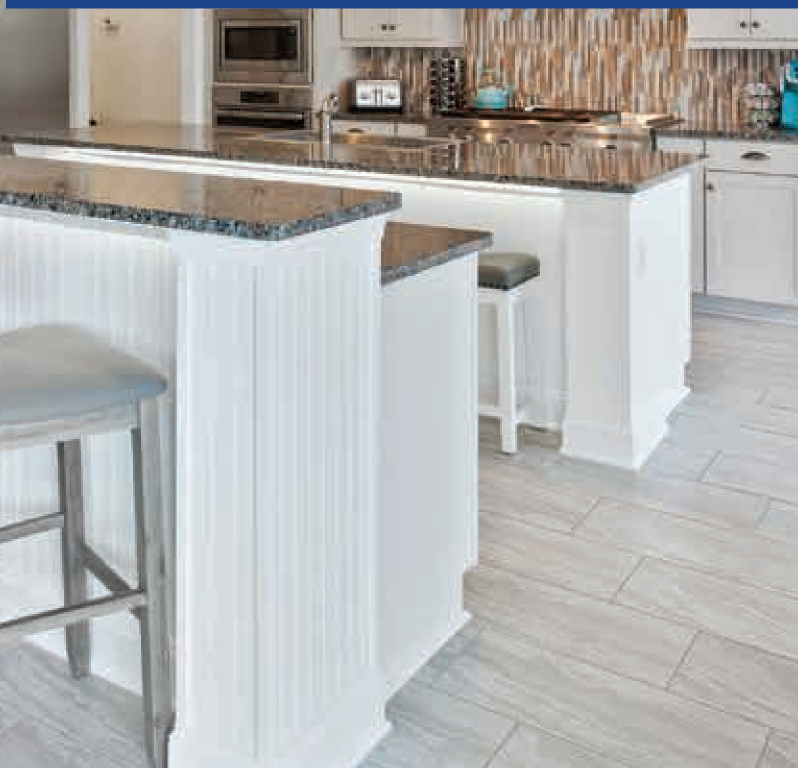
LY CORPORATION
LIMITED

EXPLORING OPPORTUNITIES

POSITIONING FOR GROWTH

ANNUAL REPORT **2023**



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EXPLORING OPPORTUNITIES POSITIONING FOR GROWTH

At LY Corporation Limited, we always strive to better our performance and build sustainable businesses that create and deliver long-term value. As we drive our business forward with our diversified product range, we remain committed to continuously strengthening our business and financial resilience to navigate and succeed in an ever-evolving business landscape. Simultaneously, leveraging on our expertise and capable management team, we constantly explore and evaluate viable opportunities, cautiously and prudently, to further diversify and expand our core businesses to access new customers and markets, positioning the Group for future growth.

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.

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 an established track record of more than 40 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, and the manufacturing of custom wooden bedroom furniture which may be tailored to customers' specifications and requirements on an original equipment manufacturer ("**OEM**") basis.

The Group has in recent years expanded into the manufacturing of kitchen cabinets as well as original brand manufacturing business to manufacture easy-to-assemble and custom-made furniture under the EZBO brand name to widen its product offerings.

The Group has also diversified into the manufacturing of millwork products since 2020.

The Group currently operates from 23 factories and warehouses, occupying a combined built-up area of approximately 1.6 million sq ft. Our products are sold mainly to overseas dealers such as furniture wholesalers and retailers who generally resell our products to end-users through their respective retail networks and domestic customers who are primarily third-party agents who typically export and resell our products outside Malaysia, such as to 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 2023 ("**FY2023**").

The Group continued to face headwinds amidst a challenging business landscape. Global economic growth slowed as we entered 2023. It was weighed down further during the year by rising interest rates and inflationary pressures, which weakened consumer purchasing power, adding further strain to the Group.

During the year, we experienced a decline in demand for our products, primarily attributed to a high inventory surplus among furniture importers in the United States of America during the pandemic years. Despite anticipating a gradual reduction in our customers' inventory levels, the lingering effect of this surplus continued to impact the overall demand for the Group's products.

Against this backdrop, the Group recorded a net loss attributable to the Company's shareholders of RM8.1 million in FY2023. Revenue dropped by 15.2% to RM198.9 million due to a decrease in the number of laden containers ("**40-ft containers**") sold from 3,220 40-ft containers in FY2022 to 2,346 40-ft containers in FY2023. However, the overall decrease was partially offset by an increase in average selling price per 40-ft container, from RM73,000 in FY2022 to RM85,000 in FY2023, as a result of a different product mix sold and stronger United States dollars against the Ringgit Malaysia in FY2023 compared to the previous year. We were also encouraged to see a slight pickup in business from the second half of the year, with more purchases from our customers in the United States of America.

In FY2023, the Group registered a substantial improvement in operating cash flows and overall cash balance. At the end of the year, the Group's net cash balance soared to RM54.2 million, slightly more than a two-fold increase from the year-end balance of RM25.8 million in FY2022. Such improvement is mainly attributed to a reduction in raw material purchases throughout FY2023. In the previous year, the Group had stocked up on raw materials as a precautionary measure to mitigate potential disruptions in the global supply chain. The substantial increase in cash reserves strengthens our financial position, providing us with the continued flexibility to pursue growth opportunities and buffer against uncertainties.

Driven by intensified marketing efforts, our millwork segment, which accounted for 29.4% of the Group's revenue in FY2023 as compared to 22.1% in FY2022, has maintained steady and consistent growth. We have successfully secured new and recurring orders from customers, capitalising on increased demand for millwork products amidst rising building construction and renovation activities in the United States of America. This growth indicates promising prospects for this segment.

We have proactively implemented measures to drive growth in our new furniture product line, specifically kitchen cabinets, since commencing manufacturing and direct export to an overseas customer last year. These measures include upgrading our kitchen cabinet production line to accommodate the diverse component requirements of our customers and leveraging our extensive network in the United States of America to promote and distribute this new product.

THE WAY AHEAD

As we look to the year ahead, we are hopeful for a gradual global economic recovery while staying vigilant on the ongoing geopolitical developments and macroeconomic challenges. We will continue to stay the course in pursuing our long-term strategic goals, maintaining a balance between growth and stability at all times. With the ongoing Israel-Palestine conflict and the recent escalation of attacks in the Red Sea region, we are mindful of potential disruptions to our supply chains. We will monitor transportation costs closely and address logistical hurdles promptly as they arise.

To drive sustainable growth and boost sales and profitability, we will persist in enhancing our product innovation to align with evolving trends and satisfy the changing needs of our customers. We are committed to forging strong partnerships with our core customers to drive forward new product development and secure a larger share of the market. With an unwavering focus on innovation, we continually explore new materials to develop innovative new models.

We also plan to seek new business opportunities within our key markets and explore new geographical areas to grow our customer base. To enhance our market presence, we will continue to ramp up marketing initiatives through constant participation in local and international trade shows and exhibition fairs. By actively engaging in these events, we aim to connect with potential customers, enhance the visibility of our products, and stay well-informed on emerging market trends and industry developments.

In this challenging business environment, we will remain focused on maintaining prudence in financial management and discipline in controlling costs while increasing operational efficiencies through improvements in manufacturing processes and efficient capacity utilisation.

Notwithstanding the uncertainties ahead, we intend to press on, executing our growth strategy with determination and hard work as we seek to strengthen our businesses. LY is well-positioned for growth opportunities with our diversified product range, and we are confident of delivering steady and sustainable returns to our shareholders. At the same time, we will continue to actively pursue new opportunities to further diversify and expand our core businesses to tap into new customers and markets, positioning the Group for future growth.

APPRECIATION

As always, we extend our gratitude to our staff and management team for their hard work and continued dedication to the Group throughout the years. We would also like to thank our fellow Board members for their guidance and invaluable advice as we strategise and chart new growth paths for the Group.

Mr Oh Seong Lye, who had served on the Board of Directors since 20 December 2017, stepped down as the Independent Non-Executive Chairman of the Group on 1 December 2023. We wish to convey our appreciation to Mr Oh Seong Lye for his significant contributions over the past six years as a valued member of the Board and wish him well in his future endeavours.

MESSAGE TO SHAREHOLDERS

Mr Yeo Kian Wee Andy, who has served as an Independent Non-Executive Director of the Group since 20 December 2017, has graciously accepted the additional responsibilities as the newly designated Independent Non-Executive Chairman of the Group, effective from 1 February 2024. We express our gratitude to Mr Yeo Kian Wee Andy for his ongoing commitment and welcome his continued valuable contributions in his expanded role.

We would also like to take this opportunity to welcome Mr Choo Chee Beng, who joined as an Independent Non-Executive Director and Chairman of the Audit and Risk Committee on 1 February 2024 and brings with him new experiences and perspectives to our Board.

Finally, our appreciation goes to our shareholders, business partners, customers, and stakeholders for your confidence in us. We are grateful to have you on our journey throughout these years, and we look forward to your support as we continue to achieve new milestones together.

Yeo Kian Wee Andy
Chairman/Independent Non-Executive Director

Tan Yong Chuan
Executive Director and Chief Executive Officer

In this challenging business environment, we will remain focused on maintaining prudence in financial management and discipline in controlling costs while increasing operational efficiencies through improvements in manufacturing processes and efficient capacity utilisation. Notwithstanding the uncertainties ahead, we intend to press on, executing our growth strategy with determination and hard work as we seek to strengthen our businesses.

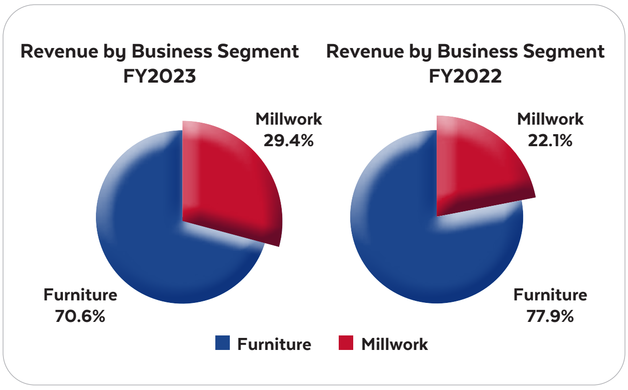
FINANCIAL REVIEW

REVENUE

LY Corporation Limited and its subsidiaries (collectively the "**Group**") recorded revenue of RM198.9 million for the financial year ended 31 December 2023 ("**FY2023**"), down 15.2% from RM234.5 million for the financial year ended 31 December 2022 ("**FY2022**"). This was mainly attributable to a decrease in the number of laden containers ("**40-ft containers**") sold from 3,220 in FY2022 to 2,346 40-ft containers in FY2023 as a result of lower demand for our products, which was affected by the excess inventory among furniture importers in the United States of America ("**USA**"). However, this was partially offset by an increase in the average selling price per 40-ft container from RM73,000 in FY2022 to RM85,000 in FY2023 due to a different product mix sold and stronger United States dollar ("**USD**") against the Ringgit Malaysia ("**RM**") in FY2023 compared to the previous year. As a reference, the closing exchange rate of USD1 against the RM was RM4.40564 as at 31 December 2022 and it strengthened to RM4.5925 as at 31 December 2023.[1]

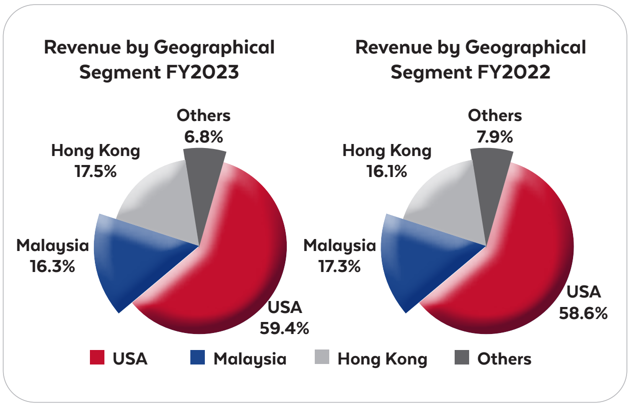
Revenue by Business Segment

The Furniture and Millwork segments accounted for 70.6% and 29.4% of the Group's revenue respectively in FY2023, compared to 77.9% and 22.1% respectively in FY2022.



Revenue by Geographical Segment

Geographically, USA continued to be the Group's largest market, accounting for 59.4% of the Group's revenue in FY2023.



During the year, sales across major geographical segments declined, in particular, the USA, Malaysia, Republic of China, and Hong Kong. However, this was partially offset by a rise in sales to Japan.

PROFITABILITY

Cost of sales fell by 5.3% to RM192.8 million in FY2023 from RM203.5 million in FY2022, mainly due to a drop in labour costs, subcontractors' costs, and freight and handling charges in line with the lower sales volume. The decrease was partially offset by an increase in the allowance for slow-moving inventories as the Group discontinued some of its product models.

As a result of the dip in sales, the Group's gross profit declined by 80.4% to RM6.1 million in FY2023. Consequently, the gross profit margin narrowed to 3.0% in FY2023, compared to 13.2% a year earlier.

Interest income surged by 884.7% to RM1.3 million, attributed to higher cash placements in short-term fixed deposits in the bank account maintained in Malaysia following the increase in cash and cash equivalents, coupled with a higher overnight interest rate in FY2023.

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

Other income comprised mainly government grants, rental income, sales of timber, boards, hardware and scrap, as well as charges for services provided such as transportation. Other income declined by 23.9% to RM4.7 million, primarily due to reduced income from machine rental and processing fees. This was partially offset by a rise in income from factory rental.

Selling and administrative expenses dropped slightly by 0.7% to RM19.6 million, mainly due to a decrease in staff costs and directors' bonus. However, this was partially offset by an increase in depreciation expenses arising from the change in the depreciation rate of office computer equipment and computer software from 10% to 20%.

Finance costs rose by 12.2% to RM2.5 million, mainly due to higher interest rates charged on term loans in FY2023, partially offset by early termination of tenancy agreements.

Other expenses dipped by 55.6% to RM1.1 million, primarily attributed to a lower net foreign exchange loss of RM1.0 million incurred by the Group in FY2023 compared to a net foreign exchange loss of RM2.4 million in FY2022 due to a decrease in USD-denominated trade and other payables and USD-denominated loans.

The Group recorded an income tax credit of RM2.7 million in FY2023 compared to an income tax expense of RM4.7 million in FY2022 due to the reversal of temporary differences in FY2023. As a result of the decrease in the provision of deferred tax liability, income tax expense for FY2023 went down by 157.5%.

With the lower revenue and a less than proportionate decrease in costs and expenses, the Group recorded a net loss attributable to the owners of RM8.1 million in FY2023 compared to a net profit attributable to the owners of RM12.4 million in FY2022.

1 Information obtained from www.oanda.com. OANDA Corporation has not consented to the inclusion of the information in this Annual Report

FINANCIAL REVIEW

FINANCIAL POSITION

The Group's net asset value as at 31 December 2023 was RM213.6 million, representing a net asset value per share of RM0.44 as compared to RM0.45 as at 31 December 2022.

Non-current assets

Non-current assets dropped by 9.2% to RM169.4 million, mainly due to a decrease in property, plant and equipment, right-of-use assets, and intangible assets.

Property, plant and equipment declined by 7.0% to RM143.9 million, mainly due to depreciation charged during the financial year.

Right-of-use assets comprised the right to use the properties and land use rights of the Group over the respective lease period. Right-of-use assets fell by 21.7% to RM22.7 million due to lower depreciation charges in FY2023 and early termination of tenancy agreements.

Intangible assets of RM2.8 million comprised trademarks and goodwill arising from the acquisition of the assets of Cubo Sdn. Bhd., including the EZBO and CUBO brand names, in January 2019.

Current assets

Current assets declined by 8.6% to RM128.4 million mainly due to a decrease in inventories, prepaid operating expense, and tax recoverable, which was partially offset by an increase in trade and other receivables and cash and cash equivalents.

Inventories fell by 43.9% to RM49.9 million largely due to (i) a decrease in the purchase of raw materials throughout FY2023 as the Group had stocked up raw materials in the previous financial year and lower demand during the year, and (ii) an improvement in the global supply chain, wherein the timing of the delivery of raw materials and finished goods has gradually returned to normal resulting in less stock up of raw materials required by the Group to meet current customer orders.

Trade and other receivables comprised trade receivables, deposits, and other receivables. Trade and other receivables rose by 8.9% to RM19.9 million, primarily due to an increase in advance payment paid to suppliers for the purchase of raw materials towards the end of FY2023.

Prepaid operating expense of approximately RM2.1 million comprised mainly expenses paid in advance as at year end.

Tax recoverable relates to prepaid current income tax resulting from tax paid in advance by the Malaysian subsidiaries for the Year of Assessment 2020, 2021, 2022, and 2023. The decrease in tax recoverable by 59.8% to RM2.2 million was due to the refund received from the Inland Revenue Board of Malaysia for advance tax payments.

Current liabilities

Current liabilities rose by 0.5% to RM56.3 million, mainly due to an increase in trade and other payables and accrued operating expenses, which was partially offset by a decrease in short-term loans and borrowings, contract liabilities, and lease liabilities.

Short-term loans and borrowings comprised bankers' acceptance, financing arrangements, and long-term loans repayable within one year. Short-term loans and borrowings dropped by 1.0% to RM16.7 million, mainly due to a net decrease in the usage of bankers' acceptance of approximately RM5.2 million and scheduled repayment of loans and borrowings, partially offset by 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.

Trade and other payables comprised trade payables and other payables. Trade and other payables increased by 7.2% to RM36.7 million, mainly attributable to a rise in the purchase of raw materials towards the end of FY2023.

Contract liabilities comprised the Group's obligation to transfer goods or services to customers for which the Group has received consideration from customers for finished goods that required further improvements on customers' requests and pending the customers' acceptance. As at 31 December 2023, the Group had fulfilled all customers' requests, and the customers had accepted the delivered finished goods.

Lease liabilities relate to liabilities that the Group must pay over the respective lease period for the use of the properties. Current lease liabilities fell by 44.6% to RM1.8 million due to the corresponding scheduled repayment of lease liabilities during the year and early termination of tenancy agreements.

Accrued operating expenses of approximately RM1.1 million comprised accrued operating expenses.

Non-current liabilities

Non-current liabilities declined by 43.3% to RM28.0 million, mainly due to a decrease in (i) long-term loans and borrowings of 59.3% to RM9.5 million due to scheduled repayment of loans and borrowings and reclassification of one of the Group's term loans from non-current liabilities to current liabilities, (ii) deferred tax liabilities of 16.2% to RM14.6 million, and (iii) non-current lease liabilities of 54.6% to RM3.8 million due to the corresponding scheduled repayment of lease liabilities during the year and early termination of tenancy agreements.

CASH FLOW

The Group's cash and cash equivalents increased from RM25.8 million as at 31 December 2022 to RM54.2 million as at 31 December 2023.

The Group recorded a higher net cash flows generated from operating activities of RM48.3 million in FY2023 compared to RM22.6 million in FY2022 as the Group reduced the purchase of raw materials as explained above and carried a lower level of inventories as at 31 December 2023.

The Group recorded net cash flows in investing activities of RM0.5 million in FY2023, mainly for the purchase of property, plant and equipment, which was partially offset by interest income received.

Net cash flows used in financing activities of RM19.4 million in FY2023 were mainly due to the repayment of loans and borrowings during the year, partially offset by the proceeds from loans and borrowings.

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	None

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

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.

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 and publicly listed companies in Malaysia and Singapore.

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 29 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 2020, 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., Big Bad Wolf Books Sdn. Bhd. and Skyworld Development Sdn. Bhd.

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)**
HPP Holdings Berhad	None

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.

