LAFE CORPORATION LIMITED
(Company Reg. No.: 26304)
(Incorporated in Bermuda)

PROPOSED ACQUISITION OF FAIRHAVEN, SINGAPORE, A FREEHOLD 15-UNIT DEVELOPMENT LOCATED AT SOPHIA ROAD

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1. INTRODUCTION

1.1 On 22 March 2018, Lafe Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") had through its wholly-owned subsidiary Gioia Fund Pte. Ltd. (the "**Purchaser**") submitted an offer ("**Offer**") to accept the tender under the terms as set out in the Tender Form and the Special Conditions stated in the Tender Form for the collective purchase of all the strata lots and the common property comprised in strata title plan No. 147 in the development known as Fairhaven, Singapore located at Sophia Road ("**Property**") at a price of S$57,000,000 ("**Purchase Price**").

1.2 The Board of Directors of the Company wishes to announce that the Purchaser has received an acceptance letter dated 22 March 2018 confirming the acceptance of the Offer ("**Acceptance Letter**") by the Collective Sale Committee of the Property acting on behalf of the Vendors (as defined below). The Offer together with the Acceptance Letter constitute a binding contract (the "**Contract**") dated 22 March 2018 (the "**Contract Date**") for the sale and purchase of the Property between the Collective Sale Committee of the Property and the Purchaser (the "**Proposed Acquisition**").

2. INFORMATION ON THE PROPERTY

2.1 The Property is a freehold 15-unit development located at Sophia Road, in District 9 of Singapore, with a total site area of approximately 16,660 square feet. The site is zoned residential with a plot ratio of 2.1. The site has a high baseline and the permissible total gross floor area for construction is approximately 38,385 square feet for residential use.

2.2 The Property is accessible via the nearby Central Expressway (CTE) and Dhoby Ghaut Interchange station which is within walking distance.

2.3 The site is also a stone's throw away from the main Orchard Road shopping belt and is in close proximity to numerous reputable primary, secondary and tertiary educational institutions. Popular schools, such as St Margaret's Primary and Anglo-Chinese School (Junior), are within one kilometer of the site, while reputable educational institutions, such as the Singapore Management University, Lasalle College of the Arts, Nanyang Academy of Fine Arts (NAFA) and School of the Arts (SOTA), are in the vicinity.

3. SALIENT TERMS OF THE PROPOSED ACQUISITION

3.1 Purchase Price

The Purchase Price of S$57,000,000 for the Proposed Acquisition was arrived at on a willing-buyer and willing-seller basis, as part of a competitive tender process and after taking into account various commercial factors, including the current market prices of properties in the surrounding area and the Company's assessment of the redevelopment potential of the Property.

The Purchase Price is payable in instalments in the following manner:

(a) a sum equivalent to 5% of the Purchase Price (less a tender fee of S$500,000 (the "**Tender Fee**") which has been paid by the Purchaser) is payable within five (5) business days from the Contract Date (such amount together with the Tender Fee being the "**Deposit**");

(b) a sum equivalent to 5% of the Purchase Price (the "**Further Deposit**") is payable within five (5) business days after the date of receipt of the written notice from the Vendors' solicitors that the Sale Order or the Consent (as defined below) has been obtained (whichever is earlier); and

(c) the balance of the Purchase Price shall be paid to the Vendors upon completion of the Proposed Acquisition, which is scheduled to take place on the date falling 3 months after the written notice from the Vendors or their solicitors that the Sale Order or the Consent has been obtained (whichever is earlier) (the "**Scheduled Completion Date**").

3.2 Conditions

The Proposed Acquisition has been approved by the subsidiary proprietors of strata lots comprised in the Property who together hold not less than 80% of the total share value and of the total strata area in the Property. The Property Acquisition is subject to, *inter alia*:

(a) the Vendors obtaining (i) an order from the Strata Titles Board or the High Court of Singapore (as the case may be) for the collective sale of the Property in accordance with the provisions set out in Part VA of the Land Titles (Strata) Act (Cap. 158) (the "**Sale Order**") or (ii) the consent of all of the subsidiary proprietors of all strata lots comprised in the Property to the Property Acquisition (the "**Consent**") within 15 months from the Contract Date. For this purpose, the "**Vendors**" shall mean all those subsidiary proprietors of the Property who have agreed in writing to sell their strata lots under the collective sale agreement signed by the Vendors for the collective sale of the Property; and

(b) (if applicable) the Purchaser obtaining in-principle approval for the issue of a Qualifying Certificate or Clearance Certificate, as the case may be ("**RPA Approval**") from the Controller of Residential Property (the "**Controller**") for the purchase of the Property.

In the event that the RPA Approval is not obtained on or before the Scheduled Completion Date for any reason whatsoever, the Vendors shall be entitled at the Vendors' absolute discretion to rescind the Contract by written notice to the Purchaser and upon rescission, the Deposit and the Further Deposit shall be forfeited to the Vendors (this shall be without prejudice to any other rights or remedies available to the Vendors at law or in equity or otherwise against the Purchaser).

