Appendix I

LAFE CORPORATION LIMITED

Un-audited Q1 2016 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 31 March,		
	2016	2015	Increase/ (decrease)
	US$'000	US$'000	%
Revenue	**2,930**	**3,428**	**(15)**
Cost of sales	(1,977)	(2,404)	(18)
Gross profit	**953**	**1,024**	**(7)**
Other net gain / (loss)	3,257	(2,942)	n/m
Administrative costs	(2,039)	(3,027)	(33)
Finance costs	(210)	(162)	30
Profit / (loss) before taxation	**1,961**	**(5,107)**	**n/m**
Taxation	(8)	(6)	33
Net profit / (loss) for the period	**1,953**	**(5,113)**	**n/m**
Other comprehensive loss			
Item that is or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation	(6)	(10)	(40)
Other comprehensive loss for the period	**(6)**	**(10)**	**(40)**
Total comprehensive income / (loss) for the period	**1,947**	**(5,123)**	**n/m**

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 31 March,		
	2016	**2015**	Increase/ (decrease)
	US$'000	US$'000	%
Depreciation of property, plant and equipment	(62)	(94)	(34)
Write-back of allowance for impairment on receivables	2	-	n/m
Net foreign currency exchange gain / (loss)	2,922	(3,064)	n/m
Loss on disposal of property, plant and equipment	-	(3)	n/m
Interest income	314	122	157
Interest on bank and other borrowings	(113)	(144)	(22)
Discount on provision unwound	(94)	-	n/m

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 31/03/2016	As at 31/12/2015	As at 31/03/2016	As at 31/12/2015
	US$'000	US$'000	US$'000	US$'000
Non-current assets				
Property, plant and equipment	5,736	5,547	-	-
Investments in subsidiaries	-	-	-	-
Available-for-sale investment	-	-	-	-
Non-trade receivable from a related party	43,975	42,004	-	-
Non-trade receivable from a subsidiary	-	-	37,834	36,180
Trademark	10,317	10,321	-	-
Goodwill	520	520	-	-
Other non-current asset	-	-	4,229	4,328
	60,548	**58,392**	**42,063**	**40,508**
Current assets				
Trade and other receivables	2,415	1,598	-	-
Other current assets	570	479	1,232	1,170
Non-trade receivable from a related party	25,830	24,672	25,830	24,672
Non-trade receivables from subsidiaries	-	-	8,633	8,901
Cash and cash equivalents	424	1,313	4	5
	29,239	**28,062**	**35,699**	**34,748**
Current liabilities				
Trade and other payables	2,725	2,831	270	230
Non-trade payable to a related party	7,691	6,155	-	-
Short-term bank loans	193	185	-	-
Provisions	1,881	1,805	1,881	1,805
Tax payable	35	27	-	-
	12,525	**11,003**	**2,151**	**2,035**
Net current assets	**16,714**	**17,059**	**33,548**	**32,713**
Total assets less current liabilities	**77,262**	**75,451**	**75,611**	**73,221**
Non-current liabilities				
Long-term bank loans	2,047	2,001	-	-
Provisions	6,145	6,327	5,904	6,086
Deferred tax liabilities	1,916	1,916	-	-
	10,108	**10,244**	**5,904**	**6,086**
NET ASSETS	**67,154**	**65,207**	**69,707**	**67,135**

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 31/03/2016	As at 31/12/2015	As at 31/03/2016	As at 31/12/2015
	US$'000	US$'000	US$'000	US$'000
CAPITAL AND RESERVES				
Share capital	50,667	50,667	50,667	50,667
Reserves	16,487	14,540	19,040	16,468
	67,154	**65,207**	**69,707**	**67,135**

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 31 March 2016	
Secured	Unsecured
US$'000	US$'000
193	7,691

