

**LY CORPORATION LIMITED**Company Registration Number: 201629154K
(Incorporated in the Republic of Singapore on 24 October 2016)**PRESS RELEASE****For Immediate Release****LY Corporation achieves 4Q2018 net profit of RM4.5 million**

- Declares first and final dividend of 0.41 Singapore cent per share
- Focused on growing new original brand manufacturing business via the establishment of the EZBO and CUBO brands to diversify beyond North American market, into Asia Pacific region.

(RM'000)	4Q2018	4Q2017	Change	FY2018	FY2017	Change
Revenue	63,427	96,651	(34.4%)	263,136	345,993	(23.9%)
Gross profit	11,623	24,065	(51.7%)	43,893	76,350	(42.5%)
Profit before tax	7,911	18,936	(58.2%)	24,083	62,378	(61.4%)
Profit after tax	4,504	14,627	(69.2%)	14,921*	49,163	(69.6%)

Note:

* After deducting the non-recurring Initial Public Offer (“IPO”) expenses of approximately RM6.8 million in FY2018.

SINGAPORE, 25 February 2019 – LY Corporation Limited (“**LY Corporation**”), one of Malaysia’s leading manufacturers and exporters of wooden bedroom furniture, reported a net profit of RM4.5 million for the three months ended 31 December 2018 (“**4Q2018**”), down 69.2% from the previous period.

Revenue in 4Q2018 was down 34.4% to RM63.4 million mainly due to the decrease in the number of 40-ft containers (“**containers**”) sold from 1,820 containers in 4Q2017 to 1,154 containers in 4Q2018 on the back of lower demand from customers mainly from the United States of America (“**US**”). However, the decrease was slightly offset by an increase in the average selling price per container from RM53,000 in 4Q2017 to RM55,000 in 4Q2018, as a result of the strengthening of the US dollar against Malaysian Ringgit.

Gross profit decreased by 51.7% to RM11.6 million in 4Q2018. The gross profit margin decreased from 24.9% in 4Q2017 to 18.3% in 4Q2018 mainly due to a decrease in the number of 40ft containers sold in 4Q2018 (where the economies of scale is better achieved in 4Q2017 as compared to 4Q2018) despite an increase in average selling price per container.



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For the year ended 31 December 2018 (“**FY2018**”), the Group achieved a net profit of RM14.9 million despite a 23.9% decrease in Group revenue to RM263.1 million as compared with the preceding year.

Mr Tan Yong Chuan (“**Mr Tan**”), Chief Executive Officer and Executive Director of LY Corporation Limited said, ***“Our exports to the US, our largest market, continue to be affected by the uncertainty arising from the US-China trade war. We are looking to diversify our revenue base such as our entry into original brand manufacturing and growing our e-commerce business in China.”***

Financial Position

The Group’s financial position remained firm, with a net asset value of RM224.8 million and cash and cash equivalents of RM64.7 million as at 31 December 2018.

Dividend

The Board of Directors is proposing a first and final dividend of 0.41 Singapore cent per ordinary share for FY2018, subject to shareholders’ approval at the upcoming annual general meeting. This represents a dividend payout of 40.2% of the profit after tax.

Corporate Updates

In January 2019, the Group completed the acquisition of the original brand manufacturing business and assets of Cubo Sdn Bhd, including the EZBO and CUBO brand names, through its subsidiary, Leyo Holdings Sdn Bhd.

Mr Tan said, ***“The acquisition of the EZBO and CUBO brands allows the Group to move into Original Brand Manufacturing (“OBM”) business with distinct brand names and innovative patented products. This could create better brand recognition for the Group and enable us to access a larger clientele base. This new OBM business is complementary to the Group’s existing Original Equipment Manufacturing and Original Design Manufacturing businesses and will allow us to expand our revenue stream.”***

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This news release is to be read in conjunction with the Company’s announcement posted on the SGX website on 25 February 2019.

About LY Corporation Limited

LY Corporation Limited and its subsidiaries (the “**Group**”) is one of Malaysia’s leading manufacturers and exporters of wooden bedroom furniture. With an established track record of approximately 40 years in the furniture industry, the Group is an established original design manufacturer and original equipment manufacturer of wooden bedroom furniture.



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In January 2019, the Group entered into original brand manufacturing via the acquisition of the assets of Cubo Sdn. Bhd., which manufactures and markets furniture under the EZBO and CUBO brands.

The Group operated from 15 factories and warehouses, occupying a combined built-up area of approximately 1.4 million sq ft. Its products are sold mainly to overseas dealers such as furniture wholesalers and retailers who generally resell the products to end-users through their respective retail networks and domestic customers who are primarily third-party agents who typically export and resell its products outside Malaysia, such as to the US.

Issued on behalf of LY Corporation Limited by:

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LY Corporation Limited was listed on the Catalist board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 31 January 2018. The initial public offering of the Company was sponsored by UOB Kay Hian Private Limited (the "Sponsor").

This press release has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this press release.

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

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