APPENDIX I

# LAFE CORPORATION LIMITED

**Un-audited Q3 2017 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 30 Sept, | | | 9 months ended 30 Sept, | | |
|---|---|---|---|---|---|---|
| | **2017** | **2016** | Increase/ (decrease) | **2017** | **2016** | Increase/ (decrease) |
| | US$'000 | US$'000 | % | US$'000 | US$'000 | % |
| **Revenue** | **3,592** | **3,144** | **14** | **9,520** | **8,894** | **7** |
| Cost of sales | (2,495) | (2,163) | 15 | (6,806) | (6,233) | 9 |
| **Gross profit** | **1,097** | **981** | **12** | **2,714** | **2,661** | **2** |
| Other net gain / (loss) | 1,172 | (228) | (614) | 4,376 | 3,549 | 23 |
| Administrative costs | (2,237) | (2,062) | 8 | (6,596) | (6,102) | 8 |
| Finance costs | (17) | (99) | (83) | (120) | (489) | (75) |
| **Profit / (loss) before taxation** | **15** | **(1,408)** | **(101)** | **374** | **(381)** | **(198)** |
| Taxation | (6) | (1) | 500 | (22) | (15) | 47 |
| **Net profit / (loss) loss for the period** | **9** | **(1,409)** | **(101)** | **352** | **(396)** | **(189)** |
| **Other Comprehensive Income** | | | | | | |
| *Items that are or may be reclassified subsequently to profit or loss:* | | | | | | |
| Fair value changes on available-for-sale investments | 11 | 1 | 1,000 | 8 | (6) | (233) |
| Currency translation differences arising on consolidation | (48) | 22 | (318) | (371) | (15) | 2,373 |
| Revaluation loss on property, plant and equipment | - | - | - | (348) | - | n/m |
| **Other comprehensive (loss) / income for the period** | **(37)** | **23** | **(261)** | **(711)** | **(21)** | **3,286** |
| **Total comprehensive loss for the period** | **(28)** | **(1,386)** | **(98)** | **(359)** | **(417)** | **(14)** |

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 30 Sept, | | | 9 months ended 30 Sept, | | |
|---|---|---|---|---|---|---|
| | **2017** | **2016** | Increase/ (decrease) | **2017** | **2016** | Increase/ (decrease) |
| | US$'000 | US$'000 | % | US$'000 | US$'000 | % |
| Depreciation of property, plant and equipment | (32) | (37) | (14) | (97) | (147) | (34) |
| Gain / (loss) on disposal of property, plant and equipment | 7 | (1) | (800) | 73 | (1) | (7,400) |
| Loss on re-measurement of asset re-classified to held for sale | (1) | - | n/m | (129) | - | n/m |
| Net foreign currency exchange gain / (loss) | 792 | (737) | (207) | 3,364 | 2,312 | 46 |
| (Allowance for) / reversal of impairment on receivables | - | (19) | n/m | 5 | 1 | 400 |
| Write-back of bad debts | - | - | - | - | 2 | n/m |
| Interest income | 340 | 516 | (34) | 988 | 1,181 | (16) |
| Interest on bank and other borrowings | (12) | (25) | (52) | (43) | (253) | (83) |
| Discount on provision unwound | (4) | (74) | (95) | (70) | (231) | (70) |

