

Issuer: Lafe Corporation Limited

Security: Lafe Corporation Limited

Meeting details:

Date: 27 April 2018

Time: 4.30 p.m.

Venue: Concorde Hotel, 100 Orchard Road, Singapore 238840

Company Description

Lafe Corporation Limited, an investment holding company, engages in property investment, development, agency, and appraisal and consultancy activities in Singapore, Hong Kong, and the People's Republic of China. It also provides property management, building consultancy, corporate administration, security guard, and close protection services, as well as engages in trademarks holding activities. The company was incorporated in 1999 and is based in Singapore. Lafe Corporation Limited is a subsidiary of Clarendon Investments Capital Ltd.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=AYB)

1. As noted in the Message to Shareholders, the group's performance will depend heavily on the performance of the Vigers Group. In view of the severe competition in Hong Kong for the provision of property agency, appraisal and consultancy services, the group has invested in developing its business in the PRC and Macau.

- (i) Can management help shareholders understand in greater detail the operations and the scale of Vigers? What are the cities in the Vigers' network and how large is the team? Please also provide the number of transactions and the breakdown in revenue by service.**
- (ii) What is the value proposition of Vigers and how does it compete against other service provider in the crowded market?**
- (iii) For the PRC business, the group only managed to generate US\$631,000 in FY2017, down from US\$774,000 in FY2016. What are the group's growth plans to scale up the PRC business?**

2. As disclosed in Note 36 (page 70 – Subsequent events), the group's wholly-owned subsidiary, Gioia Fund Pte. Ltd., entered into a collective purchase contract for the proposed acquisition of all the strata lots and the common area of Fairhaven at Sophia Road in District 9 of Singapore at a price of S\$57,000,000.

- (i) Should the proposed acquisition be completed, can management provide shareholders with an idea of the redevelopment plans?**
- (ii) What is the basis for the group's bid of \$57 million that was 21 percent higher than the reserve price of \$45 million?**
- (iii) What is the estimated total development cost?**
- (iv) How is the group going to fund this development?**
- (v) What are the lessons learnt from the last development of Residences at Emerald Hill?**

3. In the Report on Corporate Governance, the company has stated that it has an in-house internal audit team. In the year under review, the Internal Auditors carried out reviews on certain areas to assess and evaluate:

- if adequate systems of internal control are in place and functioning as management intended;
- if operations of the business processes under review are conducted efficiently and effectively; and
- the Group's material risk factors and related risk management policies and procedures.

- (i) Given the group's current operations, can the company disclose the size of the in-house internal audit team? Where is the internal audit team physically located?**
- (ii) What are some of the findings from the Internal Auditors' report? Can the audit committee (AC) help shareholders understand the follow-up actions that have been taken?**
- (iii) Can the AC also confirm the internal auditor carries out its function according to the standards set by nationally or internationally recognised professional bodies such as the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors?**

- (iv) **Does the AC work with the Internal Auditors to draw up a new internal audit plan yearly?** The scope of work (as shown above) has not changed for at least the past three years.