LAFE CORPORATION LIMITED

Un-audited Q1 2018 Financial Statement and Dividend Announcement

(All in US Dollars)

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) (i) A statement of profit or loss and other comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Quarter ended 31 March,		
	2018	**2017**	Increase/ (decrease)
	US$'000	US$'000	%
Revenue	**3,580**	**2,980**	**20**
Cost of sales	(2,754)	(2,188)	26
Gross profit	**826**	**792**	**4**
Other net gain	1,476	2,057	(28)
Administrative costs	(2,360)	(2,142)	10
Finance costs	(24)	(66)	(64)
(Loss)/Profit before taxation	**(82)**	**641**	**n/m**
Taxation	(6)	(11)	(45)
Net (loss)/profit for the period	**(88)**	**630**	**n/m**
Other comprehensive loss			
Items that are or may be reclassified subsequently to profit or loss:			
Fair value changes on available-for-sale financial asset	(2)	(1)	100
Currency translation differences arising on consolidation	(205)	(91)	125
Other comprehensive loss for the period	**(207)**	**(92)**	**125**
Total comprehensive (loss)/income for the period	**(295)**	**538**	**n/m**

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the statement of profit or loss and other comprehensive income or in the notes to the statement of profit or loss and other comprehensive income for the current financial period reported on and the corresponding period of the immediately preceding financial year:

	Quarter ended 31 March,		
	2018	**2017**	Increase/ (decrease)
	US$'000	US$'000	%
Depreciation of property, plant and equipment	(31)	(33)	(6)
Reversal of impairment on receivables	16	-	n/m
Net foreign currency exchange gain	1,059	1,716	(38)
Interest income	347	316	10
Interest on bank and other borrowings	-	(15)	n/m
Discount on provision unwound	(19)	(47)	(60)

n/m – not meaningful

1(b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 31/03/2018	As at 31/12/2017	As at 31/03/2018	As at 31/12/2017
	US$'000	US$'000	US$'000	US$'000
Non-current assets				
Property, plant and equipment	340	369	-	-
Trademark	5,159	5,179	-	-
Investments in subsidiaries	-	-	-	-
Available-for-sale financial assets	34	36	24	26
Non-trade receivable from a related party	45,274	44,441	-	-
Other non-current assets	38	271	-	-
	50,845	**50,296**	**24**	**26**
Current assets				
Trade and other receivables	2,851	2,640	-	-
Other current assets	2,363	302	25	23
Non-trade receivables from subsidiaries	-	-	54,591	54,222
Cash and cash equivalents	6,085	9,621	2	2
	11,299	**12,563**	**54,618**	**54,247**
Current liabilities				
Trade and other payables	2,068	2,045	358	300
Provisions	2,063	2,071	2,063	2,071
Non-trade payables to related parties	-	10	-	-
Tax payable	30	24	-	-
	4,161	**4,150**	**2,421**	**2,371**
Net current assets	**7,138**	**8,413**	**52,197**	**51,876**
Total assets less current liabilities	**57,983**	**58,709**	**52,221**	**51,902**
Non-current liabilities				
Provisions	3,303	3,731	3,009	3,436
Deferred tax liabilities	766	769	-	-
	4,069	**4,500**	**3,009**	**3,436**
NET ASSETS	**53,914**	**54,209**	**49,212**	**48,466**

1(b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year. - *continued*

	Group		Company	
	As at 31/03/2018	**As at 31/12/2017**	**As at 31/03/2018**	**As at 31/12/2017**
	US$'000	US$'000	US$'000	US$'000
CAPITAL AND RESERVES				
Share capital	50,667	50,667	50,667	50,667
Reserves	3,247	3,542	(1,455)	(2,201)
	53,914	**54,209**	**49,212**	**48,466**