Further, it shall be the obligation of the Purchaser to obtain all requisite consents, approvals and clearances as may be necessary for the purchase of the Property. If the sale cannot be completed by the Scheduled Completion Date by reason of the Purchaser failing to obtain the requisite consent, approval and clearance then the Vendors shall be entitled at their absolute discretion to rescind the sale and purchase and recover any damages suffered and the Deposit, the Further Deposit and all other monies (if any) paid to the Vendors shall be forfeited to the Vendors and the Purchaser shall not have any claim whatsoever against the Vendors (without prejudice to any other rights or remedies available to the Vendors at law or in equity or otherwise as a consequence of the failure by the Purchaser to complete the purchase of the Property).

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is an acquisition in the ordinary course of business of the Group whose existing core businesses include property development.

5. VALUE OF AND NET PROFIT/LOSS ATTRIBUTABLE TO THE PROPERTY

As the Property is not a revenue-generating asset, the Proposed Acquisition will not contribute any profit or loss to the Group.

6. SOURCE OF FUNDS FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is intended to be funded by a combination of the Group's internal resources, bank borrowings and/or equity fund raising in the capital markets. The Company will update shareholders of the Company ("**Shareholders**") on any material developments and will make such necessary announcements as and when appropriate.

7. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the "**Listing Manual**") are as follows:

Rule 1006	**Bases**	**Relative Figure (%)**
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets	Not Applicable, as this is not a disposal of assets.
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profit	Not Applicable, as the Property is not a revenue-generating asset.
(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the	316.9%

	total number of issued shares in the share capital of the Company (excluding treasury shares)(1)	
(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue	Not Applicable, as there is no issuance of equity securities by the Company.
(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not Applicable, as the Company is not a mineral, oil or gas company.

Note:

(1) The Purchase Price of S$57,000,000 represents approximately 316.9% of the Company's market capitalisation of approximately S$17,986,666 calculated on the basis of 25,333,333 ordinary shares in the capital of the Company in issue ("**Shares**") multiplied by the weighted average price of S$0.71 per Share on 22 March 2018, being the full market day on which the Shares were traded on the SGX-ST on the Contract Date.

As the relative figure under Rule 1006(c) of the Listing Manual exceeds 100% and the Proposed Acquisition will not result in a change in control of the Company, the Proposed Acquisition would be treated as a "very substantial acquisition" under Rule 1015(1)(a) of the Listing Manual, to which the requirements of Rule 1015 of the Listing Manual would apply in respect of the Proposed Acquisition. Accordingly, the Proposed Acquisition will be conditional upon the approval by the Shareholders at a general meeting.

However, the Company will be seeking a waiver from the SGX-ST from compliance with Rule 1015 of the Listing Manual and for the Proposed Acquisition to be classified as a major transaction under Rule 1014 of the Listing Manual instead, on the basis, *inter alia*, that the Proposed Acquisition is made in the ordinary course of business and will not result in a material change to the nature of the Group's business and there will be no change in control of the Company as a result of the Proposed Acquisition. The Company will update Shareholders on the status of the application for the waiver, as and when appropriate.

8. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The Company will provide the *pro forma* financial effects of the Proposed Acquisition once the details of the bank borrowings and/or equity fund raising in the capital markets have been determined. The *pro forma* financial effects of the Proposed Acquisition will be presented for illustration purposes, and are intended to reflect the actual future financial situation of the Company or the Group after completion of the Proposed Acquisition.

9. IRREVOCABLE UNDERTAKING

9.1 As at the date of this announcement, Sino Capital Resources Limited ("**Undertaking Shareholder**"), a controlling shareholder of the Company, directly owns 19,264,561 Shares representing approximately 76.04% in the Company.

9.2 The Undertaking Shareholder has provided an irrevocable undertaking dated 28 March 2018 ("**Irrevocable Undertaking**") in favour of the Company that it will (i) vote in favour of all resolutions at the EGM relating to approval of the Proposed Acquisition and (ii) not decrease its current shareholdings in the Company until after the EGM has been held.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or the substantial Shareholders of the Company has an interest, direct or indirect, in the Proposed Acquisition (other than through their respective shareholding interests in the Company, if any).

11. NO SERVICE CONTRACT

As at the date of this Announcement, no person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition.

12. CIRCULAR AND DOCUMENTS AVAILABLE FOR INSPECTION

The Circular containing information on the Proposed Acquisition and enclosing the notice of EGM to seek Shareholders' approval/ratification for the Proposed Acquisition will be despatched by the Company to Shareholders in due course.

A copy of the Contract will be made available for inspection by Shareholders at the Company's Singapore Share Transfer Agent's office in Singapore, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 during normal business hours for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD

Paul Francis Gregory Binney
Company Secretary

28 March 2018