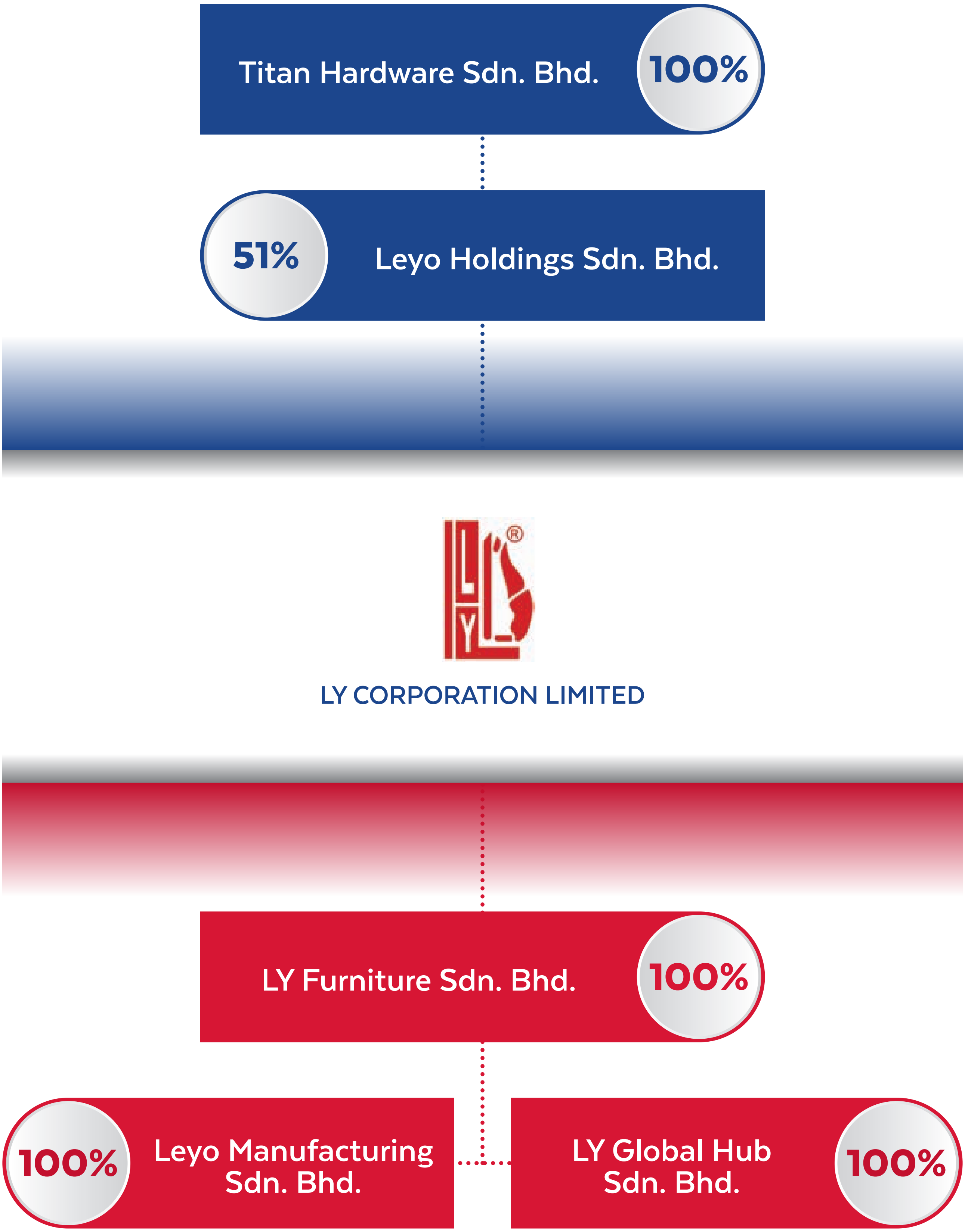
Mr Boo Ngek Hee
Chief Quality Controller

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.

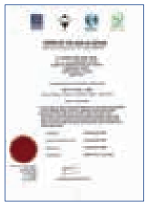
GROUP STRUCTURE



AWARDS & ACCREDITATIONS

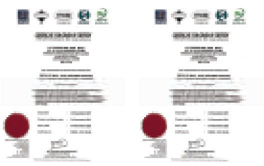
2022

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

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

2010

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

2009

Asian Furniture Leadership Award

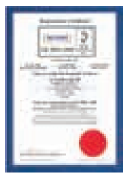
Corporate Social Responsibility Award

2005

Best Performing Company Award 2005

2004

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



Global Top Enterprise Golden Rim Award

2003

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	–	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

Datuk Yap Kheng Fah - Chairman
Choo Chee Beng
Tan Yong Chuan

REGISTERED OFFICE ADDRESS

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

Telephone: +607 455 8828
Website: http://lyfurniture.com/
Company registration number: 201629154K

COMPANY SECRETARIES

Pan Mi Keay, ACIS
Chan Wan Mei, ACIS

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 2023 ("**FY2023**").

The Group remains steadfast in its commitment to sustainability. As we grow and expand our business, we seek to operate in a way that contributes to a better society, respects human rights, reduces environmental footprint and promotes sustainable business practices. As a supporter of a greener and more sustainable future, we are committed to managing and reducing our environmental impact through continuous improvements in our business processes and operations. In FY2023, the solar photovoltaic systems implemented at various manufacturing facilities in Batu Pahat generated 3,572.6 megawatt hours of active solar energy. As solar electricity produces no carbon emission, the Group reduced its carbon emissions by approximately 2,215 tonnes.

Being in the wooden bedroom furniture industry, we acknowledge the climate-related challenges faced in incorporating sustainability into our operations. Key challenges include ensuring regulatory compliance and adopting responsible wood sourcing practices. Despite these challenges, we are keenly aware of numerous opportunities for growth and opportunity. For instance, the Group adopts sustainable manufacturing practices that minimise waste and environmental harm while conserving energy and natural resources, including sustainable sourcing of raw materials, recycling wood waste, and using environmentally friendly materials for our production processes.

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 identifying the material topics affecting the Company's effort towards sustainability and further integrates the underlying implications of the material topics in the development of our strategic direction. Meanwhile, our Sustainability Working Committee ("**SWC**") is responsible for implementing the Group's sustainability initiatives. As we progress on our sustainability journey, we will be regularly reviewing and revising our performance indicators and targets to align with our business objectives. We will also be strengthening our engagement with stakeholders to improve our sustainability efforts and practices to build a long-term, sustainable business.

We would like to take this opportunity to express our utmost gratitude towards the management of the Group (the "**Management**"), all our staff, customers, suppliers and business partners for their boundless support and commitment to our sustainability goals. We aim to continue to create greater value for all our stakeholders in the year ahead.

The Board of Directors

LY Corporation Limited

SUSTAINABILITY REPORT

ABOUT THIS REPORT

This Report is published annually to outline our Group's sustainability approaches, initiatives and strategies. The information presented in this Report covers the reporting period from 1 January 2023 to 31 December 2023 ("**FY2023**"), unless stated otherwise. There were restatements of data and information made from previous reporting periods to ensure accuracy and comparability.

This Report has been reviewed by the Board 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 our stakeholders to compare our sustainability performance against our 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 FY2023, which is aligned with our financial statements and includes the following entities:

- LY Furniture Sdn. Bhd. and its subsidiaries, Leyo Manufacturing Sdn. Bhd. and LY Global Hub Sdn. Bhd. (collectively "**LY Furniture**")

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

FEEDBACK

This Report forms part of our Annual Report for FY2023 ("**2023 Annual Report**") and can be viewed or downloaded from https://www.lyfurniture.com. As part of our continued efforts to improve our reporting, we welcome our 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

SUSTAINABILITY REPORT

KEY HIGHLIGHTS

Dimensions	Material Topics	FY2023 Achievements
Economic	Economic Agility	• Participated in the Malaysian International Furniture Fair ("**MIFF**") 2023 in Malaysia and Drema show in Poznan under LY Furniture
	Quality of Product and Services	• Achieved zero cases of significant chargeback under LY Furniture and LHG (FY2022: zero cases)
	Customer Satisfaction	• Obtained an average score of 4.09 out of 5 across all three (3) aspects for LY Furniture (FY2022: Obtained an average score of 4.12 out of 5 across all three (3) aspects for LY Furniture)
Environmental	Climate Change	• Monitored any potential risks and opportunities that climate changes have on our operations. • Tracked Scope 1, Scope 2 and Scope 3 Greenhouse Gas emissions
	Energy Usage	• Generated a total of 3,572.6 MWh of solar energy, which is equivalent to approximate 2,215 tonnes of carbon dioxide (CO_2) avoidance
	Water Consumption	• 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 13.7% under LY Furniture
	Waste Management	• 81,400 kg of non-hazardous waste diverted from disposal • 3,853,000 kg of hazardous and non-hazardous waste directed to disposal
	Material Use	• 95.2% of wood from sustainable source (FY2022: 98%)
Social	Talent Attraction and Retention	• Provided fair and competitive compensation packages to ensure that employees' well-being, and career progression are well-taken care of
	Training and Development	• Attained an average 10.0 training hours per employee (FY2022: 8.6 training hours)
	Workplace Health and Safety	• 4 cases of work-related injuries/ill health under LY Corporation (FY2022: 4 cases)
Governance	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	• Achieved zero cases which are unethical, fraudulent or corrupt in nature (FY2022: zero cases)
	Regulatory Compliance	• Achieved zero significant fines and zero reported cases of non-compliance with all applicable laws, rules and regulations (FY2022: zero significant fines and zero reported cases)

SUSTAINABILITY REPORT

MANAGING SUSTAINABILITY AT LY CORPORATION

We recognise 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 of 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

We actively communicate with and address the needs of our stakeholders to align our objectives with their expectations. Regular assessments of the distinct needs and expectations of various stakeholder groups ensure that their concerns play a significant role in shaping our 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 our 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' returns • 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 our 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 informed on material and salient sustainability issues, the Group periodically evaluates and benchmarks its business operations against its peers. This annual assessment involves an examination of the dynamic business landscape, taking into account emerging global trends, stakeholders' opinions and latest regulatory developments.

In the previous section, we highlighted the diverse channels of engagement utilised to collect opinions and feedback from various stakeholders. These insights, derived from our engaged stakeholders, form a crucial component of our materiality assessment process. By considering the perspectives of stakeholders, we gain a comprehensive understanding of the issues that matter most to them.

This materiality assessment allows us to prioritise and address concerns that have a significant impact on our business, economy, environment and people. It serves as a strategic guide, helping the Group align our sustainability initiatives with the evolving expectations of stakeholders. The materiality assessment is outlined below:

Stage 1: Identification

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

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 our stakeholders.

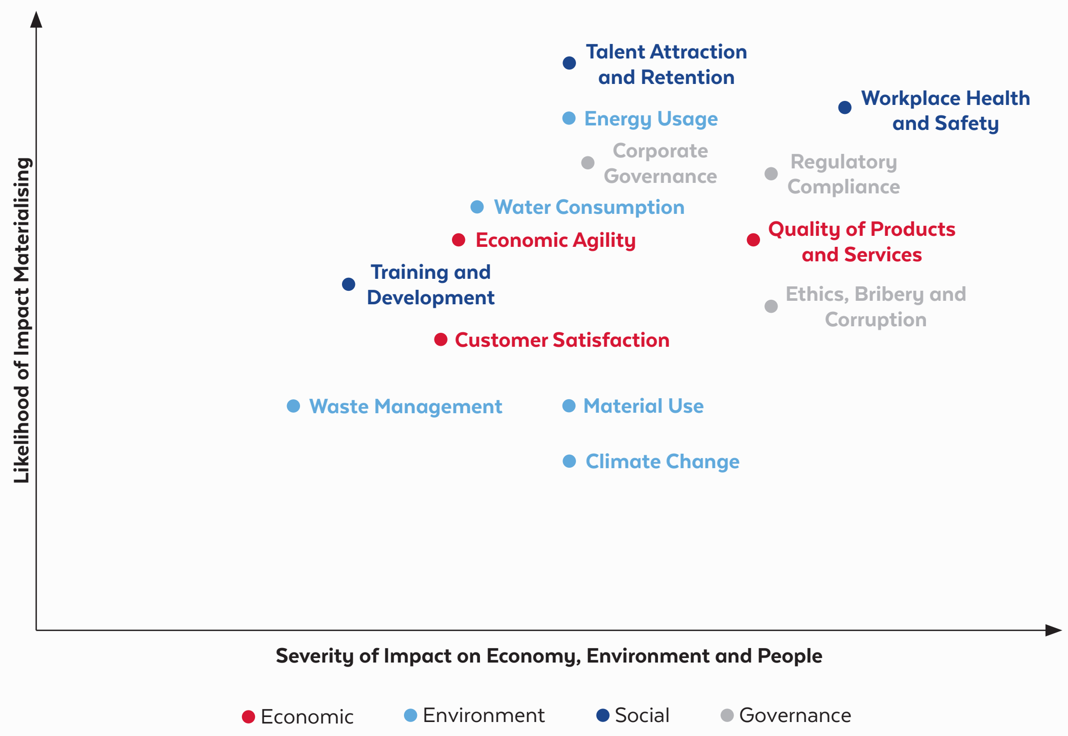
Stage 3: Validation

- 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

Following the materiality assessment conducted by the SSC, we have reaffirmed the relevance and significance of all 14 identified material topics. As we transition into FY2023, no changes have been identified or deemed necessary regarding the material topics. This steadfast continuity underscores our commitment in addressing key issues that matter most to our stakeholders and aligning our sustainability initiatives with their expectations.

FY2023 Materiality Matrix



SUSTAINABILITY REPORT

MATERIAL TOPICS – AT A GLANCE

For each material topic, we report on its significance to our business, economy, environment and people, as well as measures that are taken to address these material aspects.

Material Topic	Significance of Impact	How We Are Addressing the Issue
	Economic	
Economic Agility	We recognise the importance to adapt to the constantly evolving business environment in the furniture industry. We aim to be adaptable and expand into new markets and product offerings to diversify our risks and increase our market presence.	We strive to continue to expand our presence into new markets and strengthen our product offerings through collaboration with business partners and engagements in business fairs. We also believe that our strategy for diversification over the years will help us to mitigate the financial impact of the pandemic and global market events.
Quality of Products and Services	We believe that providing our customers with products and services of the highest quality is the cornerstone of business growth. We recognise that delivering consistent excellent quality products and services is critical for our customer satisfaction and brand loyalty.	We uphold our standard of delivering quality products and services through our rigorous quality control inspections and dedication to customer service. We also invest in our human capital through provision of regular trainings. Our quality assurance policy also emphasises the importance of products being of excellent quality before delivery to our customers.
Customer Satisfaction	We recognise the importance of quality in our products and services, as it forms a large part of our branding. We are committed to providing our customers with high quality furniture and services, while seeking to maintain this business relationship in the long run.	We are committed to engage in open communication with our customers and to hear their views and concerns. We have established feedback channels to receive prompt feedback. We also have formalised process in place to receive, escalate, follow-up and report customers' feedback.
	Environmental	
Energy Usage	The Group recognises that investing in energy conservation not only reduces our carbon footprint but will simultaneously aid in our cost savings.	We constantly review our production processes to optimise the use of energy. We have also adopted renewable energy solutions which improves our energy efficiency and diversify our energy supply.
Water Consumption	We recognise that water is a finite resource and businesses play an important role in ensuring the sustainability of water resources.	We strive to minimise water consumption and improve water usage efficiency through active monitoring. We also seek to inculcate a sense of environmental stewardship in our employees through reminders to minimise use of water.
Material Use	We believe in providing the best quality products to our customers but not at the expense of the environment.	We are committed to achieve our economic goals in a sustainable and environmentally friendly manner. The Board and Management recognises the importance of using materials that adheres to our quality policy. We continue to strive towards making sustainable procurement choices.
Waste Management	We recognise that minimising waste produced can reduce environmental degradation and conserve resources.	We aim to effectively manage and minimise waste produced from our business activities through resourceful usage and the adoption of recycling initiatives.
Climate Change	We recognise the impact that climate changes might have on our business and see the importance of partaking in global efforts to mitigate the impact of our operations on the environment.	We perform regular risk assessments and constantly monitor for any potential risks and opportunities that climate changes have on our operations.

SUSTAINABILITY REPORT

Material Topic	Significance of Impact	How We Are Addressing the Issue
	Social	
Talent Attraction and Retention	We believe that attracting and retaining competent employees is crucial to the success of our business.	We strive to provide fair and competitive compensation packages for our employees. Furthermore, we also ensure that employee's well-being, welfare, and career progression are well-taken care of.
Training and Development	We believe that our business' productivity and profitability is dependent on our human capital capacity and quality. Investing in training and development programmes to groom skilled and competent employees and workers create long-term value for our Group.	We strive to retain our talent pool by offering them in-house and external training programmes to upgrade their skill sets and meet the needs of their professional development. We advocate good working environment by providing orientation and on-job supervision and guidance.
Workplace Health and Safety	We are committed to providing a safe and healthy working environment for all employees.	We have established a Safety, Health and Environment Policy and our Safety, Health and Environment Committee is responsible for ensuring that the policy is understood and adhered by all employees and workers. Regular trainings are provided to promote health and safety awareness amongst our employees.
	Governance	
Corporate Governance	We are committed to establishing a strong corporate governance culture with zero tolerance towards unethical practices.	We strive to uphold the highest standard of corporate governance and transparency and compliance to the principles of the Code of Corporate Governance. We established a code of conduct which is expected to be complied with by all employees as our commitment to the ethical standards.
Ethics, Bribery and Corruption	We believe that upholding high standards of ethics and conducting our business with integrity is fundamental for the business' success. Therefore, we are committed to building a positive corporate image through our exemplary corporate governance and business ethics.	We have zero tolerance towards unethical practices, bribery, corruption and fraud. We also have a whistle-blowing policy in place to enable the reporting and follow-up on concerns of malpractice or any suspicion of fraudulent or inappropriate activities within the Group. We have established internal controls and written policies on areas of Conflict of Interest, Whistle-blowing, Employment Code of Conduct and Anti-Bribery & Anti-Corruption Policy to provide guidance to our employees in their business conduct.
Regulatory Compliance	With a strong ethical culture, we seek to ensure compliance with all regulatory requirements at all times. Any breach of laws, rules and regulations could significantly hurt our businesses and negatively impact our reputation in the industry.	The Board and Management set a strong tone at the top with zero tolerance towards any non-compliances with the Group's policies, applicable laws, rules and regulations. The Group upholds a strong ethical culture and all employees are inculcated with the importance of regulatory compliance since their orientation training.

SUSTAINABILITY REPORT

ECONOMIC

LY Corporation is committed to attaining robust and sustainable economic performance, surpassing customer expectations through our extensive corporate network, efficient inventory management, and years of industry expertise. Our goal is to offer competitive, state-of-the-art products, improve operational efficiency, and provide outstanding customer service. Ultimately, we aim to generate long-term value for all stakeholders, foster growth and scalability, and enhance overall profitability.

For detailed information on our financial performance, please refer to the financial statements in our 2023 Annual Report.

ECONOMIC AGILITY

We aim to venture into new markets and introduce innovative product lines, thereby diversifying our risks and enhancing our market presence. We are committed to maintaining economic agility and operational readiness, enabling us to promptly address evolving market conditions and risks. In FY2023, our focus remains on expanding into untapped markets and enhancing our product portfolio to ensure continued diversification.

Economic Value Generated and Distributed

Financial Year		FY2022 *RM'000*	FY2023 *RM'000*
Economic Value Generated		**240,898**	**205,054**
Economic Value Distributed	Operating Costs	192,530	175,561
	Employee Wages and Benefits	37,766	35,007
	Capital Providers	2,247	2,523
	Government	98	140
	Communities	23	35
	Total Economic Value Distributed	**232,664**	**213,266**
Economic Value (Distributed)/Retained		**8,234**	**(8,212)**

The Group remains resilient and attentive, closely monitoring the ever-changing market dynamics and consumer purchasing trends. Our commitment is to sustainably grow the business and stay relevant in the industry. We aim to expand our presence into new markets and enhance our product offerings, reflecting our dedication to continuous improvement. In FY2023, we have actively participated in various furniture and builders trade fairs, connecting with a broader customer base and expanding our market reach.