As at 31 December 2015	
Secured	Unsecured
US$'000	US$'000
185	6,155

Amount repayable after one year

As at 31 March 2016	
Secured	Unsecured
US$'000	US$'000
2,047	NIL

As at 31 December 2015	
Secured	Unsecured
US$'000	US$'000
2,001	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 31 March,	
	2016	2015
	US$'000	US$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	**1,961**	**(5,107)**
Adjustments for :		
Depreciation of property, plant and equipment	62	94
Write-back of allowance for impairment on receivables	(2)	-
Loss on disposal of property, plant and equipment	-	3
Discount on provision unwound	94	-
Interest expenses	113	144
Interest income	(314)	(122)
Unrealised currency translation gain	(2,780)	-
Operating cash flow before working capital changes	**(866)**	**(4,988)**
Changes in working capital		
Trade and other receivables and other current assets	(906)	4,676
Trade and other payables	(111)	(178)
Provisions	(549)	-
Currency translation adjustments	(150)	2,431
Cash (used in) / generated from operations	**(2,582)**	**1,941**
Interest paid	(108)	(144)
Interest received	314	122
Net cash (used in) / generated from operating activities	**(2,376)**	**1,919**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2)	-
Proceeds from disposal of property, plant and equipment	-	5
Net cash (used in) / generated from investing activities	**(2)**	**5**
CASH FLOWS FROM FINANCING ACTIVITIES		
Non-trade payable to a related party	1,536	(2,258)
Repayment of bank loans	(48)	(2,228)
Net cash generated from / (used in) financing activities	**1,488**	**(4,486)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(890)**	**(2,562)**
Cash and cash equivalents at beginning of period	1,313	4,369
Effects of exchange rate changes on cash and cash equivalents	1	(6)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**424**	**1,801**

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 capitalization 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	Exchange reserve	Accumulated profits/(losses)	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2015	46,667	27,209	24	1,532	7,516	21,624	104,572
Total comprehensive loss	-	-	-	-	(10)	(5,113)	(5,123)
Balance at 31 March 2015	**46,667**	**27,209**	**24**	**1,532**	**7,506**	**16,511**	**99,449**
Balance at 1 January 2016	50,667	27,171	24	1,898	655	(15,208)	65,207
Total comprehensive (loss) / income	-	-	-	-	(6)	1,953	1,947
Balance at 31 March 2016	**50,667**	**27,171**	**24**	**1,898**	**649**	**(13,255)**	**67,154**

COMPANY

	Share capital	Share premium	Accumulated profits/(losses)	Total
	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2015	46,667	27,209	63,994	137,870
Total comprehensive loss	-	-	(55)	(55)
Balance at 31 March 2015	**46,667**	**27,209**	**63,939**	**137,815**
Balance at 1 January 2016	50,667	27,171	(10,703)	67,135
Total comprehensive income	-	-	2,572	2,572
Balance at 31 March 2016	**50,667**	**27,171**	**(8,131)**	**69,707**

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 31 March 2016 and 31 December 2015 was 25,333,333.

The Company did not have any treasury shares as at 31 March 2016 and 31 December 2015.

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 figure 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 2015.

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:-**

	3 months ended 31 March,	
	2016	**2015**
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 7.71 cents	(US 21.91 cents)
(ii) On a fully diluted basis	US 7.71 cents	(US 21.91 cents)

Note:

The loss per ordinary share for the corresponding period had been restated on the basis of the Company's share consolidation of every fifty (50) ordinary shares in its authorised and issued share capital into one (1) ordinary share with effect from 25 May 2015.

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	
	31/03/2016	**31/12/2015**	**31/03/2016**	**31/12/2015**
Net asset value per ordinary share	US 265.1 cents	US 257.4 cents	US 275.2 cents	US 265.0 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 decreased by US$0.5 million from US$3.4 million for Q1 2015 to US$2.9 million for Q1 2016. The decrease was mainly attributable to the decrease in rental income and the revenue generated from the close protection service.

Cost of sales decreased by US$0.4 million from US$2.4 million for Q1 2015 to US$2.0 million for Q1 2016. The decrease was mainly attributable to the lower contracted manpower costs in the Vigers and close protection operations.

The Group recorded a gross profit of US$0.9 million for Q1 2016 as compared to US$1.0 million for Q1 2015, a decrease of US$0.1 million as explained in the preceding paragraphs.

The Group had other net gain of US$3.3 million for Q1 2016 as compared to other net loss of US$2.9 million for Q1 2015. In Q1 2016, the other net gain comprised mainly the net foreign currency exchange gain of US$2.9 million arising from translating the monetary items denominated in foreign currencies and interest income of US$0.3 million. In Q1 2015, the other net loss comprised mainly the net foreign currency exchange loss of US$3.1 million arising from translating the monetary items denominated in foreign currencies and interest income of US$0.2 million.

