

LAFE CORPORATION LIMITED

(Company Reg. No.: 26304)

(Incorporated in Bermuda)

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

1. INTRODUCTION

- 1.1 Lafe Corporation Limited (the “**Company**”) refers to its announcement dated 28 March 2018 (the “**28 March Announcement**”) in respect of 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 (the “**Proposed Acquisition**”). All capitalised terms unless otherwise defined, shall have the same meaning ascribed to them in the 28 March Announcement.

2. RECEIPT OF SGX-ST’S WAIVER IN RESPECT OF THE PROPOSED ACQUISITION

- 2.1 The Company had on 29 March 2018 submitted an application to the SGX-ST seeking:

- (a) a waiver from the SGX-ST from complying with Rule 1015 of the Listing Manual in relation to the Proposed Acquisition and accordingly, that the Proposed Acquisition should instead be regarded as a major transaction under Rule 1014 of the Listing Manual; and
- (b) the SGX-ST’s waiver of Rule 1014(2) of the Listing Manual which requires the prior approval of the Company’s Shareholders in relation to the Proposed Acquisition, with the Company instead seeking the approval of its Shareholders by way of ratification,

(together, the “**Waiver Application**”).

- 2.2 The SGX-ST has on 6 June 2018 informed the Company that the SGX-ST has no objection to the Waiver Application, subject to:

- (a) the Company announcing the waiver (“**Waiver**”) granted, the reasons for the Waiver Application and the conditions as required under Rule 107 of the Listing Manual;
- (b) submission of a written undertaking from the Company that it will seek shareholder’s ratification on the Proposed Acquisition at an extraordinary general meeting (“**EGM**”) within three (3) months from the date of approval of the Waiver;
- (c) submission of a written irrevocable undertaking from Sino Capital Resources Limited (“**SCRL**”) to the Company to vote in favour of approving the Proposed Acquisition at the EGM to be convened; and
- (d) submission of a written irrevocable undertaking from SCRL to the Company that they will continue to own 50% of the issued shares of the Company before and up to the date of the EGM.

The Company has submitted the written undertaking required under paragraph (c) and (d) above together with the Waiver Application and will submit the written undertaking required in paragraph (b) above as soon as practicable.

2.3 The Company had sought the Waiver on, *inter alia*, the following grounds:

Waiver of Rule 1015

(a) The Proposed Acquisition is within the scope of the Group's property-related business

The Company and its subsidiaries (together, the "**Group**") is in the business of property investment, property development and property agency and appraisal and consultancy services. The Proposed Acquisition is made in the ordinary course of business and is part of the Group's existing core business.

(b) No significant change in the Company's risk profile

The board of directors of the Company (the "**Board**") is of the view that the Proposed Acquisition would not materially change the risk profile of the Group based on the following reasons:

(i) No change in control of the Company

The Proposed Acquisition will not result in a change in control of the Company as the Proposed Acquisition does not involve any issue of the Company's shares and there will be no change to the Company's board of directors, management or controlling shareholders as a result of the Proposed Acquisition.

(ii) No significant adverse impact on the Group's earnings, working capital and gearing

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. The Proposed Acquisition is intended to be funded by a combination of internal resources, bank borrowings and/or equity fund raising in the capital markets. Notwithstanding that the net gearing of the Group may change in the short term, the Board believes that the Proposed Acquisition will not have a significant adverse impact on the Group's earnings and working capital after the completion of the Proposed Acquisition.

(iii) No expansion of the Company's business to a new geographical market and/or a new business sector

As the Property is an asset situated in Singapore, the Proposed Acquisition will not result in an expansion of the Group's business to a new geographical market and/or a new business segment that will result in a change of risk profile.

(c) Shareholders' approval will be sought by the Company for the Proposed Acquisition

The Company had sought from the SGX-ST a waiver of Rule 1014(2) (as further described below) in respect of the Proposed Acquisition, in light of the Irrevocable Undertaking (as defined below).

The Company will seek the approval of its Shareholders for, *inter alia*, the Proposed Acquisition by way of ratification and will comply with the requirements of Rule 1014 in respect of the Company's announcement and circular ("**Circular**") to shareholders in relation to, *inter alia*, the Proposed Acquisition.

Accordingly, the Company is of the view that the Shareholders would not be prejudiced by the grant of the waiver of Rule 1015, as they will be furnished with all pertinent information in relation to the Proposed Acquisition and will be given the due opportunity to vote on, as

well as the opportunity to raise questions and express their views on, these matters at the EGM.

- (d) Not appropriate for certain provisions under Rule 1015 to apply with respect to the Proposed Acquisition

The Company had also submitted that certain requirements under Rule 1015 of the Listing Manual were not appropriate in the context of the Proposed Acquisition.

Waiver of Rule 1014(2)

- (a) Time-sensitive nature of the tender

The Proposed Acquisition was part of a competitive tender process involving several other tenderers. As stated in the Vendors' invitation to tender letter dated 22 February 2018, the tender to the Vendors had to be submitted by 22 March 2018. Accordingly, if the Company were to be required to negotiate for the Offer to be conditional upon prior Shareholders' approval, the Company would have been disadvantaged and its chances of success in the tender might have been negatively impacted.

Having considered the above, the Board was of the view that it is to the benefit of the Shareholders to be able to expeditiously make the Offer and to take advantage of such opportunity.

- (b) Irrevocable undertaking by the Company's controlling shareholder

The controlling shareholder of the Company, SCRL directly owns 19,264,561 Shares representing approximately 76.04% of the total number of Shares in the Company.

The Company had procured an irrevocable undertaking dated 28 March 2018 from SCRL ("**Irrevocable Undertaking**") in favour of the Company (i) to vote in favour of all the resolutions at the EGM relating to approval of the Proposed Acquisition; and (ii) not to decrease its current shareholdings in the Company until after the EGM has been held, such that the resolutions would have duly passed even if a Shareholders' meeting were to be required for the purposes of approving the Proposed Acquisition prior to the Contract Date.

3 FURTHER UPDATES AND CIRCULAR

The Company will provide further updates on the Proposed Acquisition in subsequent announcements as appropriate when there are material developments to the Proposed Acquisition in accordance with the Listing Manual.

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

BY ORDER OF THE BOARD

Paul Francis Gregory Binney
Company Secretary

6 June 2018