LAFE CORPORATION LIMITED

(Company Registration Number: 26304)
(Incorporated in Bermuda)

THE PROPOSED DISPOSAL OF 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF LAFE (EMERALD HILL) DEVELOPMENT PTE. LTD. TO MADAM YU LO SI, ROSY

A. INTRODUCTION

The board of directors (the "**Board**") of Lafe Corporation Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 19 June, 2015 entered into a conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") with Madam Yu Lo Si, Rosy (the "**Purchaser**"), the spouse of Mr. Christopher Ho Wing–On, a director of the Company, for the sale and disposal by the Company of its legal and beneficial ownership of 100% of the issued and paid-up share capital of Lafe (Emerald Hill) Development Pte. Ltd. ("**LEHD**") (the "**Sale Shares**"), free from all encumbrances and with all rights, benefits and entitlements attaching thereto at completion (the "**Proposed Disposal**").

The Proposed Disposal is an interested person transaction under Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), which requires the approval of the independent shareholders of the Company under Rule 906 of the Listing Manual. The Proposed Disposal is also a major transaction under Rule 1014 of the Listing Manual, which requires approval of the shareholders of the Company under Chapter 10 of the Listing Manual.

B. BACKGROUND INFORMATION ON THE PURCHASER AND LEHD

1. Information relating the Purchaser

As at the date hereof, the Purchaser is the spouse of Mr. Christopher Ho Wing–On, a director and one of the beneficiaries of a discretionary trust which owns approximately 54.476% of the issued and paid-up share capital of the Company[1].
Accordingly, the Purchaser would, for the purposes of Chapter 9 of the Listing Manual and the Proposed Disposal, be regarded as an "interested person" of the Company.

2. Information relating to LEHD

As at the date hereof, LEHD, a company incorporated in Singapore, has an issued and fully paid-up share capital of S$1,000,000 comprising 1,000,000 ordinary shares. The Company is the legal and beneficial owner of 100% of the issued and paid-up share capital of LEHD.

LEHD carries on the business of, *inter alia*, owning and developing property in Singapore, and is the owner of the properties which are set out in the Appendix to this Announcement (the "**Properties**"). The Properties comprise the main assets held by LEHD.

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[1] Unless otherwise stated, in this Announcement, references to shareholding percentages in the Company are computed based on the total number of issued shares in the Company of 23,333,333 (excluding nil treasury shares) as at the date of this Announcement.

C. VALUATION OF THE PROPERTIES

In connection with the Proposed Disposal, the Group engaged an independent valuer, PREMAS Valuers & Property Consultants Pte Ltd (the "**Valuer**"), to assess and determine the market value of the Properties.

Based on the valuation report dated 5 June, 2015 (the "**Valuation Report**") issued by the Valuer, the market value of the Properties as at 31 May, 2015 was S$102,900,000 (the "**Valuation**").

The Valuation was determined on an en-bloc market value basis.

D. THE PROPOSED DISPOSAL

1. Salient Terms of the Sale and Purchase Agreement

1.1. Conditions Precedent

Save where defined in this Announcement, all capitalised terms shall bear the meanings ascribed to them in the Sale and Purchase Agreement.

The Proposed Disposal is conditional on the following occurring or being confirmed, fulfilled or procured (as the case may be) by the Company on or before the Long-Stop Date, being 30 September 2015:

(a) the benefit under the Markwood Loan (an interest-free loan of approximately S$93,090,968 extended by Markwood Capital Limited, a wholly-owned indirect subsidiary of the Company, to LEHD) having been validly assigned by Markwood to the Company;

(b) the benefit under the Vigers Loan (an interest-free loan of approximately S$182,238 extended by LEHD to Vigers Group Pte Ltd) having been validly assigned by LEHD to the Company;

(c) all payments in respect of all maintenance funds, sinking funds and property tax relating to the Properties payable up to the month in which the Completion Date falls on having been duly paid;