Perpetual Target	Performance in FY2023
To expand our presence into new markets and strengthen our product offerings.	Attended and participated several trade fairs for furniture and builders to reach out to a wider customer base.

QUALITY OF PRODUCTS AND SERVICES

Our business philosophy, established since the inception of the Group in 1976, centers around the delivery of high-quality products and services. The cornerstone of our commitment lies in the Group's Quality Policy, which underscores the significance of a Plan-Do-Check-Act ("**PDCA**") approach. This methodology is instrumental in facilitating continuous improvement across all our business processes, ultimately elevating customer satisfaction.

We recognise the significance of investing in our human capital through comprehensive training programmes. This approach is aimed at enhancing their ability to conduct rigorous quality checks and maintain a higher standard of internal audits for our quality assessments. 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 conformance and implementation of quality procedures. In FY2023, the Group has organised various in-house training courses related to ISO standards, conducted by both internal and external trainers.

SUSTAINABILITY REPORT

As a testament to our commitment to upholding elevated quality standards, there were no significant customer chargeback cases of more than RM50,000 in FY2023.

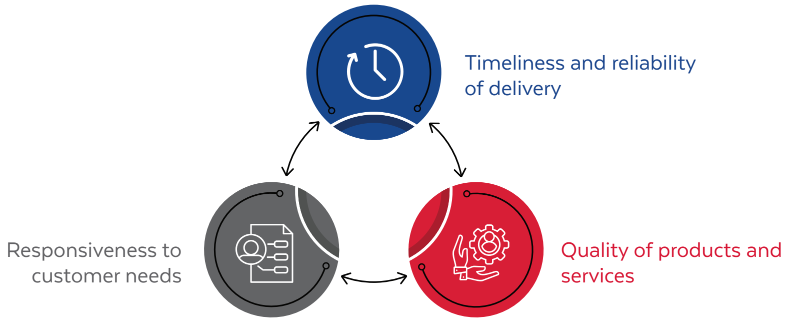
Perpetual Target	Performance in FY2023
To achieve no more than five (5) significant customer chargeback cases in FY2023.	Zero significant customer chargeback cases in FY2023. (FY2022: zero significant customer chargeback cases)

CUSTOMER SATISFACTION

We prioritise our customers' experience and are dedicated to exceeding their expectations in product and service delivery. The Group places great value on all feedback received from customers, considering them as opportunities for continuous improvement. To underscore this commitment, our dedicated Sales and Marketing team has established a robust customer feedback process, ensuring that all feedback is received and addressed with care and intention.

Upon receiving feedback from customers, a thorough investigation is conducted, and identified issues are directed to the respective departments for necessary actions. Subsequently, our team provides prompt and detailed explanations to customers, demonstrating our commitment to their well-being.

In accordance with the ISO 9001:2015 requirements, an annual customer survey for LY Furniture is conducted by our 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 the development of corrective actions. The key criteria for our customer survey include:



Customers are requested to evaluate our 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 our continuous efforts, LY Furniture achieved an average score of 4.09 across all three (3) criteria in FY2023.

Perpetual Target	Performance in FY2023
To achieve an average of above 4.0 across all three (3) criteria for the customer satisfaction survey for FY2023 for LY Furniture and LHG.	Obtained an average score of 4.09 across all three (3) criteria for LY Furniture (FY2022: Obtained an average score of 4.12 across all three (3) criteria for LY Furniture)

SUSTAINABILITY REPORT

MOVING FORWARD

As we move forward, our commitment to growth and innovation remains unwavering. We strive to explore new opportunities and expand our range of products. With steadfast dedication, we will consistently enhance our quality standards to deliver exceptional value to our stakeholders. Our goal is to exceed customer expectations and provide unparalleled satisfaction through our products and services. All targets for economic-related material topics of our Group are perpetual as follows:

Material Topics	Perpetual Targets
Economic Agility	To expand our presence into new markets and strengthen our product offerings.
Quality of Products and Services	To achieve no more than five (5) significant customer chargeback cases.
Customer Satisfaction	To achieve an average of above 4.0 across all three (3) aspects for the customer satisfaction survey for LY Furniture.

ENVIRONMENTAL

As one of Malaysia's leading manufacturers and exporters of wooden bedroom furniture, we fully support the implementation of the TCFD, and we will continue to build on and improve on our actions and disclosures as we embed climate-related risks and opportunities into our business and strategy.

EESG, including climate-related considerations, is recognised as a material concern and our focus this year has been on understanding how climate-related risks and opportunities will impact the Group in a changing climate, using scenario analysis to enhance our understanding of how financial impacts could change in a range of future scenarios. We have also progressively taken actions to decarbonise our business practices, to ensure resilience against a range of physical and transition risks.

TCFD REPORT (CLIMATE CHANGE)

GOVERNANCE

Good corporate governance is central to executing the Group's sustainability strategy. LY Corporation's commitment to effective corporate governance on climate and sustainability-related matters is underpinned by the 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 pages 16 and 17 of the Report for further details.

GROUP STRATEGY

Clear communication of the Group's sustainability strategy allows our stakeholders to better understand how climate-related issues may affect our future performance. This section discloses the actual and potential impacts of climate-related risks and opportunities on the Group's businesses, strategy, and financial planning where such information is material.

With the goal of keeping the global temperature rise below 1.5 degrees Celsius, as stipulated in the Paris Agreement, we have made it a top priority to tackle climate change within our EESG agenda. A critical first step involves understanding the impact of climate change on the Group's operations and the potential risks and opportunities associated with climate change.

Scenario Analysis

As a party to the Paris Agreement, Malaysia has committed to reducing its economy-wide carbon intensity (relative to GDP) by 45 per cent by 2030 as compared to 2005 levels. Malaysia also aspires to achieve net-zero in greenhouse gas emissions earliest by 2050. While climate scenario analysis does not predict future events, it serves as a tool to examine diverse potential futures. Each scenario includes distinct assumptions, drivers, and levels of detail.

SUSTAINABILITY REPORT

Our climate risks are assessed in three time-horizons: short (1-3 years), medium (by 2030) and long (by 2050), in line with the scenario recommendations of the TCFD and our progressive roadmap. Climate risk assessment uses longer-term horizons since several of the climate risks have the most severe potential effects toward the end of the long-term horizon and worsen after that. Against these following models, we pinpointed six top climate-related risks and two climate-related opportunities. We then utilised insights from research papers and studies to analyse their potential effects on our 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	SSP 2 – 4.5 "Intermediate GHG emission scenarios"	2.1-3.5 °C (2.7°C)
Business as Usual Scenario	SSP 3 – 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.

Strong Mitigation Scenario (below 2°C)

In this scenario global greenhouse gas ("**GHG**") emissions are effectively controlled, aiming to keep global warming within an estimated 2 degrees Celsius. Achieving net zero CO_2 emissions is anticipated in the latter half of the century. The mitigation pattern aligns closely 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 heightened 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 aligns closely 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 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. The pace and severity of global warming increase significantly. 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 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.

RISK MANAGEMENT

Risk management is the set of processes that support 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 discloses how LY Corporation identifies, assesses, and manages climate-related risks.

Climate-Related Risks and Opportunities

In FY2023, members of SSC were engaged in a series of physical and virtual meetings to identify climate-related risks that impact the Group as a whole. In alignment with the TCFD framework, we explored climate-related risks and opportunities across three timeframes: short-term (1 to 3 years), medium-term (by 2030) and long-term (by 2050).

According to Malaysia's National Communications reporting to the United Nations Framework Convention on Climate Change ("**UNFCCC**"), there is an expected increase in rainfall across all regions by 2030. Additionally, the average air temperature in the country may rise by 0.5 to 1 degrees Celsius by 2030 and could further increase by 0.9 to 1.6 degrees Celsius by 2050. This anticipated temperature rise will exert additional pressure on the electricity grid to manage the heightened demand for energy required for cooling.

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Transition risks and opportunities

In line with the CDP Climate Change 2023 Reporting Guidance, we have evaluated the likelihood and magnitude of every identified transition risk and opportunity. This assessment is accompanied by the underlying assumptions used to determine potential financial impact figures, the details of 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 our Group is not directly impacted by the increase in carbon taxes, we acknowledge the risk of climate change if there are stricter policies and higher prices for greenhouse gas emissions in the future. If we do not take steps to reduce emissions, meeting regulatory requirements could become costly. Studies[1] have shown that the carbon tax may increase to RM150/tCO2e by 2030 from the initial RM35/tCO2e. For every S$5/tCO2e (RM18/tCO2e) increase, electricity tariffs could go up by 1%[2]. Therefore, in the short and medium term, we might see a 3% and 9% increase in electricity tariffs respectively.
Time Horizon	Short to medium term
Potential Financial Figure	Short Term: RM4,321,000 Medium term: RM4,513,000
Explanation of Financial Impact Figure	Climate change regulations might lead to slight energy price hikes. We estimated that total energy costs represent less than 5% of LY Corporation's annual operating costs, which was RM90,693,000 in FY2023. Considering potential carbon tax increases in Malaysia, the Group's energy spending could reach RM4,513,000 in the medium term. However, this is expected to have minimal impact on the overall financial position of the Group as we actively manage this exposure by incorporating renewable energy sources, such as solar energy.

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 our professional fees, training expenses and administrative expenses to meet reporting requirements.
Time Horizon	Medium to long term
Potential Financial Figure	Medium Term: RM1,047,000 Long term: RM1,097,000
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, we consistently monitor regulatory requirements and assess our capabilities to meet them.

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

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Transition Risk #3

Risk	Regulations governing existing wood products and manufacturing services, alongside evolving customer behaviour and a trend towards sustainable manufacturing practices.
Risk Driver	Changing investor expectation. Evolving and more stringent rules and regulations.
Company-Specific Description	As our Group is committed to a more environmentally friendly and sustainable future, we are dedicated to minimising and managing our environmental footprint. Specifically, LY Furniture Sdn. Bhd. has achieved the Certificate for Chain-of-Custody of Forest-Based Products Programme for the Endorsement of Forest Certification (“**PEFC**”) in 2021. Please see further benefits of our PEFC Certification as further elaborated 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 cost of sourcing the raw materials will increase our operating expenses, for instance travelling expenses/transport charges/license fees.
Time Horizon	Medium to long term
Potential Financial Figure	Medium term: RM3,394,000 Long term: RM3,703,000
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.

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	We have adopted resource-efficient practices in our 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, our Group has capitalised on solar energy to generate electricity and save operating costs.
Time Horizon	Short to medium term
Potential Financial Figure	Short Term Cost Savings: RM61,000 Medium Term Cost Savings: RM122,000
Explanation of Financial Impact Figure	Our 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 our production processes. More than 95% of our timber wood were sourced from sustainable sources. It is anticipated that the cost reductions within our Group are estimated to range from 5% to 10% in the short to medium term.

SUSTAINABILITY REPORT

Opportunity #2

Opportunity	Development and/or expansion of low emission goods and services, as well as diversify business activities.
Opportunity Driver	Cost savings and operational efficiency. Competitive edge.
Company-Specific Description	Our goal is marked by an expansion into emerging markets and product lines for enhanced market presence. Through intensified promotion and marketing of millwork products, coupled with the addition of new customers, the Group has successfully diversified its portfolio into 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 70.6% and 29.4% of the Group's revenue respectively in FY2023. We will disclose the potential financial impact when the opportunity materialises.

Physical risks and opportunities

Although currently not considered significant, there is a potential for an increase in climate-related physical risk over time. Recognising the uncertainty of the future, we have included a physical risk assessment in our overall evaluation of climate-related risks. This helps us understand how future developments might affect our practices. The following section outlines the main risks and their potential 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 our employees to commute to our office. This could lead to an increase in various expenses, including general expenses and insurance charges, of the Group.
Time Horizon	Long term
Potential Financial Figure	RM3,692,000
Explanation of Financial Impact Figure	Studies have shown that all regions in Malaysia could experience increment of rainfall amount 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 the associated costs are assumed to increase by 10% in the long term. However, we plan to conduct regular assessment of adequacy of our insurance to protect against climate risk.

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 result in increased water and electricity costs in our offices.
Time Horizon	Long term
Potential Financial Figure	RM4,644,000
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 increase 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, we will constantly monitor our electricity bills as well as practise sustainability habits to reduce our electricity consumption.

SUSTAINABILITY REPORT

METRICS AND TARGETS

We will continue to enhance our disclosures on the implementation of our Net Zero Roadmap by 2050. This includes improving our ability to identify and measure emissions, working with our suppliers and customers, and exploring new ways in which we can use analytics, automation, and artificial intelligence to enhance decision making and transparency.

Greenhouse gas emissions

The majority of GHG emissions within our operations arise from the use of electricity and fuel (diesel and unleaded petrol). Activities from our projects are the key driver of GHG emissions.

We monitor our GHG emissions regularly and report Scope 1 direct emissions and Scope 2 indirect emissions in line with the GHG Protocol and the GRI Standards. Our Scope 1 direct emissions are primarily from motor vehicles and on-site furnaces. Scope 2 emissions are from purchased electricity.

Scope 1 Emissions

Scope 1 mobile emissions refer to a wide variety of company-owned or operated vehicles, engines and equipment that generate GHG emissions through the combustion of various fuels while moving from one location to another. To further curtail our emissions, we practise efficient planning of route for our motor vehicles, and regular maintenance is performed to ensure optimal engine performance and fuel consumption, which in turn reduces our GHG emissions.

The Group's Scope 1 GHG emission in FY2023 is as below:

Pollutant	CO_2	CH_4	N_2O
Emission Factor – Diesel (kg/TJ)[3]	74,100	3.9	3.9
Emission Factor- Petrol (kg/TJ)[4]	69,300	33	3.2
Global Warming Potential (GWP)	1	28	265

Financial Year	FY2022	FY2023	
Fuel Used	Diesel	Diesel	Unleaded petrol
Fuel Consumed (litre)	100,142	68,512	28,598
CO_2 Emissions (tCO_2e)	266.40	175.07	63.82
CH_4 Emissions (tCO_2e)	0.39	0.26	0.85
N_2O Emissions (tCO_2e)	3.72	2.24	0.78
Total GHG Emissions (tCO_2e)	**271**	**178**	**65**
		243	
Number of employees	1,039[5]	1,145	1,145
GHG Intensity (tCO_2e/employee)	0.26	0.21	

Scope 2 Emissions

Our Scope 2 GHG emissions are indirect emissions generated from the consumption of purchased energy in the form of electricity. The Group's Scope 2 GHG emission in FY2023 is as below:

Pollutants	CO_2
	FY2022 and FY2023
Operating Margin (OM) Grid Emission Factor (GEF)	0.62[6]
Global Warming Potential (GWP)	1

3 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.

4 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.

5 This figure was restated from 1,042 (published figure) to 1,039 (1 less male employee and 2 less female employees) due to update in the source data.

6 Retrieved from: Institute for Global Environmental Strategies (IGES) List of Grid Emission Factors 2023.

SUSTAINABILITY REPORT

Financial Year	FY2022	FY2023
Electricity Consumed (kWh)	8,482,062	7,657,364
Solar energy (kWh)	3,524,600	3,572,600
Purchased energy (kWh)	4,957,462	4,084,764
Scope 2 CO_2 Emissions (tCO_2e)	3,073.63[7]	2,532.55
Number of Employees	1,039[8]	1,145
GHG Intensity (tCO_2e/employee)	2.96	2.21

MATERIAL USE

Demonstrating our dedication to sustainable growth, the Group closely monitors and manages the resources utilised by our business. In FY2023, 95.2% of our wood (timber) were sourced from sustainable sources.

Target for FY2023	Performance in FY2023
At least 90% of wood sourced from sustainable sources.	95.2% of our wood (timber) were sourced from sustainable sources.

The Group remains committed to making sustainable procurement decisions for our manufacturing operations, emphasising environmental-friendly sourcing to our suppliers. Rigorous evaluations are conducted for potential suppliers to assess their environmental impact, and only those with minimal or no negative effects are considered for collaboration. Annual evaluations are also conducted on existing suppliers to ensure ongoing adherence to sustainability standards and fulfilment of the Group's expectations.

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**"). The certification encompasses the purchase of PEFC-certified and PEFC-controlled source sawn timber and wood panels, as well as the manufacture and sale of PEFC-certified and PEFC-controlled source wooden bedroom set furniture using a physical separation and percentage-based method. The receipt of the PEFC certification will further reinforce our brand reputation as an environmentally responsible business, including but not limited to the following:

(a) Our products can be labelled as PEFC-certified products to ensure our customers that the wood we are using for our products comes from sustainably managed forests;

(b) Meet the growing demand of customers who are also sourcing for sustainable supplies as part of their corporate social responsibility commitments; and

(c) Meet overseas regulatory requirements to facilitate the export of our products to overseas customers.

Our current PEFC certification is valid until the end of 2026.

Perpetual Target
Explore ways to increase adoption of renewable sources of energy and environmental-friendly production methods.

ENERGY USAGE

The Group acknowledges that investing in energy conservation not only reduces our carbon footprint but also contributes to cost savings. We actively monitor our electricity consumption, striving to optimise energy usage. For data on electricity consumption, kindly refer to the disclosures under the TCFD Report – Scope 2 Emissions. Additionally, we have ventured into efficient and renewable solar solutions to enhance our energy efficiency, diversify our energy supply sustainably, and reduce the environmental impact of our operations.

In FY2023, the solar photovoltaic (PV) system installed had generated a total of 3,572.6 MWh of solar active energy, which is equivalent to approximately 2,215 tonnes of carbon dioxide (CO_2) avoidance.

Perpetual Target
Continue venturing into efficient and renewable solar solutions to enhance our energy efficiency and reduce the environmental impact of our operations.

7 This figure was restated from 4,663.13 tCO2e to 3,073.63 tCO2e using the latest emission factors published by IGES to ensure data accuracy and comparability.

8 This figure was restated from 1,042 (published figure) to 1,039 (1 less male employee and 2 less female employees) due to update in the source data.

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WATER CONSUMPTION

We recognise the crucial role businesses play in sustaining water resources. Therefore, we have monitored our water usage and implemented various measures to enhance water efficiency. These measures include adopting more water-efficient fixtures and fittings, installing water conservation apparatus, and conducting regular checks and maintenance on pipes and installations to prevent potential water leakages. Our water consumption in FY2023, compared to the previous year, is as follows:

Financial Year	FY2022	FY2023
Water Consumed (cubic meters)	105,015[9]	99,827
Number of Employees	1,039[10]	1,145
Water Intensity (Total water consumption/Number of employee)	101.1	87.2

To achieve our long-term goal of reducing water intensity by 20%, we constantly monitor our performance through regular assessments and evaluations. This approach allows us to identify areas of improvement and implement effective measures to enhance water efficiency across our operations. We remain committed to embracing innovative technologies and sustainable practices that contribute to the responsible use and conservation of water resources, aligning with our overarching environmental sustainability objectives.

Target for FY2023 – FY2024	Performance in FY2023
Reduce water intensities by 5% in FY2023.	We have reduced the water intensity by 13.7% and will continue monitoring water usage and repairing leaky pipe.

WASTE MANAGEMENT

Proper waste management is pivotal in ensuring the sustainability of resources and environmental preservation. We are focused on efficiently handling and reducing waste generated from our business activities by implementing resource-conscious practices and embracing recycling initiatives. In FY2023, the type of waste and total weight of non-hazardous waste directed to disposal, as well as total weight directed to disposal are outlined below:

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			

Total weight of non-hazardous waste diverted from disposal

Entity	Types of non-hazardous	Amount generated (metric tons)	Recovering method
LYFSB	Carton	26.2	Recycling (offsite)
	Plastic	22.9	
	Scrap Iron	25.6	
LEM	Carton	3.4	
	Plastic	3.3	
TOTAL	**81.4**		

9 The figure was restated from 108,750 cubic meters to 105,015 cubic meters due to an update in the source data.
10 This figure was restated from 1,042 (published figure) to 1,039 (1 less male employee and 2 less female employees) due to update in the source data.

