LY CORPORATION
LIMITED

FOCUSED VISION
FORWARD GROWTH

ANNUAL REPORT **2024**

CONTENTS

FOCUSED VISION FORWARD GROWTH

With a **focused vision** and commitment to **forward growth**, we have made significant strides in expanding and diversifying our core businesses. The strategic acquisition of LY Unity Group marks a pivotal milestone, enabling our entry into Malaysia's promising retail market for cabinets and furniture. This strengthens our regional presence and positions us for long-term growth.

Since the acquisition, we have continued expanding our dealership network while actively pursuing project-based opportunities. Moving forward, we plan to introduce the concept of whole-house customisation to the Malaysian market, aiming to redefine the retail landscape. With a clear direction and forward-looking strategy, we remain committed to driving growth and are confident in delivering sustained value to our shareholders.

Vision

We aspire to be a world-class wooden bedroom furniture manufacturer providing quality products for all dream homes globally.

Mission

We aim to be a world-class provider of quality wooden bedroom furniture at competitive prices for our customers. We build win-win partnerships across our value chain, so that all our stakeholders will be successful together.

This annual report has been prepared by LY Corporation Limited (the "**Company**") and its contents have been reviewed by Xandar Capital Pte. Ltd. (the "**Sponsor**") for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Ms. Pauline Sim, Head of Corporate Finance, at 3 Shenton Way, #24-02, Singapore 068805, telephone (65) 6319 4954.

CORPORATE **PROFILE**

LY Corporation Limited and its subsidiaries (collectively the "**Group**") is one of Malaysia's leading manufacturers and exporters of wooden bedroom furniture. With a proven track record of over 45 years in the furniture industry, the Group is an established original design manufacturer ("**ODM**"), principally engaged in the design and manufacturing of custom wooden bedroom furniture, while also providing manufacturing services on an original equipment manufacturer ("**OEM**") basis for custom wooden bedroom furniture, tailored to meet the specific requirements of our customers.

In recent years, the Group has broadened its product range to include kitchen cabinets and expanded into original brand manufacturing, specialising in easy-to-assemble and custom-made furniture.

The Group has also diversified into the manufacturing of millwork products. Additionally, we have ventured into the retailing and dealership of cabinets and furniture in Malaysia, further expanding our regional footprint and broadening our product offerings.

The Group operates from 22 factories and warehouses with a combined built-up area of approximately 1.5 million sq ft. Our products are primarily sold to overseas dealers, including furniture wholesalers and retailers, who resell them to end-users through their retail networks. We also sell to domestic customers, mainly third-party agents, who export and resell its products outside Malaysia, including to markets such as the United States of America.

LY Corporation Limited was listed on Catalist of Singapore Exchange Securities Trading Limited on 31 January 2018.

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the Annual Report of LY Corporation Limited ("**LY**" or the "**Company**", and together with its subsidiaries, the "**Group**") for the financial year ended 31 December 2024 ("**FY2024**").

Over the past year, we navigated ongoing challenges, including a slower-than-expected recovery in the furniture industry in the United States ("**USA**"), which remains subdued. Given that the USA is our primary market, its slow recovery affected our overall performance. Moreover, we faced increased margin pressures and rising costs, which further compounded these challenges.

Despite the challenging operating environment, we are pleased to report an encouraging set of results. The net loss attributable to shareholders narrowed to RM7.0 million in FY2024, compared to RM8.1 million in the previous year. This improvement was supported by an 11.8% increase in revenue to RM222.4 million, mainly due to a higher average selling price per 40-ft container ("**container**"), which rose from RM84,760 in FY2023 to RM85,200 in FY2024. Additionally, revenue contributions from our newly acquired retail group, LY Unity Sdn Bhd and its subsidiaries ("**LY Unity Group**"), amounting to approximately RM9.7 million, and the finalisation of a variation claim with a customer for containers requiring rework due to shipment delays from the COVID-19 lockdown, further contributed to the revenue growth. However, this was partially offset by a slight decrease in the number of containers sold, from 2,346 in FY2023 to 2,333 in FY2024.

Throughout the year, we remained focused on diversifying and expanding our core businesses, actively seeking new opportunities to drive growth and strengthen our market position. A key milestone in this effort was the acquisition of a 51% equity interest in LY Unity Group on 1 August 2024. This strategic acquisition marks our entry into the promising Malaysian retail market, focusing on the retail and dealership of cabinets and furniture. We believe this venture presents exciting growth prospects and further diversifies our regional footprint. Our joint venture partners' expertise will be instrumental in driving this new retail initiative, positioning us to capitalise on new opportunities and create long-term shareholder value.

Further, on 17 January 2025, we entered into a share sale agreement with Lebo Design Sdn Bhd to divest a 21% equity interest in Leyo Holdings Sdn Bhd, subject to certain conditions. Upon completion of the proposed disposal, which we anticipate at a later date, our ownership in Leyo Holdings Sdn Bhd will decrease from 51% to 30%. This divestment aligns with our ongoing efforts to streamline operations and sharpen our focus on core business activities.

DRIVING FORWARD GROWTH

As we navigate the evolving global landscape, we remain mindful of the ongoing trade tensions between the USA and its trading partners. The recent imposition of a 24% tariff on imports from Malaysia, while not the highest in the Association of Southeast Asian Nations (ASEAN), may lead to increased costs and pricing pressure. Nonetheless, we note recent developments, including the temporary pause in tariff implementation, which may offer an opportunity for continued dialogue between the relevant governments. We anticipate that further clarity may emerge over the near term, providing better visibility into the evolving trade environment. The heightened tariffs imposed on multiple countries, including Malaysia, could contribute to inflation in the USA, potentially leading to shifts in consumer behaviour and reduced demand within our furniture segment as customers become more selective in their purchasing decisions. Moving forward, we will closely monitor these developments and adapt our strategies to navigate these challenges, ensuring our continued growth and resilience in the market.

We also anticipate increased cost pressures following the recent adjustment in Malaysia's minimum wage, which took effect on 1 February 2025. The wage increase from RM1,500 to RM1,700 per month is expected to result in higher labour costs for the Group. We remain committed to maintaining prudent financial management and implementing disciplined cost control measures to address these challenges effectively. To strengthen our margins and profitability, we will continue enhancing operational efficiency through ongoing improvements in manufacturing processes and optimised capacity utilisation. Additionally, we will innovate continuously by developing higher-margin furniture models to ensure a more sustainable and profitable product mix.

Since completing the acquisition of LY Unity Group, we have made significant strides in expanding our dealership network, increasing the number of dealerships from 5 to 10, primarily within the Klang Valley. Moving forward, we plan to extend our dealership presence beyond the Klang Valley across Malaysia. Furthermore, we are actively pursuing project-based business opportunities by directly engaging with property developers and agencies.

A key growth strategy is to introduce the concept of whole-house customisation to the Malaysian market, aiming to redefine the retail landscape. Over the next few years, we intend to establish the Group as the leading brand for whole-house customisation in Malaysia. To achieve this, we plan to pursue joint ventures, strategic collaborations, and acquisitions that will enable us to provide tailored, value-driven home solutions aligned with our whole-house customisation strategy while expanding our reach into new markets and customer segments within this promising sector.

We are confident in the growth potential of our new retail business. With our expanding dealership network and a strategic focus on whole-house customisation, we are poised to drive sustainable growth and deliver long-term value to our shareholders.

MESSAGE TO **SHAREHOLDERS**

APPRECIATION

On behalf of the Board, we extend our heartfelt gratitude to our staff and management team for their hard work and unwavering commitment to the Group. We also thank our fellow Board members for their invaluable guidance and strategic insights. Additionally, we are truly grateful to our shareholders, business partners, customers, and stakeholders for your trust and confidence in us.

Together, we will move forward with a focused vision and steadfast determination as we pursue strategic growth.

Yeo Kian Wee Andy
Chairman/Independent Non-Executive Director

Tan Yong Chuan
Executive Director and Chief Executive Officer

"A key growth strategy is to introduce the concept of whole-house customisation to the Malaysian market, aiming to redefine the retail landscape. Over the next few years, we intend to establish the Group as the leading brand for whole-house customisation in Malaysia. To achieve this, we plan to pursue joint ventures, strategic collaborations, and acquisitions that will enable us to provide tailored, value-driven home solutions aligned with our whole-house customisation strategy while expanding our reach into new markets and customer segments within this promising sector."

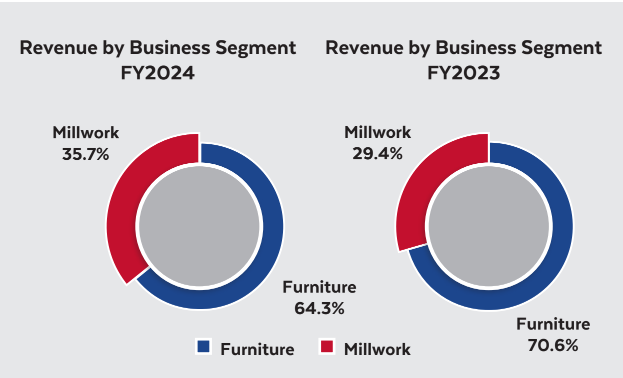
FINANCIAL **REVIEW**

REVENUE

LY Corporation Limited and its subsidiaries (collectively the "**Group**") reported revenue of RM222.4 million for the financial year ended 31 December 2024 ("**FY2024**"), representing an 11.8% increase from RM198.9 million in the financial year ended 31 December 2023 ("**FY2023**"). This was primarily due to an increase in average selling price per 40-ft container ("**container**"), from RM84,760 in FY2023 to RM85,200 in FY2024. The increase was also supported by revenue contributions from the newly acquired retail group, LY Unity Sdn Bhd and its subsidiaries ("**LY Unity Group**"), amounting to approximately RM9.7 million in FY2024, and the finalisation of a variation claim with a customer related to containers that required rework due to shipment delays from the COVID-19 lockdown. However, this was partially offset by a slight decrease in the number of containers sold, from 2,346 containers in FY2023 to 2,333 containers in FY2024.

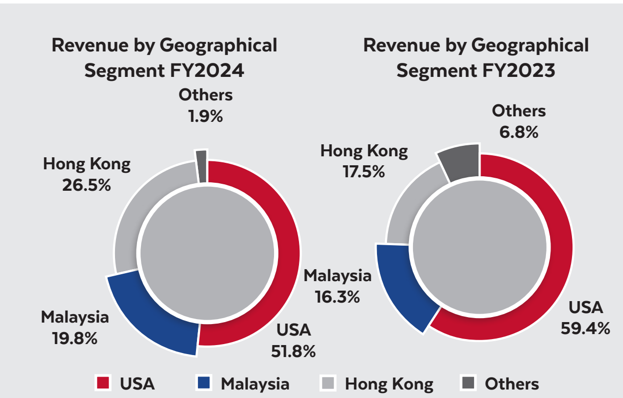
Revenue by Business Segment

In FY2024, the Furniture and Millwork segments contributed 64.3% and 35.7% to the Group's revenue, respectively, compared to 70.6% and 29.4% in FY2023.



Revenue by Geographical Segment

Geographically, the United States of America ("**USA**") continued to be the Group's largest market, accounting for 51.8% of the Group's revenue in FY2024.



During the year, the Group recorded higher sales in Malaysia and to Hong Kong. However, the increase was partially offset by lower sales to the USA, the Republic of China, Japan, and Others.

PROFITABILITY

Cost of sales increased by 8.4% to RM209.0 million, primarily due to higher labour costs, subcontractor costs, and freight and handling charges, in line with the increase in sales volume. The increase was also attributed to a higher allowance for slow-moving inventories following the Group's discontinuation of certain product models, an increase in allowance for inventories written down, and RM4.9 million in cost of sales incurred by the newly acquired LY Unity Group.

As a result of higher sales, the Group's gross profit rose by 121.4% to RM13.4 million, with the gross profit margin improving from 3.0% in FY2023 to 6.0% in FY2024.

Interest income decreased by 18.7% to RM1.1 million, mainly due to lower cash placements in short-term fixed deposits in the bank account maintained in Malaysia in FY2024.

Distributions from short-term investment security of RM0.1 million comprised income received for funds placed with Money Market Funds.

Other income primarily comprised government grants, rental income, scrap sales, foreign exchange gains, and service charges such as transportation fees. Other income increased by 32.3% to RM6.3 million, largely due to higher government rebates and a net foreign exchange gain. The Group recorded a net foreign exchange gain of RM1.8 million in FY2024, compared to a net foreign exchange loss of RM1.0 million in FY2023, mainly due to a reduction in USD-denominated other payables and USD-denominated loans and borrowings.

Selling and administrative expenses increased by 18.2% to RM23.1 million, primarily due to higher professional fees and upkeep expenses, as well as expenses of approximately RM3.3 million incurred by the newly acquired LY Unity Group. However, this was partially offset by lower depreciation expenses during the year.

Finance costs declined by 10.9% to RM2.2 million mainly due to lower term loan balances, partially offset by higher bankers' acceptance charges.

Other expenses decreased by 7.5% to RM1.0 million, primarily due to a net foreign exchange gain of RM1.8 million in FY2024, as explained above, compared to a net foreign exchange loss of RM1.0 million in FY2023. However, this decrease was partially offset by increased losses on the disposal of property, plant, and equipment, as well as write-offs of property, plant, and equipment in FY2024.

The Group incurred an income tax expense of RM0.3 million in FY2024, compared to an income tax credit of RM2.7 million in FY2023, due to the provision for current income tax in the second half of FY2024 and an underprovision of deferred tax related to previous years.

As a result of higher revenue, the Group narrowed its net loss attributable to the owners to RM7.0 million in FY2024, compared to RM8.1 million in FY2023, despite higher costs and expenses.

FINANCIAL POSITION

The Group's net asset value as at 31 December 2024 was RM207.1 million, representing a net asset value per share of RM0.42 as compared to RM0.44 as at 31 December 2023.

FINANCIAL REVIEW

Non-current assets

Non-current assets increased by 1.6% to RM172.1 million, mainly due to the increase in intangible assets, partially offset by the decrease in property, plant, and equipment and right-of-use assets.

Property, plant, and equipment declined by 2.9% to RM139.7 million, mainly due to depreciation during the financial year, partially offset by asset acquisitions of RM6.4 million in FY2024 and RM2.2 million in assets from the acquisition of the new subsidiaries under the LY Unity Group.

Right-of-use assets comprised the right to use the properties and land use rights of the Group over the respective lease periods. Right-of-use assets decreased by 3.4% to RM22.0 million, mainly due to amortisation during the financial year and the derecognition of extension options for three leases, which were previously recognised as lease liabilities, as the Group has no intention to exercise the option to renew. However, the decrease was partially offset by a new tenancy agreement entered in FY2024 and right-of-use assets of RM1.0 million recorded by new subsidiaries under LY Unity Group.

Intangible assets of RM10.5 million comprise trademarks and goodwill (including provisional goodwill from the recent acquisition of new subsidiaries) arising from the acquisition of the assets of Cubo Sdn. Bhd., including the EZBO and CUBO brand names, in January 2019, and the acquisition of new subsidiaries under LY Unity Group in August 2024.

Current assets

Current assets declined by 19.8% to RM103.0 million mainly due to the decrease in cash and cash equivalents and tax recoverable, partially offset by the increase in inventories, trade and other receivables and prepaid operating expenses.

Inventories rose by 9.2% to RM54.5 million, mainly due to the increase in purchases of raw materials during the financial year to fulfil future orders.

Trade and other receivables comprised trade receivables, deposits, and other receivables. Trade and other receivables increased by 30.1% to RM25.9 million, primarily due to the increase in trade receivables in line with higher sales towards the end of FY2024. The increase was also attributable to trade and other receivables recorded by new subsidiaries under LY Unity Group of approximately RM1.2 million.

Prepaid operating expenses of RM2.4 million comprised mainly expenses paid in advance as at year end.

Tax recoverable, comprising prepaid current income tax of RM1.4 million, includes tax paid in advance by the Malaysian subsidiaries for the Years of Assessment 2020, 2021, 2022, 2023, and 2024.

Current liabilities

Current liabilities decreased by 11.7% to RM49.7 million, mainly due to the decrease in trade and other payables, partially offset by the increase in short-term loans and borrowings, lease liabilities, and accrued operating expenses.

Short-term loans and borrowings comprised bankers' acceptance, financing arrangements, and long-term loans repayable within one year. Short-term loans and borrowings grew by 56.2% to RM26.1 million, mainly due to a net increase in the usage of bankers' acceptance of approximately RM10.9 million and the reclassification of one of the Group's term loans from non-current liabilities to current liabilities due to the breach of loan covenants by one of the Group's subsidiaries which was subsequently rectified, partially offset by scheduled loan and borrowing repayments.

Trade and other payables comprised trade payables and other payables. Trade and other payables decreased by 47.1% to RM19.4 million, primarily due to a reduction in credit purchases of raw materials and a decrease in other payables following the finalisation of a variation claim with a customer during the financial year.

Lease liabilities relate to liabilities that the Group must pay over the respective lease periods for the use of the properties. Current lease liabilities rose by 37.2% to RM2.4 million, due to a new tenancy agreement entered into during FY2024 and current lease liabilities recorded by new subsidiaries under LY Unity Group, amounting to approximately RM1.0 million. This increase was partially offset by repayments of lease liabilities during the financial year.

Contract liabilities of RM0.4 million comprised advances received from customers and the Group's obligation to deliver goods to specified locations for which invoices were issued prior to completing the related performance obligations.

Accrued operating expenses of RM1.3 million comprised accrued operating expenses.

Non-current liabilities

Non-current liabilities declined by 34.5% to RM18.3 million, primarily attributable to decreases in: (i) long-term loans and borrowings, which fell by 92.5% to RM0.7 million, due to scheduled repayments and the reclassification of one of the Group's term loans from non-current liabilities to current liabilities; and (ii) non-current lease liabilities, which decreased by 30.1% to RM2.7 million, mainly due to repayments of lease liabilities during the year and the derecognition of extension options for three leases, which were previously recognised as lease liabilities, as the Group has no intention to exercise the option to renew, partially offset by a new tenancy agreement entered into during FY2024.

Non-controlling interest

Non-controlling interest decreased due to profit contributions from Leyo Holdings Sdn Bhd, a 51%-owned subsidiary (as at 31 December 2024), and from LY Unity Sdn Bhd, a 51%-owned subsidiary acquired in August 2024.

CASH FLOW

The Group's cash and cash equivalents decreased from RM54.2 million as at 31 December 2023 to RM17.7 million as at 31 December 2024.

The Group recorded net cash flows used in operating activities of RM21.5 million in FY2024, primarily due to increased purchases of raw materials and a higher inventory level as at 31 December 2024, as explained above.

The Group used RM10.0 million in investing activities in FY2024, mainly for acquiring a 51% equity interest in LY Unity Group and purchasing property, plant, and equipment.

Net cash flows used in financing activities of RM5.5 million in FY2024 were largely due to the repayment of loans and borrowings. However, this was partially offset by proceeds from loans and borrowings during the year.

BOARD OF DIRECTORS

Mr Yeo Kian Wee Andy

Chairman/Independent Non-Executive Director

Mr Yeo Kian Wee Andy was appointed to the Board on 20 December 2017 as an Independent Director. He was re-elected on 28 June 2021. Mr Yeo is presently a Partner at Eldan Law LLP. He has over 20 years of experience in legal practice.

He began his career as a trainee with the Legal Service Commission in March 1996, before becoming an assistant registrar of the Supreme Court in July 1996. He was appointed as a magistrate and a coroner in the State Courts from September 1997 to September 1998. In October 1998, he joined the Attorney-General's Chambers as a state counsel and deputy public prosecutor. He left Allen & Gledhill LLP after 18 years and is now practising with Eldan Law LLP.

Mr Yeo graduated with a Bachelor of Laws from the National University of Singapore in 1996 and was admitted as an advocate and solicitor in Singapore in 2000. He is also a non-practising solicitor of England and Wales, having been admitted to the Roll of Solicitors of England and Wales in 2010.

Present directorships in listed companies (other than the Company)	Past directorships in listed companies (for last three years)
None	Tee International Ltd

Mr Tan Yong Chuan

Executive Director and Chief Executive Officer

Mr Tan Yong Chuan was appointed to the Board on 24 October 2016 as an Executive Director and was redesignated as an Executive Director and Chief Executive Officer on 20 December 2017. He was re-elected on 28 June 2021 . He joined our Group in January 2011. He is responsible for the overall management, operations and strategic planning of our Group, including overseeing the finance functions of our Group. Prior to joining our Group, he was an audit senior at Deloitte Kassim Chan, where he was involved in statutory audit engagements for both listed and non-listed companies in the fields of manufacturing, trading, services and agriculture.

He obtained a Bachelor of Commerce in Accounting from Universiti Tunku Abdul Rahman in Malaysia in 2008. He is a fellow member of the Association of Chartered Certified Accountants and a Chartered Accountant with the Malaysian Institute of Accountants.

Present directorships in listed companies (other than the Company)	Past directorships in listed companies (for last three years)
None	None

BOARD OF DIRECTORS

Mr Tan Kwee Chai

Executive Director

Mr Tan Kwee Chai is one of our founders and was appointed to the Board on 20 December 2017 as an Executive Chairman. He was re-elected on 29 April 2022 as the Executive Director when he relinquish his position as the Executive Chairman. He has been in the furniture manufacturing and design industry for more than 40 years. He was one of the founders of Lian Yu Furniture Co. ("**Lian Yu**") which was subsequently corporatised when LY Furniture Sdn. Bhd ("**LYFSB**") was incorporated to take over the business of Lian Yu in July 1991. Mr Tan has been a director of LYFSB since its incorporation. He is responsible for our Group's overall management and operations, including formulating our Group's strategic directions and expansion plans. He has been instrumental in our Group's growth, leading to the expansion of our business and operations.

Mr Tan is presently the honorary advisor to the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCIM), advisor to the Federation of Johor Furniture Manufacturers and Traders Association, honorary president of the Batu Pahat Chinese Chamber of Commerce and honorary president of the Batu Pahat Furniture Association.

Present directorships in listed companies (other than the Company)	Past directorships in listed companies (for last three years)
None	None

Ms Tan Ai Luang

Executive Director

Ms Tan Ai Luang was appointed to the Board on 20 December 2017 as an Executive Director. She was re-elected on 28 April 2023. She joined our Group in February 1999. She is responsible for the sales and marketing activities of our Group including overseeing the prototype and industrial engineering, purchasing and procurement and exporting and shipping departments. She commenced her career in October 1997 with Timberplus Creation Pte. Ltd. as a showroom manager, where she was involved in the selling of furniture to end users. In February 1999, she joined our Group as a marketing manager. Between 2005 to 2011, she set up a trading company, Mixpro Resources Sdn. Bhd., which was involved in the business of furniture trading. In July 2012, she returned to our Group as an assistant general manager, where she was responsible for the overall supervision of sales and marketing and custom and shipping functions of our Group.

She obtained a Bachelor of Arts in Communication from Universiti Kebangsaan Malaysia in 1998.

Present directorships in listed companies (other than the Company)	Past directorships in listed companies (for last three years)
None	None

BOARD OF DIRECTORS

Datuk Yap Kheng Fah

Non-Independent Non-Executive Director

Datuk Yap Kheng Fah was appointed to the Board on 1 January 2022 as an Independent Director. He was re-elected on 29 April 2022 and subsequently redesignated as Non-Independent Non-Executive Director on 30 April 2024.

Datuk Yap is the Founder and Chairman of a licensed private equity firm. He is a seasoned entrepreneur, investor and corporate advisor who has led, completed or been involved in mergers and acquisitions, reverse takeovers, corporate restructuring, divestiture and debt transactions. He currently sits on the board of several private companies in Malaysia.

Datuk Yap graduated with a Bachelor of Commerce degree from the University of Auckland, New Zealand and a Master in Business Administration from Charles Sturt University, Australia. He was conferred with the Panglima Gemilang Darjah Kinabalu by the Governor of Sabah in 2014, which carries the title "Datuk".

Present directorships in listed companies (other than the Company)	Past directorships in listed companies (for last three years)
None	Milux Corporation Berhad

Mr Choo Chee Beng

Independent Non-Executive Director

Mr Choo Chee Beng was appointed to the Board on 1 February 2024 as an Independent Director and is also the Chairman of our Audit and Risk Committee.

Mr Choo has more than 30 years of experience in finance related functions, involving financial and tax planning, corporate exercise managements, turnaround management, cash flow and fund management, amongst others.

Between 2008 and 2023, he was the Chief Financial Officer of various notable firms such as Country Heights Holdings Berhad, OSK Holdings Berhad group of companies, Destination Resorts and Hotels Sdn. Bhd., Tropicana Corporation Berhad, Naza TTDI Sdn. Bhd., Skyworld Development Sdn. Bhd. and United Malayan Land Berhad. He is currently the Chief Financial Officer of Guocoland (Malaysia) Berhad.

Mr Choo graduated with a Bachelor of Science in Economics and Accounting from University of Bristol, United Kingdom. He has since obtained other professional qualifications and was admitted as member of the Association of Chartered Certified Accountants, Chartered Accountant and Member of Malaysian Institute of Accountants, and fellow of the Association of Chartered Certified Accountants.

Present directorship in listed companies (other than the Company)	Past directorship in listed companies (for last three years)
Tomei Consolidated Berhad	HPP Holdings Berhad

KEY MANAGEMENT

Mr Tan Kwee Lim
Chief Operating Officer

Mr Tan Kwee Lim is one of our founders and was promoted as our Chief Operating Officer since 2012. He has more than 30 years of experience working in the furniture industry. He started his career in Lian Yu Furniture Co. ("**Lian Yu**") and assisted in overseeing and managing the operational aspects of the business. After the corporatisation of Lian Yu, he was appointed as a director of LY Furniture Sdn. Bhd. ("**LYFSB**"). He is responsible for overseeing our Group's general operations, in particular, the production and procurement processes. He has been instrumental in our Group's growth, leading to the expansion of our business and operations.

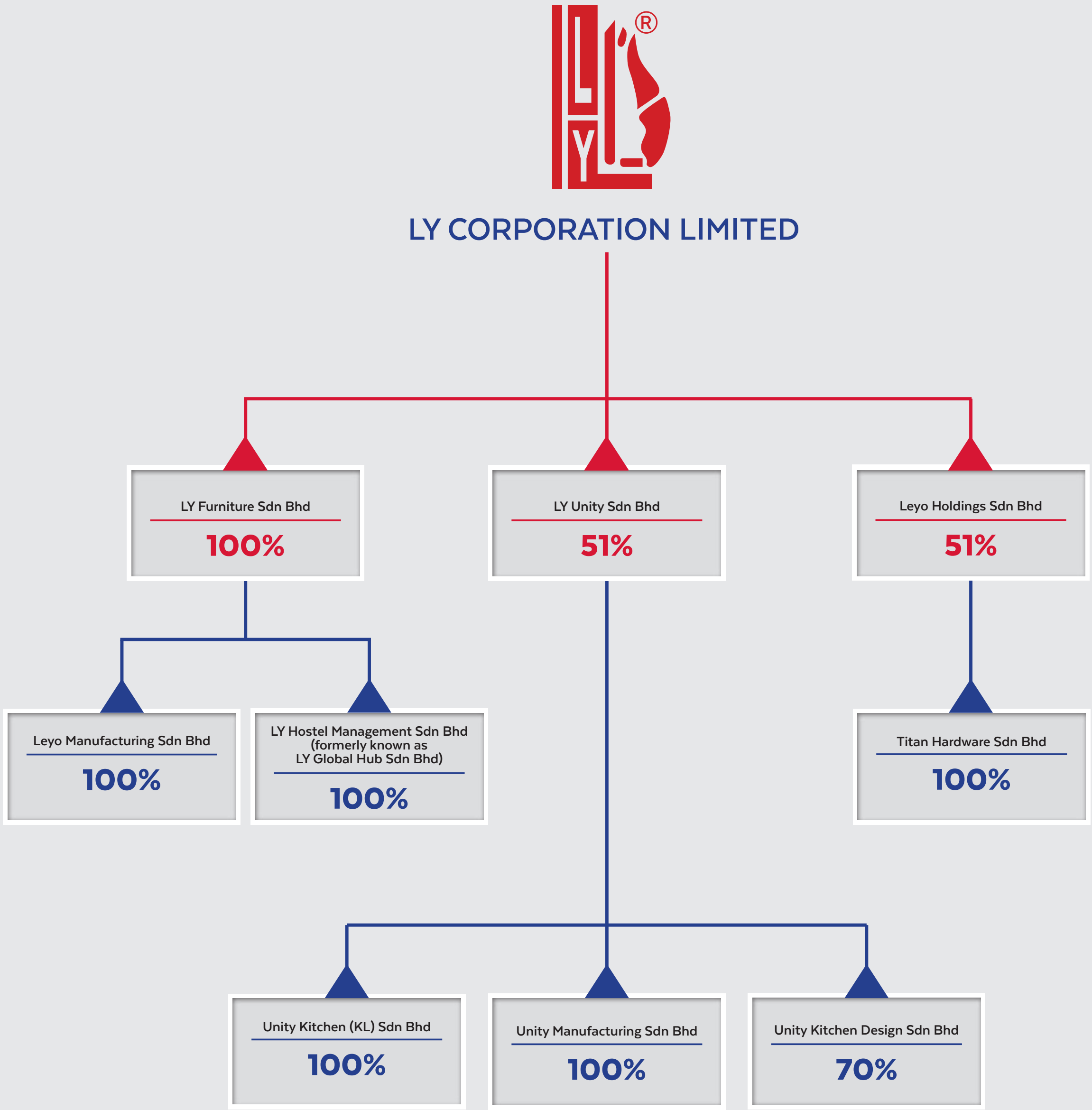
Mr Boo Ngek Hee
Chief Quality Controller

Mr Boo Ngek Hee is one of our founders and was promoted as our Chief Quality Controller since 2012. He has more than 30 years of experience working in the furniture industry. He started his career in Lian Yu and assisted in overseeing and managing the operational aspects of the business. After the corporatisation of Lian Yu, he was appointed as a director of LYFSB. He is responsible for the quality control and assurance process of our Group. He has been instrumental in our Group's growth, leading to the expansion of our business and operations.

Ms Teo Gin Lian
Chief Financial Officer

Ms Teo Gin Lian joined our Group in May 2016 and was appointed as our Chief Financial Officer. She is responsible for overseeing the financial reporting and accounting as well as corporate matters of our Group. She began her career with Deloitte Kassim Chan in December 1999, and was an assistant audit manager responsible for audit and tax engagements in both listed and non-listed companies. From June 2004 to July 2005, she served as a Finance Executive in Hwang-DBS Securities Berhad, a listed company involved in the business of stockbroking. Between July 2005 to September 2011, she was attached to MIMB Investment Bank Berhad, now known as Hong Leong Investment Bank Berhad, and was involved in corporate advisory work relating to initial public offerings, mergers and acquisitions, take-overs, fund raising and capital restructuring. She subsequently joined Kuwait Finance House (Malaysia) Berhad between October 2011 and May 2014 as a senior manager overseeing corporate finance and mergers and acquisitions. From June 2014 to July 2015, she was appointed as an associate director at KAF Investment Bank Berhad involved in corporate advisory work. She obtained a Third Level Group Diploma in Accounting (London Chamber of Commerce and Industry Examinations Board) from Institut Perkim-Goon in 1997. She is a fellow member of the Association of Chartered Certified Accountants and a Chartered Accountant with the Malaysian Institute of Accountants.

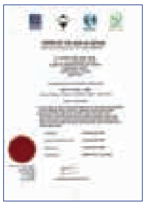
GROUP **STRUCTURE**



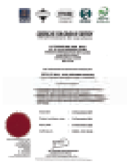
AWARDS & ACCREDITATIONS

2022

PEFC ST 2002:2020 for Chain of Custody of Forest and Tree Based Products - Requirements



2021




2021 - PEFC ST 2002:2013 (Second Edition) for Chain of Custody of Forest Based Products

2019

ISO 45001:2018 for the management system related to the manufacture of wooden furniture


2018

ISO 9001:2015 for the management system related to the manufacture of wooden furniture

2016

Eminent Eagle Award (2nd place)


2015


Eminent Eagle Award (no placement)

2013

Award of Industrial Excellence in the category of Furniture Factory

2010

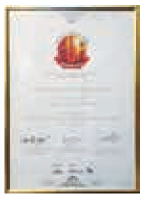

ISO 9001:2008 for the quality management system related to the manufacture of wooden furniture

ISO 9001:2008 for the quality management system applicable to the manufacture of wooden furniture

2009

Asian Furniture Leadership Award

Corporate Social Responsibility Award

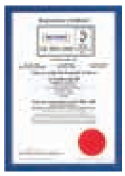



2005

Best Performing Company Award 2005

2004

ISO 9001:2000 for quality system related to manufacturing and trading of wooden made furniture



2003

Global Top Enterprise Golden Rim Award

Golden Bull Award for Malaysia's 100 Outstanding SMEs (2nd place)

Enterprise 50 Award (2nd place)

2002

Enterprise 50 Award (3rd place)

Asia Pacific International Honesty Enterprise - Keris Award 2002

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Yeo Kian Wee Andy	– Chairman/Independent Non-Executive Director
Tan Yong Chuan	– Executive Director and Chief Executive Officer
Tan Kwee Chai	– Executive Director
Tan Ai Luang	– Executive Director
Datuk Yap Kheng Fah	– Non-Independent Non-Executive Director
Choo Chee Beng	– Independent Non-Executive Director

AUDIT AND RISK COMMITTEE

Choo Chee Beng - Chairman
Yeo Kian Wee Andy
Datuk Yap Kheng Fah

REMUNERATION COMMITTEE

Yeo Kian Wee Andy - Chairman
Choo Chee Beng
Datuk Yap Kheng Fah

NOMINATING COMMITTEE

Choo Chee Beng - Chairman
Yeo Kian Wee Andy
Tan Yong Chuan

REGISTERED OFFICE ADDRESS

9 Raffles Place, #26-01 Republic Plaza
Singapore 048619

Telephone: +607 455 8828
Website: https://www.lycorp.co
Company registration number: 201629154K

COMPANY SECRETARY

Chan Wan Mei, FCS

CONTINUING SPONSOR

Xandar Capital Pte. Ltd.
3 Shenton Way, #24-02
Singapore 068805

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
108-2 Jalan Rahmat
83000 Batu Pahat
Johor Darul Takzim
Malaysia

AmBank (M) Berhad
No. 35, Jalan Rahmat
83000 Batu Pahat
Johor Darul Takzim
Malaysia

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
7 Straits View
Marina One, East Tower
Singapore 018936
Partner-in-charge: Rebekah Khan
(Appointed since financial year ended
31 December 2023)

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
9 Raffles Place #26-01
Republic Plaza
Singapore 048619

INVESTOR RELATIONS

GC Consultants Pte. Ltd.
Grace Choong
Tel: +65 9026 7978
Email: grace@gcconsultants.io

SUSTAINABILITY REPORT

BOARD STATEMENT

Dear Stakeholders,

The Board of Directors (the "**Board**") of LY Corporation Limited (the "**Company**" or "**LY Corporation**", together with its subsidiaries, the "**Group**", "**we**" or "**us**"), is pleased to present the Group's sustainability report (this "**Report**") for the financial year ended 31 December 2024 ("**FY2024**").

