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

ANNOUNCEMENT OF SETTLEMENT OF LEGAL PROCEEDINGS

The Board of the Company wishes to make an announcement with reference to the legal proceedings (the "**Proceedings**") described in Note 30(a) under Contingent Liabilities in its 2017 Annual Report, which is repeated below:

"A plaintiff issued a writ of summons in the High Court of the Hong Kong Special Administrative Region Court of First Instance against the Company in January 2012 for a sum of US$5.7 million together with interest, costs and other reliefs as the Court sees fit. The claim is in relation to a guarantee and indemnity provided by the Company to its former subsidiary, Lafe Technology (Hong Kong) Limited ("**LTHKL**") under a factoring facility agreement between the plaintiff and LTHKL. The plaintiff has obtained compensation from its insurer and its aggregate claims against LTHKL and the Company have been reduced to US$1.8 million plus interest."

On 10 September 2018, the Company and LTHK entered into a settlement agreement with the plaintiff (the "**Settlement Agreement**") to settle the Proceedings and to prevent any further litigation involving the parties arising out of or relating to the Proceedings.

Pursuant to the Settlement Agreement, the Company, without admission of liability, will take up a settlement amount of USD300,000 payable to the designated bank account of the plaintiff by 21 September 2018. The terms of the Settlement Agreement are agreed to be on a confidential basis. Upon receipt of the settlement amount by the Plaintiff, the parties to the Proceedings shall apply jointly to the Hong Kong Court for a consent order to stay the Proceedings. The Plaintiff shall release, inter alia, the Company and LTHK from all claims and liabilities relating to or arising from the Proceedings. The Board is of the view that the Settlement Agreement is in the best interest of the Company and its shareholders as a whole.

The Company will account for the entire settlement amount that it is obliged for in its financial results for the quarter ending 30 September 2018. Such sum is material to the Company's operating cash flows position. In order to sustain the Company's operations, the Company's parent company, Sino Capital Resources Limited, shall assist in funding and financing the Company by way of working capital loans which are unsecured and bear interest at 3% per annum.

BY ORDER OF THE BOARD

Paul Francis Gregory Binney
Company Secretary
21 September 2018