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 30/09/2017 | As at 31/12/2016 | As at 30/09/2017 | As at 31/12/2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **Non-current assets** | | | | |
| Property, plant and equipment | 404 | 5,306 | - | - |
| Trademark | 5,183 | 5,220 | - | - |
| Goodwill | - | - | - | - |
| Investments in subsidiaries | - | - | - | - |
| Available-for-sale financial assets | 19 | 11 | 13 | 8 |
| Non-trade receivable from a related party | 43,771 | 41,142 | - | - |
| Other non-current assets | 246 | 246 | - | - |
| | **49,623** | **51,925** | **13** | **8** |
| **Current assets** | | | | |
| Trade and other receivables | 2,264 | 1,991 | - | - |
| Other current assets | 830 | 270 | 16 | 23 |
| Non-trade receivables from subsidiaries | - | - | 54,081 | 52,803 |
| Cash and cash equivalents | 11,331 | 12,809 | 2 | 3 |
| | **14,425** | **15,070** | **54,099** | **52,829** |
| **Current liabilities** | | | | |
| Trade and other payables | 2,235 | 1,892 | 233 | 224 |
| Non-trade payable to related parties | 10 | 10 | - | - |
| Short-term bank loans | - | 181 | - | - |
| Provisions | 1,894 | 1,762 | 1,894 | 1,762 |
| Tax payable | 33 | 16 | - | - |
| | **4,172** | **3,861** | **2,127** | **1,986** |
| **Net current assets** | **10,253** | **11,209** | **51,972** | **50,843** |
| **Total assets less current liabilities** | **59,876** | **63,134** | **51,985** | **50,851** |
| **Non-current liabilities** | | | | |
| Long-term bank loans | - | 1,779 | - | - |
| Provisions | 4,081 | 5,196 | 3,820 | 4,933 |
| Deferred tax liabilities | 770 | 775 | - | - |
| | **4,851** | **7,750** | **3,820** | **4,933** |
| **NET ASSETS** | **55,025** | **55,384** | **48,165** | **45,918** |

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 30/09/2017 | As at 31/12/2016 | As at 30/09/2017 | As at 31/12/2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **CAPITAL AND RESERVES** | | | | |
| Share capital | 50,667 | 50,667 | 50,667 | 50,667 |
| Reserves | 4,358 | 4,717 | (2,502) | (4,749) |
| | **55,025** | **55,384** | **48,165** | **45,918** |

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 30 September 2017 | |
|---|---|
| Secured | Unsecured |
| US$'000 | US$'000 |
| NIL | NIL |

| As at 31 December 2016 | |
|---|---|
| Secured | Unsecured |
| US$'000 | US$'000 |
| 181 | NIL |

**Amount repayable after one year**

| As at 30 September 2017 | |
|---|---|
| Secured | Unsecured |
| US$'000 | US$'000 |
| NIL | NIL |

| As at 31 December 2016 | |
|---|---|
| Secured | Unsecured |
| US$'000 | US$'000 |
| 1,779 | NIL |

**Details of any collateral**

The Group's secured borrowings are bank loans secured by the land and building 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.**

| | Quarter ended 30 Sept, | | 9 months ended 30 Sept, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| **Profit/(loss) before taxation** | **15** | **(1,408)** | **374** | **(381)** |
| Adjustments for : | | | | |
| Depreciation of property, plant and equipment | 32 | 37 | 97 | 147 |
| Allowance for / (reversal of) impairment on receivables | - | 19 | (5) | (1) |
| Write-back of bad debts | - | - | - | (2) |
| Loss on re-measurement of asset reclassified to held for sale | 1 | - | 129 | - |
| (Gain)/loss on disposal of property, plant and equipment | (7) | 1 | (73) | 1 |
| Discount on provision unwound | 4 | 74 | 70 | 231 |
| Interest expenses | 12 | 25 | 43 | 253 |
| Interest income | (340) | (516) | (988) | (1,181) |
| Unrealised currency translation (gain) / loss | (586) | 822 | (2,251) | (2,073) |
| **Operating cash flow before working capital changes** | **(869)** | **(946)** | **(2,604)** | **(3,006)** |
| **Changes in working capital** | | | | |
| Trade and other receivables and other current assets | (716) | (62) | (826) | (649) |
| Non-trade receivable from a related party | - | 1,315 | - | 12,345 |
| Trade and other payables | 284 | (156) | 343 | (1,246) |
| Provisions | (469) | (557) | (1,430) | (1,649) |
| Currency translation adjustments | (254) | 63 | (1,099) | (116) |
| **Cash (used in) / generated from operations** | **(2,024)** | **(343)** | **(5,616)** | **5,679** |
| Taxation received / (paid) | - | 1 | (5) | 1 |
| Interest paid | (12) | (25) | (43) | (283) |
| Interest received | 342 | 516 | 986 | 1,181 |
| **Net cash (used in) generated from operating activities** | **(1,694)** | **149** | **(4,678)** | **6,578** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Acquisition of property, plant and equipment | (93) | (13) | (405) | (27) |
| Proceeds from disposal of property, plant and equipment | 4,982 | - | 5,066 | - |
| **Net cash generated from / (used in) investing activities** | **4,889** | **(13)** | **4,661** | **(27)** |