The Group remains steadfast in our commitment to sustainability. As our business grows and expands, our impact on society also increases. Recognising this influence, we seek to better society by respecting human rights, minimising our environmental footprint, and promoting sustainable practices. Our belief in a greener, more sustainable future drives us to continuously improve our processes and operations. In FY2024, the solar photovoltaic systems implemented at various manufacturing facilities in Batu Pahat generated 3,590.4 megawatt hours of active solar energy. This initiative reduced our carbon emissions by approximately 2,722 tonnes.

Being in the wooden furniture industry, we acknowledge that overcoming climate-related challenges is essential. Key challenges include ensuring regulatory compliance and adopting responsible wood sourcing practices. Despite these difficulties, we view them as opportunities for growth and improvement. For example, the Group's practice of using wood waste as fuel in our furnaces reduces waste while conserving energy and natural resources.

Our Sustainability Steering Committee ("**SSC**") plays a crucial role in overseeing and updating the Board and Management on the Group's policies, strategies, and initiatives related to sustainability measures. The SSC conducts an annual materiality assessment to identify critical topics affecting our sustainability efforts and integrates these issues into our strategic direction. Meanwhile, our Sustainability Working Committee ("**SWC**") implements the Group's sustainability initiatives. As we progress on our journey, we will regularly review and revise our performance indicators and targets to align with our objectives. We will also strengthen stakeholder engagement to enhance our efforts and build a long-term, sustainable business.

We express our utmost gratitude to the Management, staff, customers, suppliers, and business partners for their unwavering support and commitment to our sustainability goals. We aim to continue creating greater value for all stakeholders in the coming year.

The Board of Directors

LY Corporation Limited

SUSTAINABILITY REPORT

ABOUT THIS REPORT

This Report is published annually to outline the Group's sustainability approaches, initiatives and strategies. The information presented in this Report covers the reporting period from 1 January 2024 to 31 December 2024 ("**FY2024**"), unless stated otherwise. The sustainability reporting process has been reviewed by the Board and internal auditors in compliance with Rule 711B of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. This Report has not been subjected to external assurance.

REPORTING FRAMEWORK

This Report is prepared with reference to the Global Reporting Initiative Standards ("**GRI Standards**"), Task Force on Climate-related Financial Disclosures ("**TCFD**") recommendations and published in pursuant to 711(A) and 711(B) Listing Manual Section B: Rules of Catalist of the SGX-ST. The Company has selected the GRI Standards as it is a globally recognised and widely adopted framework, which enables its stakeholders to compare sustainability performance against industry peers.

The contents of this Report were developed using the four (4) reporting principles established by the GRI Standards as follows:

1. Stakeholder inclusiveness: The Report's context was determined based on engagement and discussions with various stakeholders that the Group considers to be accountable.

2. Sustainability context: The Report covers the Group's performance in the context of sustainability which includes Economic, Environmental, Social and Governance ("**EESG**") aspects.

3. Materiality: Material issues in the Report are determined through stakeholder engagements and internal discussions.

4. Completeness: The Report covers the impacts of the Group's sustainability efforts during the reporting period using all relevant information collected.

SCOPE OF REPORT

This Report covers all aspects of the Group's furniture designing, manufacturing, trading and sales in Malaysia for FY2024, which is aligned with its financial statements and includes the following entities:

- LY Furniture Sdn. Bhd. ("**LYFSB**") and its subsidiaries, Leyo Manufacturing Sdn. Bhd. ("**LEM**") and LY Hostel Management Sdn. Bhd. (formerly known as LY Global Hub Sdn. Bhd.) (collectively "**LY Furniture**");

- Leyo Holdings Sdn. Bhd. and its subsidiary, Titan Hardware Sdn. Bhd. (collectively "**LHG**"); and

- LY Unity Sdn. Bhd. and its subsidiaries, Unity Kitchen (KL) Sdn. Bhd., Unity Manufacturing Sdn. Bhd. and Unity Kitchen Design Sdn. Bhd. ("**LY Unity Group**")[1].

FEEDBACK

This Report forms part of the Annual Report for FY2024 ("**Annual Report 2024**") and can be viewed or downloaded from https://www.lycorp.co. As part of the Group's continued efforts to improve its reporting, it welcomes stakeholders to submit their feedback to the following personnel:

- Mr. Tan Yong Chuan, Chief Executive Officer (CEO) at tanyc@lyfurniture.com

- Ms. Teo Gin Lian, Chief Financial Officer (CFO) at teogl@lyfurniture.com

1 Acquisition was completed on 1 August 2024. For LY Unity Group, EESG data included in this Report is limited to operations commencing from 1 August 2024 onwards.

SUSTAINABILITY REPORT

KEY HIGHLIGHTS AND TARGETS

Dimensions	Material Topics	Targets	FY2024 Achievements
Economic	Economic Agility	Perpetual: • To expand the Group's presence into new markets and strengthen its product offerings.	• Participated in the Dubai Wood Show 2024. • Completed the acquisition of LY Unity Group on 1 August 2024. LY Unity Group specialises in the kitchen cabinet and wardrobe with presence in Malaysia.
	Quality of Product and Services	Perpetual: • To achieve no more than five (5) significant customer chargeback cases.	• Achieved zero cases of significant chargeback under LY Furniture and LHG (FY2022 and FY2023: zero cases).
	Customer Satisfaction	Perpetual: • To achieve an average of above 4.0 across all three (3) aspects for the customer satisfaction survey for LY Furniture.	• Obtained an average score of 3.78 out of 5 across all three (3) aspects for LY Furniture (FY2022: 4.12 and FY2023: 4.09).
Environmental	Climate Change	Short-Term (1-3 years) • To maintain zero incidents of environmental policy related fines. • Continue with sustainable practices in office spaces.	• Monitored potential risks and opportunities that climate change poses to operations. • Tracked Scope 1, Scope 2 and Scope 3 Greenhouse Gas emissions.
		Medium-Term (by 2030) • Reduce Greenhouse Gas ("**GHG**") emission levels and emission intensities by 8% by 2030 (in comparison with 2022). • Include other categories of Scope 3 GHG emissions (e.g. employee commute).	
		Long-Term (by 2050) • Reduce GHG emission levels and emission intensities by 15% by 2030 (in comparison with 2022). • Explore other clean or renewable energy sources.	
	Energy Usage	Perpetual: • Continue venturing into efficient and renewable solar solutions to enhance our energy efficiency and reduce the environmental impact of our operations.	• Generated a total of 3,590.4 MWh of solar energy, which is equivalent to approximate 2,722 tonnes of carbon dioxide (CO_2) avoidance (FY2023: 3,572.6 MWh and 2,215 tonnes of CO_2).
	Water Consumption	Short-Term (1-3 years) • Reduce water intensities by 5% (in comparison with 2022).	• Adopted more water efficient fixtures and fittings to reduce water consumption. • Performed frequent checks and maintenance on pipes and installations to prevent potential water leakages. • Reduced water intensity by 12.0% under LY Furniture (FY2023: 8.9%).
		Medium-Term (by 2030) • Reduce water intensities by 8% (in comparison with 2022).	
		Long-Term (by 2050) • Reduce water intensities by 15% (in comparison with 2022).	

SUSTAINABILITY REPORT

Dimensions	Material Topics	Targets	FY2024 Achievements
	Waste Management	Short-Term (1-3 years) • Reduce waste intensities by 5%. Medium-Term (by 2030) • Reduce waste intensities by 8% (in comparison with 2022). Long-Term (by 2050) • Reduce waste intensities by 15% (in comparison with 2022).	• 159,200 kg of non-hazardous waste diverted from disposal (FY2023: 81,400 kg). • 4,898,200 kg of hazardous and non-hazardous waste directed to disposal (FY2023: 3,853,000 kg).
	Material Use	Perpetual: • Explore ways to increase adoption of renewable sources of energy and environmental-friendly production methods.	• 99.3% of wood from sustainable source (FY2022: 98% and FY2023: 95.2%).
Social	Talent Attraction and Retention	Perpetual: • Improve employee recruitment and retention and increase ratio of local workers.	• Provided fair and competitive compensation packages to ensure that employees' well-being, and career progression are well-taken care of.
	Training and Development	Short-Term (1-3 years) • To provide an average of 8 hours of training per employee for the Group. Medium-Term (by 2030) • To provide an average of 12 hours of training per employee for the Group. Long-Term (by 2050) • To provide an average of 15 hours of training per employee for the Group.	• Attained an average 13.9 training hours per employee (FY2022: 8.6 and FY2023: 10.0).
	Workplace Health and Safety	Perpetual: • To achieve zero major (i.e., leave of absence of more than 4 calendar days) case of workplace injuries and fatalities.	• 2 cases of work-related injuries/ill health under LY Corporation (FY2022: zero cases and FY2023: 4).
Governance	Corporate Governance	Perpetual: • To achieve zero non-compliance with the principles of the Code of Corporate Governance.	• Complied with principles of the Code of Corporate Governance and provided explanations where there are deviations to the Code of Corporate Governance.
	Ethics, Bribery and Corruption	Perpetual: • To achieve zero cases which are unethical, fraudulent or corrupt in nature.	• Achieved zero cases which are unethical, fraudulent or corrupt in nature (FY2022 and FY2023: zero cases).
	Regulatory Compliance	Perpetual: • To achieve zero significant fines and reportable cases of non-compliance with all applicable laws, rules and regulations.	• Achieved zero significant fines and zero reported cases of non-compliance with all applicable laws, rules and regulations (FY2022 and FY2023: zero significant fines and zero reported cases).

SUSTAINABILITY **REPORT**

MANAGING SUSTAINABILITY AT LY CORPORATION

The Group recognises the critical role of a strong sustainability governance framework in ensuring accountability and transparency. Spearheading these efforts, the Sustainability Steering Committee ("**SSC**"), with support from the Sustainability Working Committee ("**SWC**"), actively engages in the execution and monitoring of the Group's sustainability practices and performance. The SSC comprises Heads of Departments from Finance, Sales & Marketing, Administration, Purchasing & Procurement, and Operations, reflecting a comprehensive approach to sustainability oversight.

Sustainability Steering Committee | Sustainability Working Committee

Sustainability Team Effort

SUSTAINABILITY STEERING COMMITTEE

Sustainability Steering Committee

Role

The SSC provides oversight and updates the Board and Management on the Group's policies, strategies and initiatives regarding sustainability measures and corporate social responsibility.

Performance Goals

The SSC determines and monitors the goals established for its performance regarding sustainability measures and corporate social responsibility and assesses the Group's progress against those goals.

Periodic Feedback

The SSC receives regular feedback from the Management regarding key stakeholders' relationship management, especially those that may have a significant impact on the Group's business activities and performance.

Reporting and Disclosure

The SSC issues the sustainability reports and is also responsible for reporting to the Board on sustainability matters as needed, but minimally on an annual basis.

SUSTAINABILITY REPORT

SUSTAINABILITY WORKING COMMITTEE

The SWC comprises of representatives from various departments, including Finance, Sales & Marketing, Administration, Purchasing & Procurement and Operations. Under the guidance of the SSC, these representatives are responsible for the execution of the Group's sustainability initiatives.

Sustainability Working Committee

Finance

- Ensure that accounts are prepared accurately and timely
- Provide required data for the purposes of monitoring and reporting on sustainability topics

Sales & Marketing

- Secure new customers and orders
- Procure repeat orders from existing customers
- Address customers' requirements and concerns over our products

Administration

- Work along with the Health, Safety & Environmental Department to handle workplace health and safety matters and proper disposal of waste

Purchasing & Procurement

- Ensure that materials purchased for production meet our quality standards and customers' requirements

Operations

- Ensure that products are produced in accordance with customers' specifications and delivered to our customers timely
- Ensure minimal wastage during production

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

The Group actively communicates with stakeholders to align its objectives with their needs. Regular assessments of the distinct needs and expectations of various stakeholder groups ensure that their concerns play a significant role in shaping business decisions. The following table provides a summary of the diverse activities undertaken to engage with stakeholders, highlights the primary concerns expressed by stakeholders, and outlines the Group's sustainability commitments aimed at addressing their concerns.

Stakeholder	Engagement Platforms	Frequency	Key Feedback/Concern	Commitments to Sustainability
Investors	Annual general meeting	Annual	• Sustainable profitability and shareholders' return • Long-term business growth • Accurate, timely and transparent disclosure of information • High standards of corporate governance	• Strive to generate sustainable long-term profitability • Adhere to timely, transparent and accurate dissemination of pertinent information to the market • Ensure good corporate governance are in place in accordance to principles and provisions of the Code of Corporate Governance 2018
	Annual report	Annual		
	Financial result announcements	Bi-annual		
	Other corporate announcements	Ad-hoc		
	Company website	Throughout the year		
Employees and Workers	Performance reviews with Heads of Department	Quarterly	• Job security • Safe working environment • Fair and competitive employment practices • Staff development and well-being • Work-life balance • Competitive remuneration and benefits	• Seek to ensure the job security of employees when making business decisions • Create a safe and cohesive working environment • Provide fair and equal opportunities to all employees • Provide talks and trainings on safety • Share economic value generated by the Group with employees through increments and bonuses
	Training and development	Throughout the year		
	Feedback platform	Throughout the year		
Customers	Emails	Throughout the year	• Quality of finished goods • Timely delivery of finished goods • Competitive pricing • Timely response to customers' feedbacks and complaints	• Deliver products with high standards of quality and consistency according to customers' specifications • Ensure timely shipment of products • Price negotiation with clients to ensure competitive pricing in the market while maintaining the Group's profit margin • Prompt to deliver after-sales services upon customers' requests
	Tele-conversations	Throughout the year		
	Physical and/or virtual meetups with customers	Throughout the year		
Suppliers/ Sub-contractors	Emails	Throughout the year	• Provide suppliers consistent/greater business opportunities • Meeting the Group's quality requirements	• Committed to making sustainable procurement choices • Providing timely feedback on quality of materials/products to suppliers/sub-contractors
	Tele-conversations	Throughout the year		
	Physical and/or virtual meetups with suppliers/ sub-contractors	Ad-hoc		

SUSTAINABILITY **REPORT**

Stakeholder	Engagement Platforms	Frequency	Key Feedback/Concern	Commitments to Sustainability
Government/ Regulators	Correspondences through emails and letters	Throughout the year	• Compliance with laws, rules and regulations • Corporate governance • Safe working environment	• Strict compliance with relevant laws, rules and regulations • Fair and reasonable business practices • Prioritise employees' health and safety • Provide directors and employees regular trainings to update them of latest regulations and practices
	Meetings, briefings and regular reporting	Ad-hoc		
The Community	Community outreach initiatives	Ad-hoc	• Eco-sustainable business practices • Responsible and ethical business practices • Contribution to local community	• Understand and support initiatives by local community/ government

SUSTAINABILITY **REPORT**

MATERIALITY ASSESSMENT

To stay aligned with key sustainability priorities, the Group regularly reviews and benchmarks its operations against industry peers. This annual evaluation considers the evolving business landscape, including emerging global trends, stakeholder perspectives, and relevant regulatory changes. As outlined in the previous section, the Group gathers feedback from stakeholders through a range of engagement channels, which play a critical role in its materiality assessment process. These insights help the Group identify the issues that are most significant to its stakeholders. By prioritising these concerns, it can address the most significant impacts the business has on the economy, the environment, society, and human rights. This assessment serves as a strategic tool, ensuring the Group's sustainability efforts are responsive to stakeholders' expectations. The materiality assessment is presented below:

Stage 1: Identification

- EESG factors are identified through feedback provided by stakeholders through various communication channels. Additionally, benchmarking of the Group's EESG factors was made against those disclosed by suitable peer companies.

Stage 2: Prioritisation

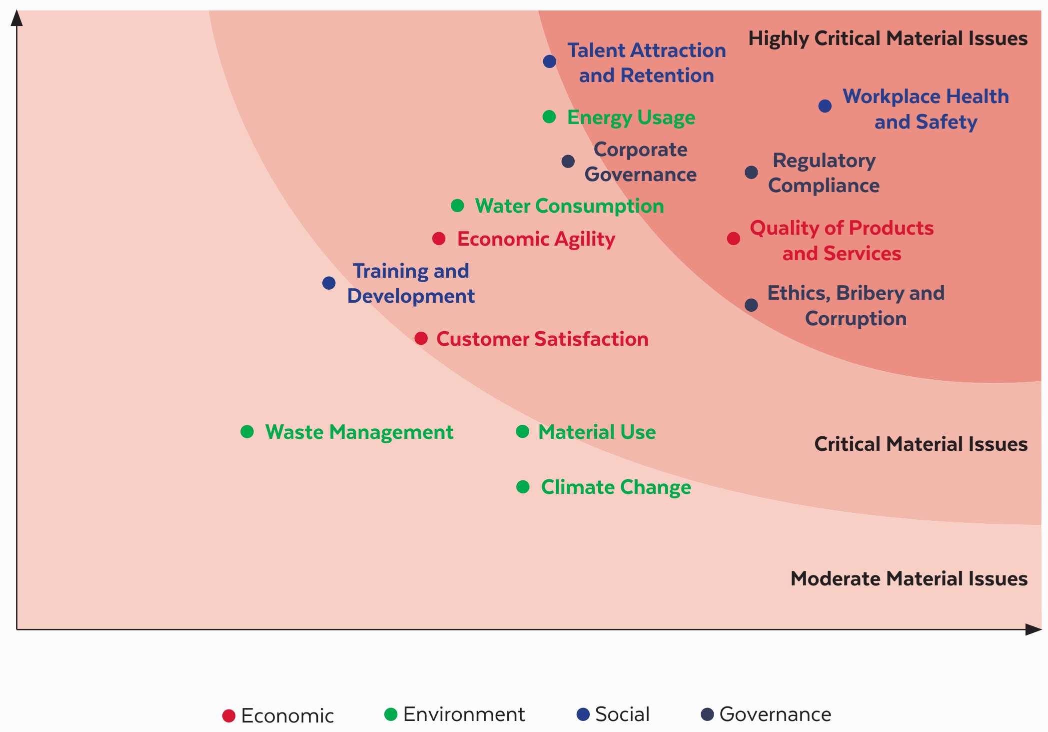
- The SSC, SWC, key management personnel and employees responsible for each identified EESG factor review and assess the relevance of material factors, based on the likelihood of material EESG issues (e.g., highly critical, critical and moderate) and the impact of material EESG issues on its stakeholders.

Stage 3: Validation

- Findings from the first two stages are presented to the Board, who subsequently confirms a list of key material EESG factors for disclosure.

SUSTAINABILITY **REPORT**

Through the materiality assessment, the SSC confirms that there are no changes to the 14 material topics. These topics remain relevant and continue to be aligned with the Group's business practices and sustainability strategies. Accordingly, the material topics are categorised as "Highly Critical," "Critical," or "Moderate."



SUSTAINABILITY REPORT

MATERIAL TOPICS – AT A GLANCE

For each material topic, the Group reports on its significance to business, economy, environment and people, as well as measures that were taken to address these material aspects.

Material Topic	Significance of Impact	How the Group is Addressing the Issue
Economic		
Economic Agility	The Group recognises the importance to adapt to the constantly evolving business environment in the furniture industry. The Group aims to be adaptable and expand into new markets and product offerings to diversify risks and increase market presence.	The Group strives to continue expanding its presence into new markets and strengthening product offerings through collaboration with business partners and participation in business fairs. It is also believed that the Group's strategy for diversification over the years will help mitigate the financial impact of global market events.
Quality of Products and Services	The Group believes that providing customers with products and services of the highest quality is the cornerstone of business growth. The Group recognises that delivering consistently excellent quality products and services is critical for customer satisfaction and brand loyalty.	The Group upholds its standard of delivering quality products and services through rigorous quality control inspections and a dedication to customer service. The Group also invests in human capital through the provision of regular training. The Group's quality assurance policy emphasises the importance of ensuring that products are of excellent quality before delivery to customers.
Customer Satisfaction	The Group recognises the importance of quality in its products and services, as it forms a large part of its branding. The Group is committed to providing customers with high-quality furniture and services, while seeking to maintain long-term business relationships.	The Group is dedicated to engaging in open communication with customers and listening to their views and concerns. The Group has established feedback channels to receive prompt feedback and has formalised processes in place to receive, escalate, follow up, and report on customers' feedback.
Environmental		
Energy Usage	The Group recognises that investing in energy conservation not only reduces its carbon footprint but also contributes to cost savings.	The Group continually reviews its production processes to optimise energy use. The Group has adopted renewable energy solutions, which improve energy efficiency and diversify its energy supply.
Water Consumption	The Group recognises that water is a finite resource and that businesses play an important role in ensuring the sustainability of water resources.	The Group strives to minimise water consumption and improve water usage efficiency through active monitoring. Additionally, the Group seeks to instil a sense of environmental stewardship in its employees by regularly reminding them to minimise water usage.
Material Use	The Group believes in providing the best quality products to customers without compromising the environment.	The Group is committed to achieving its economic goals in a sustainable and environmentally friendly manner. The Board and Management recognise the importance of using materials that align with the Group's quality policy. The Group continues to strive towards making sustainable procurement choices.
Waste Management	The Group recognises that minimising waste production helps reduce environmental degradation and conserve resources.	The Group aims to effectively manage and minimise waste generated from its business activities through resourceful usage and the adoption of recycling initiatives.
Climate Change	The Group recognises the impact that climate change may have on its business and acknowledges the importance of participating in global efforts to mitigate the environmental impact of its operations.	The Group conducts regular risk assessments and continuously monitors potential risks and opportunities arising from climate change that may affect its operations.

SUSTAINABILITY REPORT

Material Topic	Significance of Impact	How the Group is Addressing the Issue
Social		
Talent Attraction and Retention	The Group believes that attracting and retaining competent employees is crucial to the success of its business.	The Group strives to provide fair and competitive compensation packages for its employees, while also ensuring their well-being, welfare, and career progression are well-supported.
Training and Development	The Group believes that its productivity and profitability depend on the capacity and quality of its human capital. Investing in training and development programmes to nurture skilled and competent employees creates long-term value for the Group.	The Group strives to retain its talent pool by offering both in-house and external training programmes to enhance their skill sets and support their professional development. The Group advocates for a positive working environment by providing orientation, as well as on-the-job supervision and guidance.
Workplace Health and Safety	The Group is committed to providing a safe and healthy working environment for all employees.	The Group has established a Safety, Health, and Environment Policy, and the Safety, Health, and Environment Committee is responsible for ensuring that the policy is understood and adhered to by all employees and workers. Regular training programmes are provided to promote health and safety awareness among employees.
Governance		
Corporate Governance	The Group is committed to establishing a strong corporate governance culture with zero tolerance towards unethical practices.	The Group strives to uphold the highest standards of corporate governance, transparency, and compliance with the principles of the Code of Corporate Governance. The Group has established a code of conduct, which all employees are expected to comply with, as part of its commitment to maintaining ethical standards.
Ethics, Bribery and Corruption	The Group believes that upholding high ethical standards and conducting business with integrity is fundamental to its success. Therefore, the Group is committed to building a positive corporate image through exemplary corporate governance and business ethics.	The Group maintains zero tolerance towards unethical practices, bribery, corruption, and fraud. The Group has a whistle-blowing policy in place to facilitate the reporting and follow-up of concerns related to malpractice or any suspicion of fraudulent or inappropriate activities within the Group. The Group has established internal controls and written policies covering areas such as Conflict of Interest, Whistleblowing, Employment Code of Conduct, and Anti-Bribery & Anti-Corruption to guide employees in their business conduct.
Regulatory Compliance	The Group is committed to maintaining a strong ethical culture and ensuring continuous compliance with all regulatory requirements. Any breach of laws, rules, and regulations could significantly harm the Group's business operations and negatively impact its reputation in the industry.	The Board and Management set a strong tone at the top, with zero tolerance towards any non-compliance with the Group's policies, applicable laws, rules, and regulations. The Group upholds a strong ethical culture, and all employees are instilled with the importance of regulatory compliance from their orientation training onward.

SUSTAINABILITY REPORT

ECONOMIC

The Group is committed to attaining robust and sustainable economic performance. The Group's overarching goal of achieving exceptional economic performance has led to the development of an extensive corporate network, efficient inventory management systems, and a customer approach that consistently surpasses expectations. Ultimately, the Group aims to offer competitively priced, state-of-the-art products while providing outstanding customer service. The Group also aims to improve its operational efficiency to generate long-term value for all stakeholders, foster growth, improve scalability, and enhance overall profitability.

For detailed information on its financial performance, please refer to the financial statements in Annual Report 2024.

ECONOMIC AGILITY

The Group prioritises increasing shareholder value by diversifying risks and enhancing its market presence. Hence, the Group is constantly on the lookout for opportunities to venture into new markets and innovative new product lines. Having strong operational readiness and economic agility allows the Group to address any opportunities and risks presented by evolving market conditions in an appropriate manner. In FY2024, the Group's focus remains on expanding into untapped markets and enhancing its product portfolio to ensure continued diversification.

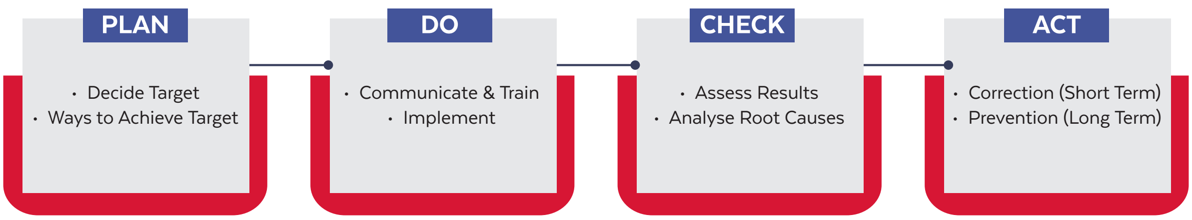
Economic Value Generated and Distributed

Financial Year		**FY2022** *RM'000*	**FY2023** *RM'000*	**FY2024** *RM'000*
Economic Value Generated		**240,898**	**205,054**	**229,850**
Economic Value Distributed	Operating Costs	192,530	175,561	191,759
	Employee Wages and Benefits	37,766	35,007	41,393
	Capital Providers	2,247	2,523	2,248
	Government	98	140	177
	Communities	23	35	24
	Total Economic Value Distributed	**232,664**	**213,266**	**235,601**
Economic Value (Distributed)/Retained		**8,234**	**(8,212)**	**(5,751)**

Going forward, the Group vigilantly monitors the ever-changing market landscape and consumer purchasing trends. The Group is strongly dedicated to an idea of sustainable growth that entails continuous improvement by expanding its presence into new markets whilst enhancing product offerings. In FY2024, the Group actively participated in various furniture and builders trade fairs, connecting with a broader customer base and expanding its market reach.

QUALITY OF PRODUCTS AND SERVICES

Since the Group's inception in 1976, it has established a strong business philosophy that aims to deliver high-quality products and services. The cornerstone of the Group's business philosophy lies in the Group's Quality Policy, which underscores the significance of a Plan-Do-Check-Act ("**PDCA**") approach. This methodology is instrumental in ensuring continuous improvement across all the Group's business processes, preventing stagnation and elevating customer satisfaction.



The Group recognises the significance of investing in its human capital through comprehensive training programmes. Such an approach is designed to enhance the employee's ability to conduct rigorous quality checks and maintain a high standard of internal audits. By equipping its employees with these skillsets, the Group ensures that its quality assessments remain rigorous as it improves alongside new industry developments. More specifically, the Group places a strong emphasis on quality assurance training, enabling employees to acquire the necessary knowledge and skills to assess and report on the conformity and implementation of quality procedures. In FY2024, the Group organised various in-house training courses related to ISO standards, conducted by both internal and external trainers.

As a testament to its commitment to upholding high quality standards, there were zero significant customer chargeback cases of more than RM50,000 in FY2024.

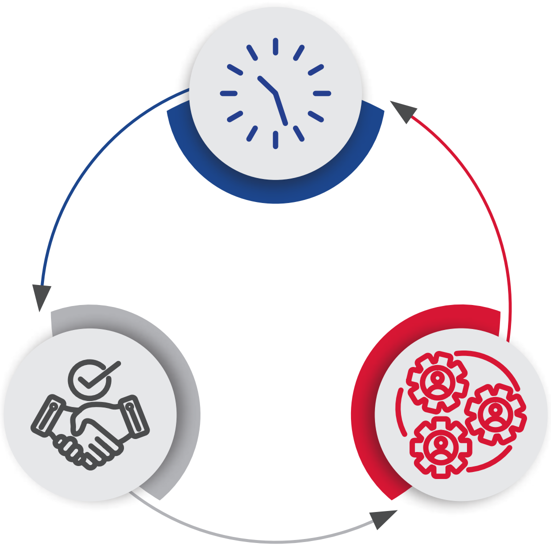
SUSTAINABILITY REPORT

CUSTOMER SATISFACTION

The Group prioritises customers' experience and is dedicated to exceeding their expectations when delivering its products and services. The Group places great value on all feedback received from customers, treating them as opportunities for improvement. To ensure all customer feedback is regarded seriously, the Group's dedicated Sales and Marketing team has implemented a robust customer feedback process which allows it to receive and address all feedback with care and intention.

Upon receiving feedback from customers, a thorough investigation is conducted, and any identified issues are directed to the respective departments to be rectified. Subsequently, the Sales and Marketing team provides prompt and detailed explanations to customers, underscoring their importance as customers to the business.

In accordance with the ISO 9001:2015 requirements, an annual customer survey for LY Furniture is conducted by the in-house Sales and Marketing Team, overseen by the Executive Director of Sales and Marketing of LY Furniture. This annual survey serves to identify areas for improvement and guides any potential corrective actions. The key criteria for the Group's customer survey include:



Customers[2] are requested to evaluate the Group's products and services against these criteria, assigning grades based on five (5) different levels of satisfaction, ranging from 1 (Not Satisfied) to 5 (Fully Satisfied). In recognition of the Group's continuous efforts to improve its processes, LY Furniture achieved an average score of 3.78 across all three (3) criteria in FY2024.

MOVING FORWARD

Even as the Group moves forward, it continues to redouble its efforts to grow through innovation. The Group constantly and continuously strives to explore new opportunities and expand its range of products. The Group's dedication to deliver exceptional value to its stakeholders remains unparalleled as the Group continues to discover new ways to enhance its quality standards. Finally, exceeding customer expectations and provide unparalleled satisfaction through its products and services remains as the Groups main concern.

ENVIRONMENTAL

CLIMATE CHANGE

As a signatory to the Paris Agreement, Malaysia has committed to reducing its carbon intensity (relative to GDP) by 45% by 2030, compared to 2005 levels. The country also aims to achieve net-zero greenhouse gas emissions by 2050. In line with Malaysia's commitment to limiting the global temperature rise to below 2°C, the Group supports the implementation of the TCFD and is dedicated to continuously improving its climate-related actions and disclosures. In practice, the Group focuses on reducing its ecological footprint, managing energy resources responsibly, and lowering GHG emissions, while also enhancing climate resilience across its operations.

2 The customer base is limited to LY Furniture only.

SUSTAINABILITY REPORT

TCFD CLIMATE-RELATED RISK ANALYSIS

GOVERNANCE

The Group's commitment to effective corporate governance on climate and sustainability-related matters is underpinned by strong leadership and effective oversight by the Board and senior management of the Group.

The Board has ultimate responsibility for sustainability reporting and has integrated sustainability considerations into the Group's business and strategy. The Board is responsible for reviewing and approving the Group's sustainability policies, practices and performance disclosures. The Board conducts regular assessments of environmental trends and evaluates potential risks and opportunities associated with climate change to ensure effective oversight of strategic risk management. Refer to our Sustainability Steering Committee Structure on page 17 of this Annual Report for further details.

GROUP STRATEGY

The Group's sustainability strategy focuses on positioning LY Corporation as an environmentally responsible and climate-resilient business. This includes identifying, assessing, and mitigating both physical and transition risks associated with climate change. In line with the global shift towards a low-carbon economy, the Group is committed to seizing emerging opportunities presented and aiming for net-zero emissions by 2050.

Consistent with TCFD recommendations, the Group actively communicates its sustainability approach to stakeholders, emphasising how climate-related factors could impact its long-term performance and financial outlook. Additionally, it is committed to supporting the low-carbon transition by setting clear, measurable targets for emissions reductions. Additionally, it is committed to supporting the low-carbon transition by setting clear, measurable targets for emissions reductions, reinforcing its dedication to environmental stewardship and sustainable business practices.

Scenario Analysis

The Group adopts the IPCC's 6th climate risk assessment scenarios to evaluate the potential outcomes of different climate action pathways and incorporate both risks and opportunities into its strategic planning. Accordingly, the Group identified seven key climate-related risks and two climate-related opportunities. It then utilised insights from research papers and studies to analyse their potential effects on business, strategy, and financial planning. The Group's adopted scenarios are outlined below:

LY Corporation Scenario	IPCC 6th Assessment Report	IPCC – Warming by 2100 (best estimate)
Strong Mitigation Scenario	SSP[1] 1 – 2.6 "Low GHG emission scenarios"	1.3-2.4 °C (1.8°C)
Delayed and Disorderly Scenario	SSP2 – 4.5 "Intermediate GHG emission scenarios"	2.1-3.5 °C (2.7°C)
Business as Usual Scenario	SSP3 – 7.0 "High GHG emission scenarios"	2.6-4.6 °C (3.6°C)

Note:
(1) SSP refers to Shared Socio-Economic Pathways that look at a wider range of options or scenarios simulated by future climate change.

Scenario	Assumption	Potential Outcomes
Strong Mitigation Scenario (below 2°C)	GHG emissions are effectively controlled, aiming to keep global warming below an estimated 2 degrees Celsius. Achieving net-zero CO_2 emissions is anticipated in the latter half of the century. The mitigation strategy closely aligns with the "Low GHG Emission Scenarios" SSP1-2.6 scenario outlined in the IPCC's 6th Assessment Report.	The main risk for LY Corporation in this context is transitional, arising from policy changes. Goods and services, including energy, may become more expensive due to increased pricing of GHG emissions.
Delayed and Disorderly Scenario	The physical damage from climate change is more severe in this scenario, and the mitigation/transition is disorderly as the global community adapts to a changing world. The emission profile in this scenario closely aligns with the "Intermediate GHG Emission Scenarios" SSP2-4.5 scenario outlined in the IPCC's 6th Assessment Report.	The transition risks to LY Corporation in this scenario are less severe than in the Strong Mitigation Scenario. However, the physical risks and the impacts of adaptation are more severe, particularly towards the end of the long-term horizon.
Business as Usual Scenario	In this scenario, global emissions of GHGs continue to rise at approximately current levels, leading to a significant increase in the pace and severity of global warming. The emission profile in this scenario closely resembles the "High GHG Emission Scenarios" SSP3-7.0 scenario outlined in the IPCC's 6th Assessment Report.	The primary risk for LY Corporation in this scenario arises from the accelerating severity of both acute and chronic physical risks of climate change. Long-term effects, such as the increasingly severe impact of extreme weather and rising temperatures, pose significant challenges.

