LAFE CORPORATION LIMITED

Full Year Financial Statement and Dividend Announcement for the Year Ended 31 December 2014

(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 comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Year ended 31 Dec,		
	2014	**2013**	Increase/ (decrease)
	US$'000	US$'000	%
Revenue	**13,707**	**13,184**	**4**
Cost of sales	(11,045)	(9,609)	15
Gross profit	**2,662**	**3,575**	**(26)**
Other net loss	(51,397)	(8,642)	495
Administrative costs	(11,301)	(13,038)	(13)
Interest income	350	1,346	(74)
Finance costs	(1,034)	(1,666)	(38)
Loss before taxation	**(60,720)**	**(18,425)**	**230**
Taxation	9,046	1,674	440
Net loss for the year	**(51,674)**	**(16,751)**	**208**
Statement of Comprehensive Income			
Net loss for the year	(51,674)	(16,751)	208
Other comprehensive income / (loss):			
Currency translation differences on consolidation of foreign subsidiaries	98	(1,861)	n/m
Revaluation gain on property, plant and equipment	997	535	86
Total comprehensive loss for the year	**(50,579)**	**(18,077)**	**180**

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

	Year ended 31 Dec,		
	2014	**2013**	Increase/ (decrease)
	US$'000	US$'000	%
Depreciation of property, plant and equipment	(377)	(277)	36
Decrease in fair value of investment property	(38,905)	(3,915)	894
Loss on disposal of investment property	(4,807)	(1,062)	353
Net foreign currency exchange loss	(3,551)	(1,096)	224
Allowance for impairment on receivables	(23)	(97)	(76)
Bad debts written off	(134)	-	n/m
Extension fees on investment property	(4,168)	(2,585)	61
Loss on disposal of property, plant and equipment	(2)	(2)	-
Interest income	350	1,346	(74)
Interest on borrowings	(860)	(1,470)	(41)

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 31/12/2014	As at 31/12/2013	As at 31/12/2014	As at 31/12/2013
	US$'000	US$'000	US$'000	US$'000
Non-current assets				
Land and Building	5,299	4,500	-	-
Plant and equipment	665	780	-	-
Investment in associate	-	66	-	-
Investments in subsidiaries	-	-	64,872	64,872
Trademark	10,314	10,317	-	-
Goodwill	520	520	-	-
	16,798	**16,183**	**64,872**	**64,872**
Current assets				
Investment property	79,856	146,983	-	-
Trade and other receivables	35,518	46,758	12	12
Other current assets	580	665	14	23
Non-trade receivables from subsidiaries	-	-	73,218	73,662
Cash and cash equivalents	4,369	1,981	7	50
	120,323	**196,387**	**73,251**	**73,747**
Current liabilities				
Trade payables	2,419	2,539	-	-
Other payables	1,659	1,913	253	321
Non-trade payable to a related company	2,258	-	-	-
Short-term bank loans	21,442	38,861	-	-
Tax payable	17	983	-	-
	27,795	**44,296**	**253**	**321**
Net current assets	**92,528**	**152,091**	**72,998**	**73,426**
Total assets less current liabilities	**109,326**	**168,274**	**137,870**	**138,298**
Non-current liabilities				
Long-term bank loans	2,341	2,648	-	-
Provision for staff benefits	299	287	-	-
Deferred tax liabilities	2,114	10,188	-	-
	4,754	**13,123**	**-**	**-**
NET ASSETS	**104,572**	**155,151**	**137,870**	**138,298**

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 31/12/2014	**As at 31/12/2013**	**As at 31/12/2014**	**As at 31/12/2013**
	US$'000	US$'000	US$'000	US$'000
CAPITAL AND RESERVES				
Share capital	46,667	46,667	46,667	46,667
Reserves	57,905	108,484	91,203	91,631
	104,572	**155,151**	**137,870**	**138,298**

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 December 2014	
Secured	Unsecured
US$'000	US$'000
21,442	2,258

As at 31 December 2013	
Secured	Unsecured
US$'000	US$'000
38,861	NIL

Amount repayable after one year

As at 31 December 2014	
Secured	Unsecured
US$'000	US$'000
2,341	NIL

As at 31 December 2013	
Secured	Unsecured
US$'000	US$'000
2,648	NIL

Details of any collateral

The Group's secured borrowings are bank loans secured by the investment property and land and buildings of the Group.

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.

