawai Disposal Announcements**”) in relation to the disposal of the entire issued and paid-up share capital of a wholly owned subsidiary company, RP Hotels (Thailand) Limited together with the disposal of certain real estate assets in Phuket, Thailand (the “**Rawai Disposal**”).
- 1.2 As disclosed in the Rawai Disposal Announcements, the aggregate consideration for the Rawai Disposal is THB1,600,000,000 (the “**Rawai Disposal Consideration**”), of which the Group had received an aggregate of THB1,580,000,000, with the balance THB20,000,000 expected to be received no later than end-August 2024.
- 1.3 The Board has also announced today that the Company is proposing to distribute a special interim cash dividend (the “**Special Dividend**”) of S\$0.015 for each ordinary share of the Company (a “**Share**”) held by the entitled Shareholders who hold Shares as at 5.00 pm on the record date, being 16 August 2024 (the “**Special Dividend Record Date**”).
- 1.4 As the Rawai Disposal Consideration from the Rawai Disposal exceeds the working capital needs of the Group, the Board proposes to undertake a capital reduction exercise (the “**Capital Reduction**”) to return to the Company’s shareholders (the “**Shareholders**”) surplus capital of the Company in excess of its needs by way of a cash distribution (the “**Cash Distribution**”) by the Company to Shareholders of S\$0.035 for each Share held by the Shareholders on the record date to be determined.
- 1.5 The Share Transfer Books and Register of Members of the Company will be closed at a record date (the “**Cash Distribution Record Date**”) to be determined by the Board to determine the entitlement of the Shareholders to the payment of the proposed Cash Distribution. The Company will announce the Cash Distribution Record Date when it is determined by the Board. For the avoidance of doubt the Cash Distribution Record Date will be different from and subsequent to the Special Dividend Record Date. A Shareholder who is entitled to the Special Dividend may not be entitled to the Cash Distribution as well unless the Shareholder also holds Shares as of the Cash Distribution Record Date.
- 1.6 The Company will be seeking approval from the Shareholders at an extraordinary general meeting (“**EGM**”) to be convened by the Company at a later date for the Capital Reduction and the Cash Distribution.

**2. PROPOSED CAPITAL REDUCTION AND THE CASH DISTRIBUTION**

**Details of the Capital Reduction and the Cash Distribution**

- 2.1 The Company proposes to undertake the Capital Reduction pursuant to Section 78A read with Section 78C of the Companies Act 1967 of Singapore (“**Companies Act**”).
- 2.2 In connection with the Capital Reduction, the Company intends to make a Cash Distribution to Shareholders of S\$0.035 for each Share held as at the Cash Distribution Record Date.
- 2.3 The Capital Reduction and the Cash Distribution will be effected in the following manner:
  - (a) reducing the issued and paid-up share capital of the Company by S\$36,947,381.24 from S\$209,518,427.47 (as at the date of this announcement) to S\$172,571,046.23; and
  - (b) the Cash Distribution of the sum of approximately S\$36,947,381.24 (equal to S\$0.035 per Share (excluding treasury shares) to Shareholders), based on the issued and paid-up share capital of the Company of S\$209,518,427.47 comprising 1,055,639,464 Shares (which excludes treasury shares) as at the date of this announcement, will be paid out to the Shareholders.

- 2.4 **The Capital Reduction and the Cash Distribution will not result in a cancellation of Shares, or a change in the number of Shares issued by the Company immediately after the Capital Reduction and the Cash Distribution.**

**Rationale of the Capital Reduction and the Cash Distribution**

- 2.5 The Directors are of the view that the Capital Reduction is in the best interests of the Company as the Cash Distribution amount of approximately S\$36,947,381.24 to be paid to entitled Shareholders comprises part of the Rawai Disposal Consideration in excess of the working capital needs of the Group. The Capital Reduction and the Cash Distribution, if effected, would result in the Company having a more efficient capital structure. In determining the level of capital to be returned to the Shareholders, the Company has ensured that it retains sufficient capital for its business and operational needs.

**Financial Effects**

- 2.6 For illustrative purposes only and based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2023 (“FY2023”), the pro forma financial effects of the Capital Reduction and the Cash Distribution on the Company are set out below. Such financial effects are theoretical in nature and are solely for the purpose of illustrating the financial effects of the Capital Reduction and the Cash Distribution without taking into account the financial effects arising from the Rawai Disposal and the payment of the Special Dividend. They are therefore not necessarily indicative of the future financial position and earnings of the Group following the completion of the Rawai Disposal, the payment of the Special Dividend, the Capital Reduction and/or the Cash Distribution.

- 2.7 The pro forma financial effects are calculated based on the assumptions that:
- (a) the Rawai Disposal and the payment of an amount equivalent to the Special Dividend were completed prior to FY2023 (i.e. the financial effects from these transactions have not been taken into account);
  - (b) the computation does not take into account any expenses that may be incurred in relation to the Capital Reduction and the Cash Distribution;
  - (c) the Capital Reduction and the Cash Distribution were completed on 31 December 2023;
  - (d) the net asset value per Share is computed based on 1,055,639,464 Shares in issue as at 31 December 2023; and
  - (e) the cash required for the Cash Distribution will be funded from part of the Rawai Disposal Consideration.