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RISK MANAGEMENT

Risk management is a set of processes that supports the achievement of the Group's objectives by addressing its risks and managing the combined potential impact of those risks. These processes are carried out by the Board and senior management of the Group. This section explains how LY Corporation identifies, assesses, and manages climate-related risks.

Climate-Related Risks and Opportunities

In FY2024, members of the SSC undertook a reassessment to identify Climate-Related Risks and Opportunities ("**CRROs**") affecting the entire Group. In line with the TCFD framework, the Group assessed CRROs across three-time horizons: short-term (1 to 3 years), medium-term (by 2030), and long-term (by 2050). The reassessment was documented in a TCFD CRROs register, which was reviewed and finalised by the SSC.

According to Malaysia's National Communications to the United Nations Framework Convention on Climate Change ("**UNFCCC**"), an increase in rainfall is expected across all regions by 2030. Additionally, the average air temperature in the country could rise by 0.5 to 1 degree Celsius by 2030, with a further increase of 0.9 to 1.6 degrees Celsius by 2050. This anticipated rise in temperature is expected to place additional pressure on the electricity grid, as it will need to accommodate higher demand for cooling.

Transition risks and opportunities

In line with the CDP Climate Change 2023 Reporting Guidance, the Group has evaluated the likelihood and magnitude of each identified transition risk and opportunity. This assessment is accompanied by the underlying assumptions used to determine potential financial impact figures, along with the details of the risks and opportunities identified, which are as follows:

Transition Risk #1

Risk	Energy costs may fluctuate, and the Group is subject to a carbon tax based on its carbon emissions.
Risk Driver	The carbon tax might manifest as higher electricity tariffs, as power providers transfer the carbon tax costs to end-users.
Company-Specific Description	While the Group is not directly impacted by the increase in carbon taxes, it acknowledges the potential risk of climate change if there are stricter policies and higher prices for greenhouse gas emissions in the future. If the Group fails to take action to reduce emissions, meeting regulatory requirements could become costly. Studies[3] have shown that the carbon tax may increase to RM150/tCO_2e by 2030 from the initial RM35/tCO_2e. For every S$5/t$CO_2$e (RM18/t$CO_2$e) increase, electricity tariffs could go up by 1%[4]. Therefore, in the short and medium term, the Group might see a 3% and 9% increase in electricity tariffs respectively.
Time Horizon	Short to medium term.
Potential Financial Figure	Short Term: RM4,708,000 Medium term: RM4,983,000
Explanation of Financial Impact Figure	Climate change regulations may result in slight energy price increases. It is estimated that total energy costs account for less than 5% of LY Corporation's annual operating costs, which were RM102,503,000 in FY2024. Considering potential carbon tax increases in Malaysia, the Group's energy spending could reach RM4,983,000 in the medium term. However, this is expected to have a minimal impact on the overall financial position of the Group, as it actively manages this exposure by incorporating renewable energy sources, such as solar energy.

3 https://penanginstitute.org/publications/issues/a-proposal-for-carbon-price-and-rebate-cpr-in-malaysia/
4 https://www.nccs.gov.sg/singapores-climate-action/mitigation-efforts/carbontax/

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Transition Risk #2

Risk	Risk of regulatory changes towards enhanced emission-reporting obligations such as GRI, TCFD and etc.
Risk Driver	Nationwide drive to decarbonisation. Increased focus on sustainability.
Company-Specific Description	The evolving emission-reporting regulation and obligation will increase professional fees, training expenses and administrative expenses of the Group to meet reporting requirements.
Time Horizon	Medium to long term.
Potential Financial Figure	Medium Term: RM1,209,000 Long term: RM1,266,000
Explanation of Financial Impact Figure	As per industry expectations, it is projected that all related expenses for supporting Sustainability/TCFD reports in Malaysia will likely see a rise of 5% to 10% in the medium to long term. To address this potential risk, the Group consistently monitors regulatory requirements and assess its capabilities to meet them.

Transition Risk #3

Risk	Regulations governing existing wood products and manufacturing services, alongside changing customer behaviour and a long-term shift in their preferences towards sustainable manufacturing practices.
Risk Driver	Changing investor expectation. Evolving and more stringent rules and regulations.
Company-Specific Description	As the Group is committed to a more environmentally friendly and sustainable future, it is dedicated to minimising and managing its environmental footprint. Specifically, LY Furniture Sdn. Bhd. achieved the Certificate for Chain-of-Custody of Forest-Based Products Programme for the Endorsement of Forest Certification ("**PEFC**") in 2021. Further details on the benefits of the PEFC Certification are provided below.
Time Horizon	Medium to long term.

Transition Risk #4

Risk	Increased cost of raw materials.
Risk Driver	Fluctuations in currency exchange rates. Market demand and competition.
Company-Specific Description	Increased costs associated with sourcing raw materials will lead to higher operating expenses, such as travel expenses/transport charges/license fees.
Time Horizon	Medium to long term.
Potential Financial Figure	Medium Term: RM3,751,000 Long term: RM4,092,000
Explanation of Financial Impact Figure	It is anticipated that related expenses may increase by 10-20% in the medium to long term. To address this potential risk, the Group is diversifying its suppliers and maintaining a stockpile of raw materials to account for potential delays due to disruptions in the global supply chain.

SUSTAINABILITY REPORT

Opportunity #1

Opportunity	Adoption of resource efficient practices through using more efficient modes of transport/logistics/operational processes and equipment. Explore solar energy as renewable energy sources, and promotion of recycling/digitalisation/water-savings sustainable habits in office space.
Opportunity Driver	Initiatives and efforts in business practices to support Corporate Social Responsibility.
Company-Specific Description	The Group has adopted resource-efficient practices in its office spaces by implementing recycling initiatives and minimising paper usage, which is expected to lead to a reduction in costs associated with filing, printing & stationery/postage, and travelling expenses/transport charges within our Group. Moreover, the Group has capitalised on solar energy to generate electricity and reduce operating costs.
Time Horizon	Short to medium term.
Potential Financial Figure	Short Term Cost Savings: RM1,266,000 Medium Term Cost Savings: RM1,199,000
Explanation of Financial Impact Figure	The Group embraces sustainable manufacturing practices, focusing on environmental conservation and the efficient use of energy and natural resources. This includes sustainably sourcing raw materials, recycling wood waste, and incorporating environmentally friendly materials into production processes. More than 99% of the Group's timber wood is sourced from sustainable sources. It is anticipated that cost reductions within the Group are estimated to range from 5% to 10% in the short to medium term.

Opportunity #2

Opportunity	Development and/or expansion of low emission goods and services, as well as diversification of business activities into the manufacturing of millwork products and kitchen cabinets.
Opportunity Driver	Cost savings and operational efficiency. Competitive edge.
Company-Specific Description	The Group's goal is marked by an expansion into emerging markets and product lines to enhance its market presence. Through intensified promotion and marketing of millwork products, coupled with the acquisition of new customers, the Group has successfully diversified its portfolio to include the manufacturing of millwork products. Furthermore, the Group has extended its diversification efforts to include the production of kitchen cabinets. For instance, the millwork and furniture segments accounted for 35.7% and 64.3% of the Group's revenue, respectively in FY2024. The Group will disclose the potential financial impact when the opportunity materialises.

SUSTAINABILITY REPORT

Physical risks and opportunities

The Group has assessed the physical risks and opportunities arising from the business-as-usual scenario. This evaluation provides the Group with a clearer understanding of how future developments may impact its operations. The following section highlights the key risks and their potential financial impacts.

Acute Physical Risk #1

Risk	Risk of extreme weather events such as flash flood, intense rainfall and heat waves impacting the Group's warehouses, factory and office building.
Risk Driver	Increased intense rainfall and flash flood leading to urban flooding, potentially causing damage to buildings and transportation networks.
Company-Specific Description	More frequent extreme weather events, such as flash flooding and intense rainfall, could disrupt the transportation networks used by employees to commute to the office. This may lead to an increase in various expenses, including general expenses and insurance charges for the Group.
Time Horizon	Long term.
Potential Financial Figure	RM3,749,000
Explanation of Financial Impact Figure	Studies have shown that all regions in Malaysia could experience an increase in rainfall amounts by 2030. Additionally, severe dry spells are projected to occur between 2025 and 2035 in Peninsular Malaysia, and between 2045 and 2055 in East Malaysia. It is estimated that all associated costs could increase by 10% in the long term. However, the Group plans to conduct regular assessments of the adequacy of its insurance coverage to protect against climate-related risks.

Chronic Physical Risk #2

Risk	Risk of rising mean temperature could result in higher usage of air conditioners to maintain comfortable indoor temperatures.
Risk Driver	Increased daily mean temperature and mean sea level rise, leading to changes in weather patterns.
Company-Specific Description	Rising global average temperatures could lead to increased water and electricity costs in offices.
Time Horizon	Long term.
Potential Financial Figure	RM4,747,000
Explanation of Financial Impact Figure	Research has shown that the average air temperature in Malaysia may increase by 0.5 to 1 degree Celsius by 2030 and could further rise by 0.9 to 1.6 degrees Celsius by 2050. It is estimated that a 1-degree Celsius rise in temperature could result in approximately a 4% to 5% increase in electricity consumption. This suggests a 20% rise in electricity tariffs in the long term. To address this risk, the Group will continuously monitor electricity bills and practice sustainability habits to reduce electricity consumption.

SUSTAINABILITY REPORT

METRICS

Greenhouse gas emissions

The Group's primary sources of GHG emissions arise from electricity consumption and the use of fuels, including diesel and unleaded petrol. As part of its commitment to sustainability, the Group regularly monitors and reports its GHG emissions, disclosing Scope 1 direct emissions and Scope 2 indirect emissions in alignment with the GHG Protocol and GRI Standards. Scope 1 emissions primarily result from the operation of motor vehicles and on-site furnaces, while Scope 2 emissions are generated from purchased electricity.

Scope 1 Emissions

To strengthen its efforts in reducing emissions, the Group implements efficient route planning for its motor vehicles and conducts regular maintenance to ensure optimal engine performance and fuel efficiency, which in turn helps reduce GHG emissions. The Group's Scope 1 GHG emissions for FY2024, compared to FY2022 and FY2023, are as follows:

Pollutant	CO_2	CH_4	N_2O
Emission Factor – Diesel (kg/TJ)[5]	74,100	3.9	3.9
Emission Factor – Petrol (kg/TJ)[6]	69,300	33	3.2
Global Warming Potential (GWP)[7]	1	27	273

Financial Year	FY2022	FY2023		FY2024	
Fuel Used	Diesel	Diesel	Unleaded petrol	Diesel	Unleaded petrol
Fuel Consumed (litre)	100,142	68,512	28,598	86,465	28,117
CO_2 Emissions (tCO_2e)	266.40	175.07	63.82	230.01	62.74
CH_4 Emissions (tCO_2e)	0.39	0.26	0.85	0.33	0.81
N_2O Emissions (tCO_2e)	3.72	2.24	0.78	3.30	0.79
Total GHG Emissions (tCO_2e)	**271**	**178**	**65**	**234**	**64**
		243		**298**	
Number of employees	1,043	1,145		1,365	
GHG Intensity (tCO_2e/employee)	0.26	0.21		0.22	

Scope 2 Emissions

Electricity is essential to the Group's operations, and as part of its commitment to sustainability, the Group is focused on reducing electricity consumption through the adoption of sustainable practices. The Group's Scope 2 GHG emissions for FY2024 are as follows:

Pollutants	CO_2
Operating Margin (OM) Grid Emission Factor (GEF)	0.758[8]

Financial Year	FY2022	FY2023	FY2024
Electricity Consumed (kWh)	8,482,062	7,657,364	10,214,953
Solar energy (kWh)	3,524,600	3,572,600	3,590,383
Purchased energy (kWh)	4,957,462	4,084,764	6,624,570
Scope 2 CO_2 Emissions (tCO_2e)	3,073.63	2,532.55	5,021.00
Number of Employees	1,043	1,145	1,365
GHG Intensity (tCO_2e/employee)	2.95	2.21	3.68

5 Retrieved from: Road Transport N_2O and CH_4 Default Emission Factors and Uncertainty Ranges (Chapter 3: Mobile Combustion) of 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
6 Retrieved from: Road Transport N_2O and CH_4 Default Emission Factors and Uncertainty Ranges (Chapter 3: Mobile Combustion) of 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
7 IPCC Global Warming Potential Values. *GHG Protocol* (August 2024) Retrieved from: https://ghgprotocol.org/sites/default/files/2024-08/Global-Warming-Potential-Values%20(August%202024).pdf.
8 Peninsular Malaysia Energy Commission 2021 Grid EF @ 0.758 $kgCO_2e$/kWh. Retrieved from: https://www.mgtc.gov.my/lcos-personal-calculator/.

SUSTAINABILITY REPORT

MATERIAL USE

In support of its commitment to sustainable growth, the Group actively monitors and manages the resources it consumes in its operations. In FY2024, 99.3% (FY2023: 95.2%) of the wood (timber) were sourced by the Group came from sustainable sources.

The Group is committed to sustainable procurement practices within its manufacturing operations, placing a strong emphasis on sourcing from environmentally responsible suppliers. Suppliers are assessed for their environmental impact, with only those demonstrating minimal or no adverse effects being considered for collaboration. Additionally, the Group conducts annual reviews of its suppliers to ensure they consistently meet sustainability standards and align with its values.

In 2021, LY Furniture achieved the Certificate for Chain-of-Custody of Forest-Based Products under the Programme for the Endorsement of Forest Certification ("**PEFC**"). This certification covers the purchase of PEFC-certified and PEFC-controlled source sawn timber, wood panels veneer, paper and dowel, as well as the production and sale of PEFC-certified and PEFC-controlled source wooden frames, indoor furniture, architectural joinery, moulding, skirting boards and architraves, using both physical separation and percentage-based methods. The attainment of the PEFC certification further strengthens the Group's reputation as an environmentally responsible business, offering several key benefits, such as allowing the Group's products to be labelled as PEFC-certified, assuring customers that the wood used comes from sustainably managed forests, supporting the increasing demand for sustainable materials in corporate social responsibility initiatives, and ensuring compliance with international regulatory requirements, which facilitates the export of the Group's products to global markets. The certification remains valid until the end of 2026.

ENERGY USAGE

The Group recognises that investing in energy conservation not only helps reduce its carbon footprint but also leads to cost savings. The Group actively monitors electricity consumption, continuously striving to optimise energy usage. For detailed information on electricity consumption, please refer to the disclosures in the TCFD Climate-Related Risk Analysis under Scope 2 Emissions. Furthermore, the Group has embraced efficient and renewable solar energy solutions to improve energy efficiency, diversify its energy supply sustainably, and minimise the environmental impact of its operations.

In FY2024, the solar photovoltaic system generated a total of 3,590.4MWh (FY2023: 3,572.6 MWh) of solar energy, which is equivalent to avoiding approximately 2,722 tonnes (FY2023: 2,215 tonnes) of carbon dioxide (CO_2) emissions.

WATER CONSUMPTION

The Group recognises the crucial role businesses play in sustaining water resources. As such, it has monitored its water usage and implemented various measures to enhance water efficiency. These measures include adopting more water-efficient fixtures and fittings, installing water conservation devices, and conducting regular checks and maintenance on pipes and installations to prevent potential water leaks. The Group's water consumption in FY2024, compared to the previous year, is as follows:

Financial Year	FY2022	FY2023	FY2024
Water Consumed (cubic meters)	99,096	99,827	113,785
Number of Employees	1,043	1,145	1,365
Water Intensity (Total water consumption/Number of employee)	95.0	87.2	83.4

In order to achieve its long-term goal of reducing water intensity by 20%, the Group consistently monitors its performance through regular assessments and evaluations. This approach enables the identification of areas for improvement and the implementation of effective measures to enhance water efficiency across operations. The Group remains committed to adopting innovative technologies and sustainable practices that contribute to the responsible use and conservation of water resources, in alignment with its broader environmental sustainability objectives.

SUSTAINABILITY REPORT

WASTE MANAGEMENT

Efficient waste management plays a vital role in supporting resource sustainability and environmental protection. The Group is dedicated to reducing and managing waste produced from its operations by implementing resource-efficient strategies and encouraging recycling efforts. The following section provides data on waste generated, non-hazardous waste diverted from disposal, and waste directed to disposal in FY2024:

Type of waste	Hazardous/ Non-hazardous	Type of input	Activities that generate the waste
Contaminated empty drums/ container from LYSFB	Hazardous	Raw material	Manufacturing process
Carton from LYFSB and LEM	Non-hazardous	Waste	
Plastic from LYFSB and LEM			
Scrap Iron from LYFSB			
Battery from LYFSB			

Waste diverted from disposal – non-hazardous waste

Entity	Types of non-hazardous	FY2023	FY2024	Recovering method
		Amount generated (metric tons)		
LYFSB	Carton	26.2	20.3	Recycling (offsite)
	Plastic	22.9	28.8	
	Scrap Iron	25.6	106.1	
LEM	Carton	3.4	1.9	
	Plastic	3.3	2.1	
TOTAL		**81.4**	**159.2**	

Waste directed to disposal – hazardous waste

Entity	Types of hazardous	FY2023	FY2024	Disposal method
		Amount generated (metric tons)		
LYFSB	Contaminated empty drum/ container	35.0	69.9	Offsite
	Contaminated rags	55.6	74.9	
	Paint sludge	26.3	38.0	
LEM	Contaminated container	NA	0.05	
	Contaminated rags/ Hand gloves	NA	0.19	
TOTAL		**116.9**	**183.0**	

SUSTAINABILITY REPORT

Waste directed to disposal – non-hazardous waste

Entity	Types of non-hazardous	FY2023	FY2024	Disposal method
		Amount generated (metric tons)		
LYFSB	Saw dust	2,022.7	2,485.3	incineration (without energy recovery)
	Scrap medium-density fibreboard (“**MDF**”)/ chipboard (“**CB**”)/Plywood	835.3	1,104.6	incineration (with energy recovery)
	Factories’ Rubbish	287.6	495.5	landfilling
	Hostels’ Rubbish	NA	138.9	landfilling
	Veneer	59.0	51.8	landfilling
LEM	Scrap MDF/CB	352.0	337.9	incineration (with energy recovery)
	Saw dust	93.2	79.2	incineration (without energy recovery)
	Factories’ Rubbish	86.4	22.0	landfilling
TOTAL		**3,736.2**	**4,715.2**	

The wood waste generated at LY Furniture contributes significantly to the Group’s sustainability initiatives. It is primarily used as feedstock for the factory boiler, providing essential heat for production processes. Additionally, the Group collaborates with third-party boiler operators to maximise the efficient use of this wood waste. Sawdust, a byproduct of production, is sold to other companies for further use or processing. In line with its commitment to waste minimisation, the Group has implemented strategies to optimise wood usage, reduce offcuts, and promote efficient resource utilisation.

MOVING FORWARD

Remaining steadfast in its commitment to energy conservation and environmental protection, the Group will actively refine its approach to enhancing waste management practices and increasing recycling rates. The Group is committed to maintaining its record of zero penalties for non-compliance with all relevant environmental regulations in the jurisdictions where it operates.

SOCIAL

The acronym LY represents “Lian You” (联友) which symbolises the idea of “uniting friends”. Following its namesake, the Group firmly believes in the significance and efficacy of collaboration, particularly given the dynamic and rapidly evolving global market. The idea of a collaborative collective has become a central philosophy that the Group actively integrates into its corporate practices by reaching out to all stakeholders as detailed in preceding sections.

Acknowledging that the community consisting of employees, customers, and shareholders form the bedrock of a prosperous and enduring organisation, the Group is committed to empowering and nurturing its staff so that they may achieve their full capability. Additionally, the Group aspires to contribute positively to the communities where it is situated. In order to create and support local communities, the Group is committed to giving back to the communities that are intertwined with its business. This dedication to enhance the welfare of the Group’s close communities resonates strongly with the core values and principles that underpin its business principles.

SUSTAINABILITY **REPORT**

TALENT ATTRACTION AND RETENTION

The Group's approach to employee compensation is rooted in the principles of fairness and equality. The first core consideration for the Group remains on whether the individual's qualifications and experience align with job requirements. Given this, the Group strives to provide all its employees with a competitive benefit package. Hence, regular reviews of the Group's employee benefit packages are conducted regularly against industry standards to ensure they remain competitive. Finally, based on the Group's principles of fairness and equality, all forms of discrimination based on race, ethnicity, age, gender, or nationality are strictly prohibited and condemned.

The Group's recruitment process is characterised by its robustness, fairness, and transparency. Although merit remains as the Group's key selection criterion, the well-being and career progression of its employees remains equally important to the Group. For instance, its benefit packages include provisions for medical allowances, annual leaves and special leaves for significant life events such as marriage, prenatal care, and paternity.

Rewarding loyal employees is another key component of the Group's robust employment policy. A long service award is presented to employees who have dedicated over five (5) years of service to the Group. The award is meant to be a token of appreciation for the employee's unwavering commitment and valuable contributions. Through its recruitment and retention policies, the Group aims to attract and retain competent individuals who resonate with and embody its culture and values.

Employees' Profile

The Group has 20 temporary employees, consisting of 14 males and 6 females, all of whom are from Malaysia. Additionally, there is one female part-time employee who is also Malaysian. The Group did not have any employees under non-guaranteed hour arrangements in FY2024, nor in the two preceding years. As of 31 December 2024, a comparison of the Group's employee profile with FY2022 and FY2023 is outlined below:

Workforce	No. of headcount			% of total headcount		
Financial Year	**FY2022**	**FY2023**	**FY2024**	**FY2022**	**FY2023**	**FY2024**
By Gender						
Male	823	933	1,139	79.2	81.5	83.4
Female	216	212	226	20.8	18.5	16.6
By Age Group						
18-30 years old	427	407	582	41.1	35.5	42.6
31-50 years old	537	657	703	51.7	57.4	51.5
Over 50 years old	75	81	80	7.2	7.1	5.9
By Nationality						
Malaysian	549	663	698	52.8	57.9	51.1
Bangladeshi	190	193	176	18.3	16.9	12.9
Chinese	0	1	1	0	0.1	0.1
Myanmar	206	101	91	19.8	8.8	6.7
Nepalese	85	182	395	8.2	15.9	28.9
Pakistanis	9	5	4	0.9	0.4	0.3
TOTAL	**1,039**	**1,145**	**1,365**	**100.0**	**100.0**	**100.0**

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Workforce	No. (Rate[9]) of new hires			No. (Rate[10]) of turnovers		
Financial Year	**FY2022**	**FY2023**	**FY2024**	**FY2022**	**FY2023**	**FY2024**
By Gender						
Male	292 (23.8)	479 (43.9)	414 (33.0)	541 (44.1)	463 (42.4)	438 (34.9)
Female	49 (4.0)	67 (6.1)	18 (1.4)	116 (9.4)	68 (6.2)	46 (3.7)
By Age Group						
18-30 years old	109 (8.9)	210 (19.2)	246 (19.6)	304 (24.8)	199 (18.2)	154 (12.3)
31-50 years old	210 (17.1)	319 (29.2)	183 (14.6)	330 (26.9)	314 (28.8)	298 (23.7)
Over 50 years old	22 (1.8)	17 (1.6)	3 (0.2)	23 (1.9)	18 (1.6)	32 (2.5)
By Nationality						
Malaysian	341 (27.8)	438 (40.1)	200 (15.9)	380 (31.0)	312 (28.6)	430 (34.3)
Nepalese	0 (0)	107 (9.8)	232 (18.5)	41 (3.3)	35 (3.2)	26 (2.1)
Bangladeshi	0 (0)	0 (0)	0 (0)	95 (7.7)	63 (5.8)	17 (1.4)
Myanmar	0 (0)	0 (0)	0 (0)	129 (10.5)	117 (10.7)	10 (0.8)
Pakistanis	0 (0)	0 (0)	0 (0)	9 (0.7)	4 (0.3)	1 (0.1)
Chinese	0 (0)	1 (0.1)	0 (0)	0 (0)	0 (0)	0 (0)
Indonesian	0 (0)	0 (0)	0 (0)	1 (0.1)	0 (0)	0 (0)
Vietnamese	0 (0)	0 (0)	0 (0)	2 (0.2)	0 (0)	0 (0)
TOTAL	**341 (27.8)**	**546 (50.0)**	**432 (34.4)**	**657 (53.5)**	**531 (48.6)**	**484 (38.6)**

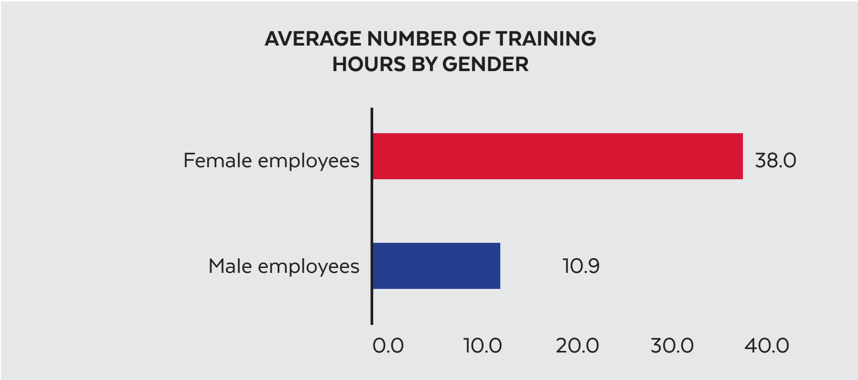
9 Rate of new hires was calculated by: Number of new hires/Average number of employees at the beginning of period and end of period.
10 Rate of turnovers was calculated by: Number of leavers/Average number of employees at the beginning of period and end of period.

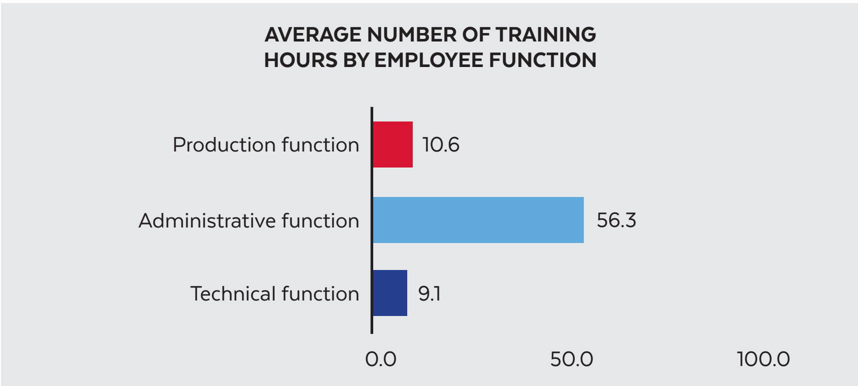
SUSTAINABILITY REPORT

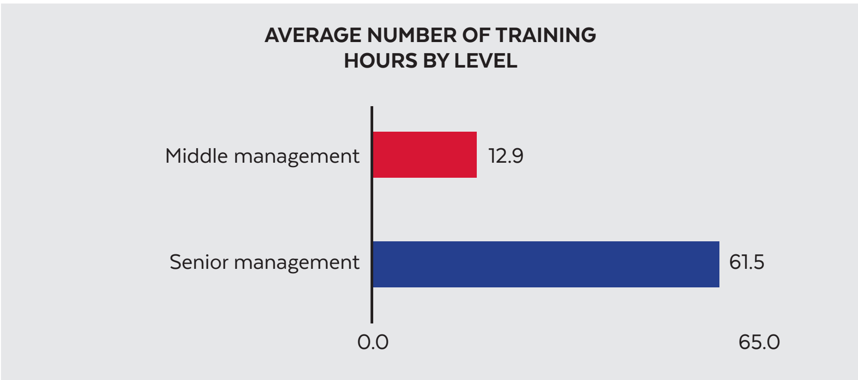
TRAINING AND DEVELOPMENT

The Group recognises that its success hinges on a competent team capable of achieving its business objectives. Therefore, the Group is committed to fostering the growth of its employees through a diverse range of internal and external training and development programs. These initiatives aim to provide the Group's staff with cutting-edge skills and knowledge, enabling them to stay ahead of the curve and meet the demands of their professional growth.

The details of employee training statistics for FY2024 are as follows:







SUSTAINABILITY REPORT

Notes:

1: Senior management refers to employees with designation of Assistant Manager and above (excluding general workers from production function).

2: Middle management refers to employees with designation of Executive and below (including general workers from production function).

3: Average number of training hours by male or female employees = Total number of training hours by male or female employees/total number of male or female employees.

4: Average number of training hours by production or administrative or technical function = Total number of training hours by production or administrative or technical function/total number of employees from production or administrative or technical function

5: Average number of training hours by middle or senior management = Total number of training hours by middle or senior management/total number of middle or senior management

The Group believes in the importance of regularly evaluating its employees' performance and providing constructive feedback to support their professional improvement and growth. To achieve this, the Group has instituted a quarterly performance review system that offers employees prompt and actionable insights into their work. The review process assesses the Group's employees in various aspects, like their quality of work, output, work responsibility, timeliness, attention to detail, relationships with colleagues and critical thinking skills. This ongoing review process enables employees to monitor their progress, receive acknowledgment for their accomplishments and make necessary adjustments to enhance their job performance.

WORKPLACE HEALTH AND SAFETY

The Group recognises the health and safety of its employees as a top priority and has implemented proactive measures to instill a culture of safety. Guiding all employees in maintaining safe and healthy work practices, the Group has established an Occupational Safety and Health Policy ("**OSH Policy**"). Under the OSH Policy, the Management is responsible for ensuring compliance with all health and safety regulations, and employees are required to undergo training on proper health and safety procedures. Additionally, the Group has achieved the ISO 45001:2018 certification for occupational health and safety management.

To oversee the implementation of the OSH Policy and ensure its adherence by all employees, a dedicated Safety, Health, and Environment Committee ("**SHE Committee**") has been formed. This committee comprises key leaders (representatives from the management) and trained safety representatives (representatives from the employees other than management) from various factories and warehouses. Looking forward, the Group remains resolved in its commitment towards its employees' safety and health, as it endeavors to create a safe and secure work environment for all.

We are committed to environmental stewardship and full compliance with environmental laws and regulations. By optimising resource use, reducing waste, and incorporating eco-friendly practices into our operations, we improve efficiency, minimise environmental impact, and ensure the safety and well-being of our employees and communities. Our dedication to sustainability not only strengthens our brand reputation but also supports global efforts to address climate change. This approach enables us to remain competitive, reduce operational risks, and secure long-term success in an increasingly sustainability-focused market.

At LY Furniture, the following model is employed for all work activities to facilitate the identification of work-related hazards that pose a risk of causing high-consequence injuries:

Classify work activity ▸ **Identify hazard** ▸ **Determine hazard** ▸ **Determine if risk is tolerable** ▸ **Prepare risk assessment** ▸ **Review the effectiveness**

Under this model, the Group empowers its employees to identify and report any potential hazards they may encounter. The fourth step in its hazard identification and response model allows said employee to remove themselves from that task if it is considered too hazardous. The Group's employees are briefed on the model and are protected from reprisals under the SHE Policy.

Wearing personal protective equipment is mandated whenever the task requires. Additionally, the Group has installed machine covers to mitigate sound levels and pinch hazards, ensuring the health and safety of the Group's employees.

SUSTAINABILITY REPORT

In FY2024, the breakdown of the injury rate, in comparison to the previous year, is as follows:

Indicator	FY2022	FY2023	FY2024
	Total Number (Rate)[11]		
Fatalities as a result of work-related injury	0 (0)	0 (0)	0 (0)
High-consequence work-related injuries[1]	0 (0)	0 (0)	0 (0)
Number of recordable work-related injuries[2], excluding high-consequence work-related injuries	4 (0.27)	4 (0.42)	2 (0.18)
Number of hours worked[3]	2,930,932	1,904,749	2,229,720

Notes:

1: High-consequence work-related injuries refers to work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six (6) months.

2: Recordable work-related injuries refers to work-related injury or ill health that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

3: Number of hours worked is calculated as: Average number of employees during the year x number of hours worked a week x 52 weeks in a year

Regarding the two cases of minor work injuries, the Group's investigation revealed that the primary cause of these accidents was a failure in adhering to designated working instructions. This temporary lapse in following established protocols and procedures created an unsafe environment where accidents could occur.

The Group's aim of achieving zero injuries does not prevent it from proactively implementing measures that allow for the prompt treatment of any accidents. LY factories are equipped with first-aid rooms, staffed by trained first-aiders. For employees requiring further medical attention, transportation is arranged to take them to health clinics with more specialised medical equipment. Fire drills are conducted regularly to familiarise the Group's employees with fire-fighting equipment and the appropriate response to fire safety situations.

The Group's factories and warehouses are well-equipped with first-aid rooms, trained first-aiders, and Emergency Response Teams ("**ERTs**") to address any emergency situations. All employees are covered by personal accident and life insurance and have access to a network of panel clinics for medical check-ups and treatments.

MOVING FORWARD

The Group remains unwaveringly dedicated to empowering its workforce through training and professional development initiatives. It aims to cultivate a skilled and adaptable workforce that can effectively navigate the dynamic nature of the business environment where it operates. Regarding employee safety, the Group's goal in the coming years is to attain zero major workplace incidents. Moreover, the Group aspires to extend its positive involvement in the community by actively participating in and leading various social initiatives.

GOVERNANCE

Both the Board and Management are committed to upholding high ethical standards and following effective corporate governance practices, fostering the Group's longevity. By maintaining the Group's robust internal controls and having a dedicated approach to corporate governance, the Group endeavors to generate value for its stakeholders while nurturing a principled and ethical corporate environment. The Group strictly adheres to the guidelines outlined in the Code of Corporate Governance ("**CG Code**") to implement various sustainability measures aimed at embedding the principles of good governance across all its operations.

The Board is composed of a well-balanced team of directors that possess diverse skills, experiences, and knowledge which enables the Group to effectively pursue its long-term objectives. The following overview provides a summary of the composition of the Board and Management, more details can be found in the earlier sections of the Annual Report 2024.

Description	Percentage (%)
Board Independence The number of independent board of directors as a percentage of all directors.	33.3
Women on the Board The number of female board directors as a percentage of all directors.	16.7

11 Rate of fatalities/high-consequence work-related injuries/Recordable work-related injuries was calculated by Number of fatalities/high-consequence/recordable as a result of work-related injury/Number of hours worked X 200,000.