	Year ended 31 Dec,	
	2014	**2013**
	US$'000	US$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(60,720)**	**(18,425)**
Adjustments for :		
Depreciation of property, plant and equipment	377	277
Provision for staff benefits	12	(10)
Decrease in fair value of investment property	38,905	3,915
Allowance for impairment on receivables	23	97
Bad debts written off	134	-
Write back of trade and other payables	(156)	-
Loss on disposal of property, plant and equipment	2	2
Loss on disposal of investment property	4,807	1,062
Interest expenses	860	1,470
Interest income	(350)	(1,346)
Unrealised currency translation loss	1,875	1,948
Operating cash flow before working capital changes	**(14,231)**	**(11,010)**
Changes in working capital		
Trade and other receivables and other current assets	16,804	13,689
Amount due to a related company	2,258	(3,661)
Trade and other payables	(145)	160
Cash generated from / (used in) operations	**4,686**	**(822)**
Taxation paid	(21)	(42)
Interest paid	(867)	(1,448)
Interest received	350	1,346
Net cash generated from / (used in) operating activities	**4,148**	**(966)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(262)	(431)
Proceeds on disposal of associate	-	-
Net proceeds from disposal of investment property	14,611	10,225
Proceeds from disposal of plant and equipment	10	-
Net cash generated from investing activities	**14,359**	**9,794**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank loans	3,982	47,426
Repayment of bank loans	(20,101)	(56,041)
Net cash used in financing activities	**(16,119)**	**(8,615)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2,388**	**213**
Cash and cash equivalents at beginning of year	1,981	1,768
CASH AND CASH EQUIVALENTS AT END OF YEAR	**4,369**	**1,981**

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 capitalization 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	Exchange reserve	Accumulated profits	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2013	46,667	27,209	24	-	9,279	90,049	173,228
Net loss for the year	-	-	-	-	-	(16,751)	(16,751)
Revaluation gain recognised during the year	-	-	-	535	-	-	535
Currency translation differences on consolidation	-	-	-	-	(1,861)	-	(1,861)
Total comprehensive loss	-	-	-	535	(1,861)	(16,751)	(18,077)
Balance at 31 December 2013	**46,667**	**27,209**	**24**	**535**	**7,418**	**73,298**	**155,151**
Balance at 1 January 2014	46,667	27,209	24	535	7,418	73,298	155,151
Net loss for the year	-	-	-	-	-	(51,674)	(51,674)
Revaluation gain recognised during the year	-	-	-	997	-	-	997
Currency translation differences on consolidation	-	-	-	-	98	-	98
Total comprehensive loss	-	-	-	997	98	(51,674)	(50,579)
Balance at 31 December 2014	**46,667**	**27,209**	**24**	**1,532**	**7,516**	**21,624**	**104,572**

COMPANY

	Share capital	Share premium	Accumulated profits	Total
	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2013	46,667	27,209	65,170	139,046
Total comprehensive loss	-	-	(748)	(748)
Balance at 31 December 2013	**46,667**	**27,209**	**64,422**	**138,298**
Balance at 1 January 2014	46,667	27,209	64,422	138,298
Total comprehensive loss	-	-	(428)	(428)
Balance at 31 December 2014	**46,667**	**27,209**	**63,994**	**137,870**

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 December 2014 and 31 December 2013 was 1,166,666,667.

The Company did not have any treasury shares as at 31 December 2014 and 31 December 2013.

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 figures 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 Company and the Group have applied the same accounting policies and methods of computation in the financial statements for the current financial year as those of the audited financial statements as at 31 December 2013, as well as all the applicable International Financial Reporting Standard ("IFRS") which became effective for the financial year beginning on or after 1 January 2014. The adoption of those new and revised IFRS has had no material effect on the financial statements for the current year.

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.

Please 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:-

	Year ended 31 Dec,	
	2014	**2013**
Loss per ordinary share for the year based on net loss attributable to shareholders: -		
(i) Based on the weighted average number of ordinary shares in issue	(US 4.43 cents)	(US 1.44 cents)
(ii) On a fully diluted basis	(US 4.43 cents)	(US 1.44 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	
	31/12/2014	**31/12/2013**	**31/12/2014**	**31/12/2013**
Net asset value per ordinary share	US 9.0 cents	US 13.3 cents	US 11.8 cents	US 11.9 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 Comprehensive Income

The Group's revenue increased by US$0.5 million from US$13.2 million for 2013 to US$13.7 million for 2014. The increase was mainly attributable to an increase in rental income and the service income generated from the new venture business as described below.

Cost of sales increased by US$1.4 million from US$9.6 million for 2013 to US$11.0 million for 2014. Certain payroll and depreciation expenses in aggregate amounting to US$2.1 million for 2014, in relation to the Group's new venture business of providing close protection services, have been reclassified from administrative expenses to cost of sales. The reclassification was made consequent upon the decision of management to formally branch its business into such business segment in parallel with the long-established security services provided by the Vigers Group. The business commands a very high calibre of frontline employees and will require some time to nurture before its fruition. The corresponding revenue generated for 2014 was US$0.8 million, resulting in gross loss of US$1.3 million.