SUSTAINABILITY REPORT

Waste directed to disposal – hazardous waste

Entity	Types of hazardous	Amount generated (metric tons)	Disposal method
LYFSB	Contaminated empty drum/container	35.0	Offsite
	Contaminated rags	55.6	
	Paint sludge	26.3	
TOTAL	**116.9**		

Waste directed to disposal – non-hazardous waste

Entity	Types of non-hazardous	Amount generated (metric tons)	Disposal method
LYFSB	Saw dust	2,022.7	incineration (without energy recovery
	Scrap medium-density fibreboard (“**MDF**”)/chipboard (“**CB**”)/Plywood	835.3	incineration (with energy recovery)
	Factories’ Rubbish	287.6	landfilling
	Veneer	59.0	landfilling
LEM	Scrap MDF/CB	352.0	incineration (with energy recovery
	Saw dust	93.2	incineration (without energy recovery
	Factories’ Rubbish	86.4	landfilling
TOTAL	**3,736.2**		

The wood waste generated at LY Furniture serves a dual purpose in contributing to our sustainability efforts. Primarily, it acts as feedstock for our factory boiler, generating heat crucial for our production processes. Moreover, we collaborate with third-party boilers to utilise this wood waste efficiently. Sawdust, a byproduct, is sold to other companies for their usage or additional processing. In our commitment to minimising waste, we have implemented measures to maximise the usage of wood, reducing offcuts and promoting efficient resource utilisation.

Target for FY2023 – FY2024	Performance in FY2023
Reduce waste intensities by 5% in FY2023.	We have reduced the waste intensity by 0.5% by recycling the drums/container for other uses in the production area, minimising the uses of rags during the process of glaze.

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MOVING FORWARD

Remaining steadfast in our commitment to energy conservation and environmental protection, we will actively refine our approach to enhancing waste management practices and elevate recycling rates. We are committed to sustaining our record of zero penalties for non-compliance with all relevant environmental regulations in the jurisdictions where we operate. The short, medium, and long-term targets of our Group are outlined below:

Material Topics	Short-Term Target (1-3 years)	Medium-Term Target (by 2030)	Long-Term Target (by 2050)
Climate Change	• To maintain zero incidents of environmental policy related fines. • Continue with sustainable practices in office spaces.	• Reduce 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).	• Reduce GHG emission levels and emission intensities by 15% by 2030 (in comparison with 2022). • Explore other clean or renewable energy sources.
Material Usage	Explore ways to increase adoption of renewable sources of energy and environmental-friendly production methods.		
Energy Use	Continue venturing into efficient and renewable solar solutions to enhance our energy efficiency and reduce the environmental impact of our operations.		
Water Consumption	Reduce water intensities by 5%.	Reduce water intensities by 8% (in comparison with 2022).	Reduce water intensities by 15% (in comparison with 2022).
Waste Management	Reduce waste intensities by 5%.	Reduce water intensities by 8% (in comparison with 2022).	Reduce water intensities by 15% (in comparison with 2022).

SOCIAL

The acronym LY represents "Lian You" (联友), symbolising the idea of "uniting friends." The Group firmly believes in the significance of collaboration, particularly in the dynamic and rapidly evolving global market. Our corporate philosophy is not just a concept but is actively integrated into our corporate practices, as we reach out to all stakeholders as detailed in preceding sections.

Acknowledging that employees, customers, and communities form the bedrock of a prosperous and enduring organisation, the Group is committed to empowering and nurturing the development of our staff to their fullest capabilities. Additionally, we aspire to contribute positively to the communities where we are situated. As a socially conscious business, the Group is committed to empowering lives and giving back to the communities that have supported our business. This dedication to enhance the welfare of our communities resonates strongly with the core values and principles that guide our actions and decisions.

Throughout FY2023, we continued our dedication to supporting charitable causes in the communities where we operate, and made a total donation of RM5,900 to Tabung Kebajikan Makswip and Trinity Community Children Home Society.

SUSTAINABILITY REPORT

TALENT ATTRACTION AND RETENTION

Our approach to employee compensation is rooted in the principles of fairness, equality, and alignment with job requirements, qualifications, and experience. We review our benefit packages against industry standards regularly to uphold their competitiveness. We condemn all forms of discrimination based on race, ethnicity, age, gender, or nationality.

Our recruitment process is characterised by its robustness, fairness, and transparency, with selection criteria firmly rooted in merit. In addition to providing competitive compensation, we prioritise the well-being, welfare, and career progression of our employees. Our benefit packages include provisions for medical allowances, annual leaves, and special leaves for significant life events such as marriage, prenatal care, and paternity.

As a token of appreciation for employees who have dedicated over five (5) years of service to the company, we reward them with long service awards, recognising their valuable contributions and unwavering commitment. Through these measures, we aim to attract and retain competent individuals who resonate with and embody the culture and values of our Group.

Employees' Profile[11]

As of 31 December 2023, the comparison of our employees' profile with FY2022 is outlined below:

Workforce	No. of headcount		% of total headcount	
Financial Year	**FY2022**	**FY2023**	**FY2022**	**FY2023**
By Gender				
Male	823	933	79.2	81.5
Female	216	212	20.8	18.5
By Age Group				
18-30 years old	427	407	41.1	35.5
31-50 years old	537	657	51.7	57.4
Over 50 years old	75	81	7.2	7.1
By Nationality				
Malaysian	549	663	52.8	57.9
Bangladeshi	190	193	18.3	16.9
Chinese	0	1	0	0.1
Myanmar	206	101	19.8	8.8
Nepalese	85	182	8.2	15.9
Pakistanis	9	5	0.9	0.4
TOTAL	**1,039**	**1,145**	**100.0**	**100.0**

11 The employee data for FY2022 has been all restated due to an update in the source data (No. of headcount: 1,042 to 1,039; No. of new hires: 368 to 341; No. of turnovers from 643 to 657).

SUSTAINABILITY REPORT

Workforce	No. (Rate[12]) of new hires		No. (Rate[13]) of turnovers	
Financial Year	**FY2022**	**FY2023**	**FY2022**	**FY2023**
By Gender				
Male	292 (23.8)	479 (43.9)	541 (44.1)	463 (42.4)
Female	49 (4.0)	67 (6.1)	116 (9.4)	68 (6.2)
By Age Group				
18-30 years old	109 (8.9)	210 (19.2)	304 (24.8)	199 (18.2)
31-50 years old	210 (17.1)	319 (29.2)	330 (26.9)	314 (28.8)
Over 50 years old	22 (1.8)	17 (1.6)	23 (1.9)	18 (1.6)
By Nationality				
Malaysian	341 (27.8)	438 (40.1)	380 (31.0)	312 (28.6)
Nepalese	0 (0)	107 (9.8)	41 (3.3)	35 (3.2)
Bangladeshi	0 (0)	0 (0)	95 (7.7)	63 (5.8)
Myanmar	0 (0)	0 (0)	129 (10.5)	117 (10.7)
Pakistanis	0 (0)	0 (0)	9 (0.7)	4 (0.3)
Chinese	0 (0)	1 (0.1)	0 (0)	0 (0)
Indonesian	0 (0)	0 (0)	1 (0.1)	0 (0)
Vietnamese	0 (0)	0 (0)	2 (0.2)	0 (0)
TOTAL	**341 (27.8)**	**546 (50.0)**	**657 (53.5)**	**531 (48.6)**

Perpetual Target	Performance in FY2023
Improve employee recruitment and retention and increase ratio of local workers.	We observed a 50% enhancement in the recruitment of new employees and a decrease in the number of individuals departing the Group.

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

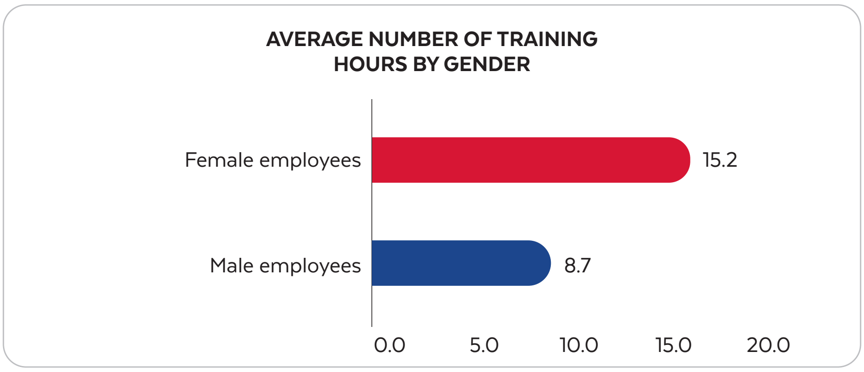
SUSTAINABILITY REPORT

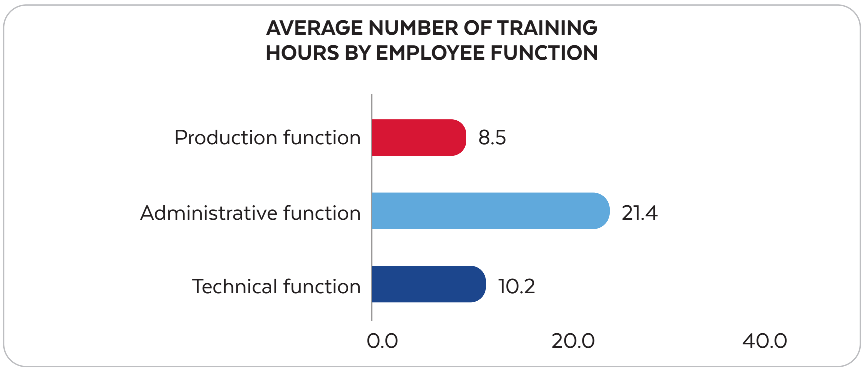
TRAINING AND DEVELOPMENT

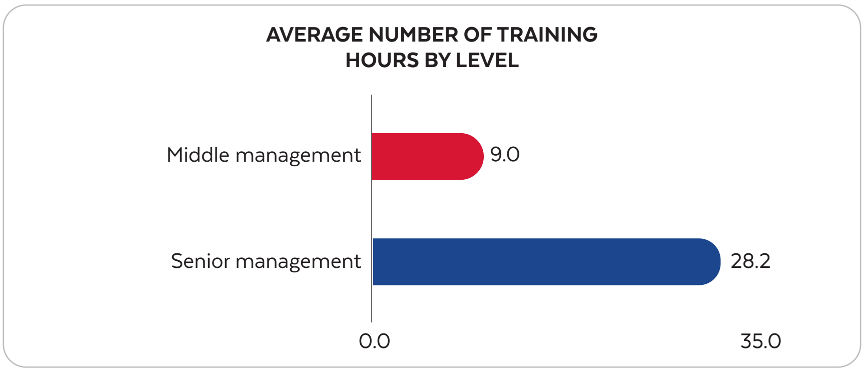
The Group recognises that our success hinges on a competent team capable of achieving our business objectives. Therefore, we are committed to fostering the growth of our employees through a diverse range of internal and external training and development programs. These initiatives aim to provide our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

In FY2023, we conducted training programs covering various topics such as security, information security, fire safety, personal data protection act, and department/function-specific training. Additionally, all new employees undergo induction training where they are introduced to basic company rules and regulations, as well as Occupational Health and Safety ("**OHS**") awareness.

The details of our employee training statistics for FY2023 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.

We believe in the importance of regularly evaluating our employees' performance and providing constructive feedback to support their improvement and growth. To achieve this, we have instituted a quarterly performance review system that offers employees prompt and actionable insights into their work. The review process assesses various aspects, including the quality of work, output, work responsibility, timeliness, ability to follow instructions, 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.

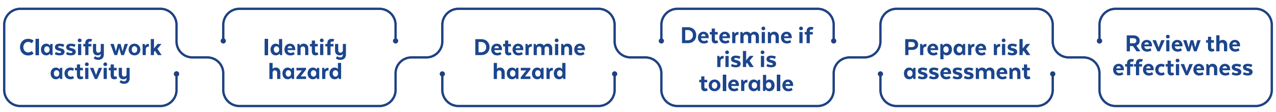
Target for FY2023	Performance in FY2023
To provide an average of 10 hours of training per employee of the Group.	Attained an average 10.0 training hours per employee. (FY2022: 8.6 training hours)

WORKPLACE HEALTH AND SAFETY

The Group places the highest priority on the health and safety of our employees, implementing proactive measures to instill a culture of safety. We have established a comprehensive Safety, Health, and Environment Policy ("**SHE Policy**") to guide all employees in maintaining safe and healthy work practices. The Management is responsible for ensuring compliance with all health and safety regulations, and employees undergo training on proper health and safety procedures. The Group has achieved the ISO 45001:2018 certification for occupational health and safety management.

To oversee the implementation of the SHE 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 and safety representatives from various factories and warehouses. Our commitment to employees' safety and health remains steadfast as we endeavor to create a secure and healthy work environment for all.

In LY Furniture, we employ the following model for every work activity to identify work-related hazards that pose a risk of high-consequence injury:



Wearing of personal protective equipment is mandated wherever deemed appropriate. Additionally, we have installed machine covers to mitigate sound levels and pinch hazards, ensuring the health and safety of our employees.

In FY2023, the breakdown of the injury rate, in comparison to the previous year, is as follows:

	FY2022	FY2023
Indicator	Total Number (Rate)[14]	
Fatalities as a result of work-related injury	0 (0)	0 (0)
High-consequence work-related injuries[1]	0 (0)	0 (0)
Number of recordable work-related injuries[2], excluding high-consequence work-related injuries	4 (0.27)	4 (0.42)
Number of hours worked	2,930,932	1,904,749

14 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

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

The primary causes of the mentioned work-related injuries were attributed to a failure to adhere to designated working instructions. This lapse in following established protocols and procedures created an environment where employees were exposed to increased risks and hazards.

Proactive measures have been implemented to uphold first-aid rooms, with trained first-aiders available at every factory within LY Furniture. For employees in need of medical check-ups or treatments, we arrange transportation to health clinics to facilitate their access to medical attention. Fire drills are regularly conducted to familiarise employees with fire-fighting equipment usage and proper responses in fire safety situations.

Our 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.

Perpetual Target	Performance in FY2023
To achieve zero major (i.e. leave of absence of more than 4 calendar days) case of workplace injuries and fatalities.	Four (4) cases of minor injuries and zero fatality.

MOVING FORWARD

The Group is unwavering in our dedication to empowering our workforce through training and professional development initiatives. Our objective is to cultivate a skilled and adaptable workforce capable of navigating the dynamic business environment effectively. Our goal is to attain zero major workplace incidents in the upcoming years. Moreover, we aspire to extend our positive influence on the community by actively participating in and expanding our involvement in various social initiatives. The short, medium, and long-term targets of our Group are outlined below, in comparison with FY2022:

Material Topics	Short-Term Target (1-3 years)	Medium-Term Target (by 2030)	Long-Term Target (by 2050)
Talent Attraction and Retention	Improve employee recruitment and retention and increase ratio of local workers.		
Training and Development	To provide an average of 8 hours of training per employee for the Group.	To provide an average of 12 hours of training per employee for the Group.	To provide an average of 15 hours of training per employee for the Group.
Workplace Health and Safety	To achieve zero major (i.e., leave of absence of more than 4 calendar days) case of workplace injuries and fatalities.		

SUSTAINABILITY REPORT

GOVERNANCE

The Board and Management are both committed to upholding high ethical standards and following effective corporate governance practices, fostering the Group's enduring sustainability. Through robust internal controls and a dedicated approach to corporate governance, the Group endeavors to generate value for its stakeholders while nurturing a principled and ethical corporate environment. Aligned with the guidelines outlined in the Code of Corporate Governance ("**CG Code**"), the Group implements various sustainability measures to embed the principles of good governance across its operations.

Our Board is characterised by a well-balanced composition of directors possessing diverse skills, experiences, and knowledge, enabling the Group to effectively pursue its long-term objectives. The following overview provides a summary of the composition of our Board and Management, more details can be found in the earlier sections of the 2023 Annual Report.

Description	Percentage (%)
Board Independence The number of independent board of directors as a percentage of all directors.	50.0
Women on the Board The number of female board directors as a percentage of all directors.	16.7

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, we closely align our 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.

Perpetual Target	Performance in FY2023
To achieve zero non-compliance with the principles of the Code of Corporate Governance.	We have complied with the principles of the Code of Corporate Governance and provided explanations where there are deviations to the Code of Corporate Governance 2018 in our 2023 Annual Report.

SUSTAINABILITY REPORT

ETHICS, BRIBERY AND CORRUPTION

The Group places a high value on integrity and ethical conduct, recognising them as essential for maintaining credibility and accomplishing strategic objectives. Our stringent zero-tolerance policy towards bribery, fraud, and corruption reflects our belief that ethical behaviour contributes to long-term stakeholder value. We have various annual declaration requirements and a whistle-blowing channel for the reporting of any critical concerns to the Board. In FY2023, there were no instances of unethical, fraudulent, or corrupt conduct that were brought to the Board's attention.

To actively promote ethical behaviour, we have 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 our 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 company 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 Group prioritises the cultivation of professional and ethical conduct among its staff. The Employee Code of Conduct is shared with all new hires and existing employees. It is imperative for all employees to uphold integrity in their actions. Those found engaging in misconduct or falling short of performance expectations may be subjected to disciplinary measures, up to and including termination. In FY2023, there were no instances of employee misconduct leading to dismissal.

Perpetual Target	Performance in FY2023
To achieve zero cases which are unethical, fraudulent or corrupt in nature	Achieved zero cases which are unethical, fraudulent or corrupt in nature.

SUSTAINABILITY REPORT

REGULATORY COMPLIANCE

Ensuring compliance with regulations is crucial, as any failure to do so may result in legal and financial consequences, posing potential harm to the Group's reputation. Additionally, the Group's policy on labour standards aligns with government regulations and guidelines, explicitly prohibiting discrimination, child labour, and forced labour across all aspects of our operations and business activities. The establishment of well-defined labour standards reflects the Group's commitment to socially responsible behaviour, emphasising its impact and the protection of human rights by prohibiting discrimination, slavery, and any form of inhumane treatment while promoting equality and fairness. Specifically, the Group adheres to various laws, regulations, and rules, including:

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)

Perpetual Target	Performance in FY2023
To achieve zero significant fines and reportable cases of non-compliance with all applicable laws, rules and regulations.	Achieved zero significant fines and reportable cases of non-compliance with all applicable laws, rules and regulations.

SUSTAINABILITY REPORT

MOVING FORWARD

Our primary emphasis is on maintaining a robust corporate governance culture and ensuring strict compliance with all relevant laws, regulations, and rules within the regions where we operate. This dedication reflects our unwavering commitment to ethical business practices, accountability, and transparency. Upholding these standards is not only a legal imperative but also a cornerstone of our corporate identity, demonstrating our responsibility as a conscientious organisation. All targets for governance-related material topics of our Group are perpetual as follows:

Material Topics	Perpetual Targets
Corporate Governance	To achieve zero non-compliance with the principles of the Code of Corporate Governance.
Ethics, Bribery and Corruption	To achieve zero cases which are unethical, fraudulent or corrupt in nature.
Regulatory Compliance	To achieve zero significant fines and reportable cases of non-compliance with all applicable laws, rules and regulations.

GRI CONTENT INDEX

LY Corporation Limited has reported the information cited in this GRI content index for the period of 1 January 2023 to 31 December 2023 with reference to the GRI Standards.