SUSTAINABILITY REPORT

CORPORATE GOVERNANCE

The Group prioritises the adoption of robust corporate governance practices to enhance transparency and accountability. Both the Board and Management are dedicated to cultivating a corporate culture characterised by integrity and ethical conduct. To uphold the principles of good governance, the Group closely aligns its framework with the CG Code issued by the Monetary Authority of Singapore, staying updated with the latest revisions. The Board has instituted specialised committees, including the Nominating Committee ("**NC**"), Remuneration Committee ("**RC**"), and the Audit and Risk Committee ("**ARC**"), to ensure the segregation of key functions and establish well-defined responsibilities.

ETHICS, BRIBERY AND CORRUPTION

The Group places a high value on integrity and ethical conduct, recognising them as essential for maintaining its brand's credibility and accomplishing strategic objectives. In response, the Group has adopted a stringent zero-tolerance policy towards bribery, fraud, and corruption which reflects its belief that ethical behavior is a key contributor to long-term stakeholder value. The Group has various annual declaration requirements and a whistle-blowing channel for the reporting of any critical concerns to the Board. In FY2024, there were no instances of unethical, fraudulent, or corrupt conduct that were brought to the Board's attention.

To actively promote ethical behaviour, the Group has implemented internal controls and established written policies covering Conflict of Interest, Whistleblowing, Employment Code of Conduct, and Anti-Bribery & Anti-Corruption. These policies serve as clear guidelines for its employees and are communicated to all new hires as part of their onboarding process. The key components of these policies are outlined below:

Conflict of Interest Policy

- Employees must not accept gifts, entertainment or favours that may influence one's objectivity in exercising judgment on behalf of the Company
- Potential scenarios where interests may be conflicted
- Reporting procedures if conflicts of interests arise

Whistle-blowing Policy

- Guidelines for employees to raise concerns of malpractice or any suspicion of fraudulent or inappropriate activities within the Group to the Investigation Committee ("**IC**")
- Escalation process to IC or where appropriate or required, to relevant government authorities for further investigation or action
- Procedures in place to protect anonymity of whistle-blowers and notifying them of the outcome

Employee Code of Conduct

- Contains a comprehensive list of examples of employee misconduct
- Misconduct includes violation of safety rules, forgery, theft, sexual harassment and sleeping on the job
- Code of Conduct is easily accessible by all employees through the Group's shared drive

Anti-Bribery & Anti-Corruption Policy

- Iteration that the Group is committed to conduct its business dealings with integrity and has a zero-tolerance approach against all form of bribery and corruption
- Guidelines to identify potential and corruption risks that may affect the Group
- Guidelines towards Conflict of Interest, Gifts, Entertainment, Corporate Hospitality and Travel, Dealing with Public Officials, and Corporate Social Responsibility and Donations
- Iteration that facilitation payments are strictly prohibited and the guidelines for employees should they encounter any request for facilitation payments

The pinnacle of the Group's organisational values lies in consistently displaying professional and ethical conduct. The Group aims for all employees to be familiar with the Employee Code of Conduct. Upon joining the Group, new hires are introduced to the Code of Conduct as part of their onboarding process. Following this, the Group conducts routine training to refresh employees' knowledge of the Employee Code of Conduct. For the Group, it is imperative that all employees uphold integrity in their actions. Those found engaging in misconduct or failing to meet performance expectations may be subject to disciplinary measures, including termination.

In FY2024, there were no instances of employee misconduct leading to dismissal.

SUSTAINABILITY **REPORT**

REGULATORY COMPLIANCE

It is crucial for LY Corporation that the Group is compliant with all relevant regulations. Failure to do so may result in legal and financial consequences, posing potential harm to the Group's reputation. The Group has taken many steps to ensure that its labour standards align with government regulations and guidelines. More specifically, the Group's policies explicitly prohibit discrimination, child labour, and forced labour in all aspects of its operations and business activities. The establishment of well-defined labour standards reflects the Group's commitment to socially responsible behaviour as it aims to protect human rights by prohibiting discrimination, slavery, and any form of inhumane treatment while promoting equality and fairness. Here are some of the laws, rules and regulations that the Group adheres to:

Ministry of International Trade and Industry
• Industrial Co-ordination Act (1975)
Department of Occupational Safety and Health
• Factories and Machinery Act (1967)
Ministry of Human Resource
• Employment Act (1955)
Department of Environment
• Environmental Quality Act (1974)
Personal Data Protection Department
• Personal Data Protection Act (2010)
Singapore Exchange Limited
• SGX-ST Catalist Rules
Monetary Authority of Singapore
• Code of Corporate Governance 2018
Singapore Companies Act
Malaysia Companies Act 2016
Malaysia Timber Industry Board
• Malaysian Timber Industry Board (Incorporation) Act (1973)
• Timber Industrialisation Methods (Registration) (1991)

In FY2024, a total of RM9,320 in penalty expenses was incurred due to instances of non-compliance such as:

- Compound for foreign workers absconding;
- Overdue HP interest; and
- Penalty for mosquito larvae.

MOVING FORWARD

The Group's primary emphasis remains on maintaining a robust corporate governance culture and ensuring strict compliance with all relevant laws, regulations, and rules within the regions where it operates. This dedication reflects the Group's unwavering commitment to ethical business practices, accountability, and transparency. Upholding these standards is not only a legal imperative but also a cornerstone of the Group's corporate identity, demonstrating its responsibility as a conscientious organisation.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

Statement of use	LY Corporation Limited has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

<table>
<tr><th>GRI Standard</th><th>Disclosure Number & Title</th><th>Section Reference</th></tr>
<tr><td rowspan="19">GRI 2: General Disclosures 2021</td><td>2-1 Organisational details</td><td>Annual Report 2024: Corporate Profile, pages 1 and 10</td></tr>
<tr><td>2-2 Entities included in the organisation’s sustainability reporting</td><td>Sustainability Report: About this Report, page 14</td></tr>
<tr><td>2-3 Reporting period, frequency and contact point</td><td>Sustainability Report: About this Report – Scope of Report, page 14</td></tr>
<tr><td>2-4 Restatements of information</td><td>There has been no restatement of figures or information disclosed in our previous report.</td></tr>
<tr><td>2-5 External assurance</td><td>LY Corporation has not sought external assurance for this reporting period, and may consider it in the future.</td></tr>
<tr><td>2-6 Activities, value chain and other business relationships</td><td>Annual Report 2024: Corporate Profile, pages 1 and 10
Annual Report 2024: Message to Shareholders, pages 2 and 3</td></tr>
<tr><td>2-7 Employees</td><td>Sustainability Report: Social – Employees’ Profile, pages 36 and 37</td></tr>
<tr><td>2-8 Workers who are not employees</td><td>There were no workers who are not employees.</td></tr>
<tr><td>2-9 Governance structure and composition</td><td>Annual Report 2024: Corporate Governance Report, pages 47 to 80
Sustainability Report: Sustainability Steering Committee, page 17</td></tr>
<tr><td>2-10 Nomination and selection of the highest governance body</td><td>Annual Report 2024: Corporate Governance Report, pages 47 to 80</td></tr>
<tr><td>2-11 Chair of the highest governance body</td><td>Annual Report 2024: Corporate Governance Report, pages 47 to 80</td></tr>
<tr><td>2-12 Role of the highest governance body in overseeing the management of impacts</td><td>Sustainability Report: Sustainability Steering Committee, page 17</td></tr>
<tr><td>2-13 Delegation of responsibility for managing impacts</td><td>Annual Report 2024: Corporate Governance Report, pages 47 to 80
Sustainability Report: Sustainability Steering Committee, page 17</td></tr>
<tr><td>2-14 Role of the highest governance body in sustainability reporting</td><td>Sustainability Report: Sustainability Steering Committee, page 17</td></tr>
<tr><td>2-15 Conflicts of interest</td><td>Annual Report 2024: Corporate Governance Report, pages 47 to 80
Sustainability Report: Governance – Ethics, Bribery and Corruption, page 41</td></tr>
<tr><td>2-16 Communication of critical concerns</td><td>Sustainability Report: Governance – Ethics, Bribery and Corruption, page 41</td></tr>
<tr><td>2-17 Collective knowledge of the highest governance body</td><td>Annual Report 2024: Corporate Governance Report, pages 47 to 80</td></tr>
<tr><td>2-18 Evaluation of the performance of the highest governance body</td><td>Annual Report 2024: Corporate Governance Report, pages 47 to 80
Sustainability Report: Sustainability Steering Committee, page 17</td></tr>
<tr><td>2-19 Remuneration policies</td><td>Annual Report 2024: Corporate Governance Report, pages 47 to 80</td></tr>
</table>

SUSTAINABILITY **REPORT**

GRI Standard	Disclosure Number & Title	Section Reference
	2-20 Process to determine remuneration	Annual Report 2024: Corporate Governance Report, pages 47 to 80
	2-21 Annual total compensation ratio	This covers confidential information and are not to be disclosed due to confidentiality reasons.
	2-22 Statement on sustainable development strategy	Sustainability Report: Sustainability Steering Committee, page 17
	2-23 Policy commitments	Annual Report 2024: Corporate Governance Report, pages 47 to 80 Sustainability Report: • Governance – Ethics, Bribery and Corruption, page 41 • Governance – Regulatory Compliance, page 42
	2-24 Embedding policy commitments	Annual Report 2024: Corporate Governance Report, pages 47 to 80 Sustainability Report: • Governance – Ethics, Bribery and Corruption, page 41 • Governance – Regulatory Compliance, page 42
	2-25 Processes to remediate negative impacts	Sustainability Report: Governance – Ethics, Bribery and Corruption, page 41
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability Report: Governance – Ethics, Bribery and Corruption, page 41
	2-27 Compliance with laws and regulations	Annual Report 2024: Corporate Governance Report, pages 47 to 80 Sustainability Report: • Governance – Ethics, Bribery and Corruption, page 41 • Governance – Regulatory Compliance, page 42
	2-28 Membership associations	Currently, the Group does not hold significant roles in any membership associations.
	2-29 Approach to stakeholder engagement	Sustainability Report: Stakeholder Engagement, pages 19 and 20
	2-30 Collective bargaining agreements	There are no collective bargaining agreements in place.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Report: Materiality Assessment, pages 21 to 24
	3-2 List of material topics	
	Topic-specific disclosure	
Economic Agility GRI 3: Material Topics 2021/GRI 201: Economic Performance 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, page 25
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Sustainability Report: Economic Agility, page 25
	201-2 Financial implications and other risks and opportunities due to climate change	Sustainability Report: TCFD Report, pages 28 to 31
Ethics, Bribery and Corruption GRI 3: Material Topics 2021/GRI 205: Anti-Corruption 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, page 41
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Sustainability Report: Ethics, Bribery and Corruption, page 41
	205-3 Confirmed incidents of corruption and actions taken	

SUSTAINABILITY REPORT

GRI Standard	Disclosure Number & Title	Section Reference
Energy Use GRI 3: Material Topics 2021/GRI 302: Energy 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 32 and 33
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Sustainability Report: • Greenhouse Gas Emissions, page 32 • Energy Usage, page 33
	302-3 Energy intensity	
	302-4 Reduction of energy consumption	
Water Consumption GRI 3: Material Topics 2021/GRI 303: Water and Effluents 2018		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, page 33
GRI 303: Water and Effluents 2018	303-5 Water consumption	Sustainability Report: Water Consumption, page 33
Climate Change GRI 3: Material Topics 2021/GRI 305: Emissions 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, page 32
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability Report: Greenhouse Gas Emissions, page 32
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-4 GHG emissions intensity	
	305-5 Reduction of GHG emissions	
Waste Management GRI 3: Material Topics 2021/GRI 306: Waste 2020		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, page 34
GRI 306: Waste 2020	306-3 Waste generated	Sustainability Report: Waste Management, pages 34 and 35
	306-4 Waste diverted from disposal	
	306-5 Waste diverted to disposal	
Talent Attraction and Retention GRI 3: Material Topics 2021/GRI 401: Employment 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, page 36
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability Report: Talent Attraction and Retention, page 37
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
Workplace Health and Safety GRI 3: Material Topics 2021/GRI 403: Occupational Health and Safety 2018		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 39 and 40
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Sustainability Report: Workplace Health and Safety, pages 39 and 40
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	
	403-9 Work-related injuries	
	403-10 Work-related ill health	

SUSTAINABILITY REPORT

GRI Standard	Disclosure Number & Title	Section Reference
Training and Development GRI 3: Material Topics 2021/GRI 404: Training and Education 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, page 38
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability Report: Training and Development, page 38
	404-2 Programmes for upgrading employee skills and transition assistance programs	
	404-3 Percentage of employees receiving regular performance and career development reviews	
Regulatory Compliance GRI 3: Material Topics 2021/GRI 406: Non-discrimination 2016/GRI 408: Child Labour 2016/GRI 409: Forced or Compulsory Labour 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 36 and 42
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Sustainability Report: Talent Attraction and Retention, page 36
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Sustainability Report: Regulatory Compliance, page 42
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Sustainability Report: Regulatory Compliance, page 42

TCFD RECOMMENDATIONS CONTENT INDEX

Code	TCFD Recommendations	Page Reference
Governance		
TCFD 1(a)	Describe the board's oversight of climate-related risks and opportunities.	27
TCFD 1(b)	Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy		
TCFD 2(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	27
TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	
TCFD 2(c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk Management		
TCFD 3(a)	Describe the organisation's processes for identifying and assessing climate-related risks.	pages 28 to 31
TCFD 3(b)	Describe the organisation's processes for managing climate-related risks.	
TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	
Metrics and Targets		
TCFD 4(a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	pages 15, 16 and 32
TCFD 4(b)	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	
TCFD 4(c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	

CORPORATE GOVERNANCE REPORT

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2018 AND THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") LISTING MANUAL SECTION B: RULES OF CATALIST

The Board of Directors (the "**Board**") of LY Corporation Limited (the "**Company**" and together with its subsidiaries, the "**Group**") are committed to maintaining high standards of corporate governance and places importance on maintaining sound internal controls and systems so as to ensure greater transparency, accountability and protect and enhance shareholders' interests.

This report outlines the Company's corporate governance practices for financial year ended 31 December 2024 ("**FY2024**") with specific reference to principles of the Code of Corporate Governance 2018 (the "**Code**"). The Company is also guided by the voluntary Practice Guidance which was issued to complement the Code and which sets out best practice standards for companies. Where there are deviations from the provisions of the Code, appropriate explanations are provided in this Report.

Principle	Code Description	Company's compliance or explanation
BOARD MATTERS		
The Board's Conduct of Affairs		
1	The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.	The Board sets the direction and goals of the Group and oversees the implementation of the strategies by the Management in achieving the goals. The Board acts in good faith and exercise independent judgement in the best interests of shareholders. The Board is collectively responsible for the long-term success of the Group and its value creation, and exercises close oversight over key areas including but not limited to effective implementation of strategies, efficient achievement of goals as well as high standard of corporate governance. A code of conduct and ethics has also been put in place by the Board to ensure proper accountability within the Company. The Board has clear policies and procedures for dealing with conflicts of interests. Where a Director faces conflict of interest which is likely to impact his or her independence or conflict with a subject under discussion by the Board, he or she is required to immediately declare his or her interest to the Board and recuse himself or herself from discussions and decisions involving the issues of conflict. On an annual basis, each director is also required to submit details of his/her associates for the purpose of monitoring interested person transactions. As at the date of this Annual Report, the Board has six Directors as follows:

Name of Directors	Designation	Date appointed	Date last re-elected
Mr Yeo Kian Wee Andy	Chairman, Independent Non-Executive Director	20 December 2017	29 April 2024
Mr Tan Kwee Chai	Executive Director	20 December 2017	29 April 2022
Mr Tan Yong Chuan	Executive Director and Chief Executive Officer ("**CEO**")	24 October 2016	29 April 2024
Ms Tan Ai Luang	Executive Director	20 December 2017	28 April 2023
Datuk Yap Kheng Fah	Non-Independent Non-Executive Director	1 January 2022	29 April 2022
Choo Chee Beng	Independent Non-Executive Director	1 February 2024	29 April 2024

CORPORATE **GOVERNANCE REPORT**

Principle	Code Description	Company's compliance or explanation
		The Board's principal functions include, *inter alia*, the following: • providing entrepreneurial leadership, setting strategic objectives; • reviewing and monitoring Management's performance toward achieving organisational goals, establishing a framework of prudent and effective controls which enables risk to be assessed and managed; • identifying key stakeholder groups and recognise their perceptions affecting the Company's reputation; • overseeing succession planning for management, setting corporate values and standards for the Group to ensure that the obligations to shareholders and other stakeholders are understood and met, considering sustainability issues including environmental and social factors in the Group's strategic formulation; • reviewing financial plans for investments/divestments; and • ensuring the communication with shareholders are timely, accurate and adequate. All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group. The Board has delegated certain functions to the various committees, namely the Audit and Risk Committee ("**ARC**"), Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"). Each of the Board Committee has its own written terms of reference and whose actions are reported to and monitored by the Board. The duties, authorities and responsibilities of each Board Committee are set out in their respective terms of reference. The Board accepts that, while these Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board. A summary of each committee's activities, are disclosed in this Annual Report. As at the date of this Annual Report, the respective compositions of the Board Committees are as follows:

	ARC	NC	RC
Chairman	Choo Chee Beng	Choo Chee Beng	Yeo Kian Wee Andy
Member	Yeo Kian Wee Andy	Yeo Kian Wee Andy	Choo Chee Beng
Member	Datuk Yap Kheng Fah	Tan Yong Chuan	Datuk Yap Kheng Fah

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Principle</th><th>Code Description</th><th>Company's compliance or explanation</th></tr>
<tr><td></td><td></td><td>
The dates of Board and Board Committee meetings are scheduled in advance. To assist Directors in planning their attendance, the Company Secretary will first consult every Director before fixing the dates of these meetings. The Board will meet at least four (4) times a year and as warranted by particular circumstances. Ad-hoc meetings will also be convened to deliberate on urgent substantive matters. The Company's constitution ("Constitution") provides for the Board to convene meetings via telephone conferencing and electronic means in the event when Directors were unable to attend meetings in person. To enable members of the Board and its Board Committees to prepare for the meetings, agendas were circulated at least a week in advance and most materials dispatched a few days before the meetings. During FY2024, the Board conducted six (6) meetings with full attendance.
The details of the number of meetings held for the Board and Board Committees during FY2024 and the attendance of each Director at those meetings are disclosed below:
<table>
<tr><th rowspan="3">Name of Directors</th><th colspan="2">Board of Directors</th><th colspan="2">ARC</th><th colspan="2">NC</th><th colspan="2">RC</th></tr>
<tr><th colspan="2">No. of meeting</th><th colspan="2">No. of meeting</th><th colspan="2">No. of meeting</th><th colspan="2">No. of meeting</th></tr>
<tr><th>Held</th><th>Attended</th><th>Held</th><th>Attended</th><th>Held</th><th>Attended</th><th>Held</th><th>Attended</th></tr>
<tr><td>Yeo Kian Wee Andy</td><td>6</td><td>6</td><td>4</td><td>4</td><td>1</td><td>1</td><td>1</td><td>1</td></tr>
<tr><td>Tan Kwee Chai</td><td>6</td><td>6</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Tan Yong Chuan</td><td>6</td><td>6</td><td>–</td><td>–</td><td>1</td><td>1</td><td>–</td><td>–</td></tr>
<tr><td>Tan Ai Luang</td><td>6</td><td>6</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Datuk Yap Kheng Fah</td><td>6</td><td>6</td><td>4</td><td>4</td><td>1</td><td>1</td><td>1</td><td>1</td></tr>
<tr><td>Choo Chee Beng</td><td>6</td><td>6</td><td>4</td><td>4</td><td>–</td><td>–</td><td>1</td><td>1</td></tr>
</table>
The matters which specifically require the Board's approval or guidance are those involving:

strategies and objectives of the Group;
material acquisition and disposal of assets/investments;
corporate/financial restructuring and corporate exercises;
budgets/forecasts and business plan;
financial results announcements, annual report and audited financial statements;
policies & procedures, delegation of authority matrix, code of conduct & business ethics; and
material financial/funding arrangements and capital expenditures.

</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		All newly appointed Directors will undergo an orientation programme where the Directors would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To obtain a better understanding of the Group's business, the Directors will also be given the opportunity to visit the Group's operational sites and meet with key management personnel. A new Director who has no prior experience as a director of an issuer listed on the SGX-ST must also undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST. Formal letters of appointment will be provided to newly-appointed Directors, upon their appointments, outlining their roles, obligations, duties and responsibilities as members of the Board. The Company will conduct orientation programme for new Director providing extensive background information about the Group's structure, core values, strategic direction and businesses to enable him to assimilate into his new role and get acquainted with the Management, thereby facilitating Board interaction and independent access to the Management. Mr Choo Chee Beng has yet to visit the Group's operational facilities in FY2024. The Company will arrange for a visit for him, enabling him to gain a better understanding of the Group's operations in year 2025. Mr. Choo Chee Beng had attended training courses for director of listed company in Singapore conducted by the Singapore Institute of Directors ("**SID**"). The SID training was aimed to familiarise him with the roles and responsibilities of a director of a public listed company in Singapore. During their appointments, Directors are provided with opportunities to develop and maintain their skills and knowledge so that they are able to perform their duties to the best of their abilities. The Company will bear the expense of such training and development. From time to time, the Directors will be briefed during meetings or by circulation of board papers of changes to regulations, policies, accounting standards, SGX-ST continuing listing obligations and other relevant matters. During the year, the external auditors, PricewaterhouseCoopers LLP ("**External Auditors**"), briefed the ARC on changes or amendments to accounting standards. The Company has also arranged and funded certain relevant training courses for Directors to keep them up-to-date. The Directors are also encouraged to read and actively engage in informal discussions on subjects which are relevant to the Group's business. The incoming directors are required to disclose information pursuant to Catalist Rule 704(6) to understand if the directors with a history of irregularities or is or was under investigation by regulators. If such circumstances arise, the NC will seek clarity on the director's involvement in those matters. Additionally, the Company Secretary will also conduct due diligence, including background checks, on the incoming director to ensure they are fit and proper for the role. All Directors are required to declare their Board Representations. The NC has set guidelines on the maximum number of Board appointments in listed companies that Directors can hold to ensure that the Directors are able to commit their time to effectively discharge their responsibilities. The NC recommends that Independent Directors serve concurrently on no more than four listed company Boards. The NC considers that the multiple board representations held presently by its Directors do not impede their respective performance in carrying out their duties to the Company.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Principle</th><th>Code Description</th><th>Company's compliance or explanation</th></tr>
<tr><td></td><td></td><td>
The Directors had committed considerable time towards the many board meetings and board committee meetings held in FY2024 and adjusted their schedules to ensure participation in board and board committee meetings for the deliberation of issues. The NC finds the Directors have committed their time effectively to discharge their responsibilities.
Management recognises the importance of ensuring the flow of complete, adequate and timely information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. To allow Directors sufficient time to prepare for the meetings, all Board and Board Committee papers are distributed to the Directors in advance of the meetings. Any additional material or information requested by the Directors is promptly furnished.
Management papers are circulated to the Board every quarter to keep the Board updated on the key matters concerning the Group. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings. To keep Directors abreast of the Group's operations, the Directors are also updated on initiatives and developments on the Group's business as soon as practicable and/or possible and on an on-going basis.
The types of information provided by the Group to the Non-Executive Directors to enable them to understand its business, the business and financial environment and the risks faced by the Group, together with its frequency, include the following:
<table>
<tr><th></th><th>Information</th><th>Frequency</th></tr>
<tr><td>(a)</td><td>Updates to the Group's operations and the markets in which the Group operates in</td><td>Quarterly</td></tr>
<tr><td>(b)</td><td>Quarterly and full year financial results</td><td>Quarterly</td></tr>
<tr><td>(c)</td><td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td><td>As and when relevant</td></tr>
<tr><td>(d)</td><td>Report on on-going or planned corporate activity</td><td>As and when relevant</td></tr>
<tr><td>(e)</td><td>Enterprise risk management framework, reports and Internal Auditors' report</td><td>As and when available</td></tr>
<tr><td>(f)</td><td>External Auditors' report</td><td>As and when available</td></tr>
<tr><td>(g)</td><td>Sustainability report</td><td>As and when available</td></tr>
<tr><td>(h)</td><td>Research report(s)</td><td>As and when requested</td></tr>
<tr><td>(i)</td><td>Shareholding statistics</td><td>As and when requested</td></tr>
</table>
Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.
</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Principle</th><th>Code Description</th><th>Company's compliance or explanation</th></tr>
<tr><td></td><td></td><td>The Board is supported by accurate, complete and timely information, and has unrestricted access to Management. Management places a high priority on providing timely and accurate information to the Board on an on-going basis, for the Directors to discharge their duties efficiently and effectively. Board members receive quarterly management reports pertaining to the operational and financial performance of the Company, including updates on the Company's financials, cash flow positions and forecasts.

Additionally, all Directors have separate and independent access to the Company Secretary. The Company Secretary, or her representatives, will attend all the Board and Board Committee meetings and is responsible to ensure that the Board procedures are followed and that information flows well between the Board and the Board Committees and between the Management, Independent Non-Executive Directors and Non-Independent Non-Executive Directors. It is the Company Secretary's responsibility to ensure that the Company complies with requirements of all applicable rules and regulations, including requirements of the Securities and Futures Act 2001 of Singapore, Constitution, Companies Act 1967 of Singapore and the Catalist Rules. The Company Secretary is also responsible for ensuring the Board procedures are followed and complied and advises the Board on all governance matters. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

If any of the Directors require independent professional advice either individually or as a Board in the furtherance of their duties within the Group, the cost of such professional advice will be borne by the Company.</td></tr>
<tr><td colspan="3"><u>Board Composition and Guidance</u></td></tr>
<tr><td>2</td><td>The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.</td><td>The Board has six (6) Directors comprising three (3) Executive Directors, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, thus providing a strong independent element on the Board, capable of open, constructive and robust debate on pertinent issues affecting the affairs and business of the Company and the Group. The Chairman of the Board is an Independent Non-Executive Director. The current members of the Board and their membership on the Board Committees of the Company are as follows:

<table>
<tr><th>Name of Directors</th><th>Board Membership</th><th>ARC</th><th>NC</th><th>RC</th></tr>
<tr><td>Yeo Kian Wee Andy</td><td>Independent Non-Executive Director</td><td>Member</td><td>Member</td><td>Chairman</td></tr>
<tr><td>Tan Kwee Chai</td><td>Executive Director</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Tan Yong Chuan</td><td>Executive Director & CEO</td><td>–</td><td>Member</td><td>–</td></tr>
<tr><td>Tan Ai Luang</td><td>Executive Director</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Datuk Yap Kheng Fah</td><td>Non-Independent Non-Executive Director</td><td>Member</td><td>–</td><td>Member</td></tr>
<tr><td>Choo Chee Beng</td><td>Independent Non-Executive Director</td><td>Chairman</td><td>Chairman</td><td>Member</td></tr>
</table></td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		The NC had reviewed, and the Independent Non-Executive Directors had also confirmed their independence in accordance with the Code during the NC meeting held on 24 February 2025 and all Independent Non-Executive Directors have provided their independence declaration. Out of six Directors, two are Independent. The NC, having considered the assessment made by the Directors on the independent status of Mr Yeo Kian Wee Andy and Mr Choo Chee Beng and other relevant factors, has determined that each Independent Non-Executive Director has no relationship with the Company, its related corporations, its substantial shareholders or its officers and is also independent of the executive functions of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company. In this respect, the NC affirmed that Mr Yeo Kian Wee Andy and Mr Choo Chee Beng remain as Independent Non-Executive Directors of the Company and each abstained from the discussions and taking a decision in respect of their own independence. There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent. The Board confirms that none of the Independent Non-Executive Directors have served on the Board beyond nine years from the date of their appointment. Provision 2.3 of the Code requires non-executive directors make up a majority of the Board. The current Independent Non-Executive Directors comprising Mr Yeo Kian Wee Andy and Mr Choo Chee Beng, constitute one-third of the Board. However, the Board believes that there exists a balance of power and authority amongst the board members, with no undue influence by the Executive Directors over the Board. Each of the Independent Non-Executive Directors is considered independent of management and is free from any relationships that could materially interfere with the exercise of their independent judgement. The current Independent Non-Executive Directors bring a wide range of business and financial experience, skills and knowledge necessary for the effective stewardship of the Group. Additionally, both the current Board and its ARC, NC and RC are chaired by Independent Non-Executive Directors. In case of an equality of votes the Chairman of the Board is entitled to a second or casting vote, ensuring effective decision-making processes. As such, notwithstanding that the Provision 2.3 of the Code is not met, the Board is of the view that it has an appropriate level of independence and diversity to enable it to make decisions in the best interests of the Group. The Board will continue to assess and evaluate the necessity of appointing additional independent non-executive director to comply with the said provision of the Code. The NC is responsible for examining the size and composition of the Board and Board Committees.

CORPORATE **GOVERNANCE REPORT**

Principle	Code Description	Company's compliance or explanation
		The Company's Board Diversity Policy endorses the principle that the Board should have an appropriate mix of skills, knowledge and experience required to effectively oversee and support the management of the Company. Selection of candidates will be based on a range of diversity perspectives, including the balance of skills, knowledge, experience, age and gender. The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board comprises members from different backgrounds and whose core competencies, qualifications, skills and experiences are extensive and other aspects such as gender and age. Having reviewed and considered the composition and diversity of the Board and its committees, the NC has determined that the current Board size and structure is adequate for the existing business operations of the Company. To assist the NC in its annual review of the Directors' mix of skills and experiences that the Board requires to function competently and efficiently, the Directors have completed their Board of Director's Skills Set and Competency Matrix Form and provide additional information (if any) in their respective areas of specialisation and expertise. The NC had conducted its reviews and was satisfied that members of the Board possess the relevant core competencies in areas such as accounting and finance, legal environment, business and management experience, and strategic planning. In particular, the Executive Directors possess good industry knowledge while the Independent Non-Executive Directors and Non-Independent Non-Executive Director, who are mostly professionals in their own fields, are able to take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgment during Board deliberations. The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

Core Competencies	Number of Directors	Proportion of Board (%)
Accounting or finance	5	83.3
Business Management	6	100.0
Legal or corporate governance	6	100.0
Relevant industry knowledge or experience	5	83.3
Strategic planning experience	6	100.0
Customer based experience or knowledge	5	83.3

CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		The Board has taken the following steps to maintain or enhance its balance and diversity: • Review by the NC at least once a year to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and • Evaluation by the Directors at least once a year of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board. The NC considers the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors. These plans are accompanied by specific timelines to ensure accountability and progress tracking. The Board comprised of Directors with age ranges from 39 to 69, with one female director. The mix of skills, gender, talents, experience, and age diversity among our directors serves as a cornerstone of the Company's corporate governance framework. A diverse board, including individuals from varied age groups, not only ensures comprehensive risk oversight and strategic guidance but also fosters innovation and adaptability in an evolving business environment. Having directors from different generations enables the Board to effectively navigate complex challenges and capitalise on emerging opportunities. The Company remains committed to fostering age diversity as a full component of the Company's board composition. The Board, particularly the Independent Directors, who are Independent Non-Executive Directors, must be kept well informed of the Group's business and be knowledgeable about the industry the Group operates in. To ensure that the Non-Executive Directors are well supported by accurate, complete and timely information, they have unrestricted access to Management and have sufficient time and resources to discharge their oversight functions effectively. This enables the Independent Non-Executive Directors to constructively challenge and help develop proposals on strategy and also review the performance of Management in meeting agreed goals and objectives and extend guidance to Management. The Independent Non-Executive Directors' objective judgement on corporate affairs and collective experience and knowledge are invaluable to the Group and allows for the useful exchange of ideas and views. The Independent Non-Executive Directors convene discussions and meetings as necessary, without the presence of the Management to discuss on various matters including Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors. The Independent Non-Executive Directors held meetings with both the external and internal auditors independently, without the presence of key management personnel in FY2024.

CORPORATE **GOVERNANCE REPORT**

Principle	Code Description	Company's compliance or explanation
Chairman and Chief Executive Officer		
3	There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.	The Company has a clear division of responsibilities at each level of the Company, with the Chairman and the CEO having separate roles to ensure an appropriate balance of power, increased accountability and a greater capacity of the Board for independent decision-making. The division of responsibilities between the Chairman and the CEO is also clearly established in the Constitution of the Company. The Chairman manages the business of the Board whilst the CEO and his management team translate the Board's decisions into executive action. The CEO has executive responsibilities for the Group's businesses and is accountable to the Board. Mr Yeo Kian Wee Andy is the Independent Non-Executive Chairman. The Chairman is responsible for the overall leadership and management of the Board. He leads the Board, encourages Board's interaction with Management, facilitates effective contribution of Independent Non-Executive Director and Non-Independent Non-Executive Director, encourages constructive relations among the Directors, and promotes an open environment for debate and ensure that Independent Non-Executive Director and Non-Independent Non-Executive Director are able to speak freely and contribute effectively. He also ensures that the Board receives timely and accurate information from the Management, provides guidance and advice on corporate governance systems and sustainability practices. The CEO, Mr Tan Yong Chuan takes a leading role in developing the businesses of the Group and manages the day-to-day operations with the assistance of key management personnel. He also oversees the execution of the business and corporate strategy decisions as endorsed by the Board. Accordingly, the Board is satisfied that there is sufficient transparency and accountability in view of the distinction of responsibilities. There is also a strong independent element on the Board as one-third of the Board members are Independent Non-Executive Directors and all the Board committees are chaired by the Independent Non-Executive Directors. In view of the foregoing, the Board believes that there is an appropriate balance of power, adequate accountability, and adequate capacity of the Board for independent decision making. The Independent Non-Executive Chairman and the CEO of the Company are separately held by two unrelated individuals. In light of the foregoing, the Board does not appoint a lead independent director.

CORPORATE **GOVERNANCE REPORT**

Principle	Code Description	Company's compliance or explanation
Board Membership		
4	The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.	The NC comprises three members, the majority of whom, are Independent. The composition of the NC is as follows: Mr Choo Chee Beng, Chairman (Independent Non-Executive Director) Mr Yeo Kian Wee Andy (Independent Non-Executive Director) Mr Tan Yong Chuan (Executive Director and CEO) During the year under review, the NC held one (1) meeting, which all the members attended during their tenure. The NC, which meets at least once a year, carries out its duties in accordance with a set of written Terms of Reference which includes, mainly, the following: (a) reviewing and recommending the nomination or re-nomination of the Directors having regard to the Director's contribution and performance; (b) determining on an annual basis, and as and when circumstances require, whether or not a Director is independent; (c) deciding whether or not a Director is able to, and has been, adequately carrying out his duties as a Director; (d) reviewing and approving any new employment of related persons and the proposed terms of their employment; (e) developing a process for the evaluation of the performance of the Board, its committees and the Directors and proposing objective performance criteria, as approved by the Board that allows comparison with its industry peers, and addressing how the Board has enhanced long-term shareholders' value; (f) reviewing succession plans for Directors and key management personnel; and (g) reviewing training and professional development programmes for the Board.

