AF Global Limited

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

UPDATE ON THE GROUP'S ASSET AND INVESTMENT PORTFOLIO – XUZHOU INVESTMENT

The Board of Directors (the "**Board**") of AF Global Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to its announcements dated 5 September 2025 and 24 November 2025 (the "**Previous Update Announcements**") and the disclosures in the results announcement for the half-year ended 30 June 2025 dated 8 August 2025 regarding the ongoing liquidation of Xuzhou Yinjian LumChang Real Estate Development Co., Ltd ("**XZYJLC**"), the Group's joint venture investment in Xuzhou, China (the "**Xuzhou Investment**") which the Group has a 55% equity interest in.

As disclosed in the Previous Update Announcements, the appointed liquidator (the "**Liquidator**") had conducted four rounds of public auctions in relation to certain components[1] of XZYJLC's investment in Gulou Square, each at a subsequently lowered reserve price, all of which closed without any bids received.

The Board wishes to update shareholders that following discussions between the Liquidator, the Company and the joint venture partner of XZYJLC (the "**JV Partner**"), the Liquidator conducted a fifth round of auction for the Auction Components. The auction was announced on the auction platform on 8 December 2025, commenced on 24 December 2025, 10.00 a.m. and closed on 25 December 2025, 10.00 a.m., without receiving any bid.

The Liquidator is expected to convene a further meeting with the Company and the JV Partner to discuss the next course of action. The Company expects that the following will be discussed and considered together with the Liquidator and the JV Partner as potentially the next course of action:

1. conducting additional auction rounds at lower reserve prices compared to previous auction rounds;

2. evaluating alternative disposal options for the underlying real estate assets of Gulou Square; and/or

3. taking such actions as the Liquidator may deem necessary to complete the liquidation of XZYJLC.

As disclosed in the Previous Update Announcement on 24 November 2025, the reserve price for the fifth round of auction was pegged at 60% discount to the fair value of the Auction Components. As no bids were received at 60% discount to the fair value of the Auction Components in the fifth round of auction, if the parties decide to proceed with another round of auction in 2026, the reserve price will likely be pegged at up to 70% discount to the fair value, based on the advice obtained by the Group from its Chinese legal advisers.

[1] As disclosed in the Previous Update Announcements, the third and fourth round of auction was in relation to the hotel tower and certain retail units and carpark spaces (the "**Auction Components**"), which collectively comprised around 81% of the fair value of XZYJLC's investment in Gulou Square, a mixed-use development located in Gulou District of Xuzhou, China ("**Gulou Square**") held by XZYJLC. Other than the Auction Components, XZYJLC also owns other retail and office units and carpark spaces in Gulou Square.

For illustrative purposes only, assuming that there will be a bid at the reserved price of 70% discount to the fair value for the Auction Components and other remaining components of the Xuzhou Investment, the Board has assessed that the recoverability of the joint venture investment of $35,855,000 as at 30 June 2025 currently reflected in the Company's consolidated financial statements for the half year ended 30 June 2025 ("**1H2025**"), will have the following effect:

(a) the recoverable amount of the investment in XZYJLC may be written down to approximately S$11,355,000; and

(b) a fair value loss of approximately S$24,500,000 may be recognised.

The fair value loss above, if recognised, will be recognised in other comprehensive income. A fair value loss incurred on the investment in XZYJLC will not be recycled to profit or loss on disposal, meaning the net assets and net asset value of the Group ("**NAV**") will be affected but not the Group's earnings.

On the assumption that the investment in XZYJLC will be realised at 70% discount to the fair value as at 30 June 2025 in the next round of auction (if held), the Group's earnings per share for 1H2025 of 0.14 Singapore cents will remain unchanged while the financial effect of the abovementioned fair value loss on the Group's NAV as at 30 June 2025 is summarised below:

	Before recognition of the fair value loss	After recognition of the fair value loss
Net assets (S$'000)	150,550	126,050
Number of issued shares ('000)	1,055,639	1,055,639
NAV per share (in Singapore cents)	14.26	11.94

The above is solely for illustrative purposes to show the impact if the Xuzhou Investment is divested at the next round of auction (if held) at a discount of 70% to fair value. For the avoidance of doubt, no further auction is expected for any component of the Xuzhou Investment for the remainder of the financial year ending 31 December 2025. The illustration does not imply that the Xuzhou Investment can be divested at any amount, whether higher, lower or equal to an amount at a 70% discount to its fair value, nor does it in any way constitute any form of profit guidance or forecast or forward statement by the Company on the financial position or results of the Group.

As the auction for the Auction Components was completed without any bid at 60% discount to the fair value and no further auction is expected for the financial year ending 31 December 2025, in line with applicable financial reporting standards and accounting principles, the Company expects to write down a portion of the recoverable amount of the Group's investment in XZYJLC and recognise a fair value loss for its full financial year ending 31 December 2025. The amount of write down would likely be assessed based on a discount of more than 60% to the fair value of the real estate assets held by XZYJLC. The final written down amount and the fair value loss recognised shall be subject to the audit of the Company's consolidated financial statements for the financial year ending 31 December 2025.

Notwithstanding the above, the final realisation value of the Xuzhou Investment remains uncertain, and further discounts to fair value may result in additional write-downs and fair value losses. There is no assurance that the eventual discount to fair value will not exceed 70% discount to the fair value, if there continues to be no bidder for the Auction Components in the next round of auction, if held.

The Board will continue to monitor developments closely and will provide updates as and when there are any material developments. Shareholders are advised to exercise caution when dealing in the shares of the Company.

BY ORDER OF THE BOARD

Lim Swee Ann
Company Secretary

26 December 2025