The Group recorded a gross profit of US$2.7 million for 2014 as compared to US$3.6 million for 2013, a decrease of US$0.9 million as explained in the preceding paragraphs.

The Group had other net loss of US$51.4 million for 2014 as compared to US$8.6 million for 2013. In 2014, the other net loss comprised mainly the decrease in fair value of investment property of US$38.9 million, realized loss of US$4.8 million on partial disposals of the investment property, extension fees of US$4.2 million paid to the Singapore Land Authority for the investment property and the net foreign exchange loss of US$3.5 million arising from translating the monetary items denominated in foreign currencies.

Administrative costs decreased by US$1.7 million from US$13.0 million for 2013 to US$11.3 million for 2014. The decrease was mainly attributable to the reclassification of certain expenses in relation to the Group's new venture business to cost of sales as described above.

Finance costs decreased by US$0.7 million from US$1.7 million for 2013 to US$1.0 million for 2014. The decrease was mainly attributable to the decrease in the loan interest for the investment property and the interest on borrowings from a related company.

The Group's loss before taxation from operations for 2014 was US$60.7 million, as compared to US$18.4 million for 2013, an increase of US$42.3 million, as explained in the preceding paragraphs.

Taxation in 2014 was represented by the reduction in the deferred tax provision of US$9 million arising from the diminution in the fair value of the investment property and the investment property units sold.

As a result of the above, the Group's net loss for 2014 was US$51.7 million as compared to US$16.8 million for 2013.

Other comprehensive gain of US$0.1 million was recognized in 2014 on currency translation differences on consolidation of foreign subsidiaries compared to a loss of US$1.9 million in 2013.

Revaluation gain of US$1.0 million was recognized in other comprehensive income for the year based on the valuation performed by an independent professional valuer on the Singapore office compared to US$0.5 million in 2013.

As a result of the above, the Group's total comprehensive loss for the year was US$50.6 million as compared to US$18.1 million for 2013.

Statement of Financial Position

Land and buildings increased by US$0.8 million from US$4.5 million as at 31 December 2013 to US$5.3 million as at 31 December 2014. The increase was mainly due to a revaluation gain of US$1.0 million recognized during the financial period. The revaluation gain was recognized based on the valuation performed by an independent professional valuer.

Investment in associate decreased from US$0.1 million as at 31 December 2013 to nil as at 31 December 2014. The decrease was attributable to the disposal of the associate by the Group during the current financial period.

Investment property decreased by US$67.1 million from US$147.0 million as at 31 December 2013 to US$79.9 million as at 31 December 2014. The decrease was attributable to the partial disposals of the investment property of $25.1 million, the translation adjustment of US$3.1 million arising from translating the investment property denominated in foreign currency and impairment in fair value of US$38.9 million recognized during the current financial period. The valuation of the investment property at Residences at Emerald Hill, Singapore, of S$105.5 million (equivalent to US$79.9 million) was carried out by PREMAS Valuers & Property Consultants Pte Ltd, a firm of independent professional valuers, on an en-bloc market value basis as at 31 December 2014. The valuation method used is based on current market conditions and restrictions.

Trade and other receivables decreased by US$11.3 million from US$46.8 million as at 31 December 2013 to US$35.5 million as at 31 December 2014. The decrease was mainly due to the partial settlement of receivables during the current financial period. The trade and other receivables as at 31 December 2014 comprised the present value of those receivables calculated by discounting the future cash receipts by the imputed interest rate of 2.5% per annum which remains unchanged from 2013. US$21.1 million of the trade and other receivables relates to the remaining amount due on the additional compensation on the Panyu land sale as announced on 9 March 2012. This amount has been rescheduled to be received in installments up to 30 September 2015 as per the announcement made on 11 November 2014.

Trade and other payables decreased by US$0.4 million from US$4.5 million as at 31 December 2013 to US$4.1 million as at 31 December 2014. The decrease was mainly due to the decrease in administration costs payable.

Non-trade payable to a related company increased from nil as at 31 December 2013 to US$2.3 million as at 31 December 2014. The short-term borrowing was obtained from an interested party for general working capital purposes and was unsecured, bearing interest at 5.25% per annum and repayable on demand. The amount was repaid in January 2015.

Bank loans under "Current liabilities" and "Non-current liabilities" decreased in total by US$17.7 million from US$41.5 million as at 31 December 2013 to US$23.8 million as at 31 December 2014. The decrease was mainly due to the partial repayments during the current financial period. The bank loans on the investment property amounting to US$21.2 million have been refinanced in December 2014, which are repayable by installments up to 8 June 2015.