(d) the approval of the board of directors of LEHD being obtained for the transfer of the Sale Shares to the Purchaser, the issue of new share certificates therefore to the Purchaser, the entry of the name of the Purchaser as holder of the relevant number of Sale Shares in the register of members of LEHD, the resignation of Kenny Suen Wai Cheung, Manjit Singh Gill, Christopher Ho Wing-On, Willy Shee Ping Yah @ Shee Ping Yan and Lew Syn Pau as directors of LEHD and the appointment of all persons nominated by the Purchaser as directors of LEHD with effect from the Completion Date and the execution of all such agreements and ancillary documents as may be necessary, expedient, incidental to give effect to the Term Loan;

(e) the approval of the independent shareholders of the Company being obtained at a special general meeting of the Company to be convened for:

a. the execution of the Sale and Purchase Agreement and the Proposed Disposal;

b. the execution of all such agreements and ancillary documents as may be necessary, expedient, incidental or in the interests of the Company to give effect to the Term Loan; and

c. the extension of the Rental Guarantee, wherein the Company has undertaken to manage the Properties and make payment of a guaranteed rental sum to LEHD (calculated based on 3% per annum of the Purchaser's offer valuation of the Properties, being S$111,830,000 for a term of 5 years from the date of completion of the Proposed Disposal,

(collectively, the "**Proposed Transactions**");

(f) the approval of the board of directors of the Company being obtained for the Sale and Purchase Agreement and the Proposed Transactions; and

(g) the Company having obtained all necessary licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals and waivers necessary or desirable in respect of the Proposed Transactions from the appropriate governments, courts or other regulatory bodies on terms satisfactory to the Purchaser and such licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals and waivers remaining in full force and effect.

The Proposed Disposal is conditional on the following occurring or being confirmed, fulfilled or procured (as the case may be) by the Purchaser on or before the Long-Stop Date:

(a) the payment of a refundable Deposit of approximately S$5,591,500 by the Purchaser on the date of execution of the Sale and Purchase Agreement;

(b) the transfer of the Sale Shares from the Company to the Purchaser not being prohibited by the Company's bankers, any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority in Singapore or in any other jurisdiction affecting the Purchaser;

(c) each of the Purchaser's Warranties remaining true and correct at all times from signing of the Sale and Purchase Agreement until (and including) the Completion Date.

The Proposed Disposal is conditional on the following occurring or being confirmed, fulfilled or procured (as the case may be) on or before the Long-Stop Date:

(a) the independent financial adviser giving a favourable opinion on the terms and conditions of the Sale and Purchase Agreement and the Proposed Transactions, to the reasonable satisfaction of the Company;

(b) approval from the Singapore Land Authority and/or the Land Dealings (Approval) Unit (where applicable) for the Proposed Sale and the intended change in shareholder of LEHD from the Company to the Purchaser having been obtained and

if the approval is granted or obtained subject to any conditions, such conditions being reasonably acceptable to the Party affected, and such approval not having been revoked on or before Completion;

(c) all necessary approvals, consents and waivers of the SGX-ST required to complete the Sale and Purchase Agreement and all transactions contemplated under the Sale and Purchase Agreement. If such approvals, consents and waivers are obtained subject to any conditions and where such conditions affect any Party, such conditions being acceptable to the Party concerned, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion; and

(d) all other necessary consents, approvals and waivers being granted for all transactions contemplated under the Sale and Purchase Agreement, not being withdrawn or revoked by third parties (including without limitation, government bodies, a stock exchange and other relevant authorities having jurisdiction over the transactions contemplated under the Sale and Purchase Agreement), and if such approvals, consents and waivers are obtained subject to any conditions and where such conditions affect any Party, such conditions being acceptable to the Party concerned, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion.

1.2. Consideration

The aggregate consideration for the Sale Shares shall be an amount in cash equal to approximately S$6,772,282 (the "**Consideration**").

The Consideration is subject to the following adjustments, to be made on or before the Completion Date:

(a) if the Completion NTA is less than the Estimated NTA, the Consideration shall be reduced by an amount equal to the deficit of the Completion NTA below the Estimated NTA; and

(b) if the Completion NTA exceeds the Estimated NTA, the Consideration shall be increased by an amount equal to the excess of the Completion NTA over the Estimated NTA.