CORPORATE **GOVERNANCE REPORT**

Principle	Code Description	Company's compliance or explanation
		The key responsibilities of the NC include making recommendations to the Board on relevant matters such as the process for evaluating the performance of the Board and each Director as well as succession planning which form a critical part of corporate governance process for CEO and board members. It seeks to refresh the board membership as it thinks fit in an orderly and progressive manner so as to keep institutional memory intact. It also ensures compliance with the requirements of the Company's Constitution which provides that at each AGM, one-third of the Board is required to retire and provided always that every director shall retire from office at least once every three (3) years. In addition, the Directors, by the recommendation of NC, shall have the power to appoint any person to be the Director either to fill a casual vacancy or as an additional Director. All new Directors who are appointed by the Board are subject to re-election at the next AGM but shall not be taken into account in determining the numbers of Directors who are retire by rotation at such meeting. In this respect, the NC has recommended, and the Board has agreed for the following Directors to retire and seek re-election at the forthcoming AGM: Pursuant to Regulation 98 of the Constitution of the Company: (a) Mr Tan Kwee Chai (b) Datuk Yap Kheng Fah Each of Mr Tan Kwee Chai and Datuk Yap Kheng Fah had abstained from the discussion and taking a decision in respect of his re-election at the forthcoming AGM. In making the recommendations, the NC considers the overall contribution and performance with reference to their attendance and participation at meetings of the Board and Board Committees. Upon re-election as Director, Mr. Tan Kwee Chai will remain as the Executive Director of the Company; and Datuk Yap Kheng Fah will remain as Non-Independent Non-Executive Director and a member of the ARC and RC. The NC reviewed the independence of the Directors pursuant to Rule 406(3)(d) of the Catalist Rules and Provision 2.1 of the Code. During the year under review, the NC has reviewed and affirmed that Mr Yeo Kian Wee Andy and Mr Choo Chee Beng are independent and free from any relationship outlined in the Code. Each of the Independent Non-Executive Directors has also confirmed his independence.

CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		The NC has reviewed and made recommendation to the Board accordingly on the maximum number of listed company board appointments which any Director may hold to ensure that sufficient time and attention are given to the affairs of the Group. Based on the NC's recommendation, the Board has determined and set the maximum number of listed company board appointments at not more than four (4) other listed companies. Currently, none of the Directors hold more than four (4) directorships in other listed companies. No person would be appointed as an Independent Director if he/she, prior to such appointment, is already holding five (5) or more directorship appointments in any publicly listed company on the SGX-ST or any other international stock exchanges; and for person with full-time employment (with existing employment contract), he/she should obtain consensus from his/her employer(s) before accepting the appointment as an Independent Director and he/she should not hold three (3) or more other independent directorships in any publicly listed company on the SGX-ST or international stock exchanges prior to his/her appointment. The considerations in assessing the capacity of Directors include the following: • Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity; • Geographical location of Directors; • Size and composition of the Board; • Nature and scope of the Group's operations and size; and • Capacity, complexity and expectations of the other listed directorships and principal commitments held. The NC, having reviewed each Directors' other directorships and principal commitments as well as each Director's overall performance and contributions to the Board, is satisfied that all Directors have discharged their duties adequately for FY2024. During the year under review, there was no alternate directors appointed to the Board.

CORPORATE **GOVERNANCE REPORT**

<table>
<tr><th>Principle</th><th>Code Description</th><th>Company's compliance or explanation</th></tr>
<tr><td></td><td></td><td>The following table sets out the process for the selection and appointment of new directors:
<table>
<tr><td>1.</td><td>Determination of selection criteria</td><td>The NC, in consultation with the Board would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.</td></tr>
<tr><td>2.</td><td>Search for suitable candidates</td><td>The NC will consider various channels in sourcing of suitable candidate(s) either through:

(a) internal promotion by way of nominating the successor via the succession plan of the Company or recommendations from Board members, management, business associates and professional bodies; or

(b) external sources through professional search firms and reputable human resource consultants.</td></tr>
<tr><td>3.</td><td>Assessment of shortlisted candidates</td><td>Those short-listed candidate(s) will be required to furnish their curriculum vitae stating in detail their qualification, working experience, employment history, and to complete the following prescribed Forms:

(a) Director's Declaration on Independence;

(b) Internal Guidelines for Directors Serving on Multiple Boards; and

(c) Board of Director's Skills Set and Competency Matrix.

The Board is also advised by the Sponsor on appointment of directors as required under Catalist Rule 226(2)(d).</td></tr>
<tr><td>4.</td><td>Appointment of director</td><td>The NC would recommend the selected candidate to the Board for consideration and approval.</td></tr>
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CORPORATE **GOVERNANCE REPORT**

<table>
<tr><th>Principle</th><th>Code Description</th><th>Company's compliance or explanation</th></tr>
<tr><td></td><td></td><td>
The following table sets out the process for the re-election of directors:
<table>
<tr><td>1.</td><td>Assessment of director</td><td>a) The NC would assess the contributions and performance of the Director in accordance with the performance criteria set by the Board; and

b) The NC would also review the range of expertise, skills and attributes of current needs of the Board.</td></tr>
<tr><td>2.</td><td>Re-appointment of director</td><td>Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</td></tr>
</table>
Each member of the NC will abstain from voting on any resolution and making any resolutions and/or participating in any deliberations of the NC in respect of the assessment of his performance or nomination for re-election as a Director.
The key information of the Directors, including their appointment dates and their listed company directorships held in the past three (3) years, are set out on pages 6 to 8 of this Annual Report.
The shareholdings of the Directors in the Company are set out on page 89 of this Annual Report. None of the Directors hold shares in the subsidiaries of the Company.
Directors who are seeking re-election at the forthcoming AGM to be held on 29 April 2025 are stated in the Notice of AGM set out on pages 81 to 86 of this Annual Report.
</td></tr>
<tr><td colspan="3"><u>Board Performance</u></td></tr>
<tr><td>5</td><td>The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.</td><td>
The NC has set the performance criteria to evaluate the effectiveness of the Board as a whole and its Board Committees, and assessed the contributions by the Chairman and each Director to the effectiveness of the Board in FY2024.
This assessment will also be conducted by the NC at least once a year by way of a Board Evaluation where the Directors complete a Board Performance Evaluation Questionnaire, Self-Assessment Checklist, and Board of Director's Skills Set and Competency Matrix Form.
Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a Director. The Board will act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Director(s).
Objective performance criteria used to assess the performance of the Board include both quantitative and qualitative criteria.
</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		The Board and the NC believe that the financial indicators are mainly used to measure the Management's performance and hence are less applicable to the Independent Non-Executive Directors. The NC had conducted the Board's performance evaluation as a whole in FY2024. The performance criteria for the Board's evaluation, as determined by the NC, cover the following areas: (a) Appropriateness of the size and composition (including diversity) of the Board and Board Committees; (b) Effectiveness of Board meetings conducted (including robustness and comprehensiveness of issues discussed, as well as timely resolution of issues); (c) Effectiveness and timeliness of communications with Management; (d) Adequacy of training and development for Directors; (e) Adequacy of communication and accountability to Shareholders; (f) Standards of conduct; (g) Financial performance of the Group; and (h) Board compensation. No external facilitator has been engaged by the Company for the purpose of evaluation of the Board and Board Committee during the year under review. Where relevant and when the need arises, the NC will consider such engagement. The evaluation of individual Director's performance is performed on an annual basis at the same time as evaluation of the performance of the Board as a whole based on its performance criteria set as above in FY2024. For the year under review, the NC also took note of each individual Director's attendance at meetings of the Board and Board Committees as well as at general meeting(s); participation in discussions at meetings; knowledge of and contacts in the regions where the Group operates; the individual Director's functional expertise and his commitment of time to the Company. The NC was of the view that the Board has met its performance objectives and will continue to improve further to an effective Board.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Principle</th><th>Code Description</th><th>Company's compliance or explanation</th></tr>
<tr><td colspan="3">REMUNERATION MATTERS</td></tr>
<tr><td colspan="3"><u>Procedures for Developing Remuneration Policies</u></td></tr>
<tr><td>6</td><td>The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.</td><td>The RC comprises the following three members, two are Independent Non-Executive Directors and one is Non-Independent Non Executive Director:

Mr Yeo Kian Wee Andy, Chairman (Independent Non-Executive Director)

Datuk Yap Kheng Fah (Non-Independent Non-Executive Director)

Mr Choo Chee Beng (Independent Non-Executive Director)

During the year under review, the RC held one (1) meeting, which all the members attended during their tenure.

The Board has approved the written terms of reference of the RC. Its functions are, inter alia, as follows:

(a) offer an independent perspective in assisting the Board in the establishment of a formal and transparent procedure for developing policy on remuneration matters for the Directors and key management personnel of the Company;

(b) establish appropriate framework of remuneration policies to motivate and retain Directors and executives, and ensure that the Company is able to attract appropriate talent from the market to maximise the value for shareholders;

(c) determine specific remuneration packages for the Directors and key management personnel (or executive of equivalent rank) and any relative of a Director and/or substantial shareholder who is employed in a managerial position by the Company;

(d) review and administer the award of shares to Directors and employees under the Company's performance share plan (the "LY Performance Share Plan" or the "LYPSP");

(e) review and determine the contents of service contracts for Executive Directors and/or key management personnel; and

(f) review the appropriateness and transparency of remuneration matters for disclosure to shareholders.

The RC considers all aspects of remuneration including but not limited to director fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination terms to ensure they are fair.</td></tr>
</table>

CORPORATE **GOVERNANCE REPORT**

Principle	Code Description	Company's compliance or explanation
		The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and key management personnel. The recommendations of the RC are submitted for endorsement by the Board. Such frameworks are reviewed periodically to ensure that they remain competitive and relevant. All aspects of remuneration frameworks, including but not limited to directors' fees, salaries, allowances, bonuses, the awards to be granted under the performance share plan as well as other benefits-in-kind are reviewed by the RC. Each member of the RC abstains from voting on any resolutions in respect of his remuneration package. The RC also reviews the Company's obligations arising in the event of termination of Executive Directors and key management personnel's contracts of service to ensure such contracts of service contain fair and reasonable termination clauses. If necessary, the RC may seek expert advice outside the Company on remuneration of the Directors and key management personnel. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. No remuneration consultants were engaged by the Company in FY2024. The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally.
Level and Mix of Remuneration		
7	The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.	In reviewing and determining the remuneration packages of the Executive Directors and the Group's key management personnel, the RC considers the Executive Directors' and key management personnel's responsibilities, skills, expertise and contribution to the Group's performance when designing their respective remuneration packages, so as ensure that the level of remuneration is appropriate to attract, retain and motivate the Executive Directors and key management personnel to run the Company successfully. The RC administers the Company's LYPSP, which formed part of the offer document dated 18 January 2018 (the "**Offer Document**"). No awards were granted under the LYPSP in FY2024. Further details about the LYPSP are set out in the Company's Offer Document. With the recommendation of RC, the Board has approved the establishment of a Committee for administering the LY Performance Share Plan ("**LYPSP Committee**") which consists of all the existing Chairman and members of the RC. In addition, the CEO, Mr Tan Yong Chuan has been appointed as member of the LYPSP Committee for expediency purposes. Accordingly, the LYPSP Committee comprises the following members: (a) Mr Yeo Kian Wee Andy; (b) Datuk Yap Kheng Fah; (c) Mr Choo Chee Beng; and (d) Tan Yong Chuan.

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Principle	Code Description	Company's compliance or explanation
		Independent Non-Executive Directors and Non-Independent Non-Executive Director do not have service agreement with the Company and accordingly do not receive salary. The Independent Non-Executive Directors and Non-Independent Non-Executive Director are paid Directors' fees, which are determined by the Board based on the effort, time spent and responsibilities of the Independent Non-Executive Directors and Non-Independent Non-Executive Director (including but not limited to their appointments to the various Board Committees). The Directors' fees of the Independent Non-Executive Directors and Non-Independent Non-Executive Director are subject to approval by shareholders at each AGM. The Independent Non-Executive Directors and Non-Independent Non-Executive Director were also paid allowance to facilitate their participation in Board's affairs. There are no contractual provisions to allow the Company to reclaim incentive components of the remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.
Disclosure on Remuneration		
8	The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.	The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy establishes the link between total compensation and the achievement of organisational and individual performance objectives, and is benchmarked against relevant and comparative compensation in the market. The breakdown for the remuneration of the Directors in FY2024 is as follows:

Name of Directors	Breakdown of Remuneration (S$)					
	Fees[(1)]	Salary[(2)]	Allowance[(1)]	Benefits	Variable Bonus[(3)]	Total Remuneration in Compensation
Executive Directors						
Tan Kwee Chai	–	303,000	3,000	5,000	–	311,000
Tan Yong Chuan	1,000	160,000	3,000	5,000	–	169,000
Tan Ai Luang	–	119,000	3,000	8,000	–	130,000
Independent Non-Executive Directors						
Yeo Kian Wee Andy	39,000	–	3,000	–	–	42,000
Choo Chee Beng	32,000	–	3,000	–	–	35,000
Non-Independent Non-Executive Director						
Datuk Yap Kheng Fah	34,000	–	3,000	–	–	37,000

Notes:

(1) *The Directors' Fees and Allowances for attending meetings to be held for the financial year ending 31 December 2025 will be subject to the approval of the shareholders at the AGM.*

(2) *The salary amount shown is inclusive of equivalent provident fund scheme.*

(3) *The variable bonus amount shown is inclusive of equivalent provident fund scheme.*

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Principle	Code Description	Company's compliance or explanation
		Under Catalist Rules of SGX-ST, which will take effect for annual report prepared for the financial year ended on or after 31 December 2024, listed companies are required to disclose remuneration paid to individual directors and CEO by the Company and its subsidiaries. In compliance with this requirement, the Company disclosed the remuneration paid to individual directors, and CEO by the Company and its subsidiaries in its Annual Report for the financial year ended 31 December 2024 as required by the Catalist Rules. The Company will continue to disclose remuneration in band for the financial year ended 31 December 2024 for its key management personnel considering the highly competitive business environment, the nature of the industry and the confidentiality of the Group's remuneration policies it is not in the best interests of the Group by providing full disclosure of the remuneration of each key management personnel as it may adversely affect talent attraction and retention. There is no termination, retirement, post-employment benefits that may be granted to the Directors. During FY2024, the Group had nine (9) top key management personnel (who are not Directors or the CEO of the Company). The breakdown for the remuneration of the Company's key management personnel (who are not Directors or CEO of the Company) during FY2024 is as follows:

		Breakdown of Remuneration in Percentage (%)					Total Remuneration in Compensation Bands of $250,000
Name	Position	Salary[1]	Allowance	Benefits-in-kind	Variable Bonus and long service incentive[2]	Total	
Tan Kwee Lim	Chief Operating Officer	97.8	–	2.2	–	100.0	<S$250,000
Boo Ngek Hee	Chief Quality Officer	96.5	–	3.5	–	100.0	<S$250,000
Teo Gin Lian	Chief Financial Officer ("**CFO**")	91.4	4.5	–	4.1	100.0	<S$250,000
Lau Chia En	Director of Leyo Holdings Sdn Bhd ("**LEH**") and LY Unity Sdn Bhd ("**LYUSB**")	100.0	–	–	–	100.0	<S$250,000
Tan Yong Siang	Director of LY Furniture Sdn Bhd and LYUSB	91.0	–	9.0	–	100.0	<S$250,000
Ng Teck Lai	Director of LEH	100.0	–	–	–	100.0	<S$250,000
Looi Chee En	Director of LYUSB, Unity Kitchen (KL) Sdn Bhd ("**UKKL**"), Unity Manufacturing Sdn Bhd ("**UMSB**") and Unity Kitchen Design Sdn Bhd ("**UKDSB**")	–	–	100.0	–	100.0	<S$250,000
Looi Chee Yang	Director of LYUSB, UKKL, UMSB and UKDSB	–	–	100.0	–	100.0	<S$250,000
Chong Kee Soon	Director of UKDSB	100.0	–	–	–	100.0	<S$250,000

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Principle	Code Description	Company's compliance or explanation
		<u>*Notes:*</u> *(1) The salary amount shown is inclusive of allowances such as fixed transport allowance and equivalent provident fund scheme.* *(2) The variable bonus and long service incentive amount shown are inclusive of employees' provident funds.* There is no termination, retirement, post-employment benefits that may be granted to the key management personnel. The aggregate remuneration paid to the above key management personnel (who are not Directors or CEO) in FY2024 was S$491,547. Tan Kwee Lim and Tan Kwee Chai are brothers and his remuneration for FY2024 is disclosed in the table above. Tan Yong Siang is the son of Tan Kwee Chai and brother of Tan Yong Chuan. His remuneration for FY2024 is disclosed in the table above. Save as disclosed, there is no other employee of the Group who is an immediate family member of a Director, CEO or Substantial Shareholder of the Company and whose remuneration exceeded S$100,000 during FY2024. The Company has not adopted any employee share option scheme. The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group in FY2024. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives. The performance criteria used to assess the remuneration of Executive Directors and key management personnel is based on qualitative and quantitative components: (a) Leadership (b) Teamwork (c) People development (d) Responsibilities and commitment (e) Profitability performance of the Group The RC has reviewed the performance of the Executive Directors and key management personnel based on established performance criteria and has determined that they have fulfilled most of the performance criteria in FY2024 despite the Group's financial results for the year.

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Principle	Code Description	Company's compliance or explanation
ACCOUNTABILITY AND AUDIT		
Risk Management and Internal Controls		
9	The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.	The Board is accountable to shareholders and ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements. The Board strives to provide its shareholders a balanced and understandable assessment of the Group's performance, position and prospects. The Board takes steps to ensure compliance with all the Group's policies, operational practices and procedures, and relevant legislative and regulatory requirements, including requirements under the Catalist Rules, where appropriate. The Independent Non-Executive Directors and Non-Independent Non-Executive Director in consultation with management will request for management's consideration for the establishment of written policies for any matter that is deemed to be essential to form part of management control. Management provides appropriately detailed management accounts of the Group's performance on a quarterly basis to the Board to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. As and when circumstances arise, the Board can request management to provide any necessary explanation and/or information on the management accounts of the Group. The Board reviews the Group's business and operational activities to identify areas of significant business risk as well as the measures in place to control and mitigate these risks within the Group's policies and business strategies. The risk assessment exercise also includes identifying and assessing key risk areas of the Group such as financial, operational, compliance and information technology risks based on the feedback of the Internal and External Auditors. The Board also oversees the Management in implementing the risk management and internal controls system. The Board is also responsible for governance of risk management and determining the Company's levels of risk tolerance and risk policies. The Board consults with the Internal and External Auditors to determine the risk tolerance level and corresponding risk policies. The risk management and internal control systems have been integrated throughout the Group and have been an essential part of its business planning and monitoring process. On quarterly basis, the Management will report to the Board on updates to the Group's risk profile, evaluation process for identified risks and mitigation process thereon as well as the results of assurance activities so as to assure that the process is operating effectively as planned. The responsibility of overseeing the Company's internal control system and policies is undertaken by the ARC with the assistance of the Internal and External Auditors. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

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Principle	Code Description	Company's compliance or explanation
		No internal control lapses were detected during the financing closing process for the financial year ended 31 December 2024. The Board also note that: • Board Committee meetings are held with the key management personnel to discuss and review the financial and operational (including compliance issues) performance of the Group. Internal control issues, where applicable, were discussed and addressed during such meetings; • Key management personnel regularly evaluates, monitors and reports to the ARC on material risks and a set of risk registers is maintained, updated and presented to the ARC at least annually; • Work performed by the Internal and External Auditors; and • Discussions were held between the ARC, Internal and External Auditors in the absence of the key management personnel to review and address any potential concerns. The Board has also obtained the assurance from the CEO and CFO that the financial records of the Group have been properly maintained and the financial statements for FY2024 give a true and fair view of the Group's operations and finances; and the assurance from the CEO and other key management personnel who are responsible that the Company's risk management systems and internal control systems are adequate and effective. Accordingly, the Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as of 31 December 2024 in its current business environment. Based on the internal controls established and maintained by the Group, work performed by the Internal and External Auditors, and reviews performed by the Management, various Board Committees and the Board, the Board, in concurrence with the ARC, is of the opinion that the Group's system of internal controls, which addresses the financial, operational, compliance and information technology controls and risk management systems, were adequate and effective as of 31 December 2024 in its current business environment. The Board notes that system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

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Principle	Code Description	Company's compliance or explanation
		The ARC has reviewed the external auditor's audit plan for FY2024 and agreed with the auditor's proposed significant areas of focus and assumptions that impact the financial statements. In review of the financial statements for FY2024, the ARC has discussed with Management, the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements and considered the clarity of key disclosures in the financial statements. The ARC also reviewed the Management's assessment and discussed with the External Auditors about the identified key audit matter (referred to in page 158 of this Annual Report); and how those key audit matter has been addressed by the External Auditors and Management. Following the review and discussions on the financial statements, the ARC concurred with the basis and conclusions included in the auditors' report for FY2024 with respect to the key audit matter.
Audit and Risk Committee		
10	The Board has an ARC which discharges its duties objectively.	The Company has an ARC which comprises the following three (3) members, of whom the Chairman is independent and members are Independent Non-Executive Director and Non-Independent Non-Executive Director: Mr Choo Chee Beng, Chairman (Independent Non-Executive Director) Mr Yeo Kian Wee Andy (Independent Non-Executive Director) Datuk Yap Kheng Fah (Non-Independent Non-Executive Director) The Chairman of the ARC, Mr Choo Chee Beng, is a Fellow of the Association of Chartered Certified Accountants and a Chartered Accountant of the Malaysian Institute of Accountants. Datuk Yap Kheng Fah has experience in corporate finance and private equity who has led, completed or been involved in corporate restructuring, divestiture, mergers and acquisitions, reverse takeovers and debt transactions. The ARC is guided by the following key terms of reference: (a) assist our Board in the discharge of its responsibilities on financial reporting matters; (b) consider the appointment or re-appointment of the External Auditors, the level of their remuneration and matters relating to the resignation or dismissal of the External Auditors, and review with the External Auditors the audit plans, their evaluation of the system of internal accounting controls, their audit reports, their management letter and our management's response before submitting the results of such review to our Board for approval; (c) consider the appointment or re-appointment of the Internal Auditors, the level of their remuneration and matters relating to the resignation or dismissal of the Internal Auditors, and review with the Internal Auditors the internal audit plans and their evaluation of the adequacy of our system of internal accounting controls and accounting system before submitting the results of such review to our Board for approval prior to the incorporation of such results in our annual report (where necessary);

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Principle	Code Description	Company's compliance or explanation
		(d) review the system of internal accounting controls and procedures established by the management and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary); (e) review the assistance and co-operation given by our Company's officers to the Internal and External Auditors; (f) review the half yearly and annual, and quarterly if applicable, interested person transactions, financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major areas of judgement, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements; (g) review and discuss with the External Auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and consider the adequacy of our management's response; (h) review and assess our Company's foreign exchange and hedging policies including whether our Company has in place adequate and appropriate hedging policies and used appropriate instruments for hedging, if applicable; (i) review transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any); (j) review potential conflicts of interest (if any) and set out a framework to resolve or mitigate any potential conflicts of interest; (k) review the effectiveness and adequacy of our administrative, operating, internal accounting and financial control procedures; (l) review our key financial risk areas, with a view to providing an independent oversight on our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, if the findings are material, immediately announced via SGXNET; (m) undertake such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our ARC; (n) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time;

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Principle	Code Description	Company's compliance or explanation
		(o) review arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up; and (p) review our Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time. The Board is of the view that the ARC members possess the relevant accounting or related financial management expertise to discharge their responsibilities. The members collectively have many years of experience in accounting and audit, business and financial management and law. The Board considers that the members of the ARC are appropriately qualified to discharge the responsibilities of the ARC. The ARC has explicit authority to investigate any matter within its Terms of Reference. It has full access to, and has received the full co-operation of the Management and staff. It also has full discretion to invite any Director or any member of the Management to attend its meetings. During the year under review, the Company's Internal and External Auditors were invited to attend the ARC meeting(s) and make presentations as appropriate. They also met separately with the ARC without the presence of Management to review matters that might be raised privately, at least annually or as and when the need arises. The Management reported to and discussed with the ARC on changes to the accounting standards and accounting issues which have a direct impact on the financial statements. Directors had also been invited to attend relevant seminars on changes to accounting standards and issues by leading accounting firms, if required. The ARC has reviewed the independence and objectivity of the External Auditors through discussion with the external auditors and an annual review of the nature, extent and charges of non-audit services provided by the External Auditors as part of the ARC's assessment of the External Auditor's independence. A breakdown of the fees paid to the Group's External Auditors (including its associated firms) is disclosed in the table below:

External Auditor Fees for FY2024	RM'000	% of Total Fees
Total Audit Fees	748	80.3
Total Non-Audit Fees	183	19.7
Total Fees	931	100.0

The ARC is satisfied that the nature and extent of non-audit services above provided by the External Auditors in FY2024 will not prejudice the independence and objectivity of the External Auditors.

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Principle	Code Description	Company's compliance or explanation
		PricewaterhouseCoopers LLP has served as the External Auditors of the Group since the financial year ended 31 December 2022 and was re-appointed as the External Auditors at the last AGM held on 29 April 2024, to hold office until the conclusion of the next AGM of the Company and would not seek re-appointment as auditors of the Company for the financial year ending 31 December 2025. After due deliberations, the Board, at the recommendation of the ARC, recommends that CLA Global TS Public Accounting Corporation be appointed as Auditors of the Company for the financial year ending 31 December 2025, in place of PricewaterhouseCoopers LLP. To encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Company has a whistle blowing policy ("**Whistle-blowing Policy**") in place. The Whistle-blowing Policy provides the mechanism by which concerns about plausible improprieties in matters of financial reporting, etc., may be raised. An Investigation Committee ("**IC**") had been established for this purpose. In addition, a dedicated secured e-mail address at whistleblow@lyfurniture.com which allows whistle blowers to contact the IC and/or the ARC Chairman directly. The Company's Whistle-blowing Policy allows not just employees but also external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle blowing in good faith. Assisted by the IC, the ARC addresses issues/concerns raised and arranges for investigation and/or follow-up of appropriate action. The ARC reports to the Board any issues/concerns received by it and the IC, at the ensuing Board meeting. Should the ARC or IC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant governmental authorities for further investigation/action. *Investigation Committee* The IC consists of an Executive Director, CFO and an external outsourced Human Resource Consultant. The IC is empowered to: • look into all issues/concerns relating to the Group (except for those directed specifically to or affecting any member of the IC which are dealt with by the ARC); • make the necessary reports and recommendations to the ARC or the Board for their review and further action, if deemed required by them; and • access the appropriate external advice where necessary and, where appropriate or required, report to the relevant governmental authorities for further investigation/action.

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Principle	Code Description	Company's compliance or explanation
		The Group takes concerns with the integrity and honesty of its employees very seriously. The Whistle-blowing Policy has been established and disseminated to all employees to encourage the report of any behaviour or action that anyone reasonably believes might be suspicious, against any rules/regulations/accounting standards as well as internal policies. Whistle blowers could also email to the ARC directly and in confidentiality, and his/her identity is protected from reprisals within the limits of the law. There were no whistle-blowing reports received during FY2024. The ARC had been briefed by the External Auditors on changes or amendments to the Accounting Standards and issues which are relevant to the Group and have a direct impact on the Group's business and financial statements. None of the ARC members (i) is a former partner or director of the Company's existing auditing firm or auditing corporation in the previous 2 years and (ii) holds any financial interest in the auditing firm or auditing corporation. The ARC's responsibilities over the Group's internal controls and risk management are complemented by the work of the Internal Auditors. The Company has outsourced its internal audit function to Baker Tilly Consultancy (Singapore) Pte. Ltd. ("**Baker Tilly**" or "**Internal Auditors**"). Baker Tilly is the appointed outsourced internal auditor to many public listed companies in Singapore & Hong Kong. The engagement team is led by its engagement partner who has more than 20 years of professional experience in the field and possesses the designation of Certified Internal Auditor and Chartered Accountant (Singapore). The engagement team from Baker Tilly comprises an Engagement Manager, Lead Consultants and Consultants who possess relevant experience as well as designations such as Chartered Accountant, Certified Internal Auditor etc. The Internal Auditors conduct their work in accordance with the International Professional Practices Framework issued by the Institute of Internal Auditors. The Internal Auditors have unrestricted access to all of the Company's documents, records, properties and personnel, including access to the ARC. The ARC is satisfied that the Internal Auditors possess the necessary skillsets/qualifications (given, *inter alia*, its adherence to Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors). Additionally, they have access to resources and hold appropriate standing within the Company to effectively execute their duties in line with the approved Internal Audit Plans. The Internal Auditors' ultimate line of reporting is to the Chairman of the ARC. It carries out the Internal Auditors functions under the direction of the ARC and reports the findings and makes recommendations to the ARC accordingly. The Internal Auditors plans its audit work in consultation with, but independently of, the management, and its yearly plan is submitted to the ARC for review and approval prior to the beginning of the financial year.

CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
SHAREHOLDER RIGHTS AND ENGAGEMENT		
Shareholder Rights and Conduct of General Meetings		
11	The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.	The Company believes in providing sufficient and regular information to its shareholders to keep the shareholders updated with the recent development of the Group. In this respect, the Board strive to provide clear, timely and fair disclosure of information via SGXNET about the Company's business developments and financial performance updates that could have a material impact on the price or value of its shares. Shareholders are encouraged to attend shareholders' meetings to stay informed of the Company's strategy and goals. Notice of the meeting is dispatched to shareholders, together with annual report or a circular, at least 14 days, or 21 days (as the case may be), before the meeting. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company shall conduct poll voting for all resolutions tabled at the general meetings. The rules, including the voting process, shall be explained by the scrutineers at such general meetings. A shareholder who is entitled to attend and vote may either vote in person or through the appointment of proxies. The Constitution of the Company allows an individual shareholder to appoint not more than two (2) proxies to attend and vote on his or her behalf at the general meetings. Member who is a relevant intermediary may appoint more than two (2) proxies to attend, speak and vote at the shareholders' meetings, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. The Company's Constitution does allow for absentia voting at general meetings of shareholders at the discretion of Directors to approve and implement such voting, subject to the security measures as may be deemed necessary or expedient. Separate resolutions are proposed on each separate issue at general meetings. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the general meetings. The Chairman of the Board and its Committees, CEO and CFO will all attend the general meetings to address issues raised by shareholders. The External Auditors and the Sponsors are also present to address any relevant queries from shareholders. All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.

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Principle	Code Description	Company's compliance or explanation
		The minutes of general meetings which incorporate substantial comments or queries from shareholders relating to the agenda of the meeting, response from the Board and Management, are publicly available on both the SGXNET and the Company's corporate website. To facilitate shareholders' effective participation at General Meetings, the Company holds its General Meetings at a location which is considered convenient and accessible to shareholders. All shareholders of the Group receive notices of all shareholders' meetings and proxy forms. The annual report, circulars and notices are made available on SGXNET and the Company's corporate website. With the expiration of the Government's (Temporary Measures) Orders for virtual general meetings on 1 July 2023, face-to-face general meetings have become the default for listed company. Hence, similar to FY2023, the Company's forthcoming AGM in respect for FY2024 will be held physically at Room 333, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on 29 April 2025. As at the date of this Report, the Company does not have a fixed dividend policy in place. The form, frequency and amount of future dividends on the shares that the Board may recommend or declare will depend on, among other factors deemed relevant by the Board, the factors outlined below: (a) cash flow and retained earnings; (b) actual and projected business and financial performance; (c) projected levels of capital expenditure and expansion plans; (d) results of operations; (e) working capital requirements and general financing condition; and (f) restrictions on the payment of dividends imposed on the Company (if any). Any payouts are clearly communicated to shareholders in public announcements and via announcements on SGXNET when the Company discloses its financial results. The Board will not be recommending any final dividend for FY2024 as the Board is of the view that it would be prudent to conserve cash for any unforeseen circumstances and to reinvest back into its business.

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Principle	Code Description	Company's compliance or explanation
Engagement with Shareholders		
12	The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.	The Company currently does not have an investor relations policy. However, the Company has engaged an external investor relations adviser, GC Consultants Pte. Ltd., to carry out investor relations activities. The Company strives to communicate with shareholders and the investing community through the timely release of announcements to the SGX-ST via SGXNET including the financial results announcements of the Company and the Group, which are published through the SGXNET on a half-yearly basis. To further enhance its communication with investors, the Company has also enhanced its website through its Investor Relations at https://www.lycorp.co where the public can access information on the Group directly and make enquiries via the contact information published on the corporate website. General meetings will be the principal forum for dialogue with shareholders. Shareholders are given opportunities to participate through open discussions with the Chairman, Directors, CEO or the Management to better understand the business operations or performance of the Group.
MANAGING STAKEHOLDER RELATIONSHIPS		
Engagement with Stakeholders		
13	The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.	The Group has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders. More information on the Company's stakeholder engagement can be found under Sustainability Report on pages 19 and 20 of this Annual Report. The Company maintains a corporate website at https://www.lycorp.co to communicate and engage with stakeholders.

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COMPLIANCE WITH APPLICABLE CATALIST RULES

Catalist Rule	Rule Description	
712, 715 or 716	Appointment of Auditors	The Group complied with Rule 712 and Rule 715 of the Catalist Rules.
1204(8)	Material Contracts	There was no material contracts entered into by the Group involving the interests of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2024 or if not then subsisting, which were entered into since the end of the previous financial year, save for the service agreements between the Company and the Executive Directors.
1204(10)	Confirmation of Adequacy of Internal Controls	The Board, with the concurrence of the ARC, is of the opinion that the Group's internal controls and risk management systems are adequate and effective to address the financial, operational, compliance and information technology controls, and risk management systems in FY2024 in its current business environment based on the following: • Assurance has been received from the CEO and CFO; • Board Committee meetings are held with the key management personnel to discuss and review the financial and operational (including compliance issues) performance of the Group. Internal control issues, where applicable, were discussed and addressed during such meetings; • Key management personnel regularly evaluates, monitors and reports to the ARC on material risks and a set of risk registers is maintained, updated and presented to the ARC at least annually; • Work performed by the Internal and External Auditors; and • Discussions were held between the ARC, Internal and External Auditors in the absence of the key management personnel to review and address any potential concerns. There was no material weaknesses identified by the Board or ARC in FY2024.
1204(10)(C)	ARC's comment on internal audit function	The ARC is satisfied that the Company's internal audit function is: • sufficiently independent to carry out its role; • conducted effectively as Management has provided full co-operation to enable Internal Auditors to perform its function; • adequately resourced to perform the work for the Group; and • has the appropriate standing within the Company.