GRI Standard	Disclosure Number & Title	Section Reference
GRI 2: General Disclosures 2021	2-1 Organisational details	Annual Report 2023: Corporate Profile
	2-2 Entities included in the organisation's sustainability reporting	Sustainability Report: About this Report
	2-3 Reporting period, frequency and contact point	Sustainability Report: About this Report – Scope of Report
	2-4 Restatements of information	There has been restatement of figures or information disclosed in our previous report
	2-5 External assurance	LY Corporation has not sought external assurance for this reporting period, and may consider it in the future
	2-6 Activities, value chain and other business relationships	Annual Report 2023: Corporate Profile Annual Report 2023: Message to Shareholders
	2-7 Employees	Sustainability Report: Social – Employees' Profile
	2-8 Workers who are not employees	There were no workers who are not employees
	2-9 Governance structure and composition	Annual Report: Corporate Governance Report Sustainability Report: Sustainability Steering Committee
	2-10 Nomination and selection of the highest governance body	Annual Report: Corporate Governance Report
	2-11 Chair of the highest governance body	Annual Report: Corporate Governance Report
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Report: Sustainability Steering Committee
	2-13 Delegation of responsibility for managing impacts	Annual Report: Corporate Governance Report Sustainability Report: Sustainability Steering Committee
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Report: Sustainability Steering Committee
	2-15 Conflicts of interest	Annual Report: Corporate Governance Report Sustainability Report: Governance – Ethics, Bribery and Corruption
	2-16 Communication of critical concerns	Sustainability Report: Governance – Ethics, Bribery and Corruption

SUSTAINABILITY REPORT

GRI Standard	Disclosure Number & Title	Section Reference
	2-17 Collective knowledge of the highest governance body	This covers confidential information of LY Corporation's board meetings and are not to be disclosed due to confidentiality reasons
	2-18 Evaluation of the performance of the highest governance body	Annual Report: Corporate Governance Report Sustainability Report: Sustainability Steering Committee
	2-19 Remuneration policies	Annual Report: Corporate Governance Report
	2-20 Process to determine remuneration	Annual Report: Corporate Governance Report
	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
	2-23 Policy commitments	Annual Report: Corporate Governance Report Sustainability Report: • Governance – Ethics, Bribery and Corruption • Governance – Regulatory Compliance
	2-24 Embedding policy commitments	Annual Report: Corporate Governance Report Sustainability Report: • Governance – Ethics, Bribery and Corruption • Governance – Regulatory Compliance
	2-25 Processes to remediate negative impacts	Sustainability Report: Governance – Ethics, Bribery and Corruption
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability Report: Governance – Ethics, Bribery and Corruption
	2-27 Compliance with laws and regulations	Annual Report: Corporate Governance Report Sustainability Report: • Governance – Ethics, Bribery and Corruption • Governance – Regulatory Compliance
	2-28 Membership associations	Currently, we do not hold significant roles in any membership associations
	2-29 Approach to stakeholder engagement	Sustainability Report: Stakeholder Engagement
	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
	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
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Sustainability Report: Economic Agility
	201-2 Financial implications and other risks and opportunities due to climate change	Sustainability Report: TCFD Report
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
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Sustainability Report: Ethics, Bribery and Corruption
	205-3 Confirmed incidents of corruption and actions taken	

SUSTAINABILITY REPORT

GRI Standard	Disclosure Number & Title	Section Reference
Energy Usage GRI 3: Material Topics 2021/GRI 302: Energy 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Sustainability Report: • Greenhouse Gas Emissions • Energy Usage
	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
GRI 303: Water and Effluents 2018	303-5 Water consumption	Sustainability Report: Water Consumption
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
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability Report: Greenhouse Gas Emissions
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-3 Other indirect (Scope 3) 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
GRI 306: Waste 2020	306-3 Waste generated	Sustainability Report: Waste Management
	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
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability Report: Talent Attraction and Retention
	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
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Sustainability Report: Workplace Health and Safety
	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
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability Report: Training and Development
	404-2 Programmes for upgrading employee skills and transition assistance programs	
	404-3 Percentage of employees receiving regular performance and career development reviews	
Talent Attraction and Retention GRI 3: Material Topics 2021/GRI 406: Non-discrimination 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Sustainability Report: Talent Attraction and Retention
Regulatory Compliance GRI 3: Material Topics 2021/GRI 408: Child Labour 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Sustainability Report: Regulatory Compliance
Regulatory Compliance GRI 3: Material Topics 2021/GRI 409: Forced or Compulsory Labour 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment
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

SUSTAINABILITY REPORT

TCFD RECOMMENDATIONS CONTENT INDEX

Governance		
TCDF 1(a)	Describe the board's oversight of climate-related risks and opportunities.	Governance
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.	Group Strategy
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.	Risk Management
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.	Metrics and Targets
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 2023 ("**FY2023**") 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.

<table>
<tr><th>Principle</th><th>Code Description</th><th>Company's compliance or explanation</th></tr>
<tr><td colspan="3">BOARD MATTERS</td></tr>
<tr><td colspan="3"><u>The Board's Conduct of Affairs</u></td></tr>
<tr><td>1</td><td>The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.</td><td>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:

<table>
<tr><th>Name of Directors</th><th>Designation</th><th>Date appointed</th><th>Date last re-elected</th></tr>
<tr><td>Mr Yeo Kian Wee Andy</td><td>Chairman, Independent Non-Executive Director</td><td>20 December 2017</td><td>28 June 2021</td></tr>
<tr><td>Mr Tan Kwee Chai</td><td>Executive Director</td><td>20 December 2017</td><td>29 April 2022</td></tr>
<tr><td>Mr Tan Yong Chuan</td><td>Executive Director and Chief Executive Officer ("CEO")</td><td>24 October 2016</td><td>28 June 2021</td></tr>
<tr><td>Ms Tan Ai Luang</td><td>Executive Director</td><td>20 December 2017</td><td>28 April 2023</td></tr>
<tr><td>Datuk Yap Kheng Fah</td><td>Independent Non-Executive Director</td><td>1 January 2022</td><td>29 April 2022</td></tr>
<tr><td>Choo Chee Beng</td><td>Independent Non-Executive Director</td><td>1 February 2024</td><td>–</td></tr>
</table>
</td></tr>
</table>

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	Datuk Yap Kheng Fah	Yeo Kian Wee Andy
Member	Yeo Kian Wee Andy	Choo Chee Beng	Choo Chee Beng
Member	Datuk Yap Kheng Fah	Tan Yong Chuan	Datuk Yap Kheng Fah

CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		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 FY2023, the Board conducted four (4) meetings with full attendance. The details of the number of meetings held for the Board and Board Committees during FY2023 and the attendance of each Director at those meetings are disclosed below:

Name of Directors	Board of Directors		ARC		NC		RC	
	No. of meeting		No. of meeting		No. of meeting		No. of meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Oh Seong Lye[1]	4	4	4	4	2	2	2	2
Tan Kwee Chai	4	4	–	–	–	–	–	–
Tan Yong Chuan	4	4	–	–	2	2	–	–
Tan Ai Luang	4	4	–	–	–	–	–	–
Yeo Kian Wee Andy[2]	4	4	4	4	–	–	2	2
Datuk Yap Kheng Fah	4	4	4	4	2	2	2	2
Choo Chee Beng[3]	–	–	–	–	–	–	–	–

1. *Mr Oh Seong Lye resigned as the Chairman of the Board, Chairman of the ARC, a Member of the RC and NC on 1 December 2023.*

2. *Mr Yeo Kian Wee Andy redesignated as the Chairman of the Board on 1 February 2024.*

3. *Mr Choo Chee Beng appointed as Independent Non-Executive Director, the Chairman of the ARC, a Member of the RC and NC on 1 February 2024.*

CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		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. 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. Datuk Yap Kheng Fah and Mr Choo Chee Beng were appointed to the Board on 1 January 2022 and 1 February 2024, respectively. The Company had conducted an orientation programme for Datuk Yap Kheng Fah, 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. A similar programme will be conducted for Mr Choo Chee Beng to familiarise him with the Company's background and Group Structure. With the lifting of COVID-19 travel restrictions, the Company arranged visits in FY2023 for Datuk Yap Kheng Fah to the Group's operational facilities, enabling him to gain a better understanding of the Group's operations. Similar arrangements will be made for Mr Choo Chee Beng in the near term. Although Datuk Yap Kheng Fah has no prior experience as a director of listed company in Singapore, he has attended training courses conducted by the Singapore Institute of Directors. Similarly, the Company will arrange Mr Choo Chee Beng, who also lacks experience as a director of listed company in Singapore, to attend similar training courses as prescribed by the SGX-ST within 1 year from the date of his appointment. This training aim to familiarise him with the roles and responsibilities of a director of a public listed company in Singapore.

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Principle	Code Description	Company's compliance or explanation
		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 the 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. The Directors devoted significant time to the numerous board meetings and board committee meetings held in FY2023, adjusting their schedules as needed to ensure participation in the deliberation of issues. The NC acknowledged that the Directors effectively committed their time 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 provide Directors sufficient time to prepare for the meetings, all Board and Board Committee papers are distributed to them in advance. 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. In order 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.

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<table>
<tr><th>Principle</th><th>Code Description</th><th>Company's compliance or explanation</th></tr>
<tr><td></td><td></td><td>
The types of information provided by the Group to the Independent 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.
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, in order 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 and 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>
</table>

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Principle</th><th>Code Description</th><th>Company's compliance or explanation</th></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 and three (3) Independent Non-Executive Directors, 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>–</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>Independent Non-Executive Director</td><td>Member</td><td>Chairman</td><td>Member</td></tr>
<tr><td>Choo Chee Beng</td><td>Independent Non-Executive Director</td><td>Chairman</td><td>Member</td><td>Member</td></tr>
</table>
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 28 February 2024 and all Independent Non-Executive Directors have provided their independence declaration. Out of six Directors, three are Independent.
The NC, having considered the assessment made by the Directors on the independent status of Mr Yeo Kian Wee Andy, Datuk Yap Kheng Fah 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, Datuk Yap Kheng Fah 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.
</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		Under Listing Rules of SGX-ST which took effect from 1 January 2022, an independent director will not be considered independent if he has served on the Board for more than nine years unless prior to 1 January 2022 he has obtained approval from shareholders to continue in office under a two-tier voting by (a) all shareholders; and (b) shareholders, excluding the directors and the chief executive officer and their associates. On 11 January 2023, SGXRegCo announced that the two-tier vote mechanism for companies to retain long-serving independent directors who have served for more than 9 years will be removed with immediate effect. Therefore, the tenure for independent directors serving on the boards of listed issuers will be limited to 9 years. 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, Datuk Yap Kheng Fah and Mr Choo Chee Beng, constitute only half 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 committees 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. 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.

CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		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, 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	6	100.0

		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.

CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		During the year under review, the Company made significant progress towards achieving the diversity targets. This includes the appointment of Mr Choo Chee Beng, aged 54, as an independent director, emphasizing the commitment to embracing a diverse range of age perspectives. The Board believes that Mr Choo Chee Beng will bring a valuable blend of experience, fresh insights, enhancing the Board decision-making process. Additionally, Mr. Oh Seong Lye, who resigned at the age of 75, provided invaluable insights and expertise during his tenure as Independent Non-executive Chairman of the Board. With the ongoing refreshment of the Board, the ages of Directors ranges from 38 to 68, with one female director. The mix of skills, 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. With the transitions such as the resignation of Mr. Oh Seong Lye and the redesignation of Mr. Yeo Kian Wee Andy as Chairman of the Board, 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 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 Independent 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 FY2023.

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 an Independent Non-Executive Director appointed on 20 December 2017 and was redesignated as the Chairman of the Board on 1 February 2024 due to his qualification, working experience and his extensive knowledge in the Company's business. 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 Directors, encourages constructive relations among the Directors, and promotes an open environment for debate and ensure that Independent Non-Executive Directors 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 half 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, including the Chairman, are Independent. The composition of the NC is as follows: Datuk Yap Kheng Fah, Chairman (Independent Non-Executive Director) Mr Choo Chee Beng (Independent Non-Executive Director, appointed on 1 February 2024) Mr Tan Yong Chuan (Executive Director and CEO) Mr. Oh Seong Lye was a member of the NC during the financial year 2023. Mr Oh Seong Lye stepped down on 1 December 2023 and in place, Mr Choo Chee Beng was appointed on 1 February 2024. During the year under review, the NC held two (2) meetings, 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.

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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 Yeo Kian Wee Andy (b) Mr Tan Yong Chuan Pursuant to Regulation 102 of the Constitution of the Company: (a) Mr Choo Chee Beng Each Mr Yeo Kian Wee Andy, Mr Tan Yong Chuan and Mr Choo Chee Beng 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 Yeo Kian Wee Andy will remain as a Chairman of the Board, Chairman of the RC and member of the ARC; Mr Tan Yong Chuan will remain as the Executive Director and CEO of the Company, member of the NC; Mr Choo Chee Beng will remain as the Chairman of the ARC, a member of the NC and the 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, Datuk Yap Kheng Fah 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.

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<table>
<tr><th>Principle</th><th>Code Description</th><th>Company’s compliance or explanation</th></tr>
<tr><td></td><td></td><td>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 FY2023.

During the year under review, there was no alternate directors appointed to the Board.</td></tr>
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<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>
</table>
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>
</td></tr>
</table>

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Principle	Code Description	Company's compliance or explanation
		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 93 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 2024 are set out on pages 84 to 90 of this Annual Report.
Board Performance		
5	The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.	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 FY2023. 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. 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 FY2023. 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);

CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		(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 FY2023. 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.
REMUNERATION MATTERS		
Procedures for Developing Remuneration Policies		
6	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.	The RC comprises the following three members, all of whom (including its Chairman) are Independent Non-Executive Directors: Mr Yeo Kian Wee Andy, Chairman (Independent Non-Executive Director) Datuk Yap Kheng Fah (Independent Non-Executive Director) Mr Choo Chee Beng (Independent Non-Executive Director, appointed on 1 February 2024) Mr. Oh Seong Lye was a member of the RC during the financial year 2023. Mr Oh Seong Lye stepped down on 1 December 2023 and in place, Mr. Choo Chee Beng was appointed on 1 February 2024. During the year under review, the RC held two (2) meetings, which all the members attended during their tenure.

CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		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. 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.

CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		No remuneration consultants were engaged by the Company in FY2023. 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 FY2023. 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. Independent Non-Executive Directors do not have service agreement with the Company and accordingly do not receive salary. The Independent Non-Executive Directors are paid Directors' fees, which are determined by the Board based on the effort, time spent and responsibilities of the Independent Non-Executive Directors (including but not limited to their appointments to the various Board Committees). The Directors' fees of the Independent Non-Executive Directors are subject to approval by shareholders at each AGM. The Independent Non-Executive Directors 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.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Principle</th><th>Code Description</th><th>Company's compliance or explanation</th></tr>
<tr><td colspan="3"><u>Disclosure on Remuneration</u></td></tr>
<tr><td>8</td><td>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.</td><td>
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 FY2023 is as follows:
<table>
<tr><th rowspan="2">Name of Directors</th><th colspan="6">Breakdown of Remuneration in Percentage (%)</th><th rowspan="2">Total Remuneration in Compensation Bands of $250,000</th></tr>
<tr><th>Fees[1]</th><th>Salary[2]</th><th>Allowance</th><th>Benefits</th><th>Variable Bonus[3]</th><th>Total</th></tr>
<tr><td colspan="8"><u>Executive Directors</u></td></tr>
<tr><td>Tan Kwee Chai</td><td>–</td><td>89.6</td><td>0.9</td><td>1.7</td><td>7.8</td><td>100.0</td><td>S$250,001-S$500,000</td></tr>
<tr><td>Tan Yong Chuan</td><td>0.4</td><td>82.3</td><td>1.6</td><td>2.6</td><td>13.1</td><td>100.0</td><td><S$250,000</td></tr>
<tr><td>Tan Ai Luang</td><td>–</td><td>85.6</td><td>2.2</td><td>6.1</td><td>6.1</td><td>100.0</td><td><S$250,000</td></tr>
<tr><td colspan="8"><u>Independent Non-Executive Directors</u></td></tr>
<tr><td>Yeo Kian Wee Andy</td><td>91.7</td><td>–</td><td>8.3</td><td>–</td><td>–</td><td>100.0</td><td><S$250,000</td></tr>
<tr><td>Datuk Yap Kheng Fah</td><td>91.9</td><td>–</td><td>8.1</td><td>–</td><td>–</td><td>100.0</td><td><S$250,000</td></tr>
<tr><td>Oh Seong Lye[4]</td><td>93.4</td><td>–</td><td>6.6</td><td>–</td><td>–</td><td>100.0</td><td><S$250,000</td></tr>
<tr><td>Choo Chee Beng[5]</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
</table>
<u>Notes:</u>
(1) The Directors' Fees and Allowances for attending meetings to be held for the financial year ending 31 December 2024 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.
(4) Mr Oh Seong Lye resigned as the Chairman of the Board, Chairman of the ARC, a Member of the RC and NC on 1 December 2023.
(5) Mr Choo Chee Beng was appointed as Independent Non-Executive Director, the Chairman of the ARC, a Member of the RC and NC on 1 February 2024.
Under Catalist Rules of SGX-ST, which will take effect for annual report prepared for the financial year ending 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 will disclose the remuneration paid to individual directors, and CEO by the Company and its subsidiaries in its Annual Report for the financial year ending 31 December 2024 as required by the Catalist Rules of SGX-ST.
</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		Therefore, the Company will continue to disclose remuneration in band for the financial year ended 31 December 2023. Considering the highly competitive business environment, the nature of the industry and the confidentiality of the Group's remuneration policies, the Board is of the view that providing full disclosure of the remuneration of each individual director and key management personnel is not in the best interests of the Group and may adversely affect talent attraction and retention. There are no termination, retirement, post-employment benefits that may be granted to the Directors. During FY2023, the Group had six (6) 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 FY2023 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	84.4	–	3.9	11.7	100.0	<S$250,000
Boo Ngek Hee	Chief Quality Officer	87.6	–	4.1	8.3	100.0	<S$250,000
Teo Gin Lian	Chief Financial Officer ("**CFO**")	93.4	4.6	–	2.0	100.0	<S$250,000
Lau Chia En	Director of Leyo Holdings Sdn Bhd	100.0	–	–	–	100.0	<S$250,000
Tan Yong Siang	Director of LY Furniture Sdn Bhd	91.0	–	9.0	–	100.0	<S$250,000
Ng Teck Lai	Director of Leyo Holdings Sdn Bhd	100.0	–	–	–	100.0	<S$250,000

Notes:

(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 are 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 FY2023 was S$475,028.

Tan Kwee Lim and Tan Kwee Chai are brothers and his remuneration for FY2023 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 FY2023 is disclosed in the table above.

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Principle	Code Description	Company's compliance or explanation
		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 FY2023. 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 FY2023. 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 FY2023 despite the Group's financial results for the year.
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 in consultation with management will request for management's consideration for the establishment of written policies for any particular matter that is deemed to be essential to form part of management control.

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Principle	Code Description	Company's compliance or explanation
		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 are 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. During the financial year ended 31 December 2023, certain internal control weaknesses were noted for a wholly-owned subsidiary of the Group, Leyo Manufacturing Sdn. Bhd. ("**LEM**"). It was noted that the monthly cost allocation spreadsheets of LEM were not prepared in accordance with the Group's policies and as a result, the costing data, related labour cost and overhead absorption allocations were incorrectly computed and reflected in these monthly cost allocation spreadsheets. These errors were subsequently detected and the management reviewed and substantially rectified the costing (and the carrying amounts) in accordance with the Group's policies during the year-end financial closing process for the financial year ended 31 December 2023. As at 31 December 2023, the carrying amounts of raw materials, work-in-progress and finished goods of the Group were RM28,186,000, RM11,600,000 and RM12,030,000, respectively, of which RM3,086,000, RM1,503,000 and RM3,484,000, respectively, related to LEM.