The Consideration shall be payable by the Purchaser to the Company in the following manner:

(a) a deposit of S$5,591,500 (the "**Deposit**") upon execution of the Sale and Purchase Agreement, which is refundable if the Sale and Purchase Agreement is terminated without default on the part of the Purchaser; and

(b) the balance of the Consideration on the Completion Date.

Please refer to Section F: Rationale for the Proposed Disposal for the factors taken into account in arriving at the aggregate value of the consideration.

1.3. Repayment of Markwood Loan

The Markwood Loan is an interest-free loan of approximately S$93,090,968 extended by Markwood Capital Limited, a wholly-owned indirect subsidiary of the Company, to LEHD as at 31 March 2015.

Under the terms of the Sale and Purchase Agreement, the Markwood Loan will be repaid by LEHD to the Company in two tranches:

The first tranche, an amount represented by the difference of the outstanding loan balance at the date of completion of the Proposed Disposal and S$59,417,000, is repayable within one (1) year from the date of the Sale and Purchase Agreement. This tranche of the Markwood Loan is interest-free and unsecured.

The second tranche, amounting to S$59,417,000, is repayable under the Term Loan Agreement within five (5) years from completion of the Sale and Purchase Agreement. This tranche of the Markwood Loan bears interest at 3% per annum and is secured by (i) a corporate guarantee given by The Ho Family Trust Limited in favour of the Company and (ii) a second-ranking pledge of the Purchaser's shares in LEHD given by the Purchaser in favour of the Company.

2. The Proposed Disposal as an Interested Person Transaction

As stated in Section B of this Announcement, the Purchaser is regarded as an interested person of the Company for purposes of Chapter 9 of the Listing Manual and the Proposed Disposal. Therefore, the Proposed Disposal, being between the Company and the Purchaser, constitutes an interested person transaction under Chapter 9 of the Listing Manual.

The Consideration represents approximately 5.5% of the latest audited consolidated net tangible assets of the Group of US$93,738,000 as at 31 December 2014 (the "**2014 Group NTA**"), as disclosed in the audited consolidated financial statements of the Group for the financial year ended 31 December 2014 ("**FY2014**") announced by the Company on 9 April, 2015.

For the purposes of this Announcement, the foreign exchange rate shall be S$1.3209: US$1.00.

As the value of the Proposed Disposal is more than five per cent (5%) of the 2014 Group NTA, for the purposes of Chapter 9 of the Listing Manual, approval of the independent shareholders is required for this transaction.

The Company shall in due course issue a circular to shareholders setting out details of the Proposed Disposal and such other information as prescribed under Chapter 9 of the Listing Manual. The Proposed Disposal is conditional, *inter alia*, on the Company obtaining the approval of its independent shareholders at the special general meeting to be convened.

3. Other Interested Person Transactions for the Current Financial Year

For the current financial year ("**FY**") beginning 1 January 2015 up to the date of this Announcement, other than the Proposed Disposal, the interested person transactions entered into by the Group, or between the Group and the Purchaser are as follows:-

(a) the current total of all interested persons transactions with the Purchaser is US$80,000; and

(b) the current total of all interested person transactions is US$1,558,000.

4. Audit Committee Statement

The Company has appointed Provenance Capital Pte. Ltd. as the independent financial adviser ("**IFA**") to the directors of the Company who are independent for the purposes of the Proposed Disposal as an interested person transaction. The Audit Committee of the Company will obtain an opinion from the IFA before forming its view, which will be set out in the circular to be dispatched to shareholders in due course.

5. Relative Figures under Chapter 10 of the Listing Manual

5.1 General

Under Chapter 10 of the Listing Manual, a transaction will be classified as a "major transaction" if any of the relative figures calculated on the bases set out in Rule 1006 of the Listing Manual exceeds 20% and if so, shareholders' approval must be obtained for the "major transaction".

