LAFE CORPORATION LIMITED

Un-audited Q1 2020 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,		
	2020	**2019**	Increase/ (decrease)
	US$'000	US$'000	%
Revenue	**3,651**	**3,784**	**(4)**
Cost of sales	(2,963)	(2,802)	6
Gross profit	**688**	**982**	**(30)**
Other net (loss) / gain	(1,528)	810	n/m
Administrative costs	(2,187)	(2,435)	(10)
Finance costs	(96)	(101)	(5)
Loss before taxation	**(3,123)**	**(744)**	**320**
Taxation	(3)	(3)	-
Loss for the period	**(3,126)**	**(747)**	**318**
Other comprehensive loss			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation	254	(154)	n/m
Items that will not be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income			
- Fair value gain – equity instruments	(1)	12	n/m
Other comprehensive income/(loss) for the period	**253**	**(142)**	**n/m**
Total comprehensive loss for the period	**(2,873)**	**(889)**	**223**

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,		
	2020	**2019**	Increase/ (decrease)
	US$'000	US$'000	%
Depreciation of property, plant and equipment	(43)	(44)	(2)
Depreciation of right-of-use assets	(221)	(199)	11
Gain on disposal of property, plant and equipment	14	18	(22)
Net foreign currency exchange (loss) / gain	(1,980)	469	n/m
Interest income	329	322	2
Interest on other borrowings	73	42	74
Lease interest expense	10	15	(33)
Discount on provision unwound	(9)	(41)	(78)

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 31/3/2020	As at 31/12/2019	As at 31/3/2020	As at 31/12/2019
	US$'000	US$'000	US$'000	US$'000
Non-current assets				
Property, plant and equipment	285	274	-	-
Trademark	3,697	3,667	-	-
Investments in subsidiaries	-	-	-	-
Financial assets at fair value through other comprehensive income	12	13	8	10
Right-of-use assets	1,280	1,438	-	-
Other non-current assets	724	744	-	-
	5,998	**6,136**	**8**	**10**
Current assets				
Trade and other receivables	2,661	2,648	-	-
Other current assets	340	235	32	3
Non-trade receivables from subsidiaries	-	-	42,044	43,397
Non-trade receivable from a related party	41,731	44,072	-	-
Cash and cash equivalents	1,202	1,008	2	2
	45,934	**47,963**	**42,078**	**43,402**
Current liabilities				
Trade and other payables	2,743	2,857	463	323
Provisions	898	1,417	898	1,417
Loans from holding company	10,067	8,564	10,067	8,564
Lease liabilities	950	929	-	-
Tax payable	36	33	-	-
	14,694	**13,800**	**11,428**	**10,304**
Net current assets	**31,240**	**34,163**	**30,650**	**33,098**
Total assets less current liabilities	**37,238**	**40,299**	**30,658**	**33,108**
Non-current liabilities				
Provisions	306	305	-	-
Lease liabilities	393	585	-	-
Deferred tax liabilities	809	806	-	-
	1,508	**1,696**	**-**	**-**
NET ASSETS	**35,730**	**38,603**	**30,658**	**33,108**

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 31/3/2020	As at 31/12/2019	As at 31/3/2020	As at 31/12/2019
	US$'000	US$'000	US$'000	US$'000
CAPITAL AND RESERVES				
Share capital	50,667	50,667	50,667	50,667
Reserves	(14,937)	(12,064)	(20,009)	(17,559)
	35,730	**38,603**	**30,658**	**33,108**

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 2020	
Secured	Unsecured
US$'000	US$'000
NIL	10,067