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Principle	Code Description	Company's compliance or explanation
		Save as disclosed above, no other internal control lapses were detected during the financing closing process for the financial year ended 31 December 2023. 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 as per their audit plans; 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 FY2023 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 2023 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 2023 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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<table>
<tr><th>Principle</th><th>Code Description</th><th>Company's compliance or explanation</th></tr>
<tr><td></td><td></td><td>The ARC has reviewed the external auditor's audit plan for FY2023 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 FY2023, 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 pages 159 and 160 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 FY2023 with respect to the key audit matter.</td></tr>
<tr><td colspan="3"><u>Audit and Risk Committee</u></td></tr>
<tr><td>10</td><td>The Board has an ARC which discharges its duties objectively.</td><td>The Company has an ARC which comprises the following three (3) members, all of whom including its Chairman, are Independent Non-Executive Directors:

Mr Choo Chee Beng, Chairman (Independent Non-Executive Directors, appointed on 1 February 2024)

Mr Yeo Kian Wee Andy (Independent Non-Executive Directors)

Datuk Yap Kheng Fah (Independent Non-Executive Directors)

Mr Oh Seong Lye was the Chairman of the ARC during the financial year 2023. Mr Oh Seong Lye stepped down on 1 December 2023 and in place, Mr Choo Chee Beng was appointed on 1 February 2024.

The current 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;</td></tr>
</table>

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Principle	Code Description	Company's compliance or explanation
		(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); (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;

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Principle	Code Description	Company's compliance or explanation
		(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; (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.

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Principle	Code Description	Company's compliance or explanation
		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 FY2023	RM'000	% of Total Fees
Total Audit Fees	610	85.7
Total Non-Audit Fees	102	14.3
Total Fees	712	100.0

The ARC is satisfied that the nature and extent of non-audit services above provided by the External Auditors in FY2023 will not prejudice the independence and objectivity of the External Auditors, and is pleased to recommend their re-appointment.

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

CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		• access the appropriate external advice where necessary and, where appropriate or required, report to the relevant governmental authorities for further investigation/action. 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 FY2023. 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 Certified Public 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 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 Auditor functions under the direction of the ARC and reports the findings and makes recommendations to the ARC accordingly. The Internal Auditor 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.

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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.

CORPORATE GOVERNANCE REPORT

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. In response to the COVID-19 situation in Singapore, the Company conducted its AGM through electronic means, utilising a live webcast. Shareholders were provided with the option to watch the "live" webcast or listed to the "live" audio feeds on 29 April 2022, during which all directors were present. However, following guidelines outlined in the Regulator's Column dated 23 May 2022, general meetings which are conducted virtually on or after 1 October 2022, including annual general meetings for financial years ending 30 June 2022 onwards, are required to provide both (i) real-time electronic voting and (ii) real-time electronic communication. Therefore, the Company's AGM for FY2022 was held physically as per guidance issued by SGXRegCo on 4 February 2022, as Singapore was transitioning out of the acute phase of COVID-19 pandemic, returning to Dorscon green level with effect from 13 February 2023. 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, the Company's forthcoming AGM in respect for FY2023 will be held physically at Room 328, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on 29 April 2024. 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).

CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		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 FY2023 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.
<u>Engagement with Shareholders</u>		
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 http://investor.lyfurniture.com/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		
<u>Engagement with Stakeholders</u>		
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 18 and 19 of this Annual Report. The Company maintains a corporate website at http://www.lyfurniture.com to communicate and engage with stakeholders.

CORPORATE GOVERNANCE REPORT

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 were 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 FY2023 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 FY2023 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 as per their audit plans; 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 were no material weaknesses identified by the Board or ARC in FY2023.
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

Catalist Rule	Rule Description	
1204(17)	Interested Person Transaction (“**IPT**”)	Details of the interested person transactions for FY2023 as required pursuant to Rule 907 of the Catalist Rules of SGX-ST are as follows:

Name of Interested Person	Nature of Relationship	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	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than $100,000) RM’000
Lean Shern Furniture Sdn Bhd (“**Lean Shern**”)	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.	–[(2)]	35,438
Leatherworld Upholstery Sdn Bhd (“**Leatherworld**”)	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.	–[(2)]	1,573

Notes:

(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.

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.

CORPORATE GOVERNANCE REPORT

Catalist Rule	**Rule Description**	
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 FY2023.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Tan Yong Chuan, Mr Yeo Kian Wee Andy, and Mr Choo Chee Beng will be seeking re-election at the forthcoming Annual General Meeting of the Company be convened on 29 April 2024 ("**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 YONG CHUAN	MR YEO KIAN WEE ANDY	MR CHOO CHEE BENG
Date of appointment	24 October 2016	20 December 2017	1 February 2024
Date of last re-appointment	28 June 2021	28 June 2021	N/A
Age	38	53	54
Country of principal residence	Malaysia	Singapore	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 Yong Chuan, as well as the diversity of the Board including but not limited to age, gender, skills, knowledge and experience for re-appointment as Executive Director of the Company. The Board has reviewed and concluded that Mr Tan Yong Chuan possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board, and complement the diversity of the Board in terms of age, gender as well as industry and business knowledge, skills and experience.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Yeo Kian Wee Andy for re-appointment as Independent Non-Executive Chairman of the Board of the Company, as well as the diversity of the Board including but not limited to age, gender, skills, knowledge and experience. The Board has reviewed and concluded that Mr Yeo Kian Wee Andy possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board, and complement the diversity of the Board in terms of age, gender, as well as legal, business and corporate knowledge, skills and experience.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experiences, qualifications, contribution, candour and suitability of Mr Choo Chee Beng for re-appointment as Independent Non-Executive Director of the Company, as well as the diversity of the Board including but not limited to age, gender, skills, knowledge and experience. The Board has reviewed and concluded that Mr Choo Chee Beng possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board, and complement the diversity of the Board in terms of age, gender, as well as business and finance knowledge, skills and experience.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr Tan Yong Chuan is responsible for the overall management, operations and strategic planning of the Group, including overseeing the finance functions of the Group.	Non-executive and independent.	Non-executive and independent.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN YONG CHUAN	MR YEO KIAN WEE ANDY	MR CHOO CHEE BENG
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Executive Officer of the Company, and member of the NC.	Independent Non-Executive Chairman of the Board, Chairman of the Remuneration Committee and Member of Audit and Risk Committee.	Independent Non-Executive Director, Chairman of the Audit and Risk Committee and a member of the NC and Remuneration Committee.
Professional qualifications	Mr Tan Yong Chuan obtained a Bachelor of Commerce in Accounting from Universiti Tunku Abdul Rahman in 2008. He is a fellow member of the Association of Chartered Certified Accountants and a Chartered Accountant with the Malaysian Institute of Accountants.	Mr Yeo Kian Wee Andy graduated with a Bachelor of Laws from the National University of Singapore in 1996 and admitted as an advocate and solicitor in Singapore in 2000. He is a non-practicing solicitor of England and Wales, having been admitted to the Roll of Solicitors of England and Wales in 2010.	Mr Choo Chee Beng holds a Bachelor of Science in Economics and Accounting from the University of Bristol, United Kingdom. He is a 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.
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 Yong Chuan is the son of Mr Tan Kwee Chai (the Executive Director and Controlling Shareholder of the Company) and cousin of Ms Tan Ai Luang (Executive Director of the Company).	None	None
Conflict of Interest (including any competing business)	None	None	None
Working experience and occupation(s) during the past 10 years	LY Corporation Limited and its related corporations since 2011.	Eldan Law LLP Partner, since June 2019 Allen and Gledhill Partner, January 2006-June 2019	1. Director of Finance in United Malayan Land Berhad and its subsidiaries (June 2020 to September 2023) 2. Chief Financial Officer ("CFO") in Skyworld Development Sdn Bhd (December 2019 to June 2020) 3. CFO in Big Bad Wolf Sdn Bhd/Bookxcess Sdn Bhd (April 2019 to December 2019) 4. Group CFO/Director of Operations in Naza TTDI Sdn Bhd (January 2015 to March 2019)
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	NIL	Direct interest: 115,000 ordinary shares in the capital of the Company.	NIL

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN YONG CHUAN	MR YEO KIAN WEE ANDY	MR CHOO CHEE BENG
Other principal commitments including directorships Past (for the last 5 years) Present	None	 Past (for the last 5 Years) None Present Eldan Law LLP Fintex Pte Ltd Jedefx Pte Ltd Tee International Limited The Necessary Stage Ltd	 Past (for the last 5 Years) None Present Rainforest Funds Limited HPP Holdings Berhad
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	No
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	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN YONG CHUAN	MR YEO KIAN WEE ANDY	MR CHOO CHEE BENG
c) Whether there is any unsatisfied judgment against him?	No	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	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	No
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	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN YONG CHUAN	MR YEO KIAN WEE ANDY	MR CHOO CHEE BENG
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	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	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	No
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	Yes	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	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN YONG CHUAN	MR YEO KIAN WEE ANDY	MR CHOO CHEE BENG
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	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 in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
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	No

The details of J(i) for Mr Yeo Kian Wee Andy:

Mr Yeo Kian Wee Andy served as the Independent Non-Executive Chairman of Tee International Limited and was subsequently redesignated to its Non-Executive Director after Tee International Limited was delisted from the Exchange on 16 February 2024.

As announced by Tee International Limited on 18 February 2022 and by the Company on 22 February 2022, Tee International Limited was requested to produce various documents to the Commercial Affairs Department ("**CAD**") to assist with an investigation into an offence under the Securities and Futures Act 2001 pursuant to provisions of the Criminal Procedure Code 2010. Mr Yeo Kian Wee Andy is not aware of the status of the investigation by CAD.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN YONG CHUAN	MR YEO KIAN WEE ANDY	MR CHOO CHEE BENG
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.	Not Applicable. This is in relation to the re-appointment of a Director.

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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 2023.

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 95 to 154 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 2023 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 (appointed on 1 February 2024)

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 2024	At the beginning of financial year	At the end of financial year	At 21 January 2024
Ordinary shares of the Company						
Tan Kwee Chai	2,520,400	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	–	–	–

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 auditors, PricewaterhouseCoopers LLP have expressed their willingness to accept re-appointment as auditors.

Signed on behalf on the Board of Directors in accordance with their resolution dated 8 April 2024.

TAN YONG CHUAN DIRECTOR	TAN AI LUANG DIRECTOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
Revenue	4	**198,862**	234,521
Cost of sales		**(192,802)**	(203,531)
Gross profit		**6,060**	30,990
OTHER ITEMS OF INCOME			
Interest income from short-term deposits		**1,349**	137
Distributions from short-term investment security		**97**	–
Other income	5	**4,746**	6,240
OTHER ITEMS OF EXPENSE			
Selling and administrative expenses		**(19,558)**	(19,693)
Finance costs	6	**(2,522)**	(2,247)
Other expenses	7	**(1,099)**	(2,475)
(Loss)/profit before tax	8	**(10,927)**	12,952
Income tax credit/(expense)	10	**2,715**	(4,718)
(Loss)/profit for the year, representing total comprehensive (loss)/income for the year		**(8,212)**	8,234
(Loss)/profit for the year, representing total comprehensive (loss)/income for the year attributable to:			
– Owners of the Company		**(8,144)**	12,351
– Non-controlling interest		**(68)**	(4,117)
		(8,212)	8,234
(Loss)/earnings per share attributable to owners of the Company (sen per share)			
Basic and diluted	11	**(1.67)**	2.53

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	**143,875**	154,634	**-**	–
Right-of-use assets	22	**22,743**	29,053	**-**	–
Investment in subsidiaries	13	**-**	–	**47,612**	63,255
Intangible assets	14	**2,821**	2,872	**-**	–
Amount due from a subsidiary	15	**-**	–	**8,021**	–
		169,439	186,559	**55,633**	63,255
CURRENT ASSETS					
Inventories	16	**49,884**	88,885	**-**	–
Trade and other receivables	17	**19,892**	18,272	**7**	7
Amount due from a subsidiary	15	**-**	–	**5,579**	–
Prepaid operating expense		**2,091**	2,233	**61**	17
Tax recoverable		**2,157**	5,361	**-**	–
Cash and cash equivalents	18	**54,215**	25,762	**4,290**	1,107
Assets classified as held for sale		**130**	–	**-**	–
		128,369	140,513	**9,937**	1,131
TOTAL ASSETS		**297,808**	327,072	**65,570**	64,386
CURRENT LIABILITIES					
Loans and borrowings	19	**16,693**	16,854	**-**	–
Trade and other payables	20	**36,664**	34,200	**-**	–
Contract liabilities	4(b)	**-**	942	**-**	–
Accrued operating expenses		**1,113**	761	**762**	553
Lease liabilities	22	**1,785**	3,221	**-**	–
		56,255	55,978	**762**	553
NET CURRENT ASSETS		**72,114**	84,535	**9,175**	578
NON-CURRENT LIABILITIES					
Loans and borrowings	19	**9,541**	23,463	**-**	–
Lease liabilities	22	**3,821**	8,413	**-**	–
Deferred tax liabilities	21	**14,604**	17,419	**-**	–
		27,966	49,295	**-**	–
TOTAL LIABILITIES		**84,221**	105,273	**762**	553
NET ASSETS		**213,587**	221,799	**64,808**	63,833

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	**2023**	**2022**	**2023**	**2022**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Share capital	23	**66,135**	66,135	**66,135**	66,135
Treasury shares	24	**(173)**	(173)	**(173)**	(173)
Merger reserve	25	**(15,234)**	(15,234)	**–**	–
Other reserve	26	**(3,322)**	(3,322)	**–**	–
Retained earnings/(accumulated losses)		**169,519**	177,663	**(1,154)**	(2,129)
		216,925	225,069	**64,808**	63,833
Non-controlling interest	13	**(3,338)**	(3,270)	**–**	–
NET ASSETS		**213,587**	221,799	**64,808**	63,833
TOTAL EQUITY AND LIABILITIES		**297,808**	327,072	**65,570**	64,386

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company							
	Share capital (Note 23) RM'000	Treasury shares (Note 24) RM'000	Merger reserve (Note 25) RM'000	Other reserve (Note 26) 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 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**
At 1 January 2022	66,135	(173)	(15,234)	–	165,312	216,040	(2,475)	213,565
Profit/(loss) for the year, representing total comprehensive income/(loss) for the year	–	–	–	–	12,351	12,351	(4,117)	8,234
Accretion of interest in a subsidiary company (Note 2.4(d))	–	–	–	(3,322)	–	(3,322)	3,322	–
At 31 December 2022	66,135	(173)	(15,234)	(3,322)	177,663	225,069	(3,270)	221,799

	Share capital (Note 23) RM'000	Treasury shares (Note 24) RM'000	(Accumulated losses)/retained earnings RM'000	Total equity RM'000
Company				
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**
At 1 January 2022	66,135	(173)	603	66,565
Loss for the year, representing total comprehensive loss for the year	–	–	(2,732)	(2,732)
At 31 December 2022	66,135	(173)	(2,129)	63,833

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
OPERATING ACTIVITIES			
(Loss)/profit before tax		**(10,927)**	12,952
Adjustments for:			
Loss on disposal of property, plant and equipment	7	**50**	16
Gain on disposal of short-term investment security	5	**(49)**	–
Distributions from short-term investment security		**(97)**	–
Allowance for slow moving inventories	8	**1,326**	606
Interest income from short-term deposits		**(1,349)**	(137)
Interest expense	6	**2,522**	2,247
Write-off of property, plant and equipment	7	**43**	54
Adjustment on right-of-use assets		**(204)**	(43)
Amortisation of trademarks	14	**51**	51
Depreciation of right-of-use assets	22	**2,899**	3,366
Depreciation of property, plant and equipment	12	**12,719**	11,845
Unrealised exchange loss		**1,012**	2,477
Allowance for deposits paid		**152**	–
Non-trade bad debts written off		**26**	–
Operating profit before working capital changes		**8,174**	33,434
Changes in working capital:			
Decrease/(increase) in inventories		**37,675**	(815)
(Increase)/decrease in trade and other receivables		**(1,862)**	560
Decrease in prepaid operating expense		**142**	73
Increase/(decrease) in trade and other payables		**1,672**	(8,279)
Decrease in contract liabilities		**(942)**	(2,885)
Increase/(decrease) in accrued operating expenses		**352**	(17)
Cash flows generated from operations		**45,211**	22,071
Net income taxes refunded		**3,104**	497
Net cash flows generated from operating activities		**48,315**	22,568
INVESTING ACTIVITIES			
Interest income from short term deposits		**1,349**	137
Distributions from short-term investment security		**97**	–
Proceeds from disposal of short-term investment security		**15,293**	–
Placement of short-term investment security		**(15,244)**	–
Purchase of property, plant and equipment	(a)	**(2,191)**	(5,953)
Proceeds from disposal of property, plant and equipment		**234**	265
Net cash flows used in investing activities		**(462)**	(5,551)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	(b)	**23,010**	84,184
Repayment under financing arrangements	(b)	**(645)**	(699)
Repayment of loans and borrowings	(b)	**(36,845)**	(100,633)
Principal repayment of lease liabilities	(b)	**(2,414)**	(2,591)
Interest paid	(b)	**(2,522)**	(2,247)
Net cash flows used in financing activities		**(19,416)**	(21,986)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**28,437**	(4,969)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**16**	(188)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**25,762**	30,919
CASH AND CASH EQUIVALENTS AT END OF YEAR	18	**54,215**	25,762

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	2023 RM'000	2022 RM'000
Current year additions	12	**2,417**	7,329
Less: Obligation under financing arrangements		**(226)**	(1,376)
Net cash outflow for the purchase of property, plant and equipment		**2,191**	5,953

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 1.1.2023 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	Termination 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**

		Cash movements			Non-Cash movements				
	As at 1.1.2022 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	Termination RM'000	As at 31.12.2022 RM'000
Loans and borrowings	53,197	(100,633)	(1,677)	84,184	1,677	-	1,309	-	38,057
Financing arrangements	1,583	(699)	(160)	-	160	1,376	-	-	2,260
Lease liabilities	7,936	(2,591)	(410)	-	410	8,536	-	(2,247)	11,634
	62,716	(103,923)	(2,247)	84,184	2,247	9,912	1,309	(2,247)	51,951

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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 2023. 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
• SFRS(I) 1-1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2024
• SFRS(I) 1-1 Presentation of Financial Statements (Non-current Liabilities with Covenants)	1 January 2024
• SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Agreements	1 January 2024
• Amendments to SFRS(I) 10 & SFRS(I) 1-28: Investment in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	To be determined

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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 2023

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.

- 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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

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

On 30 December 2022, the Group has undertaken an internal restructuring exercise involving the transfer of the entire share capital of Leyo Manufacturing Sdn. Bhd. ("LEM") from Leyo Holdings Sdn. Bhd. ("LEH", a 51%-owned subsidiary of the Company) to LYFSB, a wholly-owned subsidiary of the Company, at a nominal consideration of RM1 (the "Internal Restructuring"). The Internal Restructuring was accounted for as a transaction with non-controlling interest.

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 2023

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 years
Motor vehicles	8 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.

During the financial year, the Group revised its depreciation rate for computer equipment and computer software, to better reflect the useful life of those assets from 10 years to 5 years. The additional amount being charged to the income statement amounted to RM739,000.

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 2023

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 2023

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 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.9 ***Financial instruments (Continued)***

(b) Financial liabilities

<u>Initial recognition and measurement</u>

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.

<u>Subsequent measurement</u>

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.

<u>Derecognition</u>

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 2023

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 2023

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.

Right-of-use assets

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	3 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 2023

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. The accounting policy for rental income is set out in Note 2.17(e). Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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 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 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.17 *Revenue (Continued)*

(d) Interest income

Interest income from banks is recognised on a time-proportion basis using the effective interest method.

(e) Rental income

Rental income arising from operating leases on leasehold properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.18 ***Taxes (Continued)***

(b) Deferred tax (Continued)

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.