5.2 Relative Figures under Rule 1006 of the Listing Manual

The relative figures computed on the applicable bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposal and based on the latest announced consolidated accounts of the Group, being 31 March 2015, are set out below.

Rule 1006(a) – the net asset value of the assets to be disposed of, compared with the Group's net asset value	0.3% [1]
Rule 1006(b) – the net loss attributable to the assets to be disposed of, compared with Group's net loss	13.2% [2]
Rule 1006(c) – the aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	22.9%[3]
Rule 1006(d) – the number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as the transaction is a disposal.
Rule 1006(e) – the aggregate volume or amount of proved and probable reserves to	Not applicable as the Company is not a mineral, oil and gas company.

be disposed of, compared with the aggregate of the Group's proved and probable reserves	

Notes:

1. Net asset value of the Sale Shares as at 31 March 2015 = US$321,731

   Net asset value of the Group as at 31 March 2015 = US$99,449,000

   Relative figure = 0.3%

2. Net loss attributable to the Sale Shares for the three months to 31 March 2015 = US$676,220

   Net loss of the Group for the three months to 31 March 2015 = US$5,107,000

   Relative figure = 13.2%

3. The aggregate value of the Consideration to be received by the Group = S$6,772,282

   The Company's market capitalisation based on the total number of issued shares excluding treasury shares multiplied by the weighted average price of such shares transacted on the market day preceding the date of the Sale and Purchase Agreement = S$29,633,333

   Relative figure = 22.9%

5.3 Major Transaction

As the relative figure computed on the basis set out in Rule 1006(c) exceeds 20%, the Proposed Disposal will be subject to the approval by shareholders in a general meeting.

6. Use of Proceeds from the Proposed Disposal

The Company expects to receive net proceeds of approximately S$6,527,282 (after deducting estimated expenses of approximately S$245,000 from the Proposed Disposal).

The Company intends to utilise the net proceeds for working capital requirements, general corporate purposes and/or reducing the borrowings of the Group.

E. EXPECTED COMPLETION

Completion is expected to take place within seven (7) Business Days after the last of the conditions set out in paragraph 1.1 of Section D of this Announcement is fulfilled or waived, as the case may be, or on such other Business Day as the parties to the Sale and Purchase Agreement may agree in writing.

F. RATIONALE FOR THE PROPOSED DISPOSAL

The Properties comprise the main assets held by LEHD. Since the sales launch of the Properties in February 2013 (at an initial launch price of between S$2,230 per square foot

("**psf**") to S$2,980 psf), the Group has not been successful in selling any of the Properties despite various marketing activities by the appointed marketing agents. The Group's attempts to sell the Properties have been made even more challenging by the several rounds of cooling measures introduced by the Singapore government which have dampened the local property market and further reduced the pool of potential purchasers. The directors of the Company believe that foreign purchasers in particular, who traditionally make up a majority of the purchasers of high end residential developments in prime districts in Singapore, have been deterred by the Additional Buyer's Stamp Duties and other property cooling measures, and have refocused their investments to other markets outside of Singapore.

The Proposed Disposal will enable the Group to dispose of the Properties, through the sale of the Sale Shares, at a higher value for the Properties than as set out in the Valuation Report. Based on the Valuation Report, the current market value of the Properties as at 31 May 2015 is S$102,900,000 (approximately S$1637 psf). As at the date of entry into the Sale and Purchase Agreement, the Purchaser's offer represents a price for the Properties that is higher than any of the other offers received by the Group for the Properties. Accordingly, the proposed purchase by the Purchaser represents the best offer received by the Group to date for all the Properties.

In light of the foregoing and given the current market conditions in the residential property sector in Singapore, the directors believe that the Proposed Disposal represents a good opportunity for the Group to dispose of this investment in the Properties at a higher value than the current market value and will enable the Group to deploy the proceeds from the sale for other purposes. As such, the directors believe the Proposed Disposal to be in the interest of the Company.