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.** – *continued*

| | Quarter ended 30 Sept, | | 9 months ended 30 Sept, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Non-trade payable to a related party | - | 7 | - | (6,148) |
| Repayment of bank loans | (1,920) | (46) | (2,012) | (143) |
| **Net cash used in financing activities** | **(1,920)** | **(39)** | **(2,012)** | **(6,291)** |
| **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS** | **1,275** | **97** | **(2,029)** | **260** |
| Cash and cash equivalents at beginning of period | 9,912 | 1,474 | 12,809 | 1,313 |
| Effects of exchange rate changes on cash and cash equivalents | 144 | (2) | 551 | (4) |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **11,331** | **1,569** | **11,331** | **1,569** |

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 profits/(losses) | Total |
|---|---|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Balance at 1 January 2016 | 50,667 | 27,171 | 24 | 1,898 | - | 655 | (15,208) | 65,207 |
| Total comprehensive loss | - | - | - | - | (6) | (15) | (396) | (417) |
| **Balance at 30 September 2016** | **50,667** | **27,171** | **24** | **1,898** | **(6)** | **640** | **(15,604)** | **64,790** |
| Balance at 1 January 2017 | 50,667 | 27,171 | 24 | 1,910 | (3) | 605 | (24,990) | 55,384 |
| Total comprehensive loss | - | - | - | (348) | 8 | (371) | 352 | (359) |
| Release of revaluation reserve on the disposal of land and building | - | - | - | (1,562) | - | - | 1,562 | - |
| **Balance at 30 September 2017** | **50,667** | **27,171** | **24** | **-** | **5** | **234** | **(23,076)** | **55,025** |

COMPANY

| | Share capital | Share premium | Fair value reserve | Accumulated profits/(losses) | Total |
|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Balance at 1 January 2016 | 50,667 | 27,171 | - | (10,703) | 67,135 |
| Total comprehensive (loss) / income | - | - | (4) | 1,495 | 1,491 |
| **Balance at 30 September 2016** | **50,667** | **27,171** | **(4)** | **(9,208)** | **68,626** |
| Balance at 1 January 2017 | 50,667 | 27,171 | (2) | (31,918) | 45,918 |
| Total comprehensive income | - | - | 15 | 2,232 | 2,247 |
| **Balance at 30 September 2017** | **50,667** | **27,171** | **13** | **(29,686)** | **48,165** |

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 30 September 2017 and 31 December 2016 was 25,333,333.

The Company did not have any treasury shares as at 30 September 2017 and 31 December 2016.

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 same accounting policies and methods of computation have been applied in the financial statements for the current financial period as in the Company's audited financial statements for the year ended 31 December 2016.

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.**

No change.

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:-**

| | 9 months ended 30 Sept, | |
|---|---|---|
| | 2017 | 2016 |
| Earnings / (loss) per ordinary share for the period based on net profit / (loss) attributable to shareholders: - | | |
| (i) Based on the weighted average number of ordinary shares in issue | US 1.39 cents | ( US 1.56 cents) |
| (ii) On a fully diluted basis | US 1.39 cents | ( US 1.56 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 | |
|---|---|---|---|---|
| | 30/09/2017 | 31/12/2016 | 30/09/2017 | 31/12/2016 |
| Net asset value per ordinary share | US 217.2 cents | US 218.6 cents | US 190.1 cents | US 181.3 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$0.45 million from US$3.14 million for Q3 2016 to US$3.59 million for Q3 2017. The increase was mainly attributable to the increase in revenue generated from Vigers.

Cost of sales increased by US$0.33 million from US$2.2 million for Q3 2016 to US$2.5 million for Q3 2017. The increase was mainly attributable to the additional manpower costs required for certain new projects secured by Vigers during the current financial period.

The Group recorded a gross profit of US$1.0 million for Q3 2016 as compared to US$1.1 million for Q3 2017, an increase of US$0.1 million as explained in the preceding paragraphs.