2.8 Share Capital

The Capital Reduction and the Cash Distribution will not have any impact on the number of Shares held by Shareholders after the Capital Reduction and the Cash Distribution. The pro forma financial effects of the Capital Reduction and the Cash Distribution on the share capital of the Company for FY2023 are as follows:

	<b>Before the Capital Reduction and the Cash Distribution</b>	<b>After the Capital Reduction and the Cash Distribution</b>
Numbers of issued Shares	1,055,639,464	1,055,639,464
Numbers of issued Shares (excluding treasury shares)	1,055,639,464	1,055,639,464
Amount of share capital (S\$)	209,518,427.47	172,571,046.23

Note:

- (1) As at the date of this announcement and 31 December 2023, none of the Shares are being held as treasury shares.

## 2.9 Earnings per Share (“EPS”)

The Capital Reduction and the Cash Distribution will have no impact on the Group’s EPS.

## 2.10 Net Asset Value (“NAV”)

The pro forma financial effects of the Capital Reduction and the Cash Distribution on the Group’s NAV for FY2023 are as follows:

	<b>Before the Capital Reduction and the Cash Distribution</b>	<b>After the Capital Reduction and the Cash Distribution</b>
Net assets (S\$’000)	208,874	171,927
Number of issued Shares	1,055,639,464	1,055,639,464
NAV per Share (S\$)	0.1979	0.1629

## 2.11 Gearing

The pro forma financial effects of the Capital Reduction and the Cash Distribution on the Group’s gearing ratio for FY2023 are as follows:

	<b>Before the Capital Reduction and the Cash Distribution</b>	<b>After the Capital Reduction and the Cash Distribution</b>
Total borrowings (S\$’000)	23,749	23,749
Net assets (S\$’000)	208,874	171,927
Gearing (%)	11.4	13.8

## 3. **CONDITIONS OF THE CAPITAL REDUCTION AND THE CASH DISTRIBUTION**

3.1 The Capital Reduction and the Cash Distribution are subject to, *inter alia*, the following conditions:

- (a) Shareholders’ approval by way of a special resolution of the Capital Reduction (the “**Special Resolution**”) at the EGM, to be approved by a majority of not less than three-fourths of the Shareholders present and voting at the EGM, of which not less than twenty-one (21) days’ notice of the EGM shall have been given;
- (b) the Directors making the solvency statement in relation to the Capital Reduction and compliance with other relevant solvency requirements as required by the Companies Act (“**Solvency Statements**”);
- (c) the Company complying with the relevant publicity requirements as prescribed in the Companies Act;
- (d) lodgement with Accounting and Corporate Regulatory Authority (“**ACRA**”) copies of the Solvency Statements and the Special Resolution within fifteen (15) days beginning with the date of the Special Resolution;
- (e) no application being made to the Court pursuant to Section 78D(2) of the Companies Act for the cancellation of the Special Resolution by any creditor of the Company within the timeframe prescribed in the Companies Act, or if such application was made, the dismissal thereof by the judicial authorities; and
- (f) the Company after the end of six (6) weeks (but before the end of eight (8) weeks) beginning with the date that the Special Resolution is passed, lodging with ACRA:
  - (i) a statement made by the Directors confirming that the requirements under Section 78C(1)(c) of the Companies Act have been complied with, and that no application for cancellation of the Special Resolution has been made; and
  - (ii) a notice containing information in relation to the Capital Reduction specified under the Companies Act.

3.2 In the event that during the six (6) weeks beginning with the date that the Special Resolution is passed, one or more applications for the cancellation of the Special Resolution has been made under Section 78D(2) of the Companies Act, for the Capital Reduction to take effect, the following conditions must be satisfied:

- (a) the Company must give ACRA notice of the application(s) for the cancellation of the Special Resolution as soon as possible after such application(s) have been served on the Company by the creditor(s);

- (b) the proceedings in relation to each application for the cancellation of the Special Resolution is brought to an end with (i) the dismissal of the application by the Court under Section 78F of the Companies Act; or (ii) without determination by the Court (for example, because the application has been withdrawn); and
- (c) the Company must within fifteen (15) days beginning with the date on which the last of such proceedings were brought to an end in accordance with paragraph 3.2(b) above, lodge with ACRA:
  - (i) a statement made by the Directors confirming that the requirements under Section 78C(1)(c), Section 78C(3) and Section 78D(4) of the Companies Act have been complied with, and that the proceedings in relation to each such application have been brought to an end by the dismissal of the application or without determination;
  - (ii) in relation to each such application which has been dismissed by the Court, a copy of the order of the Court dismissing the application; and
  - (iii) a notice containing information in relation to the Capital Reduction specified under the Companies Act.

#### **4. EXTRAORDINARY GENERAL MEETING**

- 4.1 An EGM will be convened in due course to seek Shareholders' approval for the Capital Reduction and the Cash Distribution.
- 4.2 A circular to Shareholders containing further information on the Capital Reduction and the Cash Distribution, together with the notice of EGM and accompanying proxy form, will be issued to Shareholders and published on SGXNet in due course.

#### **5. INTERESTS OF THE DIRECTORS OR CONTROLLING SHAREHOLDERS OF THE COMPANY**

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposal (other than through their direct and indirect interests in the Shares, if any).

#### **6. CAUTIONARY STATEMENT**

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The Capital Reduction and the Cash Distribution are subject to certain conditions and as at the date of this announcement, there are no certainty or assurance that the Capital Reduction and the Cash Distribution will be completed. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.

#### **BY ORDER OF THE BOARD**

Lim Swee Ann  
Company Secretary

7 August 2024