CORPORATE **GOVERNANCE REPORT**

<table>
<tr><th>Catalist Rule</th><th colspan="2">Rule Description</th></tr>
<tr><td>1204(17)</td><td>Interested Person Transaction (“IPT”)</td><td>
Details of the interested person transactions for FY2024 as required pursuant to Rule 907 of the Catalist Rules of SGX-ST are as follows:
<table>
<tr><th>Name of Interested Person</th><th>Nature of Relationship</th><th>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)
RM’000</th><th>Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than $100,000)
RM’000</th></tr>
<tr><td>Lean Shern Furniture Sdn Bhd (“Lean Shern”)</td><td>Mr Tan Khwee Ming and Mr Tan Kwee Song, who are both brothers of Mr Tan Kwee Chai and Mr Tan Kwee Lim, each owns 50% of the issued and paid-up capital of Lean Shern and the directors of Lean Shern are Mr Tan Khwee Ming and Mr Tan Kwee Song.</td><td>–[2]</td><td>42,906</td></tr>
<tr><td>Leatherworld Upholstery Sdn Bhd (“Leatherworld”)</td><td>Lian Yu Furniture Corporation Sdn Bhd (“LYFC”)[1] owns 51.0% of the issued and paid-up share capital of Leatherworld, and the remaining 49.0% shareholding interest in Leatherworld is owned by Ms Tan Pei Wah. The directors of Leatherworld are Mr Eu Choon Sian and Ms Tan Pei Wah, who are both not related to any of our Directors, CEO, Controlling Shareholders or their Associates. None of our Directors, CEO, Executive Officers or Controlling Shareholders has an executive role in Leatherworld.</td><td>–[2]</td><td>2,784</td></tr>
<tr><td>Lian Yu Asset Management Sdn Bhd (“LYAM”)</td><td>LYAM is a wholly-owned subsidiary of LYFC</td><td>849</td><td>–</td></tr>
<tr><td>Lian Yu Furniture Industries Sdn Bhd (“LYFISB”)</td><td>LYFISB is a wholly-owned subsidiary of LYFC</td><td>1,364</td><td>-</td></tr>
</table>
<u>Notes:</u>
(1) Mr Tan Kwee Chai, Mr Tan Yong Chuan, Ms Tan Ai Luang, Mr Tan Kwee Lim, Mr Boo Ngek Hee, Mdm Cha Geek Ngo, Mr Tan Yong Siang and Lead Chance Holdings Limited own 37.13%, 9.23%, 3.00%, 19.24%, 7.01%, 4.39%, 6.00% and 14.00% of the issued and paid-up share capital of LYFC respectively. Lead Chance Holdings Limited is wholly-owned by Mr Shen Min-Hui. The directors of LYFC are Mr Tan Kwee Chai, Mr Tan Yong Chuan, Mr Tan Kwee Lim and Mr Boo Ngek Hee.
(2) Excludes transactions which are less than S$100,000.
</td></tr>
</table>

CORPORATE **GOVERNANCE REPORT**

Catalist Rule	Rule Description	
		The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the ARC and the transactions are carried out on normal commercial terms and will not be prejudicial to the interest of the Company and its minority shareholders.
1204(19)	Dealing in Securities	The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information. The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period commencing one month before the announcement of the Group's half-yearly or full year results, and ending on the date of the announcement of the relevant results.
1204(21)	Non-sponsor Fees	No non-sponsor fees were paid to the Company's sponsor, Xandar Capital Pte. Ltd. during FY2024.

DISCLOSURE OF INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

Mr Tan Kwee Chai and Datuk Yap Kheng Fah will be seeking re-election at the forthcoming Annual General Meeting of the Company be convened on 29 April 2025 ("**AGM**") (collectively the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the Singapore Exchange Securities Trading Limited (the "**Exchange**")'s Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), the following is the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules:

	MR TAN KWEE CHAI	DATUK YAP KHENG FAH
Date of appointment	20 December 2017	1 January 2022
Date of last re-appointment	April 2022	April 2022
Age	69	50
Country of principal residence	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board of Directors of the Company (the "**Board**") has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, contribution, performance, business knowledge, attendance, preparedness, participation, candour and suitability of Mr Tan Kwee Chai for re-appointment as Executive Director of the Company. The Board has reviewed and concluded that Mr Tan Kwee Chai, who is the founder of the business possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has assessed the background, qualifications, skill, knowledge, expertise, experiences and credentials of Datuk Yap Kheng Fah for re-appointment as Non-Independent Director of the Company. The Board has reviewed and is of the view that Datuk Yap Kheng Fah possesses the requisite experience and capabilities to assume the duties and responsibilities as a Non-Independent Non-Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr Tan Kwee Chai is responsible for the Group's overall management and operations, including formulating Group's strategic directions and expansion plans.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director.	Non-Independent Non-Executive Director, and Member of Audit and Risk Committee and Remuneration Committee.
Professional qualifications	Not Applicable	Datuk Yap Kheng Fah holds a Bachelor of Commerce Degree from the University of Auckland, New Zealand and a Master in Business Administration from Charles Sturt University, Australia.

DISCLOSURE OF INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	MR TAN KWEE CHAI	DATUK YAP KHENG FAH
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Tan Kwee Chai is the father of Mr Tan Yong Chuan (Executive Director and Chief Executive Officer of the Company), and uncle of Ms Tan Ai Luang (another Executive Director of the Company).	None
Conflict of Interest (including any competing business)	None	None
Working experience and occupation(s) during the past 10 years	LY Corporation Limited and its related corporations.	- Managing Director of Grorich Corporation Sdn Bhd - Managing Director of Grorich Sdn Bhd - Managing Director of Grorich Land Sdn Bhd - Founder and Chairman of Censuria Capital Sdn Bhd - Co-founder and Managing Partner of Senturia Capital Sdn Bhd
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 3,660,400 Deemed Interest: 355,159,700	Nil
Other Principal Commitments including Directorships Past (for the last 5 years) Present	None	Yes Last 5 years: Senturia Capital Sdn Bhd Grorich Sdn Bhd Present: Grorich Corporation Sdn Bhd Grorich Land Sdn Bhd Censuria Capital Sdn Bhd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN KWEE CHAI	DATUK YAP KHENG FAH
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

DISCLOSURE OF INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	MR TAN KWEE CHAI	DATUK YAP KHENG FAH
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN KWEE CHAI	DATUK YAP KHENG FAH
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

DISCLOSURE OF INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	MR TAN KWEE CHAI	DATUK YAP KHENG FAH
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not Applicable. This is in relation to the re-appointment of a Director.	Not Applicable. This is in relation to the re-appointment of a Director.

FINANCIAL **CONTENTS**

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of LY Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2024.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 91 to 157 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2024 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Tan Yong Chuan
Tan Kwee Chai
Tan Ai Luang
Yeo Kian Wee Andy
Datuk Yap Kheng Fah
Choo Chee Beng

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At 21 January 2025**	**At the beginning of financial year**	**At the end of financial year**	**At 21 January 2025**
Ordinary shares of the Company						
Tan Kwee Chai	3,660,400	3,660,400	3,660,400	355,159,700	355,159,700	355,159,700
Tan Ai Luang	800,000	800,000	800,000	–	–	–
Yeo Kian Wee Andy	115,000	115,000	115,000	–	–	–
Ordinary shares of the ultimate holding company – Lian Yu Holdings Pte. Ltd.						
Tan Kwee Chai	431,730	431,730	431,730	–	–	–
Tan Yong Chuan	107,336	107,336	107,336	–	–	–
Tan Ai Luang	–	30,000	30,000	–	–	–

By virtue of Section 7 of the Singapore Companies Act 1967, Tan Kwee Chai is deemed to have an interest in the shares held by Lian Yu Holdings Pte. Ltd. in the Company and in its subsidiaries.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

SHARE AWARDS

On 21 December 2017, the Company adopted the LY Performance Share Plan for the granting of non-transferable share awards. The awards are settled by the physical delivery of the ordinary shares of the Company to eligible participants (including Executive Directors and Independent Directors). The LY Performance Share Plan is administrated by the Remuneration Committee of the Company.

Since the commencement of the LY Performance Share Plan till the end of the financial year, no share awards have been granted.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee performed the functions specified in the Singapore Companies Act 1967. The functions performed are detailed in the Report on Corporate Governance.

DIRECTORS' STATEMENT

AUDITORS

The retiring auditors, PricewaterhouseCoopers LLP, will not be seeking re-appointment at the forthcoming Annual General Meeting. CLA Global TS Public Accounting Corporation has expressed its willingness to accept appointment as auditors.

Signed on behalf of the Board of Directors in accordance with their resolution dated 9 April 2025.

TAN KWEE CHAI DIRECTOR	TAN YONG CHUAN DIRECTOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
Revenue	4	**222,372**	198,862
Cost of sales		**(208,957)**	(192,802)
Gross profit		**13,415**	6,060
OTHER ITEMS OF INCOME			
Interest income from short-term deposits		**1,097**	1,349
Distributions from short-term investment security		**104**	97
Other income	5	**6,277**	4,746
OTHER ITEMS OF EXPENSE			
Selling and administrative expenses		**(23,122)**	(19,558)
Finance costs	6	**(2,248)**	(2,522)
Other expenses	7	**(1,017)**	(1,099)
Loss before tax	8	**(5,494)**	(10,927)
Income tax (expense)/credit	10	**(257)**	2,715
Loss for the year, representing total comprehensive loss for the year		**(5,751)**	(8,212)
(Loss)/profit for the year, representing total comprehensive (loss)/income for the year attributable to:			
– Owners of the Company		**(6,953)**	(8,144)
– Non-controlling interest		**1,202**	(68)
		(5,751)	(8,212)
Loss per share attributable to owners of the Company (sen per share)			
Basic and diluted	11	**(1.42)**	(1.67)

STATEMENTS OF **FINANCIAL POSITION**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	**139,663**	143,875	**-**	-
Right-of-use assets	23	**21,971**	22,743	**-**	-
Investment in subsidiaries	13	**-**	-	**54,247**	47,612
Intangible assets	14	**10,504**	2,821	**-**	-
Amount due from subsidiaries	15	**-**	-	**6,030**	8,021
		172,138	169,439	**60,277**	55,633
CURRENT ASSETS					
Inventories	16	**54,495**	49,884	**-**	-
Trade and other receivables	17	**25,889**	19,892	**8**	7
Amount due from subsidiaries	15	**-**	-	**2,984**	5,579
Prepaid operating expense		**2,413**	2,091	**25**	61
Tax recoverable		**1,381**	2,157	**-**	-
Deposit with bank	18	**1,000**	-	**1,000**	-
Cash and cash equivalents	19	**17,671**	54,215	**851**	4,290
Assets classified as held for sale		**130**	130	**-**	-
		102,979	128,369	**4,868**	9,937
TOTAL ASSETS		**275,117**	297,808	**65,145**	65,570
CURRENT LIABILITIES					
Loans and borrowings	20	**26,076**	16,693	**-**	-
Trade and other payables	21	**19,392**	36,664	**-**	-
Contract liabilities	4(b)	**428**	-	**-**	-
Accrued operating expenses		**1,328**	1,113	**637**	762
Lease liabilities	23	**2,449**	1,785	**-**	-
		49,673	56,255	**637**	762
NET CURRENT ASSETS		**53,306**	72,114	**4,231**	9,175
NON-CURRENT LIABILITIES					
Trade and other payables	21	**1,000**	-	**1,000**	-
Loans and borrowings	20	**718**	9,541	**-**	-
Lease liabilities	23	**2,672**	3,821	**-**	-
Deferred tax liabilities	22	**13,917**	14,604	**-**	-
		18,307	27,966	**1,000**	-
TOTAL LIABILITIES		**67,980**	84,221	**1,637**	762
NET ASSETS		**207,137**	213,587	**63,508**	64,808

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Share capital	24	**66,135**	66,135	**66,135**	66,135
Treasury shares	25	**(183)**	(173)	**(183)**	(173)
Merger reserve	26	**(15,234)**	(15,234)	**–**	–
Other reserve	27	**(3,322)**	(3,322)	**–**	–
Retained earnings/(accumulated losses)		**162,566**	169,519	**(2,444)**	(1,154)
		209,962	216,925	**63,508**	64,808
Non-controlling interest	13	**(2,825)**	(3,338)	**–**	–
NET ASSETS		**207,137**	213,587	**63,508**	64,808
TOTAL EQUITY AND LIABILITIES		**275,117**	297,808	**65,145**	65,570

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company							
	Share capital (Note 24) RM'000	Treasury shares (Note 25) RM'000	Merger reserve (Note 26) RM'000	Other reserve (Note 27) RM'000	Retained earnings RM'000	Equity Attributable to owner RM'000	Non-Controlling interest RM'000	Total equity RM'000
Group								
At 1 January 2024	**66,135**	**(173)**	**(15,234)**	**(3,322)**	**169,519**	**216,925**	**(3,338)**	**213,587**
Acquisition of subsidiaries (Note 13(b))	**-**	**-**	**-**	**-**	**-**	**-**	**(689)**	**(689)**
Purchase of treasury shares	**-**	**(10)**	**-**	**-**	**-**	**(10)**	**-**	**(10)**
Loss for the year, representing total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(6,953)**	**(6,953)**	**1,202**	**(5,751)**
At 31 December 2024	**66,135**	**(183)**	**(15,234)**	**(3,322)**	**162,566**	**209,962**	**(2,825)**	**207,137**
At 1 January 2023	66,135	(173)	(15,234)	(3,322)	177,663	225,069	(3,270)	221,799
Loss for the year, representing total comprehensive loss for the year	–	–	–	–	(8,144)	(8,144)	(68)	(8,212)
At 31 December 2023	66,135	(173)	(15,234)	(3,322)	169,519	216,925	(3,338)	213,587

STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Share capital (Note 24) RM'000	Treasury shares (Note 25) RM'000	Accumulated losses RM'000	Total equity RM'000
Company				
At 1 January 2024	**66,135**	**(173)**	**(1,154)**	**64,808**
Loss for the year, representing total comprehensive income for the year	**-**	**-**	**(1,290)**	**(1,290)**
Purchase of treasury shares	**-**	**(10)**	**-**	**(10)**
At 31 December 2024	**66,135**	**(183)**	**(2,444)**	**63,508**
At 1 January 2023	66,135	(173)	(2,129)	63,833
Profit for the year, representing total comprehensive income for the year	–	–	975	975
At 31 December 2023	66,135	(173)	(1,154)	64,808

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
OPERATING ACTIVITIES			
Loss before tax		**(5,494)**	(10,927)
Adjustments for:			
Loss on disposal of property, plant and equipment	7	**671**	50
Gain on disposal of short-term investment security	5	**(76)**	(49)
Distributions from short-term investment security		**(104)**	(97)
Allowance for slow moving inventories	8	**2,003**	1,326
Inventories written off	8	**2,388**	689
Allowance for inventories written down	8	**2,310**	–
Interest income from short-term deposits		**(1,097)**	(1,349)
Interest expense	6	**2,248**	2,522
Write-off of property, plant and equipment	7	**339**	43
Adjustment on right-of-use assets		**(228)**	(204)
Amortisation of trademarks	14	**50**	51
Depreciation of right-of-use assets	23	**2,803**	2,899
Depreciation of property, plant and equipment	12	**11,694**	12,719
Unrealised exchange (gain)/loss		**(3,458)**	1,012
Allowance for deposits paid		**–**	152
Trade bad debts written off	8	**25**	–
Non-trade bad debts written off		**–**	26
Operating profit before working capital changes		**14,074**	8,863
Changes in working capital:			
(Increase)/decrease in inventories		**(10,741)**	36,986
Increase in trade and other receivables		**(4,253)**	(1,862)
(Increase)/decrease in prepaid operating expense		**(282)**	142
(Decrease)/increase in trade and other payables		**(18,975)**	1,672
Decrease in contract liabilities		**(1,465)**	(942)
Increase in accrued operating expenses		**162**	352
Cash flows (used in)/generated from operations		**(21,480)**	45,211
Net income taxes (paid)/refunded		**(168)**	3,104
Net cash flows (used in)/generated from operating activities		**(21,648)**	48,315
INVESTING ACTIVITIES			
Interest income from short term deposits		**1,097**	1,349
Distributions from short-term investment security		**104**	97
Proceeds from disposal of short-term investment security		**15,680**	15,293
Placement of short-term investment security		**(15,603)**	(15,244)
Restricted bank deposit	13(b)	**(1,000)**	–
Acquisition of subsidiaries, net of cash acquired	13(b)	**(4,275)**	–
Purchase of property, plant and equipment	(a)	**(6,107)**	(2,191)
Proceeds from disposal of property, plant and equipment		**154**	234
Net cash flows used in investing activities		**(9,950)**	(462)

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	(b)	**50,272**	23,010
Repayment under financing arrangements	(b)	**(905)**	(645)
Repayment of loans and borrowings	(b)	**(50,281)**	(36,845)
Principal repayment of lease liabilities	(b)	**(2,288)**	(2,414)
Interest paid	(b)	**(2,248)**	(2,522)
Purchase of treasury shares		**(10)**	–
Net cash flows used in financing activities		**(5,460)**	(19,416)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(37,058)**	28,437
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**514**	16
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**54,215**	25,762
CASH AND CASH EQUIVALENTS AT END OF YEAR	18	**17,671**	54,215

Notes to the consolidated statement of cash flows

(a) The net cash outflow for the acquisition of property, plant and equipment are as follows:

	Note	2024 RM'000	2023 RM'000
Current year additions	12	**6,437**	2,417
Less: Obligation under financing arrangements		**(330)**	(226)
Net cash outflow for the purchase of property, plant and equipment		**6,107**	2,191

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Notes to the consolidated statement of cash flows (Continued)

(b) Changes in Liabilities Arising from Financing Activities

The analysis of movements in liabilities arising from financing activities are as follows:

		Cash movements			Non-Cash movements				
	As at 1.1.2024 RM'000	**Principal paid RM'000**	**Interest paid RM'000**	**Drawdown RM'000**	**Interest expense RM'000**	**Addition RM'000**	**Currency translation difference RM'000**	**Modification RM'000**	**As at 31.12.2024 RM'000**
Loans and borrowings	**24,393**	**(50,281)**	**(1,835)**	**50,272**	**1,835**	**2,251**	**(1,315)**	**-**	**25,320**
Financing arrangements	**1,841**	**(905)**	**(109)**	**-**	**109**	**538**	**-**	**-**	**1,474**
Lease liabilities	**5,606**	**(2,288)**	**(304)**	**-**	**304**	**5,415**	**-**	**(3,612)**	**5,121**
	31,840	**(53,474)**	**(2,248)**	**50,272**	**2,248**	**8,204**	**(1,315)**	**(3,612)**	**31,915**

		Cash movements			Non-Cash movements				
	As at 1.1.2023 RM'000	**Principal paid RM'000**	**Interest paid RM'000**	**Drawdown RM'000**	**Interest expense RM'000**	**Addition RM'000**	**Currency translation difference RM'000**	**Modification RM'000**	**As at 31.12.2023 RM'000**
Loans and borrowings	38,057	(36,845)	(2,100)	23,010	2,100	-	171	-	24,393
Financing arrangements	2,260	(645)	(137)	-	137	226	-	-	1,841
Lease liabilities	11,634	(2,414)	(285)	-	285	23	-	(3,637)	5,606
	51,951	(39,904)	(2,522)	23,010	2,522	249	171	(3,637)	31,840

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

1 CORPORATE INFORMATION

LY Corporation Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of Singapore Exchange Securities Trading Limited (the "SGX-ST"). The immediate and ultimate holding company is Lian Yu Holdings Pte. Ltd., which is incorporated in Singapore.

The registered office of the Company is located at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 13.

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 *Basis of preparation*

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") and all values in the tables are rounded to the nearest thousand (RM'000), except when otherwise indicated.

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 *New and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2024. The adoption of these new standards did not have any material effect on the financial performance or position of the Group.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
• Amendments to SFRS(I) 1-21 SFRS(I) 1-21: Lack of Exchangeability	1 January 2025
• Amendments to SFRS(I) 9 and SFRS(I) 7: Classification and Measurement of Financial Instruments	1 January 2026
• SFRS(I) 18: Presentation and Disclosure in Financial Statements	1 January 2027

The Group does not expect any significant impact arising from applying these amendments.

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.4 ***Basis of consolidation***

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, other than those under common control (Note 2.4(d)) being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.4 ***Basis of consolidation (Continued)***

(b) Business combinations and goodwill (Continued)

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

(c) Corporate reorganisation

On 18 December 2017, the Group underwent a corporate reorganisation in preparation for its listing on the SGX-ST (the "Restructuring Exercise"). The Company subscribed for 4,500,000 shares in LY Furniture Sdn. Bhd. ("LYFSB"), amounting to 90% of the enlarged issued and paid-up share capital of LYFSB, for a consideration of RM4,500,000 which was based on RM1 for each share in LYFSB.

Concurrently, the Company entered into a sale and purchase agreement to acquire the remaining 10% of the issued and paid-up share capital in LYFSB for a consideration of RM15,995,500. The consideration was based on the unaudited net asset value of LYFSB as at 30 June 2017. The consideration was satisfied by the allotment and issue of 20,000,000 Shares in the Company. Upon completion of the acquisition of shares in LYFSB, LYFSB became a wholly-owned subsidiary of the Company.

The above Restructuring Exercise is considered to be a reorganisation without a change in beneficial shareholders. Accordingly, the Company recognises the difference between the deemed cost of acquiring LYFSB and the share capital of the subsidiary pursuant to the Restructuring Exercise as merger reserve. Although the Restructuring Exercise occurred on 18 December 2017, the consolidated financial statements present the financial position and financial performance as if the businesses have always been consolidated since the beginning of the earliest period presented. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiary relationship was not established until after the Restructuring Exercise. Comparatives are presented as if the entities or businesses had always been combined since the date of incorporation of the entities.

Pursuant to this:

- The assets and liabilities of the consolidated entities are reflected at their carrying amounts recorded in their respective financial statements.

- No adjustments are made to reflect the fair values on the date of consolidation or recognise any new assets or liabilities.

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.4 ***Basis of consolidation (Continued)***

(c) Corporate reorganisation (Continued)

- No additional goodwill is recognised as a result of the consolidation.

- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.

- The statement of comprehensive income reflects the results of the consolidated entities for the full year, irrespective of when the consolidation took place.

(d) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

2.5 ***Functional and foreign currency***

The financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.6 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold buildings	Based on lease terms
Freehold buildings	50 years
Machinery and equipment	10 years
Office equipment, furniture and fittings	10 years
Computer equipment and computer software	5 to 10 years
Motor vehicles	8 to 10 years
Renovation	10 years

Construction-in-progress is not depreciated as it is not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.7 ***Impairment of non-financial assets***

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 *Impairment of non-financial assets (Continued)*

(a) Goodwill (Continued)

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Intangible assets, property, plant and equipment, right-of-use assets and investments in subsidiaries

Intangible assets, property, plant and equipment, right-of-use assets and investments in subsidiaries, associates and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 ***Investment in subsidiaries***

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.9 ***Financial instruments***

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are recognised or impaired, and through recognised process.

Derecognition

A financial asset is recognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.9 *Financial instruments (Continued)*

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(c) Offsetting of financial instrument

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (“ECL”) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a “12-month ECL”). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a “lifetime ECL”).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtor’s ability to pay.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.10 ***Impairment of financial assets (Continued)***

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.11 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at banks and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.12 ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.

- Work-in-progress and finished goods: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.13 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.14 ***Borrowing costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.15 ***Employee benefits***

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company's subsidiaries incorporated in Malaysia make contributions to the Employees Provident Fund in Malaysia which is a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted estimated liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.16 ***Leases***

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

<u>Right-of-use assets</u>

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land use rights (expiring from 2053 to 2069) 35 to 68 years
- Buildings 1 to 6 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.7.

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.16 ***Leases (Continued)***

(a) Group as a lessee (Continued)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.16 *Leases (Continued)*

(b) Group as lessor (Continued)

Subleases

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "Trade and other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. The lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognise lease income from the sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

2.17 *Revenue*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised net of taxes when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at that point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods – Original design manufacturer and original equipment manufacturer

Revenue from the sales of custom wooden furniture (original design manufacturer basis) and revenue from the sales of made-to-order wooden furniture based on customised specifications from customers (original equipment manufacturer basis) are recognised at the point in time when the manufacturing process is completed with the customers' acceptance and customers have obtained control of the goods.

(b) Sale of goods – Original brand manufacturer

Revenue from sale of self-assembled wooden furniture is recognised at the point in time upon delivery and when the customer obtained control of the goods.

(c) Sale of goods – Millwork

Revenue from woodwork or building product is recognised at the point in time upon delivery and when customers have obtained control of the goods.

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.17 ***Revenue (Continued)***

(d) Sale of goods – furniture installation

Revenue from installation of furniture is recognised over time by reference to the Group's obligation to deliver and install the goods at the customer's location based on the stage of completion stated in the contracts.

2.18 ***Taxes***

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE **FINANCIAL STATEMENTS**

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2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.18 *Taxes (Continued)*

(b) Deferred tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.19 *Intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement comprehensive income.

Trademarks

The trademarks were acquired in a business combination. The useful lives of the trademarks are estimated to be finite because based on the current assessment, management believes there is no affirmative decision to renew the Trademarks as at acquisition date. These trademarks expire in 2031 and 2028 respectively are amortised on a straight-line basis over the original useful live of 6.6 years to 8.5 years.

NOTES TO THE **FINANCIAL STATEMENTS**

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2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.20 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.21 ***Treasury shares***

The Group's own equity instrument, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.22 ***Segment reporting***

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed and reviewed by the Chief Executive Officer in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35.

2.23 ***Government grants***

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant. Where the grants relate to income, government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss under "Other income".

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 ***Critical accounting estimates and assumptions***

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Impairment assessment of goodwill, property, plant and equipment, right-of-use assets and the Company's investment in subsidiaries

The carrying amounts of the Group's goodwill, property, plant and equipment and right-of-use assets as at 31 December 2024 were approximately RM10,370,000, RM139,663,000 and RM21,971,000 as disclosed in Note 14, Note 12 and Note 23, respectively.

Management performed an impairment assessment of the Group's goodwill, property, plant and equipment, right-of-use assets and the Company's investment in subsidiaries as at 31 December 2024.

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

3.1 Critical accounting estimates and assumptions (Continued)

(a) Impairment assessment of goodwill, property, plant and equipment, right-of-use assets and the Company's investment in subsidiaries (Continued)

Goodwill, property, plant and equipment, right-of-use assets are aggregated at the CGU level for impairment assessment.

Goodwill are aggregated at the CGU level of Leyo Holdings Sdn. Bhd. ("LEH") and LY Unity Sdn. Bhd. Group ("LYUG") for impairment assessment.

Property, plant and equipment are aggregated at the CGU level of LY Furniture Sdn. Bhd. ("LYFSB"), LEH and LYUG for impairment assessment.

Right-of-use assets are aggregated at the CGU level of LYFSB and LYUG for impairment assessment.

The recoverable amounts of the CGUs have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. Significant judgements are used to estimate the budgeted gross margin, pre-tax discount rates and terminal growth rates used in the computation. In making these estimates, management has relied on past performance, its expectations of market developments especially in the United States of America, the industry trends for wooden furniture.

The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period of each CGU are as follows:

LYFSB CGU

	2024 %	2023 %
Budgeted gross margins	**12.0 to 13.0**	15.0
Revenue growth rate	**1.0 to 19.0**	13.0 to 24.0
Pre-tax discount rate	**14.5**	14.5
Terminal growth rates	**2.0**	2.0

LEH CGU

	2024 %	2023 %
Royalty income growth rate	**5.0**	5.0
Pre-tax discount rate	**17.1**	18.4
Terminal growth rates	**2.0**	2.0

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

3.1 Critical accounting estimates and assumptions (Continued)

(a) Impairment assessment of goodwill, property, plant and equipment, right-of-use assets and the Company's investment in subsidiaries (Continued)

LYUG CGU

	2024	**2023**
	%	**%**
Budgeted gross margins	**48.0 to 53.0**	*N/A
Revenue growth rate	**5.0 to 12.0**	*N/A
Pre-tax discount rate	**15.8**	*N/A
Terminal growth rates	**2.0**	*N/A

* Not applicable as LYUG was only acquired during the financial year 2024.

Impairment assessment of goodwill, property, plant and equipment, right-of-use assets

Key assumptions used in the value in use calculations

The calculations of value-in-use for the CGU are most sensitive to the following assumptions:

(i) Budgeted gross margins

Gross margins are based on average values achieved since the Group acquired the respective businesses. Gross profit margins are forecasted based on past performance and management's expectation on market developments and industry trends for wooden furniture and cost saving measures through leveraging on Group synergies.

(ii) Revenue growth rate

Revenue growth rate is forecasted based on the historical growth rate and the contractual price negotiated with the customers and expected sales volume to be achieved by the customers of the Group.

(iii) Royalty income growth rate

Royalty income growth rate is forecasted based on expected average sales volume to be achieved by the customers of the Group.

(iv) Pre-tax discount rates

Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

(v) Terminal growth rates

The forecasted terminal growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGU.

The results of the impairment assessment performed by the Group on goodwill, property, plant, and equipment, right-of-use assets as at 31 December 2024 indicated that no impairment charge was necessary.

NOTES TO THE **FINANCIAL STATEMENTS**

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3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

3.1 ***Critical accounting estimates and assumptions (Continued)***

(a) Impairment assessment of goodwill, property, plant and equipment, right-of-use assets and the Company's investment in subsidiaries (Continued)

Impairment assessment of goodwill, property, plant and equipment, right-of-use assets (Continued)

Sensitivity to changes in assumptions

(i) With regards to the assessment of value-in-use for property, plant and equipment and right-of-use assets in the LYFSB CGU, the sensitivity of the impairment assessment to a reasonably possible change in each of the key inputs is as follows:

	Change in assumption, holding other inputs constant	Impairment charge RM'000
Budgeted gross margin	**Reduce by 1%**	**9,186**
Revenue growth rate	**Reduce by 2%**	**30,851**
Discount rate	**Increase by 1%**	**3,635**
Terminal growth rate	**Reduce by 0.5%**	**-**

(ii) With regards to the assessment of the value-in-use for goodwill, property, plant and equipment and right-of-use assets in the LEH CGU and LYUG CGU, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

Impairment assessment of the Company's investment in subsidiaries

The carrying amount of the Company's investment in subsidiaries as at 31 December 2024 was approximately RM54,247,000 as disclosed in Note 13. An impairment loss of RM378,000 (2023: RM857,000) was recognised for an investment in a subsidiary. Management believes that no reasonably possible change in any of the key assumptions would cause the impairment loss recognised to be materially different.

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

4 REVENUE

(a) Disaggregation of revenue

	Furniture RM'000	Millwork RM'000	Total RM'000
2024			
Primary geographical markets			
United States of America	**95,490**	**19,585**	**115,075**
Malaysia	**43,170**	**907**	**44,077**
United Arab Emirates	**2,813**	**–**	**2,813**
Hong Kong	**–**	**58,952**	**58,952**
Others	**1,455**	**–**	**1,455**
	142,928	**79,444**	**222,372**
Major product or service lines			
Sale of goods	**139,572**	**79,444**	**219,016**
Others	**3,356**	**–**	**3,356**
	142,928	**79,444**	**222,372**
Timing of transfer of goods or services			
At that point in time	**133,202**	**79,444**	**212,646**
Over time	**9,726**	**–**	**9,726**
	142,928	**79,444**	**222,372**

	Furniture RM'000	Millwork RM'000	Total RM'000
2023			
Primary geographical markets			
United States of America	96,192	22,000	118,192
Malaysia	31,869	463	32,332
Republic of China	2,705	–	2,705
United Arab Emirates	2,422	–	2,422
Hong Kong	1	34,808	34,809
Japan	2,944	–	2,944
Others	4,211	1,247	5,458
	140,344	58,518	198,862
Major product or service lines			
Sale of goods	139,437	58,518	197,955
Others	907	–	907
	140,344	58,518	198,862
Timing of transfer of goods or services			
At that point in time	140,344	58,518	198,862

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

4 REVENUE (CONTINUED)

(b) Contract liabilities

Information about receivables and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2024	**2023**
	RM'000	**RM'000**
Contract liabilities	**428**	–
Movement in contract liabilities is as follow:		
At beginning of the financial year	**–**	942
Acquisition of subsidiaries (Note 13(b))	**1,893**	–
Revenue recognised in current period that was included in the contract liability balance at the beginning of the year/acquisition of subsidiaries	**(1,893)**	(942)
Advances received during the year	**428**	–
	428	–

Contract liabilities primarily relate to advances received from customers and the Group's obligation to transfer the goods that are delivered to the specific location for which the Group has billed for receivables ahead of completion of the performance obligation. Management expects that the transaction price allocated to unsatisfied performance obligations as at 31 December 2024 will be recognised as revenue during the financial year ending 31 December 2025.