As at 31 December 2019	
Secured	Unsecured
US$'000	US$'000
NIL	8,564

Amount repayable after one year

As at 31 March 2020	
Secured	Unsecured
US$'000	US$'000
NIL	NIL

As at 31 December 2019	
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,	
	2020	**2019**
	US$'000	US$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(3,123)**	**(744)**
Adjustments for :		
Depreciation of property, plant and equipment	43	44
Depreciation of right-of-use assets	221	199
Reversal of provision for rental guarantee	(82)	-
Discount on provision unwound	9	41
Gain on disposal of property, plant and equipment	(14)	(18)
Interest expenses	83	57
Interest income	(329)	(322)
Unrealised foreign exchange (gain)/loss	(38)	53
Operating cash flow before working capital changes	**(3,230)**	**(690)**
Changes in working capital		
Trade and other receivables and other current assets	(99)	56
Trade and other payables	(187)	82
Provisions	(396)	(476)
Currency translation adjustments	2,009	(464)
Cash used in operations	**(1,903)**	**(1,492)**
Taxation paid	-	(1)
Interest received	329	322
Net cash used in operating activities	**(1,574)**	**(1,171)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(88)	(87)
Proceeds from disposal of property, plant and equipment	48	18
Net cash used in investing activities	**(40)**	**(69)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans from holding company	2,067	1,341
Repayment of lease liabilities	(246)	(225)
Interest on leases	(10)	(15)
Net cash generated from financing activities	**1,811**	**1,101**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**197**	**(139)**
Cash and cash equivalents at beginning of period	1,008	1,008
Effects of exchange rate changes on cash and cash equivalents	(3)	(2)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,202**	**867**

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	Fair value reserve	PRC statutory 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 2019, restated	**50,667**	**27,171**	**24**	**(2,294)**	-	**180**	**(32,400)**	**43,348**
Total comprehensive income / (loss)	-	-	-	12	-	(154)	(747)	(889)
Balance at 31 March 2019	**50,667**	**27,171**	**24**	**(2,282)**	-	**26**	**(33,147)**	**42,459**
Balance at 1 January 2020	50,667	27,171	24	(2,296)	7	366	(37,336)	38,603
Total comprehensive income / (loss)	-	-	-	(1)	-	254	(3,126)	(2,873)
Balance at 31 March 2020	**50,667**	**27,171**	**24**	**(2,297)**	**7**	**620**	**(40,462)**	**35,730**

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 2019	50,667	27,171	1	(36,473)	41,366
Total comprehensive income	-	-	8	136	144
Balance at 31 March 2019	**50,667**	**27,171**	**9**	**(36,337)**	**41,510**
Balance at 1 January 2020	50,667	27,171	-	(44,730)	33,108
Total comprehensive loss	-	-	(2)	(2,448)	(2,450)
Balance at 31 March 2020	**50,667**	**27,171**	**(2)**	**(47,178)**	**30,658**

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 2020 and 31 December 2019 was 25,333,333.

The Company did not have any treasury shares as at 31 March 2020 and 31 December 2019.

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 been reviewed by the auditors in accordance with Singapore Standard on Review Engagements 2410 "*Review of Interim Financial Information performed by the Independent Auditor of the Entity*.

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

As attached.

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

Yes.

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.

Not applicable.

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,	
	2020	**2019**
Loss 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 12.34 cents)	(US 2.95 cents)
(ii) On a fully diluted basis	(US 12.34 cents)	(US 2.95 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	
	31/03/2020	**31/12/2019**	**31/03/2020**	**31/12/2019**
Net asset value per ordinary share	US 141.0 cents	US 152.4 cents	US 121.0 cents	US 130.7 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 decreased by US$0.13 million from US$3.78 million for Q1 2019 to US$3.65 million for Q1 2020. The decrease was mainly attributable to the decrease in revenue generated from the Vigers operations.

Cost of sales increased by US$0.16 million from US$2.80 million for Q1 2019 to US$2.96 million for Q1 2020. The increase was mainly attributable to the higher contracted manpower costs in the Vigers operations.

The Group recorded a gross profit of US$0.69 million for Q1 2020 as compared to US$0.98 million for Q1 2019, a decrease of US$0.29 million as explained in the preceding paragraphs.

