



**LY CORPORATION LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 201629154K)

## **UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021**

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*This announcement has been prepared by LY Corporation Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, Xandar Capital Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**").*

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

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**A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	Group 6 months ended		Increase/ (Decrease) %
		30 June 2021 RM'000	30 June 2020 RM'000	
Revenue	N4.2	95,747	107,341	(10.8)
Cost of sales		(90,231)	(97,638)	(7.6)
<b>Gross profit</b>		<b>5,516</b>	<b>9,703</b>	<b>(43.2)</b>
<b>Other items of income</b>				
Interest income from short-term deposits		27	134	(79.9)
Distributions from short-term investment security		1	–	100.0
Other income		2,625	2,414	8.7
<b>Other items of expense</b>				
Selling and administrative expenses		(9,920)	(9,622)	3.1
Finance costs		(648)	(241)	168.9
Other expense		(4)	(2)	100.0
<b>(Loss)/profit before tax</b>	N6	<b>(2,403)</b>	<b>2,386</b>	<b>(200.7)</b>
Income tax expense	N7	(38)	(1,078)	(96.5)
<b>(Loss)/profit for the period, representing total comprehensive income for the period</b>		<b>(2,441)</b>	<b>1,308</b>	<b>(286.6)</b>
<b>(Loss)/profit for the period, representing total comprehensive income for the period attributable to:</b>				
Owners of the Company		(2,265)	1,976	(214.6)
Non-controlling interest		(176)	(668)	(73.7)
		<b>(2,441)</b>	<b>1,308</b>	<b>(286.6)</b>
<b>(Loss)/earnings per share attributable to owners of the Company (sen per share)</b>				
Basic and diluted		(0.46)	0.40	

## B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group As at 30 Jun 2021 RM'000	Group As at 31 Dec 2020 RM'000	Company As at 30 Jun 2021 RM'000	Company As at 31 Dec 2020 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	N12	157,523	154,283	–	–
Right-of-use assets		25,872	21,576	–	–
Intangible assets	N11	2,948	2,974	–	–
Investment in subsidiaries		–	–	62,156	59,946
Other receivable		–	630	–	–
		<b>186,343</b>	<b>179,463</b>	<b>62,156</b>	<b>59,946</b>
<b>Current assets</b>					
Inventories		114,335	96,503	–	–
Trade and other receivables		10,994	18,831	6	4,007
Contract assets		1,044	4,813	–	–
Prepaid operating expense		1,652	1,329	40	14
Tax recoverable		3,858	2,806	–	–
Short-term investment security	N10	–	1,005	–	–
Cash and cash equivalents		33,872	37,394	7,706	6,626
		<b>165,755</b>	<b>162,681</b>	<b>7,752</b>	<b>10,647</b>
<b>Total assets</b>		<b>352,098</b>	<b>342,144</b>	<b>69,908</b>	<b>70,593</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Loans and borrowings	N13	23,152	23,222	–	–
Trade and other payables		29,465	39,306	–	–
Contract liabilities		23,755	13,211	–	–
Lease liabilities		1,726	1,201	–	–
Accrued operating expenses		378	680	211	454
Tax payable		–	–	22	16
		<b>78,476</b>	<b>77,620</b>	<b>233</b>	<b>470</b>
<b>Net current assets</b>		<b>87,279</b>	<b>85,061</b>	<b>7,519</b>	<b>10,177</b>
<b>Non-current liabilities</b>					
Loans and borrowings	N13	30,902	20,008	–	–
Deferred tax liabilities		17,056	17,056	–	–
Lease liabilities		5,702	5,019	–	–
		<b>53,660</b>	<b>42,083</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>		<b>132,136</b>	<b>119,703</b>	<b>233</b>	<b>470</b>
<b>Net assets</b>		<b>219,962</b>	<b>222,441</b>	<b>69,675</b>	<b>70,123</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	N14	66,135	66,135	66,135	66,135
Treasury shares	N14	(173)	(135)	(173)	(135)
Merger reserve		(15,234)	(15,234)	–	–
Retained earnings		172,214	174,479	3,713	4,123
		<b>222,942</b>	<b>225,245</b>	<b>69,675</b>	<b>70,123</b>
Non-controlling interest		(2,980)	(2,804)	–	–
<b>Net assets</b>		<b>219,962</b>	<b>222,441</b>	<b>69,675</b>	<b>70,123</b>
<b>Total equity and liabilities</b>		<b>352,098</b>	<b>342,144</b>	<b>69,908</b>	<b>70,593</b>