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

Amount repayable in one year or less, or on demand

As at 31 March 2018	
Secured	Unsecured
US$'000	US$'000
NIL	NIL

As at 31 March 2017	
Secured	Unsecured
US$'000	US$'000
NIL	NIL

Amount repayable after one year

As at 31 March 2018	
Secured	Unsecured
US$'000	US$'000
NIL	NIL

As at 31 March 2017	
Secured	Unsecured
US$'000	US$'000
NIL	NIL

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Quarter ended 31 March,	
	2018	**2017**
	US$'000	US$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	**(82)**	**641**
Adjustments for :		
Depreciation of property, plant and equipment	31	33
Provision for staff benefits	(1)	-
Reversal of impairment on receivables	(16)	-
Discount on provision unwound	19	47
Interest expenses	-	15
Interest income	(347)	(316)
Unrealised foreign exchange loss/(gain)	94	(1,166)
Operating cash flow before working capital changes	**(302)**	**(746)**
Changes in working capital		
Trade and other receivables and other current assets	(2,018)	(207)
Trade and other payables	13	12
Provisions	(548)	(486)
Currency translation adjustments	(1,017)	(538)
Cash used in operations	**(3,872)**	**(1,965)**
Interest paid	-	(15)
Interest received	343	319
Net cash used in operating activities	**(3,529)**	**(1,661)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(4)	(4)
Net cash used in investing activities	**(4)**	**(4)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank loans	-	(47)
Net cash used in financing activities	**-**	**(47)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,533)**	**(1,712)**
Cash and cash equivalents at beginning of period	9,621	12,809
Effects of exchange rate changes on cash and cash equivalents	(3)	349
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**6,085**	**11,446**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP

	Share capital	Share premium	Capital reserve	Revaluation reserve	Fair value reserve	Exchange reserve	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2017	50,667	27,171	24	1,910	(3)	605	(24,990)	55,384
Total comprehensive (loss) / income	-	-	-	-	(1)	(91)	630	538
Balance at 31 March 2017	**50,667**	**27,171**	**24**	**1,910**	**(4)**	**514**	**(24,360)**	**55,922**
Balance at 1 January 2018	50,667	27,171	24	-	22	216	(23,891)	54,209
Total comprehensive (loss) / income	-	-	-	-	(2)	(205)	(88)	(295)
Balance at 31 March 2018	**50,667**	**27,171**	**24**		**20**	**11**	**(23,979)**	**53,914**

COMPANY

	Share capital	Share premium	Fair value reserve	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2017	50,667	27,171	(2)	(31,918)	45,918
Total comprehensive (loss) / income	-	-	(1)	1,294	1,293
Balance at 31 March 2017	**50,667**	**27,171**	**(3)**	**(30,624)**	**47,211**
Balance at 1 January 2018	50,667	27,171	16	(29,388)	48,466
Total comprehensive (loss) / income	-	-	(2)	748	746
Balance at 31 March 2018	**50,667**	**27,171**	**14**	**(28,640)**	**49,212**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of share for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Not applicable.

1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at both 31 March 2018 and 31 December 2017 was 25,333,333.

The Company did not have any treasury shares as at 31 March 2018 and 31 December 2017.

1(d) (iv) A statement showing all sales, transfers, disposal, cancellation, and/or use of treasury shares at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the auditors.

3 Where the figure have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group's financial statements for the financial period ending 31 March 2018 is prepared in accordance with the International Financial Reporting Standards ("IFRSs"). The Group has performed a detailed analysis of the transition options and other requirements of IFRSs and has determined that there are no changes to the Group's current accounting policies under the IFRSs or material adjustments on the initial transition to the new framework.

Other than the adoption of the new IFRSs, amendments and interpretations of IFRSs which took effect from the current financial period, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited financial statements.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Refer to paragraph 4 above.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

	3 months ended 31 March,	
	2018	**2017**
(Loss)/Earnings per ordinary share for the period based on net profit attributable to shareholders: -		
(i) Based on the weighted average number of ordinary shares in issue	(US 0.35 cents)	US 2.49 cents
(ii) On a fully diluted basis	(US 0.35 cents)	US 2.49 cents

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year:-

	Group		Company	
	31/03/2018	**31/12/2017**	**31/03/2018**	**31/12/2017**
Net asset value per ordinary share	US 212.8 cents	US 214.0 cents	US 194.3 cents	US 191.3 cents

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

a. any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

b. any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Profit or Loss and Other Comprehensive Income

The Group's revenue increased by US$0.6 million from US$3.0 million for Q1 2017 to US$3.6 million for Q1 2018. The increase was mainly attributable to the increase in revenue generated from the Vigers operations.

Cost of sales increased by US$0.6 million from US$2.2 million for Q1 2017 to US$2.8 million for Q1 2018. The increase was mainly attributable to the higher contracted manpower costs in the Vigers operations.

The Group recorded a gross profit of US$0.8 million for Q1 2018 and Q1 2017, no material fluctuation was noted.

The Group had other net gain of US$1.5 million for Q1 2018 as compared to US$2.1 million for Q1 2017. In Q1 2018, the other net gain comprised mainly the net foreign currency exchange gain of US$1.1 million arising from translating the monetary items denominated in foreign currencies and interest income of US$0.3 million. In Q1 2017, the other net gain comprised mainly the net foreign currency exchange gain of US$1.7 million arising from translating the monetary items denominated in foreign currencies and interest income of US$0.3 million.

Administrative costs increased by US$0.3 million from US$2.1 million for Q1 2017 to US$2.4 million for Q1 2018. The increase was mainly attributable to the increase in staff costs of the group.