G. NET LOSS ATTRIBUTABLE TO THE SALE SHARES

Based on the latest announced consolidated accounts of the Group, for the three months to 31 March 2015, the net loss attributable to the Sale Shares is US$676,220.

Based on the latest announced consolidated accounts of the Group, as at 31 March 2015, the net asset value of the Sale Shares is US$321,731, and the disposal of the Sale Shares to the Purchaser will result in a gain on disposal of US$4,619,810 (S$6,102,307), subject to the changes in operating results of LEHD up to the date of completion of the Proposed Disposal.

H. FINANCIAL EFFECTS

The financial effects of the Proposed Disposal on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after Completion. The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2014, being the most recently completed financial year.

(a) Net tangible assets ("**NTA**") per share

Had the Proposed Disposal been effected on 31 December 2014, the Proposed Disposal would have had the following financial effects on the Group's NTA per share as at 31 December 2014:

For FY2014	Before Proposed Disposal	After Proposed Disposal
Net tangible assets (US$'000)	93,738	98,358
Number of shares	23,333,333	23,333,333
Net tangible assets per share (US$)	4.017	4.215

(b) Earnings per share ("**EPS**")

Had the Proposed Disposal been effected on 1 January 2014, the Proposed Disposal would have had the following financial effects on the Group's EPS for FY2014:

For FY2014	Before Proposed Disposal	After Proposed Disposal
Group loss after tax (US$'000)	51,674	47,054
Weighted average number of shares	23,333,333	23,333,333
Loss per share (US$)	2.215	2.017

I. SERVICE AGREEMENTS

No new directors are proposed to be appointed to the Board in connection with the Proposed Disposal. As such, no service agreements will be entered into with any new director of the Company in connection with the transactions.

J. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE PROPOSED DISPOSAL

Save as disclosed in Section B of this Announcement, to the best knowledge of the directors, none of the other directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

K. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Company ("**Directors**") collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in the Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Announcement in its proper form and context.

L. CIRCULAR TO SHAREHOLDERS

A circular to shareholders setting out further information on the Proposed Disposal, together with the notice of special general meeting to be convened, will be dispatched to shareholders in due course.

M. DOCUMENTS FOR INSPECTION

Copies of the Sale and Purchase Agreement and the Valuation Report are available for inspection during normal business hours at the registered office of the Company at 57 Cantonment Road, Singapore 089755 for a period of three (3) months from the date of this Announcement. Please call 64300680 to state the time you would like to inspect.

BY ORDER OF THE BOARD

Paul Francis Gregory Binney
Company Secretary
22 June 2015

APPENDIX

PARTICULARS OF THE PROPERTIES

No.	Description of The Properties
1.	119 Emerald Hill Road #03-01 Singapore 229401
2.	119 Emerald Hill Road #03-03 Singapore 229401
3.	119 Emerald Hill Road0 #04-01Singapore 229401
4.	119 Emerald Hill Road #04-03 Singapore 229401
5.	119 Emerald Hill Road #05-01 Singapore 229401
6.	119 Emerald Hill Road #05-03 Singapore 229401
7.	119 Emerald Hill Road #06-01 Singapore 229401
8.	119 Emerald Hill Road #06-03 Singapore 229401
9.	119 Emerald Hill Road #07-01 Singapore 229401
10.	119 Emerald Hill Road #08-01 Singapore 229401
11.	119 Emerald Hill Road #09-01 Singapore 229401
12.	119 Emerald Hill Road #10-01 Singapore 229401
13.	119 Emerald Hill Road #10-03 Singapore 229401
14.	119 Emerald Hill Road #11-01 Singapore 229401
15.	119 Emerald Hill Road #11-03 Singapore 229401
16.	119 Emerald Hill Road #12-01 Singapore 229401
17.	119 Emerald Hill Road #12-02 Singapore 229401
18.	119A Emerald Hill Road Singapore 229402
19.	119B Emerald Hill Road Singapore 229433
20.	119C Emerald Hill Road Singapore 229434
21.	119D Emerald Hill Road Singapore 229435