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.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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 live 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 were amortised on a straight-line basis over the useful life of 8.5 years.

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 33.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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 intangible assets (including goodwill), property, plant and equipment, right-of-use assets and the Company’s investment in subsidiaries

Goodwill is assessed for impairment on an annual basis. In performing the impairment assessment of the carrying amount of goodwill, the recoverable amounts of the cash-generating units (“CGUs”) in which goodwill is attributable to, are determined using value-in-use (“VIU”) calculation.

The Group reviews property, plant and equipment, intangible assets, right-of-use assets and the Company’s investment in subsidiaries for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets exceed their recoverable amounts. The recoverable amounts of the CGU (or group of CGUs) are also determined using VIU calculation.

In deriving the VIU, significant judgements are used to estimate the budgeted gross margin, pre-tax discount rates and terminal growth rates applied in computing the recoverable amounts of different CGUs. In making these estimates, management has relied on past performance, its expectations of market developments in the United States of America and Japan, the industry trends for wooden furniture.

The carrying amounts of the Group’s intangible assets (including goodwill), property, plant and equipment and right-of-use assets as at 31 December 2023 were approximately RM2,821,000, RM143,875,000 and RM22,743,000 as disclosed in Note 14, Note 12 and Note 22, respectively.

The results of the impairment assessment performed by the Group on intangible assets (goodwill), property, plant, and equipment, right-of-use assets as at 31 December 2023 indicated that no impairment charge was necessary.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

3.1 *Critical accounting estimates and assumptions (Continued)*

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

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

Intangible assets (including goodwill), property, plant and equipment, right-of-use assets are aggregated at the CGU level for impairment assessment.

CGUs assessed for impairment are its business operations in LYFSB, LEM and LEH.

Intangible assets (including goodwill) are aggregated at the CGU level of LEH for impairment assessment. Property, plant and equipment are aggregated at the CGU level of LYFSB, LEM and LEH for impairment assessment. Right-of-use assets are aggregated at the CGU level of LYFSB and LEM 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. 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 are as follows:

	Group	
	2023	**2022**
	%	%
Budgeted gross margin	**15**	9 to 16
Royalty income growth rate (applicable only to goodwill impairment testing)	**5**	-
Pre-tax discount rate	**14.5 to 18.4**	14.5 to 18.4
Terminal growth rates	**2.0**	2.0 to 3.0

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) Royalty income growth rate (applicable only to goodwill impairment testing)

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

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

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

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

Key assumptions used in the value in use calculations (Continued)

(iii) 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.

(iv) 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.

Sensitivity to changes in assumptions

With regards to the assessment of the value-in-use for intangible assets (including goodwill), property, plant and equipment, right-of-use assets, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of intangible assets (including goodwill), property, plant and equipment, right-of-use assets to materially exceed their recoverable amounts.

Impairment assessment of the Company's investment in subsidiaries

The carrying amount of the Company's investment in subsidiaries as at 31 December 2023 was approximately RM47,612,000 as disclosed in Note 13. An impairment loss of RM857,000 (2022: RM nil) was recognised for an investment in a subsidiary. The sensitivity of recoverable amount to key assumptions are disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

4 REVENUE

(a) Disaggregation of revenue

	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**

	Furniture RM'000	Millwork RM'000	Total RM'000
2022			
Primary geographical markets			
United States of America	127,210	10,304	137,514
Malaysia	36,899	3,643	40,542
Hong Kong	363	37,506	37,869
Republic of China	8,906	–	8,906
United Arab Emirates	3,342	–	3,342
Japan	2,353	–	2,353
Puerto Rico	1,863	–	1,863
Others	1,673	459	2,132
	182,609	51,912	234,521
Major product or service lines			
Sale of goods	182,582	51,912	234,494
Others	27	–	27
	182,609	51,912	234,521
Timing of transfer of goods or services			
At that point in time	182,609	51,912	234,521

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

4 REVENUE (CONTINUED)

(b) Contract liabilities

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

	Group	
	2023	**2022**
	RM'000	**RM'000**
Contract liabilities	**–**	942
Movement in contract liabilities is as follow:		
At beginning of the financial year	**942**	3,827
Revenue recognised in current period that was included in the contract liability balance at the beginning of the year	**(942)**	(2,885)
	–	942

Contract liabilities primarily relate to advances received from customers and the Group's obligation to transfer the goods that are shipped to the specific location for which the Group has billed for receivables ahead of completion of the performance obligation.

5 OTHER INCOME

	2023	**2022**
	RM'000	**RM'000**
Sale of materials	**32**	138
Sale of scrap materials	**220**	269
Rental income	**1,570**	1,478
Government grants	**1,213**	1,099
Processing fee income	**289**	821
Insurance claims	**27**	–
Gain on disposal of short-term investment security	**49**	–
Others	**1,346**	2,435
	4,746	6,240

6 FINANCE COSTS

	2023	**2022**
	RM'000	**RM'000**
Interest expense on:		
– Bank loans	**2,100**	1,677
– Financing arrangements	**137**	160
– Lease liabilities	**285**	410
	2,522	2,247

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

7 OTHER EXPENSES

	2023 RM'000	2022 RM'000
Net foreign exchange loss	**1,006**	2,405
Loss on disposal of property, plant and equipment	**50**	16
Write-off of property, plant and equipment	**43**	54
	1,099	2,475

8 (LOSS)/PROFIT BEFORE TAX

The following amounts have been included in arriving at (loss)/profit before tax:

	2023 RM'000	2022 RM'000
Audit fees	**610**	523
Amortisation of trademarks	**51**	51
Depreciation expenses:		
– property, plant and equipment (Note 12)	**12,719**	11,845
– right-of-use assets (Note 22)	**2,899**	3,366
Employee benefits expense (Note 9)	**35,007**	37,766
Sub-contractor costs	**11,823**	19,139
Freight cost and handling charges	**4,347**	6,225
Utilities	**4,287**	4,771
Allowance for slow moving inventories	**1,326**	606
Allowance for deposits paid	**152**	–
Non-trade bad debts written off	**26**	–
Inventories recognised as an expense in cost of sales (Note 16)	**121,666**	120,167

9 EMPLOYEE BENEFITS EXPENSE

	2023 RM'000	2022 RM'000
Employee benefits expense (including directors):		
Salaries and bonuses	**32,276**	34,745
Directors' fees	**377**	366
Directors' allowances	**62**	61
Employees' Provident Fund	**1,992**	2,067
Other benefits	**300**	527
	35,007	37,766

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

10 INCOME TAX (CREDIT)/EXPENSE

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

The major components of income tax (credit)/expense for the years ended 31 December 2023 and 2022 are:

	2023 RM'000	2022 RM'000
Current income tax		
– Current income taxation	**332**	30
– Over provision in respect of previous years	**(280)**	(107)
– Withholding tax expense	**48**	33
Deferred income tax		
– Origination and reversal of temporary differences	**(4,318)**	4,496
– Under provision in respect of previous years	**1,503**	266
Income tax (credit)/expense recognised in loss or profit	**(2,715)**	4,718

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

The reconciliation between income tax (credit)/expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2023 and 2022 are as follows:

	2023 RM'000	2022 RM'000
(Loss)/profit before tax	**(10,927)**	12,952
Tax calculated at domestic rate applicable to profits in the respective countries	**(2,622)**	3,108
Adjustments:		
- Tax rate differential from other tax jurisdiction	**(72)**	(189)
- Non-deductible expenses	**1,140**	568
- Utilisation of previously unrecognised deferred tax assets	**(3,262)**	–
- Deferred tax asset not recognised	**830**	1,039
- Under provision in respect of previous years	**1,223**	159
- Withholding tax expense	**48**	33
Income tax (credit)/expense recognised in profit or loss	**(2,715)**	4,718

The Group's tax jurisdictions are in Singapore and Malaysia, with headline corporate tax rates of 17% and 24% (2022: 17% and 24%), respectively.

NOTES TO THE FINANCIAL STATEMENTS

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11 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit 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)/earnings per share is calculated by adjusting the (loss)/profit 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)/profit and share data used in the basic and diluted (loss)/earnings per share calculations:

	2023 RM'000	2022 RM'000
(Loss)/profit attributable to ordinary equity holders of the parent for basic earnings	**(8,144)**	12,351
Weighted average number of ordinary shares for basic (loss)/earnings per share ('000)	**488,834**	488,834
Basic and diluted (loss)/earnings per share (sen per share)	**(1.67)**	2.53

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as there were no potential dilutive ordinary shares existing during the years ended 31 December 2023 and 2022.

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 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 2023

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 2022	95	115,432	79,488	3,197	3,581	5,526	1,337	9,014	217,670
Additions	–	693	1,793	83	309	302	91	4,058	7,329
Disposals	–	–	(1,127)	–	–	(61)	–	–	(1,188)
Written off	–	–	(234)	(110)	(19)	–	–	–	(363)
Reclassification	–	420	3,791	7,239	–	–	–	(11,450)	–
At 31 December 2022	95	116,545	83,711	10,409	3,871	5,767	1,428	1,622	223,448
Accumulated depreciation									
At 1 January 2022	–	18,928	31,469	1,298	2,034	4,276	180	–	58,185
Depreciation charge for the year	–	2,532	7,402	1,005	389	377	140	–	11,845
Disposals	–	–	(889)	–	–	(18)	–	–	(907)
Written off	–	–	(219)	(78)	(12)	–	–	–	(309)
At 31 December 2022	–	21,460	37,763	2,225	2,411	4,635	320	–	68,814
Net carrying amount									
At 31 December 2022	95	95,085	45,948	8,184	1,460	1,132	1,108	1,622	154,634

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets held under financing arrangements

During the financial year, the Group acquired motor vehicles and machineries and equipment with an aggregate cost of RM226,000 (2022: RM220,000) and Nil (2022: RM1,156,000) respectively 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 2023 were RM540,000 (2022: RM505,000) and RM1,929,000 (2022: RM2,204,000) respectively. The assets are pledged as security under the financing arrangements.

Included in the depreciation for the year is depreciation of RM402,000 (2022: RM350,000) relating to assets acquired under the financing arrangements.

The cash outflow in relation to these financing arrangements during the year was RM645,000 (2022: RM699,000).

Assets pledged as security

In addition to assets held under financing arrangements, the Group's buildings with a carrying amount of RM29,379,000 (2022: RM30,152,000) were pledged to secure the Group's bank borrowings (Note 19) as at 31 December 2023.

Assets held for sales

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

	Group	
	2023	**2022**
	RM'000	**RM'000**
Machineries and equipment	**130**	–

13 INVESTMENT IN SUBSIDIARIES

	Company	
	2023	**2022**
	RM'000	**RM'000**
Unquoted equity shares, at cost		
At 1 January	**48,469**	48,469
Amount due from a subsidiary (non-trade)	**–**	14,786
	48,469	63,255
Less: Impairment loss on investment in a subsidiary	**(857)**	–
At 31 December	**47,612**	63,255

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).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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 2023 %	2022 %
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
Held through LY Furniture Sdn. Bhd.				
LY Global Hub Sdn. Bhd.	Malaysia	Inactive	**100**	100
Leyo Manufacturing Sdn. Bhd.	Malaysia	Manufacturing of all kinds of furniture	**100**	100
Held through Leyo Holdings Sdn. Bhd.				
Titan Hardware Sdn. Bhd.	Malaysia	Inactive	**100**	100

(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:

	2023 RM'000	2022 RM'000
Cost of investment in LEH	**1,235**	1,235
Less: Accumulated impairment loss	**(857)**	–
	378	1,235

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") 2023 %	2022 %
Discount rate	**18.4**	18.4
Terminal growth rates	**2.0**	2.0

Based on management's assessment, an impairment of RM857,000 (2022: RM nil) was recorded for the year ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

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13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Impairment testing of cost of investment (Continued)

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use for investment in subsidiaries, management believes that a reasonable possible changes in any of the key assumptions would cause the carrying value of the unit to be fully impaired.

(b) On 30 December 2022, the Company announced that the Group has undertaken an internal restructuring exercise involving the transfer of the entire share capital of Leyo Manufacturing Sdn. Bhd. ("LEM") from Leyo Holdings Sdn. Bhd. (a 51%-owned subsidiary of the Company) to LY Furniture Sdn. Bhd. (a wholly-owned subsidiary of the Company) at a nominal consideration of RM1, based on the post-capitalisation net asset value of LEM of RM1. The effect at Group was as follows:

	RM'000
Cost of investment	–*
Net total assets	(3,322)
Other reserve	(3,322)

* *This denotes RM1.*

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

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

Name of subsidiary	**Principal place of business**	**Proportion of ownership interest held by NCI**	**Loss allocated to NCI RM'000**	**Accumulated deficit of NCI RM'000**	**Dividends paid to NCI RM'000**
31 December 2023					
LHG	**Malaysia**	**49%**	**68**	**3,338**	**–**
31 December 2022					
LHG	Malaysia	49%	4,117	3,270	–

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.

	2023 RM'000	**2022 RM'000**
Carrying value of non-controlling interest	**3,338**	3,270

NOTES TO THE FINANCIAL STATEMENTS

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13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Summarised financial information about subsidiary with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiary with material non-controlling interests are as follows:

Summarised statement of financial position

	LHG	
	2023	**2022**
	RM'000	**RM'000**
Current		
Assets	**6,433**	6,638
Liabilities	**(6,201)**	(776)
Net current assets	**232**	5,862
Non-current		
Assets	**3,209**	3,517
Liabilities	**(10,255)**	(16,055)
Net non-current liabilities	**(7,046)**	(12,538)
Net liabilities	**(6,814)**	(6,676)
Summarised statement of comprehensive income		
Revenue	**7,382**	19,765
Loss before income tax	**(137)**	(2,566)
Income tax expense	**(1)**	(269)
Loss after tax from continuing operations, representing total comprehensive loss	**(138)**	(2,835)
Other summarised information		
Net cash flows used in operating activities	**(688)**	(2,183)

NOTES TO THE FINANCIAL STATEMENTS

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14 INTANGIBLE ASSETS

	Goodwill RM'000	Trademarks RM'000	Total RM'000
Group			
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**
Cost			
At 1 January 2022 and 31 December 2022	2,639	432	3,071
Accumulated amortisation			
At 1 January 2022	–	148	148
Amortisation	–	51	51
At 31 December 2022	–	199	199
Net carrying amount			
At 31 December 2022	2,639	233	2,872

Amortisation expense

The trademarks were acquired through a business combination and have a useful life of 8.5 years 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 intangible assets (including goodwill), no impairment loss was recognised for the financial year ended 31 December 2023 and 2022.

15 AMOUNT DUE FROM A SUBSIDIARY

	Company	
	2023 RM'000	2022 RM'000
Amount due from a subsidiary	**15,987**	–
Less: Expected credit losses	**(2,387)**	–
	13,600	–
Non-current	**8,021**	–
Current	**5,579**	–
Total	**13,600**	–

The amount due from a subsidiary is non-trade, unsecured and interest bearing at prevailing fixed deposit rate. The weighted average effective interest rate as at 31 December 2023 was 2.80% (2022: 2.85%). The Company entered into a debt settlement agreement on 2 January 2023. The non-current amounts due from a subsidiary are repayable when cash flows of the subsidiary permits.

NOTES TO THE FINANCIAL STATEMENTS

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16 INVENTORIES

	Group	
	2023	2022
	RM'000	RM'000
Consolidated statement of financial position:		
Raw materials	**28,186**	52,909
Work-in-progress	**11,600**	18,554
Finished goods	**12,030**	18,028
	51,816	89,491
Less: Allowance for slow moving inventories	**(1,932)**	(606)
	49,884	88,885
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	**121,666**	120,167

17 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current				
Trade receivables	**10,889**	11,180	**–**	–
Deposits	**816**	995	**7**	7
Other receivables	**5,274**	6,017	**–**	–
Advance payment to suppliers	**3,115**	130	**–**	–
	20,094	18,322	**7**	7
Less: Allowance for doubtful debts on trade receivables and deposits paid	**(202)**	(50)	**–**	–
Total trade and other receivables	**19,892**	18,272	**7**	7
Add: Cash and cash equivalents (Note 18)	**54,215**	25,762	**4,290**	1,107
Total financial assets carried at amortised cost	**74,107**	44,034	**4,297**	1,114

Trade receivables

Trade receivables are non-interest bearing and are generally on 5 to 40 days (2022: 3 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	
	2023	2022
	RM'000	RM'000
United States Dollar	**10,405**	10,958

NOTES TO THE FINANCIAL STATEMENTS

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18 CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash at banks and on hand	**54,215**	25,762	**4,290**	1,107

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

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

	Group	
	2023	2022
	RM'000	RM'000
United States Dollar	**46,968**	21,638
Singapore Dollar	**3,788**	1,656
Chinese Renminbi	**6**	8

19 LOANS AND BORROWINGS

	Group	
	2023	2022
	RM'000	RM'000
Current:		
Bankers' acceptances	**1,786**	7,013
Financing arrangements	**680**	611
Term loan	**14,227**	9,230
	16,693	16,854
Non-current:		
Financing arrangements	**1,161**	1,649
Term loan	**8,380**	21,814
	9,541	23,463
Total loans and borrowings	**26,234**	40,317

<u>Bankers' acceptances, short term financing and term loan</u>

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

	Group	
	2023	2022
	%	%
Floating rates:		
Bankers' acceptances	**3.70 to 3.88**	2.55 to 3.78
Term loan	**4.70 to 8.16**	4.35 to 6.46
Fixed rates:		
Financing arrangements	**2.50 to 3.95**	2.31 to 3.95

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

19 LOANS AND BORROWINGS (CONTINUED)

Bankers' acceptances, short term financing and term loan (Continued)

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

(i) A loan of RM2,694,000 (2022: RM3,954,000). 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% (2022: 4.35%) per annum.

(ii) A loan of RM9,208,000 (2022: RM13,260,000). 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 7.78% (2022: 5.13%) per annum.

(iii) A loan of RM10,705,000 (2022: RM13,830,000). The loan was drawn down in May 2021. Monthly repayment commenced in December 2022 and will continue until November 2026. The loan carries an effective interest rate at 8.16% (2022: 6.46%) 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 2023, one of the subsidiaries breached its covenants with banks that granted short term financing and term loan to the said subsidiary and has subsequent to the financial year end, obtained a waiver for such breach from one of the banks. 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 RM4.6 million has been reclassified as current liabilities as at 31 December 2023 to comply with SFRS(I) 1-1 (2022: no breach of covenants noted).

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% (2022: 2.31% to 3.95%) per annum.

The Group has the following financial arrangements:

(i) Multiple financing arrangements totaling RM447,000 (2022: RM350,000) in relation to purchase of motor vehicles. The financing arrangements commenced in years between 2017 to 2022. Monthly repayments usually commenced in the following months and will continue between 2023 to 2025.

(ii) A financing arrangement of RM1,394,000 (2022: RM1,910,000) 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 2023 to 2027.

NOTES TO THE FINANCIAL STATEMENTS

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20 TRADE AND OTHER PAYABLES

	Group		Company	
	2023	2022	**2023**	2022
	RM'000	RM'000	**RM'000**	RM'000
Trade payables	**12,028**	8,568	**-**	–
Other payables	**22,246**	24,025	**-**	–
Amount due to related parties (trade)	**2,390**	1,607	**-**	–
Total trade and other payables	**36,664**	34,200	**-**	–
Add: Accrued operating expense	**1,113**	761	**762**	553
Add: Loans and borrowings (Note 19)	**26,234**	40,317	**-**	–
Add: Lease liabilities	**5,606**	11,634	**-**	–
Total financial liabilities carried at amortised cost	**69,617**	86,912	**762**	553

Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 5 to 90 days (2022: 7 to 90 days).