The Group had other net loss of US$1.53 million for Q1 2020 as compared to other net gain of US$0.81 million for Q1 2019. In Q1 2020, the other net loss comprised mainly the net foreign currency exchange loss of US$1.98 million arising from translating the monetary items denominated in foreign currencies, the interest income of US$0.33 million and the decrease in provision for rental guarantee of US$0.08 million. In Q1 2019, the other net gain comprised mainly the net foreign currency exchange gain of US$0.47 million arising from translating the monetary items denominated in foreign currencies and interest income of US$0.32 million.

Administrative costs decreased by US$0.25 million from US$2.44 million for Q1 2019 to US$2.19 million for Q1 2020. The decrease was mainly attributable to the decrease in staff costs of the Group.

As a result of the above, the Group's net loss for Q1 2020 was US$3.13 million, as compared to the net loss of US$0.75 million for Q1 2019, an increase of US$2.38 million.

Other comprehensive income of US$0.25 million represented mainly by the currency translation loss arising on consolidation of foreign subsidiaries was recognised in Q1 2020, as compared to other comprehensive loss of US$0.14 million for Q1 2019.

As a result of the above, the Group's total comprehensive loss for Q1 2020 was US$2.87 million as compared to US$0.89 million for Q1 2019, an increase of US$1.98 million.

Statement of Financial Position

Property, plant and equipment slightly increased by US$0.02 million from US$0.27 million as at 31 December 2019 to US$0.29 million as at 31 March 2020.

Right-of-use assets decreased by US$0.16 million from US$1.44 million as at 31 December 2019 to US$1.28 million as at 31 March 2020. The decrease was mainly attributable to the net effect of addition of new lease agreements of US$0.06 million and depreciation of US$0.22 million charged to the profit and loss account during the current financial period

Non-trade receivable from a related party decreased by US$2.34 million from US$44.07 million as at 31 December 2019 to US$41.73 million as at 31 March 2020. The decrease 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, Lafe (Emerald Hill) Development Pte. Ltd. ("LEHD"). 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 slightly increased by US$0.01 million from US$2.65 million as at 31 December 2019 to US$2.66 million as at 31 March 2020.

Provisions under "Current liabilities" and "Non-current liabilities" decreased in total by US$0.52 million from US$1.72 million as at 31 December 2019 to US$1.20 million as at 31 March 2020. 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.

Lease liabilities under "Current liabilities" and "Non-current liabilities" as at 31 March 2020 and 31 December 2019 represented the outstanding lease payments, discounted at the Group's incremental borrowing rate of 3% per annum, over the respective terms of the Group's operating leases for its office premises following the adoption of IFRS 16 on 1 January 2019.

Loans from holding company represented the aggregate amounts of advances extended to the Company by the Company's holding company, Sino Capital Resources Limited. The balance increased by US$1.51 million from US$8.56 million as at 31 December 2019 to US$10.07 million as at 31 March 2020 as a result of further working capital loans being extended to the Company during the current financial period and the translation adjustment arising from translating the loan denominated in foreign currency. The loans are unsecured, repayable on demand and bear interest at 3% per annum.

Statement of Cash Flows

During Q1 2020, the Group's net cash used in operating activities was US$1.57 million as compared to US$1.17 million in Q1 2019. The cash movement in Q1 2020 was mainly attributable to the payments made for rental guarantee. The net cash generated from financing activities in Q1 2020 of US$1.81 million was mainly attributable to the net effect of additional loan from holding company of US$2.07 million and repayment of lease liabilities of US$0.25 million.

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 outbreak of the COVID-19 pandemic has severely impaired the economic activities in the real estate industry since the first quarter of the year. The Vigers Group, which provides property agency, appraisal and consultancy services in Hong Kong, Macau and the PRC, has also been hit hard by the consequent economic uncertainty in the region. The Vigers Group will be putting great efforts in diversifying its sources of revenue including the provision of digitally enabled services such as e-valuation services with a view to maintaining its business level and profitability in these challenging times.

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 2020, 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:		
Conducted with shareholders' approval	725	-
Conducted under review	597	-
	1,322	-

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.