**C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

**Group**

**(Unaudited)**

	Note	Attributable to owners of the Company				Equity attributable to owner RM'000	Non-controlling interest RM'000	Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Merger reserve RM'000	Retained Earnings RM'000			
<b>At 1 January 2021</b>	N14	<b>66,135</b>	<b>(135)</b>	<b>(15,234)</b>	<b>174,479</b>	<b>225,245</b>	<b>(2,804)</b>	<b>222,441</b>
Loss for the period, representing total comprehensive income for the period		–	–	–	(2,265)	(2,265)	(176)	(2,441)
Purchase of treasury shares		–	(38)	–	–	(38)	–	(38)
<b>At 30 June 2021</b>		<b>66,135</b>	<b>(173)</b>	<b>(15,234)</b>	<b>172,214</b>	<b>222,942</b>	<b>(2,980)</b>	<b>219,962</b>
<b>At 1 January 2020</b>	N14	<b>66,135</b>	–	<b>(15,234)</b>	<b>170,904</b>	<b>221,805</b>	<b>(1,426)</b>	<b>220,379</b>
Profit/(loss) for the period, representing total comprehensive income for the period		–	–	–	1,976	1,976	(668)	1,308
<b>At 30 June 2020</b>		<b>66,135</b>	–	<b>(15,234)</b>	<b>172,880</b>	<b>223,781</b>	<b>(2,094)</b>	<b>221,687</b>

**C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

**Company**

<b>(Unaudited)</b>	<b>Note</b>	<b>Share capital RM'000</b>	<b>Treasury shares RM'000</b>	<b>Retained earnings RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2021</b>	N14	<b>66,135</b>	<b>(135)</b>	<b>4,123</b>	<b>70,123</b>
Loss for the period		–	–	(410)	(410)
Purchase of treasury shares		–	(38)	–	(38)
<b>At 30 June 2021</b>		<b>66,135</b>	<b>(173)</b>	<b>3,713</b>	<b>69,675</b>
<b>At 1 January 2020</b>	N14	<b>66,135</b>	–	<b>3,136</b>	<b>69,271</b>
Loss for the period		–	–	(579)	(579)
<b>At 30 June 2020</b>		<b>66,135</b>	–	<b>2,557</b>	<b>68,692</b>