Finance costs decreased by US$42 thousand from US$66 thousand for Q1 2017 to US$24 thousand for Q1 2018. The decrease was mainly attributable to the decrease in bank loan interest of US$15 thousand and decrease in the notional finance charge of US$28 thousand recognised in compliance with the IFRS for the provision of net rental expenses pursuant to a guaranteed rental agreement entered into with Lafe (Emerald Hill) Development Pte. Ltd. ("LEHD").

As a result of the above, the Group's net loss for Q1 2018 was US$0.09 million, as compared to net profit of US$0.6 million for Q1 2017, a decrease of US$0.7 million, as explained in the preceding paragraphs.

Other comprehensive loss of US$0.2 million representing currency translation differences arising on consolidation of foreign subsidiaries was recognised in Q1 2018, as compared to US$0.09 million in Q1 2017.

As a result of the above, the Group's total comprehensive loss for Q1 2018 was US$0.3 million as compared to total comprehensive income of US$0.5 million for Q1 2017, a decrease of US$0.8 million, as explained in the preceding paragraphs.

Statement of Financial Position

Property, plant and equipment decreased by US$0.03 million from US$0.37 million as at 31 December 2017 to US$0.34 million as at 31 March 2018. The decrease was mainly due to the depreciation of US$0.03 million charged to the profit and loss account during the current financial period.

Non-trade receivable from a related party increased by US$0.9 million from US$44.4 million as at 31 December 2017 to US$45.3 million as at 31 March 2018. The increase was attributable to the translation adjustment arising from translating the receivable denominated in foreign currency. The outstanding balance comprises a fixed long-term term loan extended to a former subsidiary company, Lafe (Emerald Hill) Development Pte. Ltd.. It bears interest at 3% per annum and is repayable by 27 September 2020. It is secured by a corporate guarantee given by The Ho Family Trust Limited, a related party, and a second-ranking pledge of the entire shares in LEHD.

Trade and other receivables increased by US$0.3 million from US$2.6 million as at 31 December 2017 to US$2.9 million as at 31 March 2018. The increase was mainly due to the increase in outstanding receivables in the Vigers operations.

Other current assets under "Current assets" increased by US$2.1 million from US$0.3 million as at 31 December 2017 to US$2.4 million as at 31 March 2018. The increase was mainly attributable to the deposit of US$1.8 million paid for the proposed acquisition of all the strata lots and the common area of Fairhaven at Sophia Road in District 9 as fully disclosed in the Company's Announcement dated 28 March 2018.

Provisions under "Current liabilities" and "Non-current liabilities" decreased in total by US$0.4 million from US$5.8 million as at 31 December 2017 to US$5.4 million as at 31 March 2018. The decrease was mainly attributable to the payments made during the current financial period, the translation adjustment arising from translating the provisions denominated in foreign currency and the discount unwound adjustment charged to profit or loss during the current financial period.

The movement in cash and cash equivalents from US$9.6 million as at 31 December 2017 to US$6.1 million as at 31 March 2018, a decrease of US$3.5 million, is explained in the statement of cash flows below.

Statement of Cash Flows

During Q1 2018, the Group's net cash used in operating activities was US$3.6 million as compared to net cash used in operating activities of US$1.7 million in Q1 2017. The cash movement in Q1 2018 was mainly attributable to deposit of US$1.8 million paid for acquisition of the property as announced on 28 March 2018.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group will continue to look for suitable opportunities for future development and investment.

The Vigers Group, which provides property agency, appraisal and consultancy services, continues to make a positive contribution to the Group's operating results. In face of the severe competition in Hong Kong, the Vigers Group has been putting great efforts in developing its business in the PRC and Macau with a view to expanding its professional valuation services.

Further to the announcement made on 29 March, 2018 on the proposed acquisition of Fairhaven, Singapore a further announcement will be made very shortly.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared / recommended, a statement to that effect

No dividend declared / recommended.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15 A breakdown of sales:-

Not applicable.

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year:-

Not applicable.

17 Aggregate value of interested persons transactions conducted pursuant to a shareholders' general mandate

The Group has not obtained a general mandate from the shareholders for the interested person transactions as the value of the transactions falls below the required 5% of the Group's latest audited net tangible assets. The aggregate value of all interested person transactions during Q1 2017, which fall under the listing manual, were as follows:

Name of Interested Person	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders mandate pursuant to Rule 920)**	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)**
	US$'000	
Associates of Mr. Christopher Ho Wing-On	1,460	-

18. Negative assurance on interim financial statements

The directors have confirmed, in a written statement, that to the best of their knowledge, nothing has come to the attention of the board of directors which may render the interim financial results to be false or misleading in any material effect.

19. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.