Tax payable decreased from US$1.0 million as at 31 December 2013 to US$0.02 million as at 31 December 2014. The decrease was due to the reversal of deferred tax previously recognized on the investment property units sold to profit and loss.

Deferred tax liabilities decreased by US$8.1 million from US$10.2 million as at 31 December 2013 to US$2.1 million as at 31 December 2014. The decrease was attributable to the write-back of provision arising from the decrease in fair value of the investment property and partial sale of its units during the current financial period.

The movement in cash and cash equivalents from US$2.0 million as at 31 December 2013 to US$4.4 million as at 31 December 2014, an increase of US$2.4 million, is explained in the statement of cash flows below.

Statement of Cash Flows

During the year, the Group's net cash generated from operating activities was US$4.1 million as compared to US$1.0 million used in 2013. The cash movement in 2014 was mainly attributable to the partial settlement of trade receivables as mentioned in the statement of financial position above and the borrowings from a related company. The net cash of US$14.4 million generated from investing activities was mainly attributable to the partial disposals of the investment property during the current financial period. The net cash used in financing activities in 2014 of US$16.1 million was attributable to the proceeds from bank loans of US$4.0 million and the partial bank loan repayments of US$20.1 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.

Significant resources and efforts have been allocated to market and promote the Residences at Emerald Hill in both the local and overseas premium markets. The potential sales going forward would be subject to the Government policy on the domestic property market.

The Group will continue to look for acquisition 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 view of the strong economic growth in the PRC and Macau, the Vigers Group has been actively cultivating its business in these territories in order to expand its service income. The Group has also branched into a new venture business of providing close protection service. The Board considers that the market demand for such service is huge and the potential for development is promising given the Group's long-establishment in the security service sector.

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 has been declared or recommended for the period.

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.

By Business Segments

	Property US$'000	Consolidated US$'000
2014		
Revenue		
Revenue	13,707	13,707
Result		
Segment result	(59,686)	(59,686)
Finance costs	(1,034)	(1,034)
Loss before taxation	(60,720)	(60,720)
Taxation	9,046	9,046
Loss after taxation	(51,674)	(51,674)
Assets		
Segment assets	137,121	137,121
Liabilities		
Segment liabilities	32,549	32,549
Other information		
Depreciation	377	377
Capital expenditure: Property, plant and equipment	262	262
Loss on disposal of investment property	4,807	4,807
Decrease in fair value of investment property	38,905	38,905
Loss on disposal of plant and equipment	2	2

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. - *continued*

By Business Segments

	Property US$'000	Consolidated US$'000
2013		
Revenue		
Revenue	13,184	13,184
Result		
Segment result	(16,759)	(16,759)
Finance costs	(1,666)	(1,666)
Loss before taxation	(18,425)	(18,425)
Taxation	1,674	1,674
Loss after taxation	(16,751)	(16,751)
Assets		
Segment assets	212,570	212,570
Liabilities		
Segment liabilities	57,419	57,419
Other information		
Depreciation	277	277
Capital expenditure: Property, plant and equipment	431	431
Loss on disposal of investment property	1,062	1,062
Decrease in fair value of investment property	3,915	3,915
Loss on disposal of plant and equipment	2	2

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. - *continued*

By Geographical Segments

The turnover by geographical segment is based on the billing location of customers. All assets and capital expenditure of the Group are significantly located in the Asia Pacific region.

The following table provides an analysis of the Group's revenue and result by geographical market, which is analysed based on the billing address of each individual customer:

	Revenue		Result		Non-current assets	
	2014	2013	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Hong Kong	12,161	12,080	(9,046)	(8,819)	11,327	11,365
PRC	1,041	1,048	(27)	2,819	136	257
Singapore	505	56	(42,601)	(10,751)	5,335	4,561
	13,707	13,184	(51,674)	(16,751)	16,798	16,183

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.

Please refer to paragraph 8.

15 A breakdown of sales:-

	Group		
	Latest Financial Year 2014 US$'000	Previous Financial Year 2013 US$'000	Increase/ (decrease) %
a) Sales reported for first half year	6,647	6,656	(0)
b) Operating loss after tax before deducting minority interests reported for first half year	(7,396)	(7,747)	(5)
c) Sales reported for second half year	7,060	6,528	8
d) Operating loss after tax before deducting minority interests reported for second half year	(44,278)	(9,004)	392

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

	Latest Full Year 2014 US$'000	Previous Full Year 2013 US$'000
Ordinary	N/A	N/A
Preference	N/A	N/A
Total:	N/A	N/A

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, for the year ended 31 December 2014, 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 the financial year 2014, which fall under the listing manual, are 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	5,576	-

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial Shareholder of the Company**.**