5 OTHER INCOME

	2024	**2023**
	RM'000	**RM'000**
Sale of materials	**87**	32
Sale of scrap materials	**273**	220
Rental income	**1,640**	1,570
Government grants	**1,327**	1,213
Processing fee income	**155**	289
Dealership fee income	**245**	–
Insurance claims	**53**	27
Gain on disposal of short-term investment security	**76**	49
Net foreign exchange gain	**1,831**	–
Others	**590**	1,346
	6,277	4,746

6 FINANCE COSTS

	2024	**2023**
	RM'000	**RM'000**
Interest expense on:		
– Bank loans	**1,835**	2,100
– Financing arrangements	**109**	137
– Lease liabilities	**304**	285
	2,248	2,522

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

7 OTHER EXPENSES

	2024 RM'000	2023 RM'000
Net foreign exchange loss	**–**	1,006
Loss on disposal of property, plant and equipment	**671**	50
Write-off of property, plant and equipment	**339**	43
Others	**7**	–
	1,017	1,099

8 LOSS BEFORE TAX

The following amounts have been included in arriving at loss before tax:

	2024 RM'000	2023 RM'000
Audit fees	**748**	610
Amortisation of trademarks	**50**	51
Depreciation expenses:		
– property, plant and equipment (Note 12)	**11,694**	12,719
– right-of-use assets (Note 23)	**2,803**	2,899
Employee benefits expense (Note 9)	**41,393**	35,007
Sub-contractor costs	**13,114**	11,823
Freight cost and handling charges	**4,234**	4,347
Utilities	**4,523**	4,287
Allowance for slow moving inventories	**2,003**	1,326
Allowance for deposits paid	**–**	152
Trade debts written off	**25**	–
Non-trade bad debts written off	**–**	26
Inventories written off	**2,388**	689
Allowance for inventories written down	**2,310**	–
Inventories recognised as an expense in cost of sales (Note 16)	**129,578**	121,666

9 EMPLOYEE BENEFITS EXPENSE

	2024 RM'000	2023 RM'000
Employee benefits expense (including directors):		
Salaries and bonuses	**37,618**	32,276
Directors' fees	**348**	377
Directors' allowances	**60**	62
Employees' Provident Fund	**2,060**	1,992
Commission	**477**	–
Other benefits	**830**	300
	41,393	35,007

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

10 INCOME TAX EXPENSE/(CREDIT)

(a) Major components of income tax expense/(credit)

The major components of income tax expense/(credit):

	2024 RM'000	2023 RM'000
Current income tax		
– Current income taxation	**1,020**	332
– Over provision in respect of previous years	**(117)**	(280)
– Withholding tax expense	**41**	48
Deferred income tax		
– Origination and reversal of temporary differences	**(1,009)**	(4,318)
– Under provision in respect of previous years	**322**	1,503
Income tax expense/(credit) recognised in loss or profit	**257**	(2,715)

(b) Relationship between tax expense/(credit) and accounting loss

The reconciliation between income tax expense/(credit) and the product of accounting loss multiplied by the applicable corporate tax rate are as follows:

	2024 RM'000	2023 RM'000
Loss before tax	**(5,494)**	(10,927)
Tax calculated at domestic rate applicable to profits in the respective countries	**(1,319)**	(2,622)
Adjustments:		
– Tax rate differential from other tax jurisdiction	**88**	(72)
– Non-deductible expenses	**569**	1,140
– Income not subject to tax	**(3)**	–
– Utilisation of previously unrecognised deferred tax assets	**(221)**	(3,262)
– Deferred tax asset not recognised	**897**	830
– Under provision in respect of previous years	**205**	1,223
– Withholding tax expense	**41**	48
Income tax expense/(credit) recognised in profit or loss	**257**	(2,715)

The Group's tax jurisdictions are in Singapore and Malaysia, with headline corporate tax rates of 17% and 24% (2023: 17% and 24%), respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

11 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share is calculated by adjusting the loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

The following table reflects the loss and share data used in the basic and diluted loss per share calculations:

	2024 RM'000	2023 RM'000
Loss attributable to ordinary equity holders of the parent for basic earnings	**(6,953)**	(8,144)
Weighted average number of ordinary shares for basic loss per share ('000)	**488,812**	488,834
Basic and diluted loss per share (sen per share)	**(1.42)**	(1.67)

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares existing during the years ended 31 December 2024 and 2023.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**

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12 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Building RM'000	Machinery and equipment RM'000	Office equipment, furniture and fittings RM'000	Computer equipment and computer software RM'000	Motor vehicles RM'000	Renovation RM'000	Construction-in-progress RM'000	Total RM'000
Cost									
At 1 January 2024	95	116,764	85,703	10,382	3,950	6,012	1,435	538	224,879
Acquisition of subsidiaries (Note 13(b))	268	888	216	317	55	309	156	-	2,209
Additions	-	83	372	39	85	456	63	5,339	6,437
Disposals	-	-	(2,902)	-	(19)	(96)	-	-	(3,017)
Written off	-	-	(273)	(79)	(140)	-	(320)	-	(812)
Reclassification	-	-	3,216	-	151	-	-	(3,367)	-
At 31 December 2024	363	117,735	86,332	10,659	4,082	6,681	1,334	2,510	229,696
Accumulated depreciation									
At 1 January 2024	-	24,006	44,927	3,142	3,473	4,993	463	-	81,004
Depreciation charge for the year	-	2,557	7,436	988	196	377	140	-	11,694
Disposals	-	-	(2,077)	-	(19)	(96)	-	-	(2,192)
Written off	-	-	(203)	(29)	(132)	-	(109)	-	(473)
At 31 December 2024	-	26,563	50,083	4,101	3,518	5,274	494	-	90,033
Net carrying amount									
At 31 December 2024	363	91,172	36,249	6,558	564	1,407	840	2,510	139,663

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Building RM'000	Machinery and equipment RM'000	Office equipment, furniture and fittings RM'000	Computer equipment and computer software RM'000	Motor vehicles RM'000	Renovation RM'000	Construction-in-progress RM'000	Total RM'000
Cost									
At 1 January 2023	95	116,545	83,711	10,409	3,871	5,767	1,428	1,622	223,448
Additions	–	219	997	73	93	245	7	783	2,417
Disposals	–	–	(678)	–	(3)	–	–	–	(681)
Written off	–	–	(64)	(100)	(11)	–	–	–	(175)
Reclassification	–	–	1,867	–	–	–	–	(1,867)	–
Reclassified to assets held for sales	–	–	(130)	–	–	–	–	–	(130)
At 31 December 2023	95	116,764	85,703	10,382	3,950	6,012	1,435	538	224,879
Accumulated depreciation									
At 1 January 2023	–	21,460	37,763	2,225	2,411	4,635	320	–	68,814
Depreciation charge for the year	–	2,546	7,612	989	1,071	358	143	–	12,719
Disposals	–	–	(397)	–	–	–	–	–	(397)
Written off	–	–	(51)	(72)	(9)	–	–	–	(132)
At 31 December 2023	–	24,006	44,927	3,142	3,473	4,993	463	–	81,004
Net carrying amount									
At 31 December 2023	95	92,758	40,776	7,240	477	1,019	972	538	143,875

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets held under financing arrangements

During the financial year, the Group acquired motor vehicles with an aggregate cost of RM330,000 (2023: RM226,000) by means of financing arrangements. The carrying amount of motor vehicles and machineries and equipment held under financing arrangements at the end of the year ended 31 December 2024 were RM809,000 (2023: RM540,000) and RM1,653,000 (2023: RM1,929,000) respectively. The assets are pledged as security under the financing arrangements.

Included in the depreciation for the year is depreciation of RM382,000 (2023: RM402,000) relating to assets acquired under the financing arrangements.

The cash outflow in relation to these financing arrangements during the year was RM697,000 (2023: RM645,000).

Assets pledged as security

In addition to assets held under financing arrangements, the Group's buildings with a carrying amount of RM28,599,000 (2023: RM29,379,000) were pledged to secure the Group's bank borrowings (Note 20) as at 31 December 2024.

Assets held for sales

The amount of property, plant and equipment that were classified by the Group as held-for-sale were as follows:

	Group	
	2024	**2023**
	RM'000	**RM'000**
Machineries and equipment	**130**	130

13 INVESTMENT IN SUBSIDIARIES

	Company	
	2024	**2023**
	RM'000	**RM'000**
Unquoted equity shares, at carrying value		
At 1 January	**47,612**	48,469
Additions	**7,013**	–
	54,625	48,469
Less: Impairment loss on investment in a subsidiary	**(378)**	(857)
At 31 December	**54,247**	47,612

During the year ended 31 December 2023, the amount due from a subsidiary was reclassified from investment in subsidiaries to amount due from a subsidiary as a result of a debt settlement agreement entered between the Company and the subsidiary (Note 15).

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13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group

The Group has the following investments in subsidiaries as at the reporting periods:

Name of subsidiaries	Principal place of business	Principal activities	Proportion of ownership interest 2024 %	2023 %
Held by the Company:				
LY Furniture Sdn. Bhd.	Malaysia	Manufacturing of all kinds of furniture and any type of woodwork or building product	**100**	100
Leyo Holdings Sdn. Bhd.	Malaysia	Investment holding, conducting research in designing any furniture under the Company's patents and carry on all or any of the business of general merchants	**51**	51
LY Unity Sdn. Bhd.	Malaysia	Investment holding	**51**	–
Held through LY Furniture Sdn. Bhd.				
Leyo Manufacturing Sdn. Bhd.	Malaysia	Manufacturing of all kinds of furniture	**100**	100
LY Hostel Management Sdn Bhd (formerly known as LY Global Hub Sdn. Bhd.)	Malaysia	Inactive	**100**	100
Held through Leyo Holdings Sdn. Bhd.				
Titan Hardware Sdn. Bhd.	Malaysia	Inactive	**100**	100
Held through LY Unity Sdn. Bhd.				
Unity Kitchen (KL) Sdn. Bhd.	Malaysia	Retail sale of household furniture and installation	**100**	–
Unity Manufacturing Sdn. Bhd.	Malaysia	Manufacturing of all kinds of furniture	**100**	–
Unity Kitchen Design Sdn Bhd	Malaysia	Dealership in household furniture	**70**	–

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Impairment testing of cost of investment

The Company reviews the investment in LEH for impairment as there are changes in circumstances which indicate that the carrying amount of the investment exceed its recoverable amount.

The carrying amounts of cost of investment in LEH are as follows:

	2024 RM'000	2023 RM'000
Cost of investment in LEH	**1,235**	1,235
Less: Accumulated impairment loss	**(1,235)**	(857)
	-	378

The recoverable amounts have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	Leyo Holdings Sdn. Bhd. and its subsidiary (collectively, "LHG")	
	2024 %	2023 %
Discount rate	**17.1**	18.4
Terminal growth rates	**2.0**	2.0

Based on management's assessment, an impairment of RM378,000 (2023: RM857,000) was recorded for the year ended 31 December 2024.

(b) Acquisition of subsidiaries

On 1 August 2024, the Group completed the acquisition of 510,000 ordinary shares, representing 51% equity interest in LY Unity Sdn Bhd and its subsidiaries ("LYUG") for RM7,012,500 ("Acquisition of LYUG"), a strategic move to expand into a new retail market in Malaysia, which it has not previously explored.

The provisional fair value of the identifiable assets and liabilities of the acquired businesses as at the acquisition date were:

	Provisional fair value recognised on acquisition RM'000
Cash consideration	**6,013**
Contingent consideration (Note 18 and Note 21)	**1,000**
	7,013
Fair value of net liabilities acquired	**718**
Provisional goodwill (Note 14)	**7,731**

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Acquisition of subsidiaries (Continued)

Provisional accounting of the Acquisition of LYUG

The purchase price allocation ("PPA") exercise has not been completed as the determination of fair valuation of the assets and liabilities acquired by an independent expert is still in progress. The PPA exercise is expected to be completed in 2025.

Goodwill arising from this acquisition, the carrying amount of the trademark, deferred tax liability and amortisation of the brand will be adjusted accordingly when the valuation of the purchase price allocation is finalised within 12 months from 1 August 2024.

Summarised statement of financial position – LYUG

	Provisional fair value recognised on acquisition RM'000
NON-CURRENT ASSETS	
Property, plant and equipment (Note 12)	**2,209**
Right-of-use assets (Note 23)	**1,332**
Intangible assets (Note 14)	**2**
	3,543
CURRENT ASSETS	
Inventories	**571**
Trade and other receivables	**206**
Prepaid operating expense	**40**
Cash and cash equivalents	**1,738**
	2,555
TOTAL ASSETS	**6,098**
CURRENT LIABILITIES	
Trade and other payables	**1,768**
Contract liabilities (Note 4(b))	**1,893**
Accrued operating expenses	**53**
Lease liabilities	**1,332**
	5,046
NON-CURRENT LIABILITIES	
Loans and borrowings	**2,459**
	2,459
TOTAL LIABILITIES	**7,505**
NET LIABILITIES	**1,407**

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Acquisition of subsidiaries (Continued)

Summarised statement of financial position – LYUG (Continued)

	At date of acquisition RM'000
Total fair value of net liabilities acquired attributable to:	
– Owners of the Company	**718**
- Non-controlling interest	**689**
	1,407
Cash consideration	**(6,013)**
Less: cash and cash equivalents of subsidiaries acquired	**1,738**
Net cash outflow for the acquisition of subsidiaries	**(4,275)**

(c) Interest in subsidiary with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Profit/(Loss) allocated to NCI RM'000	Retained earnings/ (Accumulated deficit) of NCI RM'000	Dividends paid to NCI RM'000
31 December 2024					
LHG	**Malaysia**	**49%**	**640**	**(2,698)**	**-**
LYUG	**Malaysia**	**49%**	**562**	**(127)**	**-**
31 December 2023					
LHG	Malaysia	49%	(68)	(3,338)	–

There is no restriction on the Group's ability to use or access assets and settle liabilities of the subsidiaries with material non-controlling interests.

	2024 RM'000	2023 RM'000
Carrying value of non-controlling interest	**(2,825)**	(3,338)

NOTES TO THE **FINANCIAL STATEMENTS**

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13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Summarised financial information about subsidiary with material NCI

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations:

Summarised statement of financial position – LHG

	LHG	
	2024 RM'000	**2023 RM'000**
Current		
Assets	**1,833**	6,433
Liabilities	**(10,293)**	(6,201)
Net current (liabilities)/assets	**(8,460)**	232
Non-current		
Assets	**3,100**	3,209
Liabilities	**(147)**	(10,255)
Net non-current assets/(liabilities)	**2,953**	(7,046)
Net liabilities	**(5,507)**	(6,814)
Summarised statement of comprehensive income		
Revenue	**3,549**	7,382
Profit/(loss) before income tax	**1,675**	(137)
Income tax expense	**(368)**	(1)
Profit/(loss) after tax from continuing operations, representing total comprehensive income/(loss)	**1,307**	(138)
Other summarised information		
Net cash flows generated from/(used in) operating activities	**628**	(688)

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Summarised financial information about subsidiary with material NCI (Continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations:

Summarised statement of financial position – LYUG

	LYUG 2024 RM'000
Current	
Assets	3,248
Liabilities	(6,440)
Net current liabilities	(3,192)
Non-current	
Assets	3,264
Liabilities	(407)
Net non-current assets	2,857
Net liabilities	(335)
Summarised statement of comprehensive income since acquisition	
Revenue	9,726
Profit before income tax	1,580
Income tax expense	(508)
Profit after tax from continuing operations, representing total comprehensive income	1,072
Other summarised information	
Net cash flows used in operating activities	293

The effect of the revenue and profit of LYUG to the Group for the financial year if LYUG had been acquired on 1 January 2024 are RM20,710,000 and RM491,000 respectively.

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

14 INTANGIBLE ASSETS

	Goodwill RM'000	Trademarks RM'000	Total RM'000
Group			
Cost			
At 1 January 2024	**2,639**	**432**	**3,071**
Acquisition of subsidiaries (Note 13(b))	**7,731**	**2**	**7,733**
31 December 2024	**10,370**	**434**	**10,804**
Accumulated amortisation			
At 1 January 2024	**-**	**250**	**250**
Amortisation	**-**	**50**	**50**
At 31 December 2024	**-**	**300**	**300**
Net carrying amount			
At 31 December 2024	**10,370**	**134**	**10,504**
Cost			
At 1 January 2023 and 31 December 2023	2,639	432	3,071
Accumulated amortisation			
At 1 January 2023	-	199	199
Amortisation	-	51	51
At 31 December 2023	-	250	250
Net carrying amount			
At 31 December 2023	2,639	182	2,821

Goodwill allocated to LEH CGU and LYUG CGU as at 31 December 2024 amounted to RM2,639,000 and RM7,731,000 respectively.

Amortisation expense

The trademarks were acquired through business combinations and have a useful life of 8.5 and 6.6 years respectively based on the remaining period granted by the relevant government agencies.

The amortisation of trademarks is included in "Selling and Administrative expenses" line items in consolidated statement of comprehensive income.

Management has performed an impairment assessment of goodwill, no impairment loss was recognised for the financial year ended 31 December 2024 and 2023 (Note 3).

Goodwill arising from acquisition

The goodwill of RM7,731,000 comprises the value of the Group's expansion into the retail market in Malaysia as to successfully penetrate the Malaysian retail market which may otherwise require a significant learning curve spanning several years with substantial investments. It also includes the previous owners' expertise and experience in the Malaysian retail market when they joined the Group, which has not been recognised separately and does not meet the criteria for recognition as an intangible asset under SFRS(I) 1-38. The goodwill recognised is not deductible for income tax purposes.

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

15 AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2024	**2023**
	RM'000	**RM'000**
Amounts due from subsidiaries	**12,636**	15,987
Less: Expected credit losses	**(3,622)**	(2,387)
	9,014	13,600
Non-current	**6,030**	8,021
Current	**2,984**	5,579
Total	**9,014**	13,600

The amount due from subsidiaries are non-trade, unsecured and interest bearing at prevailing fixed deposit rate. The weighted average effective interest rate as at 31 December 2024 was 2.63% (2023: 2.80%). The Company entered into a debt settlement agreement on 2 January 2023 with one of its subsidiaries. The non-current amounts due from subsidiaries are repayable when cash flows of the subsidiaries permit. The current amounts are expected to be repaid in the next financial year.

The expected credit losses is in respect of the discounting effect of the long term amount due from a subsidiary.

16 INVENTORIES

	Group	
	2024	**2023**
	RM'000	**RM'000**
Raw materials	**34,622**	28,186
Work-in-progress	**15,254**	11,600
Finished goods	**10,771**	12,030
Consumables	**93**	–
	60,740	51,816
Less: Allowance for slow moving inventories	**(3,935)**	(1,932)
Less: Allowance for inventories written down	**(2,310)**	–
	54,495	49,884
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	**129,578**	121,666

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

17 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Trade receivables	**16,112**	10,889	**–**	–
Deposits	**1,046**	816	**8**	7
Other receivables	**3,597**	5,274	**–**	–
Advance payment to suppliers	**5,359**	3,115	**–**	–
	26,114	20,094	**8**	7
Less: Allowance for doubtful debts on trade receivables and deposits paid	**(225)**	(202)	**–**	–
Total trade and other receivables	**25,889**	19,892	**8**	7
Add: Cash and cash equivalents (Note 19)	**17,671**	54,215	**851**	4,290
Add: Deposits with bank (Note 18)	**1,000**	–	**1,000**	–
Total financial assets carried at amortised cost	**44,560**	74,107	**1,859**	4,297

Trade receivables

Trade receivables are non-interest bearing and are generally on 5 to 45 days (2023: 5 to 40 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables denominated in foreign currency at the reporting periods are as follows:

	Group	
	2024	**2023**
	RM'000	**RM'000**
United States Dollar	**13,883**	10,405

18 DEPOSITS WITH BANK

The deposits with bank consists of the purchase consideration of LYUG to be kept as a retention sum via a bank deposit as contingent consideration (Note 13(b)) to cover any shortfall in the guaranteed profit (Note 21).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

19 CASH AND CASH EQUIVALENTS

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Cash at banks and on hand	**17,671**	54,215	**851**	4,290

Cash at banks earn interest at floating rates based on daily bank deposits rates ranging from 0.10% to 3.45% (2023: 0.10% to 3.45%).

Cash and cash equivalents denominated in currency other than functional currency are as follows:

	Group	
	2024	2023
	RM'000	RM'000
United States Dollar	**13,114**	46,968
Singapore Dollar	**382**	3,788
Chinese Renminbi	**6**	6

20 LOANS AND BORROWINGS

	Group	
	2024	2023
	RM'000	RM'000
Current:		
Bankers' acceptances	**12,692**	1,786
Financing arrangements	**756**	680
Term loan	**12,628**	14,227
	26,076	16,693
Non-current:		
Financing arrangements	**718**	1,161
Term loan	**-**	8,380
	718	9,541
Total loans and borrowings	**26,794**	26,234

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

20 LOANS AND BORROWINGS (CONTINUED)

Bankers' acceptances, short term financing and term loan

The interest rates at the end of the reporting period were as follows:

	Group	
	2024	**2023**
	%	**%**
Floating rates:		
Bankers' acceptances	**3.62 to 4.40**	3.70 to 3.88
Term loan	**4.70 to 7.36**	4.70 to 8.16
Fixed rates:		
Financing arrangements	**2.50 to 3.95**	2.50 to 3.95

The Group has the following principal bank loans which are subject to floating interest rate:

(i) A loan as of 31 December 2024 of RM1,377,000 (2023: RM2,694,000). The loan was drawn down in November 2020 and March 2021. Monthly repayment commenced in January 2021 and will continue until December 2025. The loan carries an effective interest rate at 4.70% (2023: 4.70%) per annum.

(ii) A loan as of 31 December 2024 of RM4,463,000 (2023: RM9,208,000). The loan was drawn down in December 2020. Quarterly repayment commenced in March 2021 and will continue until December 2025. The loan carries an effective interest rate at 7.32% (2023: 7.78%) per annum.

(iii) A loan as of 31 December 2024 of RM6,788,223 (2023: RM10,705,000). The loan was drawn down in May 2021. Monthly repayment commenced in December 2021 and will continue until November 2026. The loan carries an effective interest rate at 7.36% (2023: 8.16%) per annum.

The bankers' acceptances and short-term financing are secured by corporate guarantee provided by the Company. The term loans are secured by mortgage over certain buildings, leasehold land, machineries and equipment and corporate guarantee provided by the Company.

As at 31 December 2024, one of the subsidiaries breached its covenants with banks that granted short term financing and term loan to the said subsidiary. The subsidiary has subsequently obtained waivers from two of the banks and expects to receive the waivers from the remaining one bank in due course. Nevertheless, as required under SFRS(I) 1-1 *Presentation of Financial Statements*, in the event of a breach of loan covenant on or before the end of reporting date, an entity is required to classify a liability as current as it no longer has the unconditional right to defer its settlement for at least twelve months after that date. Accordingly, the non-current portion of the term loan amounting to RM3.2 million has been reclassified as current liabilities as at 31 December 2024 to comply with SFRS(I) 1-1 (2023: RM4.6 million).

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

20 LOANS AND BORROWINGS (CONTINUED)

Financing arrangements

The financing arrangements are secured by a charge over the respective assets (Note 12) and bear interest at rates ranging from 2.50% to 3.95% (2023: 2.50% to 3.95%) per annum.

The Group has the following financing arrangements:

(i) Multiple financing arrangements totalling RM632,000 (2023: RM447,000) in relation to purchase of motor vehicles. The financing arrangements commenced in years between 2021 to 2024. Monthly repayments usually commenced in the following months and will continue between 2025 to 2029.

(ii) A financing arrangement of RM842,000 (2023: RM1,394,000) in relation to purchase of machineries and equipment. The financing arrangement commenced in years between 2020 to 2022. Monthly repayments commenced in the following months and will continue until 2025 to 2027.

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current				
Other payables	**1,000**	–	**1,000**	–
Current				
Trade payables	**10,804**	12,028	**–**	–
Other payables	**7,994**	22,246	**–**	–
Amount due to related parties (trade)	**594**	2,390	**–**	–
	19,392	36,664	**–**	–
Total trade and other payables	**20,392**	36,664	**1,000**	–
Add: Accrued operating expense	**1,328**	1,113	**637**	762
Add: Loans and borrowings (Note 20)	**26,794**	26,234	**–**	–
Add: Lease liabilities	**5,121**	5,606	**–**	–
Total financial liabilities carried at amortised cost	**53,635**	69,617	**1,637**	762

Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 5 to 90 days (2023: 5 to 90 days).

Trade payables denominated in foreign currency as at the reporting periods are as follows:

	Group	
	2024	**2023**
	RM'000	**RM'000**
United States Dollar	**1,456**	1,279

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

21 TRADE AND OTHER PAYABLES (CONTINUED)

Other payables (Group and Company)

Included within the "Trade and other payables" of the Group and Company is an amount of RM1,000,000 which relates to the contingent consideration for the acquisition of subsidiaries as disclosed in Note 13(b). This contingent consideration is due and payable on 1 January 2026 and 1 August 2026, subject to the fulfilment of a certain profit guarantee conditions.

The amount is interest bearing and is to be settled in cash by 31 December 2026.

Related party balances

Amounts due to related parties are unsecured, non-interest bearing, the normal trade credit terms granted is 14 days (2023: 14 days) and are to be settled in cash.

22 DEFERRED TAX

Deferred tax as at the reporting periods relate to the following:

	At 1.1.2023 RM'000	Recognised in profit or loss (Note 10) RM'000	At 31.12.2023 RM'000	Recognised in profit or loss (Note 10) RM'000	At 31.12.2024 RM'000
Deferred tax assets:					
Lease liabilities	1,853	(1,350)	503	417	**920**
Tax losses and allowances	–	4,302	4,302	436	**4,738**
Provisions	–	290	290	968	**1,258**
Others	–	244	244	(244)	**-**
Deferred tax liabilities:					
Differences in depreciation for tax purposes	(17,454)	(1,963)	(19,417)	371	**(19,046)**
Intangible assets	(68)	–	(68)	(1)	**(69)**
Right-of-use assets	(1,750)	1,292	(458)	(428)	**(886)**
Foreign exchange differences	–	–	–	(832)	**(832)**
Deferred tax liabilities, net	(17,419)	2,815	(14,604)	687	**(13,917)**

Unrecognised tax losses

As at 31 December 2024, one (2023: two) of the subsidiaries in the Group had unabsorbed tax losses of approximately RM9,173,000 (2023: RM7,959,000) that are available for offset against future taxable profit of the subsidiary for which no deferred tax is recognised. The unrecognised deferred tax assets in relation to unabsorbed tax losses at the tax rate of 24% is approximately RM2,202,000 (2023: RM1,910,000). The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses will be available for carry forward for a period of 10 consecutive years up to 2029 to 2034. Upon expiry of the 10 years, the unabsorbed tax losses will be disregarded.

Unrecognised capital allowances

As at 31 December 2024, one (2023: one) of the subsidiaries in the Group had unutilised capital allowances of approximately RM2,100,000 (2023: RM529,000) for which no deferred tax is recognised. The unutilised capital allowances do not expire under current tax legislation.

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22 DEFERRED TAX (CONTINUED)

Unrecognised investment tax allowance

As at 31 December 2024, one (2023: one) of the subsidiaries in the Group had unabsorbed investment tax allowance of approximately RM7,524,000 (2023: RM7,524,000) that are available for offset against future taxable profit of the subsidiary for which no deferred tax is recognised. The unrecognised deferred tax assets at the tax rate of 24% is approximately RM1,806,000 (2023: RM1,806,000). The use of this allowance is subject to the terms and conditions of the regulatory authority.

23 LEASES

Group as a lessee

The Group has lease contracts for land use rights, factory buildings, shoplots and residential units for manufacturing operation, warehousing, showrooms and as staff quarters. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets. The contract includes extension option which are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Leasehold land with aggregate carrying amount of RM1,707,010 (2023: RM1,753,836) were pledged to secure the Group's bank borrowings (Note 20) as at 31 December 2024.

The Group also has certain leases of office equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) Carrying amount of right-of-use assets

	Land use rights RM'000	Buildings RM'000	Total RM'000
Cost			
As at 1 January 2024	21,610	9,776	31,386
Acquisition of subsidiaries (Note 13(b))	-	1,332	1,332
Additions for the year	-	4,083	4,083
Lease modification	-	(5,879)	(5,879)
As at 31 December 2024	21,610	9,312	30,922
Accumulated Depreciation			
As at 1 January 2024	4,060	4,583	8,643
Depreciation	520	2,283	2,803
Lease modification	-	(2,495)	(2,495)
As at 31 December 2024	4,580	4,371	8,951
As at 31 December 2024	17,030	4,941	21,971

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

23 LEASES (CONTINUED)

Group as a lessee (Continued)

(a) Carrying amount of right-of-use assets (Continued)

	Land use rights RM'000	Buildings RM'000	Total RM'000
Cost			
As at 1 January 2023	21,610	17,716	39,326
Additions for the year	–	23	23
Lease modification	–	(7,963)	(7,963)
As at 31 December 2023	21,610	9,776	31,386
Accumulated Depreciation			
As at 1 January 2023	3,541	6,732	10,273
Depreciation	519	2,380	2,899
Lease modification	–	(4,529)	(4,529)
As at 31 December 2023	4,060	4,583	8,643
As at 31 December 2023	17,550	5,193	22,743

(b) Amounts recognised in profit or loss

	2024 RM'000	2023 RM'000
Depreciation of right-of-use assets	**2,803**	2,899
Interest expense on lease liabilities (Note 6)	**304**	285
Short-term leases and leases of low value assets	**768**	761
Total amount recognised in profit or loss	**3,875**	3,945

(c) Total cash outflow

The Group had total cash outflow for leases of RM3,360,000 and RM3,460,000 in the years ended 31 December 2024 and 2023 respectively.

Group as a lessor

(a) Nature of the Group's leasing activities – Group as a lessor

The Group has leased out their owned properties as well as machineries and equipment to third parties for monthly lease payments. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income are disclosed in Note 5.

The cash inflow from the lease of these properties as well as machineries and equipment for the financial year was RM1,192,000 (2023: RM878,000).

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23 LEASES (CONTINUED)

Group as a lessor (Continued)

(b) Nature of the Group's leasing activities – Group as an intermediate lessor

Sub-leases – classified as operating leases

The Group acts as an intermediate lessor under arrangements in which it sub-leases out factory building to third party for monthly lease payments. The sub-lease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as operating leases.

Income from sub-leasing the factory building recognised during the year ended 31 December 2024 was RM448,000 (2023: RM692,000).

(c) Maturity analysis of lease payments – Group as a lessor

The table below discloses the undiscounted lease payments to be received by the Group for its leases and sub-leases after the reporting date as follows:

	2024 RM'000	2023 RM'000
Less than one year	**1,544**	1,328
One to two years	**998**	649
Two to five years	**451**	216
Total undiscounted lease payments	**2,993**	2,193

24 SHARE CAPITAL

	Group and Company			
	2024		2023	
	Number of shares	RM'000	Number of shares	RM'000
Issued and fully paid ordinary shares				
At 1 January and 31 December	**489,144,200**	**66,135**	489,144,200	66,135

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary share has no par value.

25 TREASURY SHARES

	Group and Company			
	2024		2023	
	Number of shares	RM'000	Number of shares	RM'000
At 1 January	**310,400**	**173**	310,400	173
Purchase during the year	**34,600**	**10**	–	–
At 31 December	**345,000**	**183**	310,400	173

Treasury shares relate to ordinary shares of the Company that are held by the Company. The Company purchased 34,600 (2023: Nil) of its shares in the open market during the financial year for total consideration of RM10,000 (2023: Nil).

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26 MERGER RESERVE

This represents the difference between the deemed cost of acquiring the subsidiary and the share capital of the subsidiary pursuant to the Restructuring Exercise as described in Note 2.4(c).

27 OTHER RESERVE

This represents the difference between the consideration paid/transferred and the equity acquired is reflected within the equity as described in Note 2.4(d).

28 RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2024	**2023**
	RM'000	**RM'000**
Director-related companies*:		
Rental received	**7**	190
Rental waiver granted	**–**	(256)
Rental paid	**(526)**	(300)
Purchase of property, plant and equipment	**(16)**	–
Sub-contractor costs	**(5,293)**	(6,607)
Rental paid to a director of the Company	**(31)**	(29)

* Related companies comprise mainly companies which are controlled by the Group's key management personnel and their close family members.

(b) Compensation of key management personnel

	Group	
	2024	**2023**
	RM'000	**RM'000**
Salaries and bonuses	**3,207**	3,517
Employee Provident Fund	**168**	187
	3,375	3,704
Comprise amounts paid to:		
Directors of the Company	**2,379**	2,613
Other key management personnel	**996**	1,091
	3,375	3,704

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28 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Commitments with related parties

On 14 March 2024, LYFSB entered into a 33-month agreement commencing on 1 April 2024 and ending 31 December 2026 with Lian Yu Asset Management Sdn. Bhd. ("LYAM"), a director-related company, for the lease of building. The Group expects the rental paid to LYAM to be RM156,000 in 2025.

On 6 April 2024, LYFSB entered into a 30-month agreement commencing on 1 July 2024 and ending 31 December 2026 with LYAM, a director-related company, for the lease of building. The Group expects the rental paid to LYAM to be RM168,000 in 2025.

On 30 October 2024, LYFSB entered into a 36-month agreement commencing on 1 November 2024 and ending 31 October 2027 with Lian Yu Furniture Industries ("LYFI"), a director-related company, for the lease of building. The Group expects the rental paid to LYFI to be RM408,000 in 2025.

29 COMMITMENTS

Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2024	**2023**
	RM'000	**RM'000**
Capital commitments in respect of property, plant and equipment	**203**	734

30 GUARANTEES

As at 31 December 2024 and 2023, the Company has provided corporate guarantees for bank facilities taken by subsidiaries amounting to RM102,203,000 and RM122,874,000 respectively.

31 CONTINGENT LIABILITIES

The Company's 51%-owned subsidiary, LEH, had on 13 November 2024, received a letter of demand from the solicitors representing Synergy House Furniture Sdn Bhd ("Synergy") in relation to the royalty payment made to LEH by Synergy up to the date of the letter, amounted to RM823,395.61.

The Company's subsidiary, LYFSB, has initiated a claim against Xin Hwa Trading & Transport Sdn Bhd ("Xin Hwa") ("Claim by LYFSB") for a sum of USD78,889.53 comprises the value of missing inventories that were stored in one of the warehouses of Xin Hwa. In response to the Claim by LYFSB, Xin Hwa has filed a counter claim against LYFSB for an amount of RM311,501.12 in relation to the outstanding fees for warehousing services provided by Xin Hwa to LYFSB.

No provision has been made for the above contingent liabilities in the financial year reported on as the directors are of the opinion that, based on legal advice obtained, the Group has a good chance of defending the claims.

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32 FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at he measurement date;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Unobservable inputs for the asset or the liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The carrying amount of financial assets and liabilities are reasonable approximation of fair values.

Fair value of trade and other receivables, payables and accrued operating expenses are not materially different from their carrying amounts. The Group does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The directors review and agree on policies and procedures for the management of these risks, which are executed by the management team. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For cash and bank balances, the Group recognise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while recognised losses due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal and external credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 180 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

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33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Trade receivables

The Group has applied the simplified approach to measure the lifetime expected credit losses for trade receivables.

Trade receivables are subject to immaterial credit losses except for those individually determined to be impaired. To measure the expected credit losses, trade receivables have been individually assessed upon credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts for forward-looking macroeconomics factors.

At each reporting date, the Group assesses whether trade receivables are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group considered that there was evidence if any of the following indicators were present:

- There is significant difficulty of debtor.
- Breach of contractual credit term, such as default or past due event.
- It is probable that the debtor will enter bankruptcy or other financial reorganisation.
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation.

The Group categorises trade receivables for write off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

As at 31 December 2024, management has identified debtors to be credit impaired as they experienced significant financial difficulties. Hence, management has assessed the recoverability of the outstanding balances separately from the provision matrix.

	Group	
	2024	**2023**
	RM'000	**RM'000**
Gross amount	**73**	50
Less: Allowance for impairment	**(73)**	(50)
	–	–

NOTES TO THE **FINANCIAL STATEMENTS**

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33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Trade receivables (Continued)

The Group's credit risk exposure in relation to trade receivables as at 31 December 2024 and 2023 are set out as follows:

31 December 2024 RM'000	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**More than 120 days past due**	**Total**
Gross carrying amount:						
Malaysia	**3,128**	**382**	**497**	**–**	**28**	**4,035**
United States of America	**8,115**	**752**	**–**	**–**	**3**	**8,870**
Hong Kong	**3,134**	**–**	**–**	**–**	**–**	**3,134**
	14,377	**1,134**	**497**	**–**	**31**	**16,039**

31 December 2023 RM'000	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**More than 120 days past due**	**Total**
Gross carrying amount:						
Malaysia	1,336	347	–	–	62	1,745
United States of America	5,572	228	623	46	608	7,077
Hong Kong	1,751	–	–	–	2	1,753
Others	232	–	–	–	32	264
	8,891	575	623	46	704	10,839

The Group's trade receivables are subject to immaterial credit loss. The Group has credit insurance policies in place whereby it can seek compensation to prevent a significant loss in the event of non-payment by certain debtors.