Administrative costs decreased by US$1.0 million from US$3.0 million for Q1 2015 to US$2.0 million for Q1 2016. The decrease was mainly attributable to the decrease in operating costs on the investment property (Residences at Emerald Hill, Singapore) in consequence of the disposal of Lafe (Emerald Hill) Development Pte. Ltd. ("**LEHD**"), a wholly-owned foreign subsidiary, in September 2015 and the decrease in property development and investment service fees.

Finance costs increased by US$0.05 million from US$0.16 million for Q1 2015 to US$0.21 million for Q1 2016. The increase was mainly attributable to the decrease in the loan interest for the investment property of US$0.13 million, the increase in the interest on borrowings from a related party of US$0.09 million and the notional finance charge of US$0.09 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 Q1 2016 was US$2.0 million, as compared to US$5.1 million loss for Q1 2015, an increased profit of US$7.1 million, as explained in the preceding paragraphs.

Other comprehensive loss of US$0.01 million representing currency translation differences arising on consolidation of foreign subsidiaries was recognised in Q1 2016, as compared to also US$0.01 million in Q1 2015.

As a result of the above, the Group's total comprehensive income for Q1 2016 was US$1.9 million as compared to total comprehensive loss of US$5.1 million for Q1 2015, as explained in the preceding paragraphs.

Statement of Financial Position

Property, plant and equipment increased by US$0.2 million from US$5.5 million as at 31 December 2015 to US$5.7 million as at 31 March 2016. The increase was mainly due to the translation adjustment of US$0.3 million arising from translating a property denominated in

foreign currency and the depreciation charged to profit or loss of US$0.1 million during the current financial period.

Non-trade receivable from a related party under "Non-current assets" and "Current assets" increased in total by US$3.1 million from US$66.7 million as at 31 December 2015 to US$69.8 million as at 31 March 2016. The increase was attributable to the translation adjustment arising from translating the receivable denominated in foreign currency. The outstanding non-trade receivable from a related party comprises fixed term loans extended to LEHD. The non-current portion of US$44.0 million due to a subsidiary of the Company 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. The current portion of US$25.8 million due directly to the Company is non-interest bearing and repayable by 18 June 2016.

Trade and other receivables increased by US$0.8 million from US$1.6 million as at 31 December 2015 to US$2.4 million as at 31 March 2016. The increase was mainly due to the increase in outstanding receivables in Vigers operations.

Trade and other payables decreased by US$0.1 million from US$2.8 million as at 31 December 2015 to US$2.7 million as at 31 March 2016. The decrease was mainly due to the decrease in administrative costs payable.

Non-trade payable to a related party increased by US$1.5 million from US$6.2 million as at 31 December 2015 to US$7.7 million as at 31 March 2016. The short-term borrowing is obtained from an interested party for general working capital purposes. It bears interest at 5.25% per annum and is unsecured and repayable on demand.

Bank loans under "Current liabilities" and "Non-current liabilities" increased in total by US$0.05 million from US$2.19 million as at 31 December 2015 to US$2.24 million as at 31 March 2016. The increase was mainly due to the translation adjustment arising from translating the bank loans denominated in foreign currency and the partial repayments during the current financial period.

Provisions under "Current liabilities" and "Non-current liabilities" decreased in total by US$0.1 million from US$8.1 million as at 31 December 2015 to US$8.0 million as at 31 March 2016. The decrease was mainly attributable to the payments 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$1.3 million as at 31 December 2015 to US$0.4 million as at 31 March 2016, a decrease of US$0.9 million, is explained in the statement of cash flows below.

Statement of Cash Flows

During Q1 2016, the Group's net cash used in operating activities was US$2.4 million as compared to net cash generated from operating activities of US$1.9 million in Q1 2015. The cash movement in Q1 2016 was mainly attributable to the currency translation adjustments arising from translating assets and liabilities denominated in foreign currency. The net cash generated from financing activities in Q1 2016 of US$1.5 million was mainly attributable to the partial bank loan repayments of US$0.1 million and the short-term borrowing from an interested party of US$1.6 million.

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 acquisition 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. Although the uncertainty of economic downturn in 2016 in the PRC and Macau, the Vigers Group will continue to cultivate its business in these territories in order to expand its service income. The Group will also continue to develop into close protection services which the Board considers promising given the Group's long-establishment in the security service sector.

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 Q1 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	1,524	-

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.