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

	Group	
	2023	2022
	RM'000	RM'000
United States Dollar	**1,279**	704

Related party balances

Amounts due to related parties are unsecured, non-interest bearing, the normal trade credit terms granted is 14 days (2022: 14 days) and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

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21 DEFERRED TAX

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

	At 1.1.2022 RM'000	Recognised in profit or loss (Note 10) RM'000	At 31.12.2022 RM'000	Recognised in profit or loss (Note 10) RM'000	At 31.12.2023 RM'000
Deferred tax assets:					
Lease liabilities	1,905	(52)	1,853	(1,350)	**503**
Tax losses and allowances	–	–	–	4,302	**4,302**
Provisions	–	–	–	290	**290**
Others	–	–	–	244	**244**
Deferred tax liabilities:					
Differences in depreciation for tax purposes	(12,694)	(4,760)	(17,454)	(1,963)	**(19,417)**
Intangible assets	(68)	-	(68)	-	**(68)**
Right-of-use assets	(1,800)	50	(1,750)	1,292	**(458)**
Deferred tax liabilities, net	(12,657)	(4,762)	(17,419)	2,815	**(14,604)**

Unrecognised tax losses

As at 31 December 2023, two (2022: two) of the subsidiaries in the Group had unabsorbed tax losses (after offsetting with deductible temporary differences) of approximately RM7,959,000 (2022: RM5,266,000) 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 RM1,910,000 (2022: RM1,264,000). 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 2033. Upon expiry of the 10 years, the unabsorbed tax losses will be disregarded.

Unrecognised investment tax allowance

As at 31 December 2023, one (2022: one) of the subsidiaries in the Group had unabsorbed investment tax allowance of approximately RM7,524,000 (2022: 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 (2022: RM1,806,000). The use of this allowance is subject to the terms and conditions of the authority.

NOTES TO THE FINANCIAL STATEMENTS

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22 LEASES

Group as a lessee

The Group has lease contracts for land use rights, factory buildings and residential units for manufacturing operation, warehousing 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 RM1,753,836 (2022: RM1,801,000) were pledged to secure the Group's bank borrowings (Note 19) as at 31 December 2023.

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 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

NOTES TO THE FINANCIAL STATEMENTS

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22 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 2022	21,610	11,298	32,908
Additions for the year	–	8,536	8,536
Lease modification	–	(2,118)	(2,118)
As at 31 December 2022	21,610	17,716	39,326
Accumulated Depreciation			
As at 1 January 2022	3,021	3,800	6,821
Depreciation	520	2,846	3,366
Lease modification	–	86	86
As at 31 December 2022	3,541	6,732	10,273
As at 31 December 2022	18,069	10,984	29,053

(b) Amounts recognised in profit or loss

	2023 RM'000	**2022 RM'000**
Depreciation of right-of-use assets	**2,899**	3,366
Interest expense on lease liabilities (Note 6)	**285**	410
Short-term leases and leases of low value assets	**761**	632
Total amount recognised in profit or loss	**3,945**	4,408

(c) Total cash outflow

The Group had total cash outflow for leases of RM3,460,000 and RM3,633,000 in the years ended 31 December 2023 and 2022 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. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease. 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 RM878,000 (2022: RM1,252,000).

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22 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 2023 was RM692,000 (2022: RM226,000).

(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:

	2023 RM'000	2022 RM'000
Less than one year	**1,328**	1,674
One to two years	**649**	1,220
Two to five years	**216**	440
Total undiscounted lease payments	**2,193**	3,334

23 SHARE CAPITAL

	Group and Company			
	2023		2022	
	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.

24 TREASURY SHARES

	Group and Company			
	2023		2022	
	Number of shares	RM'000	Number of shares	RM'000
At 1 January and 31 December	**310,400**	**173**	310,400	173

Treasury shares relate to ordinary shares of the Company that are held by the Company.

NOTES TO THE FINANCIAL STATEMENTS

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25 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).

26 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).

27 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	
	2023	**2022**
	RM'000	**RM'000**
Director-related companies*:		
Rental received	**190**	410
Rental waiver granted	**(256)**	–
Rental paid	**(300)**	(320)
Sub-contractor costs	**(6,607)**	(8,461)
Rental paid to a director of the Company	**(29)**	(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	
	2023	**2022**
	RM'000	**RM'000**
Salaries and bonuses	**3,517**	3,246
Employee Provident Fund	**187**	168
	3,704	3,414
Comprise amounts paid to:		
Directors of the Company	**2,613**	2,411
Other key management personnel	**1,091**	1,003
	3,704	3,414

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

27 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Commitments with related parties

On 1 April 2022, LYFSB entered into a 24-month agreement commencing on 1 April 2022 and ending 31 March 2024 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 RM33,000 in 2024.

On 1 July 2022, LYFSB entered into a 24-month agreement commencing on 1 July 2022 and ending 30 June 2024 with LYAM, a director-related company, for the lease of building. The Group expects the rental paid to LYAM to be RM84,000 in 2024.

28 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	
	2023	**2022**
	RM'000	**RM'000**
Capital commitments in respect of property, plant and equipment	**734**	229

29 GUARANTEES

As at 31 December 2023 and 2022, the Company has provided corporate guarantees for bank facilities taken by subsidiaries amounting to RM122,874,000 and RM122,648,000 respectively.

30 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

31 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

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.

<u>Trade receivables</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Trade receivables (Continued)

As at 31 December 2023, 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	
	2023	**2022**
	RM'000	**RM'000**
Gross amount	**50**	50
Less: Allowance for impairment	**(50)**	(50)
	–	–

The Group's credit risk exposure in relation to trade receivables as at 31 December 2023 and 2022 are set out as follows:

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**

31 December 2022 **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	1,347	670	38	–	–	2,055
United States of America	6,344	1,382	1	4	526	8,257
Hong Kong	282	–	–	–	2	284
Others	492	–	2	2	38	534
	8,465	2,052	41	6	566	11,130

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

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.

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	%
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**

	RM'000	%
2022		
By country:		
United States of America	8,257	74.2
Malaysia	2,055	18.4
Hong Kong	284	2.6
Others	534	4.8
	11,130	100.0

At the end of the reporting period approximately 73% (2022: 59%) of the Group's trade receivables were due from the 5 major customers located in United States of America, Hong Kong and Malaysia.

The Group and the Company held cash and bank balances of RM54,215,000 and RM4,290,000, respectively (2022: RM25,762,000 and RM1,107,000 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.

For deposits, other receivables and advance payments to suppliers with 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 2023, the ECL was measured based on the repayment plan of the subsidiary. Accordingly, an ECL of RM2,387,000 (2022: RM nil) was recognised based on discounting time value of money.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

31 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 63.6% (2022: 41.8%) 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 RM43,095,000 as at 31 December 2023 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 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.

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 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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

31 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**	**Over five years RM'000**	**Total RM'000**
31 December 2022				
Financial assets				
Trade and other receivables	18,272	–	–	18,272
Cash and cash equivalents	25,762	–	–	25,762
Total undiscounted financial assets	44,034	–	–	44,034
Financial liabilities				
Trade and other payables	34,200	–	–	34,200
Accrued operating expenses	761	–	–	761
Loans and borrowings	18,185	24,892	–	43,077
Lease liabilities	3,749	8,675	240	12,664
Total undiscounted financial liabilities	56,895	33,567	240	90,702
Excess of undiscounted financial liabilities over financial assets	(12,861)	(33,567)	(240)	(46,668)

	On demand or within one year	
	2023 RM'000	**2022 RM'000**
Company		
Financial assets		
Trade and other receivables	**7**	7
Cash and cash equivalents	**4,290**	1,107
Amount due from a subsidiary	**13,600**	–
Total undiscounted financial assets	**17,897**	1,114
Financial liabilities		
Accrued operating expense	**762**	553
Excess of undiscounted financial assets over financial liabilities	**17,135**	561

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 (2022: 25 basis points) lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM50,000 (2022: Group's profit net of tax would have been RM77,000 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 84% (2022: 83%) of the Group's sales are denominated in foreign currencies whilst almost 77% (2022: 58%) 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.

The Group also hold 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.

	2023 **RM'000**	**2022** **RM'000**
USD/RM		
– strengthen by 9% (2022: 6%)	**1,616**	715
– weaken by 9% (2022: 6%)	**(1,616)**	(715)
SGD/RM		
– strengthen by 9% (2022: 3%)	**260**	50
– weaken by 9% (2022: 3%)	**(260)**	(50)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

32 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 2023 and 2022.

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, gearing ratio and adjusted debt to adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA"). These financial covenant ratios have been fully complied with by the Group for the financial year ended 31 December 2023 except for DSCR and adjusted debt to adjusted EBITDA.

	2023	**2022**
	RM'000	**RM'000**
Loans and borrowings (Note 19)	**26,234**	40,317
Lease liabilities	**5,606**	11,634
	31,840	51,951
Equity attributable to the owners of the Company	**216,925**	225,069
Gearing ratio	**14.7%**	23.1%

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 19, the Group is not subject to any other externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

33 SEGMENT INFORMATION

(a) Business segments

The Group is organised into the following main business segments:

(i) Segment 1: Manufacturing 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
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*	2,271	289	2,560
Unallocated expense			(2)
Total non-cash expense other than depreciation			2,558

* *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 and allowance for slow moving inventories.*

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

33 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**

	Furniture RM'000	Millwork RM'000	Total RM'000
2022			
Total segment revenue			
Revenue	182,609	51,912	234,521
Results			
Segment profit	6,515	7,308	13,823
Interest income from short-term deposits			137
Other income			6,240
Finance cost			(2,247)
Unallocated expenses			(5,001)
Profit before tax			12,952
Income tax expense			(4,718)
Profit after tax			8,234
Other segment information			
Depreciation and amortisation	12,816	2,446	15,262
Additions of non-current assets	5,046	1,981	7,027
Unallocated expense			302
Total additions of non-current assets			7,329
Non-cash expense/(income) other than depreciation*	3,227	(78)	3,149
Unallocated expense			(14)
Total non-cash expense other than depreciation			3,135

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

33 SEGMENT INFORMATION (CONTINUED)

(a) Business segments (Continued)

	Furniture RM'000	Millwork RM'000	Total RM'000
2022			
Assets			
Segment assets	229,355	89,670	319,025
Unallocated assets			8,047
Total assets			327,072
Liabilities			
Segment liabilities	81,375	5,259	86,634
Unallocated liabilities			18,639
Total liabilities			105,273

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)/profit before tax" presented in the consolidated statement of comprehensive income:

	2023 RM'000	2022 RM'000
Selling and administrative expenses	**(1,496)**	(2,509)
Other expenses	**(21)**	–
Directors' remuneration	**(3,366)**	(2,492)
	(4,883)	(5,001)

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

C Other segment information:

	2023 RM'000	2022 RM'000
Depreciation of motor vehicles	**337**	302

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

	2023 RM'000	2022 RM'000
Motor vehicles	**898**	990
Trade and other receivables	**(149)**	(71)
Prepaid operating expense	**135**	93
Tax recoverable	**2,157**	5,361
Cash and cash equivalents	**4,388**	1,674
	7,429	8,047

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

33 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:

	2023 RM'000	2022 RM'000
Loans and borrowings	**447**	351
Trade and other payables	**334**	305
Accrued operating expenses	**762**	564
Deferred tax liabilities	**14,604**	17,419
	16,147	18,639

(b) Geographical segments

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

		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 2023

33 SEGMENT INFORMATION (CONTINUED)

(b) Geographical segments (Continued)

		2022	
	Furniture RM'000	**Millwork RM'000**	**Total RM'000**
Primary geographical markets			
Revenue			
United States of America	127,210	10,304	137,514
Malaysia	36,899	3,643	40,542
Hong Kong	363	37,506	37,869
Republic of China	8,906	–	8,906
United Arab Emirates	3,342	–	3,342
Japan	2,353	–	2,353
Puerto Rico	1,863	–	1,863
Others	1,673	459	2,132
	182,609	51,912	234,521
Non-current assets			
Malaysia			186,559

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 (2022: three) major customers amount to RM100,420,000 (2022: RM104,153,000).

34 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 8 April 2024.

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 2023 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 2023;
- the statements of financial position of the Group and the Company as at 31 December 2023;
- 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 2023. 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, trademarks, 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 2023, the carrying amounts of goodwill, trademarks, property, plant and equipment and right-of-use assets of the Group were RM2,639,000, RM182,000, RM143,875,000 and RM22,743,000, respectively. The impairment testing of goodwill, trademarks, 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, trademarks, 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 based on our knowledge of the Group's business and industry, with the involvement of our valuation specialists; • Tested management's source data to supporting evidence such as available market information, historical trends, order books and correspondences, and considered 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.

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

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Accuracy of inventory costing of a subsidiary *(Refer to Note 2.12 and Note 16 to the financial statements.)* As at 31 December 2023, the carrying amounts of inventory work-in-progress and finished goods of the Group were RM11,600,000 and RM12,030,000, respectively, of which RM1,503,000 and RM3,484,000, respectively, are related to a subsidiary of the Group, Leyo Manufacturing Sdn. Bhd. ("LEM"). The cost of work-in-progress and finished goods consist of raw material cost and cost of conversion. The major component of the cost of work-in-progress and finished goods relates to its raw material which mainly comprise of sawn timbers and wood panels. Cost of conversion includes direct labour and a systematic allocation of fixed and variable production overheads. The accuracy of inventory costing relating to LEM is a key audit matter due to: - certain controls not being carried out in accordance with the Group's control policy during the financial year when we performed an interim audit; and - the complexity involved in management's manual calculation in the allocation of cost of conversion to work-in-progress and finished goods for LEM.	Our audit procedures included: • Obtained an understanding and evaluated the effectiveness of the controls over inventory costing process; • Evaluated management's methodology of allocating the cost of conversion to each line of product; • Revised the planned audit approach from control reliance to test of details as a result of certain controls not being carried out in accordance with the Group's control policy during the financial year; • Performed extended test of details on a sampling basis of the cost components of work-in-progress and finished goods as at the financial year end; and • Assessed the reasonableness of cost of conversion allocated to work-in-progress and finished goods by recomputing the actual conversion costs incurred over the units produced during the financial year. Based on our audit procedures, we found management's calculation of inventory costing as at 31 December 2023 to be appropriate.

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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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, related safeguards.

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, 8 April 2024

STATISTICS OF SHAREHOLDINGS

AS AT 14 MARCH 2024

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	:	310,400 (0.06%)
Number of shares issued (excluding treasury shares)	:	488,833,800
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 2024

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	6	2.24	1,800	0.00
1,001 – 10,000	65	24.25	424,900	0.09
10,001 – 1,000,000	187	69.78	31,750,200	6.49
1,000,001 AND ABOVE	10	3.73	456,656,900	93.42
TOTAL	**268**	**100.00**	**488,833,800**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 14 MARCH 2024

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	LIAN YU HOLDINGS PTE LTD	355,159,700	72.65
2	CROWN LEAP LIMITED	59,740,800	12.22
3	UOB KAY HIAN PTE LTD	19,220,900	3.93
4	CITIBANK NOMINEES SINGAPORE PTE LTD	8,340,000	1.71
5	PHILLIP SECURITIES PTE LTD	5,586,700	1.14
6	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	2,954,800	0.60
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	1,158,000	0.24
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	TAN YANG SENG (CHEN YINGSHENG)	748,000	0.15
17	KHOR GUAN CHIANG	668,000	0.14
18	LIM POH HUNG	630,000	0.13
19	CHINK POH CHENG @ CHNG POH CHENG	625,000	0.13
20	KOH PI HWEE	620,000	0.13
	TOTAL	**464,081,362**	**94.92**

NOTE: PERCENTAGE COMPUTED IS BASED ON 488,833,800 SHARES IN ISSUE (EXCLUDING SHARES HELD AS TREASURY SHARES) AS AT 14 MARCH 2024. TREASURY SHARES AS AT 14 MARCH 2024 ARE 310,400 SHARES

STATISTICS OF SHAREHOLDINGS

AS AT 14 MARCH 2024

Substantial Shareholders

	Direct Interest Number of Shares	%	Deemed Interest Number of Shares	%	Total Interest Number of Shares	%
Lian Yu Holdings Pte. Ltd.	355,159,700	72.65	–	–	355,159,700	72.65
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	72.65	358,820,100	73.40
Tan Kwee Lim[(2)]	2,303,300	0.47	355,159,700	72.65	357,463,000	73.12
Shen Min-Hui[(3)]	–	–	59,740,800	12.22	59,740,800	12.22

Notes:

(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 12.99% of the shareholding of the Company is held in the hands of the public as at 14 March 2024 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 328, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on Monday, 29 April 2024 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 2023 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 2024, to be paid quarterly in arrears. **(Resolution 2)**

3. To re-elect Mr Tan Yong Chuan, 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 Mr Yeo Kian Wee Andy, 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 re-elect Mr Choo Chee Beng, who is retiring pursuant to Regulation 102 of the Company's Constitution, as a Director of the Company. *[See Explanatory Note (c)]* **(Resolution 5)**

6. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

7. 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:

8. **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 7)**

9. **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 8)**

NOTICE OF ANNUAL GENERAL MEETING

10. **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 11 April 2024 (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 9)**

11. **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;

(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**");

NOTICE OF ANNUAL GENERAL MEETING

(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 of the Company 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 10)**

By Order of the Board

Chan Wan Mei
Company Secretary

11 April 2024
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(a) If re-elected under Resolution 3, Mr Tan Yong Chuan will remain as the Executive Director and Chief Executive Officer of the Company, and a member of the Nominating Committee. Mr Tan Yong Chuan is son of Mr Tan Kwee Chai (the Executive Director) and cousin of Ms Tan Ai Luang (the Executive Director). Key information of Mr Tan Yong Chuan, 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, Mr Yeo Kian Wee Andy will remain as the Independent Non-Executive Director, Chairman of the Board of Directors and the Remuneration Committee, and a member of Audit and Risk Committee, and be considered independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. Mr Yeo Kian Wee Andy holds 115,000 Shares and has no relationships with the Company, its related corporation, its substantial shareholders or its Directors. Key information on Mr Yeo Kian Wee Andy, 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) If re-elected under Resolution 5, Mr Choo Chee Beng will remain as the Independent Non-Executive Director, Chairman of the Audit and Risk Committee, a member of Nominating Committee and a member of Remuneration Committee, and be considered independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. Mr Choo Chee Beng has no relationships with the Company, its related corporation, its substantial shareholders or its Directors. Key information on Mr Choo Chee Beng, 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.

(d) The proposed Ordinary Resolution 7, 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 8, 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 9, 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.

(g) The proposed Ordinary Resolution 10, 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.

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.lyfurniture.com 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.lyfurniture.com, 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.

NOTICE OF ANNUAL GENERAL MEETING

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 2024, 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.

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.lyfurniture.com 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 18 April 2024:

   (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.lyfurniture.com by 24 April 2024. 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)

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 2024.

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 11 April 2024.

PROXY FORM
Annual General Meeting

I/We, ______________________________ (name) ______________ (NRIC/Passport No./UEN)

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 328, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on Monday, 29 April 2024 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 2023.			
2.	Approval for payment of Directors' fees for the financial year ending 31 December 2024, payable quarterly in arrears.			
3.	Re-election of Mr Tan Yong Chuan as a Director of the Company.			
4.	Re-election of Mr Yeo Kian Wee Andy as a Director of the Company.			
5.	Re-election of Mr Choo Chee Beng as a Director of the Company.			
6.	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors of the Company.			
SPECIAL BUSINESS				
7.	Authority to allot and issue shares.			
8.	Authority to allot and issue shares under the LY Performance Share Plan.			
9.	Renewal of the Interested Person Transactions Mandate.			
10.	Renewal of the Share BuyBack Mandate.			

** 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 ____________________, 2024

____
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.lyfurniture.com, 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.
4. 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.
5. A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.
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 2024.

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:
   (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.
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)
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Singapore 048619
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Fax: +607 455 8853
Website: http://www.lyfurniture.com