The Group had other net loss of US$0.2 million for Q3 2016 as compared to also a net gain of US$1.2 million for Q3 2017. In Q3 2017, the other net gain comprised mainly the net foreign currency exchange gain of US$0.8 million arising from translating the monetary items denominated in foreign currencies and interest income of US$0.3 million. In Q3 2016, the other net loss comprised mainly the net foreign currency exchange loss of US$0.7 million arising from translating the monetary items denominated in foreign currencies and interest income of US$0.5 million.

Administrative costs increased by US$0.1 million from US$2.1 million for Q3 2016 to US$2.2 million for Q3 2017. The increase was mainly attributable to the increase in legal and professional fee of US$0.1 million.

Finance costs decreased by US$0.08 million from US$0.1 million for Q3 2016 to US$0.02 million for Q3 2016. The decrease was mainly attributable to the decrease in the bank loan interest of US$ 0.01 million and decrease in notional finance charge of US$0.07 million recognised in compliance with the IFRS for the provision of net rental expenses pursuant to a guaranteed rental agreement entered into with LEHD.

As a result of the above, the Group's net profit for Q3 2017 was US$9 thousand as compared to net loss of US$ 1.4 million for Q3 2016, a decrease in net loss of US$1.4 million, as explained in the preceding paragraphs.

Other comprehensive loss of US$0.04 million in Q3 2017 comprised mainly the currency translation differences arising on consolidation of foreign subsidiaries, as compared to an income of US$0.02 million in Q3 2016.

As a result of the above, the Group's total comprehensive income for Q3 2017 was US$0.03 million as compared to total comprehensive loss of US$1.39 million for Q3 2016, a decrease of US$1.36 million as explained in the preceding paragraphs.

Statement of Financial Position

Property, plant and equipment decreased by US$4.9 million from US$5.3 million as at 31 December 2016 to US$0.4 million as at 30 September 2017. The decrease was mainly due to the disposal of the Group's office premises of US$5.0 million in September 2017.

Available-for-sale investments increased by US$8 thousand from US$11 thousand as at 31 December 2016 to US$19 thousand as at 30 September 2017. The increase was due to the increase in fair value of the financial assets.

Non-trade receivable from a related party, Lafe (Emerald Hill) Development Pte. Ltd. ("LEHD"), increased in total by US$2.6 million from US$41.1 million as at 31 December 2016 to US$43.8 million as at 30 September 2017. The increase was mainly attributable to the translation adjustment arising from translating the receivable denominated in foreign currency. The outstanding balance comprises fixed term loans extended to 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.

Bank loans under "Current liabilities" and "Non-current liabilities" decreased in total by US$2.0 million from US$2.0 million as at 31 December 2016 to US$ nil as at 30 September 2017. The decrease was mainly attributable to the full repayment of the bank loans during the current financial period.

Provisions under "Current liabilities" and "Non-current liabilities" decreased in total by US$1.0 million from US$7.0 million as at 31 December 2016 to US$ 6.0 million as at 30 September 2017. The decrease was mainly attributable to the partial repayments 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$12.8 million as at 31 December 2016 to US$11.3 million as at 30 September 2017, a decrease of US$1.5 million, is explained in the statement of cash flows below.

Statement of Cash Flows

During Q3 2017, the Group's net cash used in operating activities was US$1.7 million as compared to net cash generated from operating activities of US$0.1 million in Q3 2016. The cash movement in Q3 2017 was mainly attributable to the payment made for rental guarantee. The increase in net cash generated from investing activities in Q3 2017 of US$4.9 million was mainly attributable to the receipt of sales proceeds from disposal of property, plant and equipment. The net cash used in financing activities in Q3 2017 of US$1.9 million was mainly attributable to the bank loan repayments.

**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 into developing its business in the PRC and Macau with a view to expanding its professional valuation services.

**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 Q3 2016, 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 | 3,718 | - |

## 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.

APPENDIX II

LAFE CORPORATION LIMITED
(Incorporated in Bermuda)

CONFIRMATION BY DIRECTORS

The Board of Directors of Lafe Corporation Limited (the "Company") confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the third quarter financial results of the Company for the period ended 30 September 2017 to be false or misleading in any material aspect.

On behalf of the Board,

Director

Director

Date: 7 NOVEMBER 2017