Excessive credit risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of credit risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels. The Group does not apply hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	RM'000	%
2024		
By country:		
United States of America	**8,870**	**55.3**
Malaysia	**4,035**	**25.2**
Hong Kong	**3,134**	**19.5**
	16,039	**100.0**

	RM'000	%
2023		
By country:		
United States of America	7,077	65.3
Malaysia	1,745	16.1
Hong Kong	1,753	16.2
Others	264	2.4
	10,839	100.0

At the end of the reporting period approximately 74% (2023: 73%) of the Group's trade receivables were due from the 5 (2023: 5) major customers located in United States of America, Hong Kong and Malaysia.

The Group and the Company held deposit, cash and bank balances of RM18,671,000 and RM1,851,000, respectively (2023: RM54,215,000 and RM4,290,000 respectively) with banks that are considered to have low credit risk. The cash balances are measured on 12-month ECL and subject to immaterial credit loss.

Other receivables are creditworthy debtors with good payment record with the Group are measured on 12-month ECL and subject to immaterial credit loss.

For amount due from a subsidiary, the Company monitors the credit risk based on past due information to assess if there is any significant increase in credit risk. As at 31 December 2024, the ECL was measured based on the repayment plan of the subsidiary. Accordingly, an ECL of RM1,235,000 (2023: RM2,387,000) was recognised based on discounting time value of money.

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33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with three different banks to meet its short-term working capital requirements. At the end of the reporting period, approximately 97.3% (2023: 63.6%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group has access to its undrawn banking facilities amounting to RM14,858,000 as at 31 December 2024 to meet its liquidity needs. The banking facilities are available at the Company's discretion since the facilities are pledged with the lands of the Group.

The Group assessed the concentration of risk with respect to refinancing its debt and breaches of debt covenants and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders, part of prior experience.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	On demand or within one year RM'000	One to five years RM'000	Total RM'000
31 December 2024			
Financial assets			
Trade and other receivables	25,889	-	25,889
Deposit with bank	1,000	-	1,000
Cash and cash equivalents	17,671	-	17,671
Total undiscounted financial assets	44,560	-	44,560
Financial liabilities			
Trade and other payables	19,392	1,000	20,392
Accrued operating expenses	1,328	-	1,328
Loans and borrowings	26,863	761	27,624
Lease liabilities	2,656	2,784	5,440
Total undiscounted financial liabilities	50,239	4,545	54,784
Excess of undiscounted financial assets over financial liabilities	(5,679)	(4,545)	(10,224)

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

Group	On demand or within one year RM'000	One to five years RM'000	Total RM'000
31 December 2023			
Financial assets			
Trade and other receivables	19,892	–	19,892
Cash and cash equivalents	54,215	–	54,215
Total undiscounted financial assets	74,107	–	74,107
Financial liabilities			
Trade and other payables	36,664	–	36,664
Accrued operating expenses	1,113	–	1,113
Loans and borrowings	17,846	10,203	28,049
Lease liabilities	1,987	4,067	6,054
Total undiscounted financial liabilities	57,610	14,270	71,880
Excess of undiscounted financial assets over financial liabilities	16,497	(14,270)	2,227

Company	On demand or within one year RM'000	One to five years RM'000	Total RM'000
31 December 2024			
Financial assets			
Trade and other receivables	**8**	**-**	**8**
Deposit with bank	**1,000**	**-**	**1,000**
Cash and cash equivalents	**851**	**-**	**851**
Amount due from a subsidiary	**2,984**	**6,030**	**9,014**
Total undiscounted financial assets	**4,843**	**6,030**	**10,873**
Financial liabilities			
Trade and other payables	**-**	**1,000**	**1,000**
Accrued operating expenses	**637**	**-**	**637**
Total undiscounted financial liabilities	**637**	**1,000**	**1,637**
Excess of undiscounted financial assets over financial liabilities	**4,206**	**5,030**	**9,236**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

Company	On demand or within one year RM'000	One to five years RM'000	Total RM'000
31 December 2023			
Financial assets			
Trade and other receivables	7	–	7
Cash and cash equivalents	4,290	–	4,290
Amount due from a subsidiary	5,579	8,021	13,600
Total undiscounted financial assets	9,876	8,021	17,897
Financial liabilities			
Accrued operating expenses	762	–	762
Total undiscounted financial liabilities	762	–	762
Excess of undiscounted financial assets over financial liabilities	9,114	8,021	17,135

The facilities expiring within one year from the statement of financial position date are subject to annual review at various dates during the year.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its borrowings.

Sensitivity analysis for interest rate risk

During the financial year, if interest rates had been 25 basis points (2023: 25 basis points) lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM51,000 (2023: the Group's profit net of tax would have been RM50,000 higher/lower) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the current observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily through sales that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily United States Dollars ("USD"). Approximately 80% (2023: 84%) of the Group's sales are denominated in foreign currencies whilst almost 74% (2023: 77%) of the costs are denominated in the respective functional currencies of the Group's entities. The Group's trade receivables and trade payables at the end of the reporting period have similar exposure.

NOTES TO THE **FINANCIAL STATEMENTS**

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33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (Continued)

The Group also holds cash, short-term deposits and short-term trade financing denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD and Singapore Dollars ("SGD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD and SGD against the functional currency of the Group, with all other variables held constant.

	2024 RM'000	**2023 RM'000**
USD/RM		
– strengthen by 9% (2023: 9%)	**1,331**	1,616
– weaken by 9% (2023: 9%)	**(1,331)**	(1,616)
SGD/RM		
– strengthen by 9% (2023: 9%)	**27**	260
– weaken by 9% (2023: 9%)	**(27)**	(260)

34 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 2023.

The Group monitors capital using a gearing ratio, which is total indebtedness divided by total capital. Total indebtedness comprises loans and borrowings whereas total capital comprises the equity attributable to owners of the Company.

The externally imposed financial covenant ratios on its debt service coverage ratio ("DSCR"), dividend payout and gearing ratio. These financial covenant ratios have been fully complied with by the Group for the financial year ended 31 December 2024 except for DSCR and dividend payout (Note 20).

	2024 RM'000	**2023 RM'000**
Loans and borrowings (Note 20)	**26,794**	26,234
Lease liabilities	**5,121**	5,606
	31,915	31,840
Equity attributable to the owners of the Company	**209,962**	216,925
Gearing ratio	**15.2%**	14.7%

There were no changes in the Group's approach to capital management during the financial year. Other than the securities on borrowings as disclosed in Note 20, the Group is not subject to any other externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

35 SEGMENT INFORMATION

(a) Business segments

The Group is organised into the following main business segments:

(i) Segment 1: Manufacturing and retailing of all kinds of furniture ("Furniture")

(ii) Segment 2: Manufacturing of any type of woodwork or building product ("Millwork")

These operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments.

	Furniture RM'000	Millwork RM'000	Total RM'000
2024			
Total segment revenue			
Revenue	142,928	79,444	222,372
Results			
Segment loss	(2,484)	(2,829)	(5,313)
Interest income from short-term deposits			1,097
Distributions from short-term investment security			104
Other income			6,277
Finance cost			(2,248)
Unallocated expenses			(5,411)
Loss before tax			(5,494)
Income tax charge			(257)
Loss after tax			(5,751)
Other segment information			
Depreciation and amortisation	11,621	2,926	14,547
Additions of non-current assets	4,945	1,063	6,008
Unallocated expense			429
Total additions of non-current assets			6,437
Non-cash expense other than depreciation*	280	3,325	3,605
Unallocated expense			2
Total non-cash expense other than depreciation			3,607

* Non-cash expense other than depreciation comprises of allowance for deposits paid, non-trade bad debts written off, unrealised exchange loss/(gain), write-off of property, plant and equipment, allowance for slow moving inventories, inventories written off and allowance for inventories written down.

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

35 SEGMENT INFORMATION (CONTINUED)

(a) Business segments (Continued)

	Furniture RM'000	Millwork RM'000	Total RM'000
2024			
Assets			
Segment assets	**193,782**	**77,937**	**271,719**
Unallocated assets			**3,398**
Total assets			**275,117**
Liabilities			
Segment liabilities	**40,373**	**12,043**	**52,416**
Unallocated liabilities			**15,564**
Total liabilities			**67,980**

	Furniture RM'000	Millwork RM'000	Total RM'000
2023			
Total segment revenue			
Revenue	140,344	58,518	198,862
Results			
Segment loss	(7,990)	(1,724)	(9,714)
Interest income from short-term deposits			1,349
Distributions from short-term investment security			97
Other income			4,746
Finance cost			(2,522)
Unallocated expenses			(4,883)
Loss before tax			(10,927)
Income tax charge			2,715
Loss after tax			(8,212)
Other segment information			
Depreciation and amortisation	12,964	2,705	15,669
Additions of non-current assets	1,258	914	2,172
Unallocated expense			245
Total additions of non-current assets			2,417
Non-cash expense other than depreciation*	2,960	289	3,249
Unallocated income			(2)
Total non-cash expense other than depreciation			3,247

* Non-cash expense other than depreciation comprises unrealised exchange loss/(gain), write-off of property, plant and equipment, allowance for slow moving inventories and inventories written off.

NOTES TO THE **FINANCIAL STATEMENTS**

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35 SEGMENT INFORMATION (CONTINUED)

(a) Business segments (Continued)

	Furniture RM'000	Millwork RM'000	Total RM'000
2023			
Assets			
Segment assets	216,815	73,564	290,379
Unallocated assets			7,429
Total assets			297,808
Liabilities			
Segment liabilities	62,709	5,365	68,074
Unallocated liabilities			16,147
Total liabilities			84,221

Notes:
Nature of adjustments to arrive at amounts reported in the consolidated financial statements

A The following items are deducted from segment results to arrive at "Loss before tax" presented in the consolidated statement of comprehensive income:

	2024 RM'000	2023 RM'000
Selling and administrative expenses	**(2,103)**	(1,496)
Other expenses	**-**	(21)
Directors' remuneration	**(3,308)**	(3,366)
	(5,411)	(4,883)

B Additions of non-current assets consist of additions to property, plant and equipment and land use rights.

C Other segment information:

	2024 RM'000	2023 RM'000
Depreciation of motor vehicles	**343**	337

D The following items are added to segment assets to arrive at total assets reported in the statement of financial position:

	2024 RM'000	2023 RM'000
Motor vehicles	**984**	898
Trade and other receivables	**(92)**	(149)
Prepaid operating expense	**145**	135
Tax recoverable	**1,382**	2,157
Cash and cash equivalents	**979**	4,388
	3,398	7,429

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

35 SEGMENT INFORMATION (CONTINUED)

(a) Business segments (Continued)

E The following items are added to segment liabilities to arrive at total liabilities reported in the statement of financial position:

	2024 RM'000	2023 RM'000
Loans and borrowings	**632**	447
Trade and other payables	**308**	334
Accrued operating expenses	**706**	762
Deferred tax liabilities	**13,918**	14,604
	15,564	16,147

(b) Geographical segments

Revenue and non-current assets information based on the geographical location (billing location) of customers and assets respectively are as follow:

	2024		
	Furniture	**Millwork**	**Total**
Primary geographical markets			
Revenue			
United States of America	**95,490**	**19,585**	**115,075**
Malaysia	**43,170**	**907**	**44,077**
Hong Kong	**–**	**58,952**	**58,952**
United Arab Emirates	**2,813**	**–**	**2,813**
Others	**1,455**	**–**	**1,455**
	142,928	**79,444**	**222,372**
Non-current assets			
Malaysia			**172,138**

	2023		
	Furniture RM'000	**Millwork RM'000**	**Total RM'000**
Primary geographical markets			
Revenue			
United States of America	96,192	22,000	118,192
Malaysia	31,869	463	32,332
Hong Kong	1	34,808	34,809
Republic of China	2,705	–	2,705
United Arab Emirates	2,422	–	2,422
Japan	2,944	–	2,944
Others	4,211	1,247	5,458
	140,344	58,518	198,862
Non-current assets			
Malaysia			169,439

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024

35 SEGMENT INFORMATION (CONTINUED)

(b) Geographical segments (Continued)

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets and intangible assets as presented in the statement of financial position.

Information about major customers

Revenue from three (2023: three) major customers amount to RM135,607,000 (2023: RM100,420,000).

36 SUBSEQUENT EVENTS

(a) The Company has on 17 January 2025 announced that it has entered into a share sale agreement dated 17 January 2025 ("SSA") with Lebo Design Sdn Bhd ("Lebo Design") for the proposed disposal of 210,000 ordinary shares in Leyo Holdings Sdn Bhd ("Leyo Holdings") representing 21% of the total issued share capital of Leyo Holdings by the Company to Lebo Design for a nominal cash consideration of RM1.00 in accordance with the terms and conditions as stipulated in the SSA (the "Proposed Disposal"). The disposal is expected to be completed in 2031.

(b) The recent imposition of a 24% tariff on imports from Malaysia, while not the highest in the Association of Southeast Asian Nations (ASEAN), may lead to increased costs and pricing pressure. The heightened tariffs imposed on multiple countries, including Malaysia, could contribute to inflation in the USA, potentially leading to shifts in consumer behaviour and reduced demand within our furniture segment as customers become more selective in their purchasing decisions. The directors will continue to assess the impact of these tariffs to determine the impact to the financial statements, if any.

37 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on 9 April 2025.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LY CORPORATION LIMITED

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of LY Corporation Limited ("the Company") and its subsidiaries ("the Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and changes in equity of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2024;
- the statements of financial position of the Group and the Company as at 31 December 2024;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the statement of changes in equity of the Company for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE **MEMBERS OF LY CORPORATION LIMITED**

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of goodwill, property, plant and equipment and right-of-use assets *(Refer to Note 2.7 and Note 3.1(a) to the financial statements.)* As at 31 December 2024, the carrying amounts of goodwill, property, plant and equipment and right-of-use assets of the Group were RM10,370,000, RM139,663,000 and RM21,971,000, respectively. The impairment testing of goodwill, property, plant and equipment and right-of-use assets is considered to be a key audit matter due to the significance of the carrying amounts of goodwill, property, plant and equipment and right-of-use assets and the significance of management's judgement and estimate in the determination of the recoverable amounts.	Our audit procedures included: • Assessed the appropriateness of management's identification of the relevant cash-generating units ("CGUs") which were determined as part of the impairment assessment; • Assessed the reasonableness of key assumptions and inputs used by management in measuring the recoverable amounts against on our knowledge of the Group's business and industry, with the involvement of our valuation specialist; • Tested management's source data to supporting evidence such as available market information, historical trends, order books and correspondences, and assessed the reasonableness of cash flow projections; and • Checked the mathematical accuracy of the cash flow projections and evaluated management's sensitivity analysis. Based on our audit procedures, we noted management's key assumptions to be within a reasonable range of our expectations. We also considered the adequacy of disclosures in the financial statements, describing the methodologies used, degree of subjectivity and key assumptions used in the estimates.

Other Information

Management is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LY CORPORATION LIMITED

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We have also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LY CORPORATION LIMITED

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Rebekah Khan.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 9 April 2025

STATISTICS OF **SHAREHOLDINGS**

AS AT 14 MARCH 2025

Issued and fully paid-up capital	:	S$22,985,000
Number of shares issued (including treasury shares)	:	489,144,200
Number and percentage of treasury shares	:	345,000 (0.07%)
Number of shares issued (excluding treasury shares)	:	488,799,200
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share. The Company cannot exercise any voting rights in respect of the shares held by it as treasury shares.
Subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 14 MARCH 2025

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	7	2.78	1,800	0.00
1,001 – 10,000	60	23.81	407,700	0.08
10,001 – 1,000,000	175	69.44	30,315,900	6.20
1,000,001 AND ABOVE	10	3.97	458,073,800	93.72
TOTAL	**252**	**100.00**	**488,799,200**	**100.00**

TWENTY-ONE LARGEST SHAREHOLDERS AS AT 14 MARCH 2025

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	LIAN YU HOLDINGS PTE LTD	355,159,700	72.66
2	CROWN LEAP LIMITED	59,740,800	12.22
3	UOB KAY HIAN PTE LTD	19,023,600	3.89
4	CITIBANK NOMINEES SINGAPORE PTE LTD	8,340,000	1.71
5	PHILLIP SECURITIES PTE LTD	7,016,400	1.44
6	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	3,083,000	0.63
7	TEE BOON HUAT	2,170,000	0.44
8	CHANG CHING CHAU @ TEW KING CHANG	1,294,000	0.26
9	OCBC SECURITIES PRIVATE LTD	1,214,300	0.25
10	TAN FIE PING	1,032,000	0.21
11	KHOR KENG SEAH	935,000	0.19
12	TANG HEE SUNG	860,000	0.18
13	TAN AI LUANG	800,000	0.16
14	LAU CHIA EN	788,462	0.16
15	TAN YI ZE	750,000	0.15
16	KHOR GUAN CHIANG	668,000	0.14
17	LIM POH HUNG	630,000	0.13
18	CHINK POH CHENG @ CHNG POH CHENG	625,000	0.13
19	KOH PI HWEE	620,000	0.13
20	NEO PUAY KEONG	610,000	0.12
21	PHUA WEE HONG	610,000	0.12
	TOTAL	**465,970,262**	**95.32**

NOTE: PERCENTAGE COMPUTED IS BASED ON 488,799,200 SHARES IN ISSUE (EXCLUDING SHARES HELD AS TREASURY SHARES) AS AT 14 MARCH 2025. TREASURY SHARES AS AT 14 MARCH 2025 ARE 345,000 SHARES

STATISTICS OF **SHAREHOLDINGS**

AS AT 14 MARCH 2025

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Lian Yu Holdings Pte. Ltd.	355,159,700	72.66	–	–	355,159,700	72.66
Crown Leap Limited	59,740,800	12.22	–	–	59,740,800	12.22
Tan Kwee Chai(1)	3,660,400	0.75	355,159,700	72.66	358,820,100	73.41
Tan Kwee Lim(2)	2,303,300	0.47	355,159,700	72.66	357,463,000	73.13
Shen Min-Hui(3)	–	–	59,740,800	12.22	59,740,800	12.22

(1) Mr Tan Kwee Chai is deemed to be interested in the shares held by Lian Yu Holdings Pte. Ltd. in the share capital of the Company through his 43.17% of interest held in Lian Yu Holdings Pte. Ltd.

(2) Mr Tan Kwee Lim is deemed to be interested in the shares held by Lian Yu Holdings Pte. Ltd. in the share capital of the Company through his 22.37% of interest held in Lian Yu Holdings Pte. Ltd.

(3) Mr Shen Min-Hui is the director and holds 100% of the issued shares of Crown Leap Limited. He is therefore deemed to be interested in all the shares held by Crown Leap Limited in the Company.

SHAREHOLDING HELD IN PUBLIC HANDS

Approximately 13.01% of the shareholding of the Company is held in the hands of the public as at 14 March 2025 and Rule 723 of the Catalist Rules is complied with.

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that Annual General Meeting of the Company will be convened and held at Room 333, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on Tuesday, 29 April 2025 at 2.30 p.m. for the purpose of transacting the following business:-

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2024 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To approve the proposed Directors' fees of up to S$150,000 for the financial year ending 31 December 2025, to be paid quarterly in arrears. **(Resolution 2)**

3. To re-elect Mr Tan Kwee Chai, who is retiring pursuant to Regulation 98 of the Company's Constitution, as a Director of the Company. *[See Explanatory Note (a)]* **(Resolution 3)**

4. To re-elect Datuk Yap Kheng Fah, who is retiring pursuant to Regulation 98 of the Company's Constitution, as a Director of the Company. *[See Explanatory Note (b)]* **(Resolution 4)**

5. To note Messrs PricewaterhouseCoopers LLP not seeking re-appointment as Auditors of the Company. *[See Explanatory Note (c)]*

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

7. **AUTHORITY TO ALLOT AND ISSUE SHARES**

"That pursuant to Section 161 of the Companies Act 1967 of Singapore ("**Companies Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to:

(a) (i) allot and issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options or convertible securities (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF **ANNUAL GENERAL MEETING**

provided that:

(1) the aggregate number of the Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings and as calculated in accordance with sub-paragraph (2) below), and provided further that where shareholders of the Company ("**Shareholders**") are not given the opportunity to participate in the same on a pro-rata basis, then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings and as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST from time to time) for the purpose of determining the aggregate number of the Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of passing this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from the exercising of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided that such share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company for the time being; and

(4) unless revoked or varied by the Company in a general meeting, such authority so conferred shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."
[See Explanatory Note (d)] **(Resolution 5)**

8. **AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE LY PERFORMANCE SHARE PLAN**

"That pursuant to Section 161 of the Companies Act and the provisions of the LY Performance Share Plan ("**LYPSP**"), authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of awards under the LYPSP, provided always that the aggregate number of additional ordinary Shares to be allotted and issued pursuant to LYPSP shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time."
[See Explanatory Note (e)] **(Resolution 6)**

NOTICE OF **ANNUAL GENERAL MEETING**

9. **RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE**

"That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Catalist Rules of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Catalist Rules of the SGX-ST), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to Annual Report dated 14 April 2025 (the "**Appendix**") with the interested persons described in the Appendix, provided that such transactions are made on normal commercial terms and are not prejudicial to the interest of the Company or its minority shareholders, and in accordance with the review procedures for such interested person transactions as set out in the Appendix (the "**IPT General Mandate**");

(b) the IPT General Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the date that the next Annual General Meeting of the Company is held or required by law to be held; and

(c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT General Mandate and/or this Resolution."

[See Explanatory Note (f)] **(Resolution 7)**

10. **RENEWAL OF THE SHARE BUYBACK MANDATE**

"That:

(1) for the purposes of Section 76C and 76E of the Companies Act, and such other laws and regulations as may for the time being be applicable, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire Shares (excluding treasury shares) not exceeding in aggregate the Prescribed Limit (as defined herein), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein), whether by way of;

    (a) on-market purchases transacted through the ready market of the SGX-ST, or through one or more duly licensed stock brokers appointed by the Company for the purpose ("**Market Purchase**"); and/or

    (b) off-market purchases otherwise than on a securities exchange, in accordance with an equal access scheme as defined in Section 76C of the Companies Act and as may be determined or formulated by the Directors as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act, the Constitution of the Company and the Catalist Rules of the SGX-ST ("**Off-Market Purchase**"),

    be and is hereby authorised and approved generally and unconditionally ("**Share Buyback Mandate**");

(2) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors, either be cancelled or held as treasury shares and dealt with in accordance with the Companies Act;

NOTICE OF **ANNUAL GENERAL MEETING**

(3) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors to purchase Shares pursuant to the Share Buyback Mandate may be exercised by the Directors any time and from time to time, on and from the date of the passing of this resolution, up to the earliest of:

(a) the date on which the next annual general meeting is held or is required by law to be held;

(b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate have been carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by Shareholders in a general meeting ("**Relevant Period**");

(4) in this resolution:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) market days on which transactions in the Shares were recorded, preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Catalist Rules of the SGX-ST, for any corporate action that occurs during the relevant five (5) day period and the day on which the purchases are made;

"**date of the making of the offer**" means the day on which the Company announces its intention to make an Off-Market Purchase from the Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid by the Company for the Shares as determined by the Directors and must not exceed the maximum price as set out below:

(a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(b) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares;

"**Prescribed Limit**" means such number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this resolution (excluding any treasury shares and subsidiary holdings as at that date), unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act. In which event, the total number of Shares shall be taken to be the total number of Shares altered; and

(5) any Director be and is hereby authorised, in his absolute discretion, to do any and all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as he may consider necessary, desirable or expedient or in the interest of the Company to give effect to the matters referred to in this resolution and the taking of any and all actions whatsoever, by any Director on behalf of the Company in connection with the Share Buyback Mandate prior to the date of the Annual General Meeting be and are hereby approved, ratified and confirmed."

[See Explanatory Note (g)] **(Resolution 8)**

NOTICE OF **ANNUAL GENERAL MEETING**

11. **CHANGE OF AUDITORS OF THE COMPANY FROM PRICEWATERHOUSECOOPERS LLP TO CLA GLOBAL TS PUBLIC ACCOUNTING CORPORATION**

"That:

(a) the retirement of Messrs PricewaterhouseCoopers LLP ("**PwC**") as Auditors of the Company at the conclusion of the Annual General Meeting be noted and in place thereof, Messrs CLA Global TS Public Accounting Corporation ("**CLA**") having consented to act, be and is hereby appointed as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration and on such terms as may be agreed between the Directors of the Company with CLA ("**Proposed Change of Auditors**"); and

(b) the Directors and any one of them be and are hereby authorised and empowered to approve and complete and do all such acts and things (including to approve, modify, ratify, sign, seal, execute and deliver all such documents as may be required) as they or he may consider expedient, desirable, necessary or in the interests of the Company to give effect to the Proposed Change of Auditors and/or this Resolution."

[See Explanatory Note (h)] **(Resolution 9)**

By Order of the Board

Chan Wan Mei
Company Secretary

14 April 2025
Singapore

Explanatory Notes:

(a) If re-elected under Resolution 3, Mr Tan Kwee Chai will remain as the Executive Director of the Company. Mr Tan Kwee Chai is father of Mr Tan Yong Chuan (the Executive Director and Chief Executive Officer) and uncle of Ms Tan Ai Luang (the Executive Director). Key information of Mr Tan Kwee Chai, who is seeking re-election as a Director of the Company, can be found under the "Board of Directors" and "Disclosure of information on Directors seeking re-election" sections of the Annual Report.

(b) If re-elected under Resolution 4, Datuk Yap Kheng Fah will remain as the Non-Independent Non-Executive Director, and a member of the Audit and Risk Committee and Remuneration Committee. Datuk Yap Kheng Fah does not hold any Shares in the Company and has no relationships with the Company, its related corporation, its substantial shareholders or its Directors. Key information on Datuk Yap Kheng Fah, who is seeking re-election as a Director of the Company, can be found under the "Board of Directors" and "Disclosure of information on Directors seeking re-election" sections of the Annual Report.

(c) Messrs PricewaterhouseCoopers LLP did not seek re-appointment as auditors of the Company upon their retirement at the AGM for the ensuing financial year ending 31 December 2025.

(d) The proposed Ordinary Resolution 5, if passed, will empower the Directors of the Company from the date of the Annual General Meeting ("**AGM**") until the date of the next AGM, to allot and issue Shares and/or Instruments at any time. The aggregate number of Shares that the Directors may allot and issue under this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 100% of the issued Shares (excluding treasury shares and subsidiary holdings), of which the total number of Shares to be issued (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) other than on a pro rata basis to existing shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), at the time this Resolution is passed. The authority will, unless previously revoked or varied at a general meeting, expire at the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(e) The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to allot and issue Shares of up to a number not exceeding in total 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time pursuant to the grant of share awards under the LYPSP.

(f) The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to do all acts necessary to give effect to the IPT General Mandate as described in the Appendix. The authority shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the date that the next AGM of the Company is held or required by law to be held.

NOTICE OF **ANNUAL GENERAL MEETING**

(g) The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company, to do all acts necessary to give effect to the Share Buyback Mandate as described in the Appendix and to repurchase Shares by way of Market Purchases or Off-Market Purchases of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the Maximum Price. The authority shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the date that the next AGM of the Company is held or required by law to be held.

(h) The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company, to do all acts necessary for the Proposed Change of Auditors from PwC to CLA, as described in the Appendix. The authority shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the date that the next AGM of the Company is held or required by law to be held. As at the date of this notice,

(a) PwC has confirmed to CLA by way of a letter of professional clearance that it is not aware of any professional reasons why CLA should not accept appointment as the new Auditors of the Company;

(b) the Company confirms that there are no disagreements with PwC on accounting treatments within the last 12 months up to the date of their retirement at the conclusion of this AGM;

(c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors from PwC to CLA that ought to be brought to the attention of the shareholders of the Company which has not been disclosed in the Appendix;

(d) the Company confirms that the specific reasons for the Proposed Change of Auditors from PwC to CLA are disclosed in Section 4 of the Appendix. The Proposed Change of Auditors from PwC to CLA is neither due to the dismissal of PwC nor PwC declining to stand for election; and

(e) the Company confirms that it complies with Rules 712 and 715 of the Catalist Rules in relation to the proposed appointment of CLA as its new Auditors.

For more information relating to this Ordinary Resolution 9, please refer to the Appendix.

Important Notes:

1. The members of the Company are invited to attend physically the AGM. **There will be no option for shareholders to participate virtually.** Accordingly, this Notice will be sent to members by electronic means via publication on the Company's website at the URL https://www.lycorp.co and is also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements. For convenience, printed copies of this Notice will also be sent by post to members.

2. Please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if feeling unwell. Members are strongly encouraged to exercise social responsibility to rest at home and consider appoint proxy(ies) to attend the AGM. We encourage members to mask up when attending the AGM.

Voting by proxy

3. A member who is unable to attend the AGM and wishes to appoint proxy(ies) to attend, speak and vote on his/her/its behalf at the AGM should complete, sign and return the instrument of proxy in accordance with the instructions printed thereon. This proxy form may be accessed at the Company's website at the URL https://www.lycorp.co, and on the SGX website at the URL https://www.sgx.com/securities/company-announcements. A proxy need not be a member of the Company.

4. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

   Where such member appoints more than one (1) proxy, the proportion of his/her shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

5. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

6. A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   For investors who hold shares through relevant intermediaries, including Central Provident Fund Investment Schemes ("**CPF Investors**") and/or Supplementary Retirement Scheme ("**SRS Investors**") and wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 17 April 2025, being seven (7) working days prior to the date of AGM.

   The Chairman of the Meeting, as proxy, need not be a member of the Company.

NOTICE OF ANNUAL GENERAL MEETING

7. The instrument appointing a proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged with the Company's Share Registrar address at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or

   (b) if submitted electronically, be submitted via email to the Company at agm@lyfurniture.com,

   in either case, at least 72 hours before the time appointed for holding the AGM.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

8. The Annual Report and the Appendix may be accessed at the Company's website at the URL https://www.lycorp.co and on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

Submission of questions in advance of the AGM

9. Members can submit questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the Meeting in advance of the AGM and must be submitted in the following manner no later than 2.30 p.m. on 21 April 2025:

   (a) by email to agm@lyfurniture.com; or

   (b) by post to the registered office of the Company's Share Registrar, 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619.

   When sending in their questions by email or post, members are required to provide the Company with the following details to enable the Company to verify the shareholders' status:

   - their full name;

   - their address; and

   - the manner in which they hold shares in the Company (e.g. via CDP, CPF or SRS).

   The Management and the Board of Directors of the Company will endeavour to address all substantial and relevant questions received from members prior to the AGM by publishing the responses to those questions on SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL https://www.lycorp.co by 24 April 2025. Where substantial and relevant questions submitted by members are unable to be addressed prior to the AGM, the Company will address them at the AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof and submit any question to the Company in advance of the Company in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy list, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

LY CORPORATION LIMITED
Company Registration no. 201629154K
(Incorporated in the Republic of Singapore)

PROXY FORM
Annual General Meeting

IMPORTANT
1. Pursuant to Section 181(1C) of the Companies Act 1967 of Singapore, Relevant Intermediary may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.

CPF/SRS Investors
2. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies.
3. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 17 April 2025.

Personal Data Privacy
4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2025.

I/We, ______________________________ (name) ____________________ (NRIC/Passport No.)

of ____ (address)
being a member/members of LY Corporation Limited (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholding(s)**	
		No. of Shares	**%**
Address			

* and/or

Name	**NRIC/Passport No.**	**Proportion of Shareholding(s)**	
		No. of Shares	**%**
Address			

as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting ("**AGM**") of the Company to be held at Room 333, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on Tuesday, 29 April 2025 at 2.30 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against or abstain from voting the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the AGM and at any adjournment thereof. If no person is named in the above boxes, the Chairman of the AGM shall be *my/our proxy to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder, for *me/us and on *my/our behalf at the AGM and at any adjournment thereof.

No.	**Resolutions**	**Number of votes For**	**Number of votes Against**	**Abstain**
ORDINARY BUSINESS				
1.	Adoption of the Directors' Statement, Audited Financial Statements and the Independent Auditors' Report for the financial year ended 31 December 2024.			
2.	Approval for payment of Directors' fees for the financial year ending 31 December 2025, payable quarterly in arrears.			
3.	Re-election of Mr Tan Kwee Chai as a Director of the Company.			
4.	Re-election of Datuk Yap Kheng Fah as a Director of the Company.			
SPECIAL BUSINESS				
5.	Authority to allot and issue shares.			
6.	Authority to allot and issue shares under the LY Performance Share Plan.			
7.	Renewal of the Interested Person Transactions Mandate.			
8.	Renewal of the Share BuyBack Mandate.			
9.	Change of auditors of the Company from PricewaterhouseCoopers LLP to CLA Global TS Public Accounting Corporation.			

** Delete accordingly*

The resolutions put to vote at the AGM shall be decided by poll.

If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick "√" in the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you mark "√" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.

Total Number of Shares Held (see note 1)

Dated this ________ day of ____________________, 2025

____
Signature(s) of Member(s)/Common Seal
IMPORTANT: Please read notes overleaf

Notes:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. A member who is unable to attend the AGM and wishes to appoint proxy(ies) to attend, speak and vote on his/her/its behalf at the AGM should complete, sign and return the instrument of proxy in accordance with the instructions printed thereon. This proxy form may be accessed at the Company's website at the URL https://www.lycorp.co, and on the SGX website at the URL https://www.sgx.com/securities/company-announcements. A proxy need not be a member of the Company.

3. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. Where such member appoints more than one (1) proxy, the proportion of his/her shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

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   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

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6. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 17 April 2025.

AFFIX
POSTAGE
STAMP

The Company Secretary
LY CORPORATION LIMITED
9 Raffles Place
#26-01 Republic Plaza
Singapore 048619

7. The Chairman of the Meeting, as proxy, need not be a member of the Company.

8. The instrument appointing a proxy must be submitted to the Company in the following manner:

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   (b) if submitted electronically, be submitted via email to the Company at agm@lyfurniture.com,

   in either case, at least 72 hours before the time appointed for holding the AGM.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

9. Completion and return of the Proxy Form by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked.

10. The Proxy Form must be signed by the appointer or his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

11. If the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing proxy(ies) to the AGM. The Company shall be entitled to reject an instrument appointing a proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument appointing a proxy or proxies which has been lodged if such member, being the appointor, is not shown to have shares entered against his/her/their name(s) in the Depository Register at least 72 hours before the time appointed for the AGM, as certified by The Central Depository (Pte) Limited to the Company.

LY CORPORATION LIMITED

(Incorporated in the Republic of Singapore on 24 October 2016)
(Company Registration Number: 201629154K)
9 Raffles Place, #26-01 Republic Plaza,
Singapore 048619
Tel: +607 455 8828
Fax: +607 455 8853
Website: https://www.lycorp.co