## D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group 6 months ended	
		30 June 2021 RM'000	30 June 2020 RM'000
<b>Operating activities</b>			
(Loss)/profit before tax		(2,403)	2,386
<u>Adjustments for:</u>			
(Gain)/loss on disposal of property, plant and equipment	N6.1	(10)	2
Gain on disposal of short-term investment security		(4)	–
Interest income from short-term deposits		(27)	(134)
Interest expense	N6.1	648	241
Amortisation of trademarks	N11	26	25
Depreciation of property, plant and equipment	N6.1	5,037	4,342
Depreciation on right-of-use assets	N6.1	1,084	809
Adjustment on right-of-use assets		–	(17)
Property, plant and equipment written-off	N6.1	7	29
Distributions from short-term investment security		(1)	–
Unrealised exchange gain		(645)	(512)
		<b>3,712</b>	<b>7,171</b>
<b>Operating profit before working capital changes</b>			
<u>Changes in working capital:</u>			
Increase in inventories		(17,832)	(6,894)
Decrease/(increase) in trade and other receivables		9,305	(2,631)
Decrease/(increase) in contract assets		3,769	(1,241)
(Increase)/decrease in prepaid operating expense		(323)	272
(Decrease)/increase in trade and other payables		(9,854)	4,259
Increase in contract liabilities		10,544	33
Decrease in accrued expenses		(302)	(429)
		<b>(981)</b>	<b>540</b>
<b>Cash flows (used in)/generated from operations</b>			
Interest paid		(478)	(69)
Income taxes paid		(1,090)	(525)
		<b>(2,549)</b>	<b>(54)</b>
<b>Net cash flows used in operating activities</b>			
<b>Investing activities</b>			
Interest income from short term deposits		27	134
Purchase of property, plant and equipment		(11,747)	(7,748)
Distributions from short-term investment security		1	–
Proceeds from disposal of property, plant and equipment		62	230
Proceeds from disposal of short-term investment security		1,009	–
		<b>(10,648)</b>	<b>(7,384)</b>
<b>Net cash flows used in investing activities</b>			
<b>Financing activities</b>			
Purchase of treasury shares		(38)	–
Proceeds from loans and borrowings		48,307	22,213
Repayment under financing arrangements		(271)	(167)
Repayment of loans and borrowings		(37,574)	(25,446)
Repayment of lease liabilities		(931)	(710)
		<b>9,493</b>	<b>(4,110)</b>
<b>Net cash flows generated from/(used in) financing activities</b>			

**D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)**

	Note	Group	
		30 June 2021	30 June 2020
		RM'000	RM'000
Net decrease in cash and cash equivalents		(3,704)	(11,548)
Effect of exchange rate changes on cash and cash equivalent		182	175
Cash and cash equivalents at beginning of period		37,394	36,083
<b>Cash and cash equivalents at end of period</b>		<b>33,872</b>	<b>24,710</b>

## **E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **N1. 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 SGX-ST. The immediate and ultimate holding company is Lian Yu Holdings Pte. Ltd., which was incorporated in Singapore.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the “**Group**”). The principal activity of the Company is that of investment holding.

The principal activities of the Group are:

- (a) Manufacturing of all kinds of furniture;
- (b) Manufacturing of any type of woodwork or building product;
- (c) Trading of all kinds of materials, furniture and general hardware; and
- (d) Investment holding company.

### **N2. Basis of Preparation**

The condensed interim financial statements for the six months period ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in N2.1.

The condensed interim financial statements are presented in Ringgit Malaysia (“**RM**”) which is the Company’s functional currency and all values in the tables are rounded to the nearest thousand (RM’000), except when otherwise indicated.

#### **N2.1 New and amended standards adopted by the Group**

A number of amendments to SFRS(I)s have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### **N2.2. Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.



## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### N2.2. Use of judgements and estimates (cont'd)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices. Management concluded that the functional currency of the Company and its subsidiaries to be RM.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Valuation of inventories

The raw materials are measured based on first-in-first out basis, while work in progress inventories and finished goods are measured using the standard costing technique. Standard costing was computed based on management's best estimates of the overhead cost incurred in the production. Standard costing is subject to periodic review.

In accordance with SFRS(I) 1-2, "The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition". As such, management's estimates is involved in ensuring that the standard costing closely approximate the actual cost incurred. The carrying amount of inventories as at 30 June 2021 was approximately RM114,335,000 (31 December 2020: RM96,503,000).

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

The Group determines whether intangible assets (including goodwill), property, plant and equipment, right-of-use assets and the Company's investment in subsidiaries are impaired on an annual basis. This requires an estimation of the value in use of the cash-generating unit (or group of cash-generating units) to which goodwill is allocated. Estimating the value-in-use method requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash-generating units) and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amounts of the Group's intangible assets (including goodwill), property, plant and equipment and right-of-use assets as at 30 June 2021 were approximately RM2,948,000, RM157,523,000 and RM25,872,000 respectively (31 December 2020: RM2,974,000, RM154,283,000 and RM21,576,000 respectively). The carrying amount of the Company's investment in subsidiaries as at 30 June 2021 were approximately RM62,156,000 (31 December 2020: RM59,946,000).

## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### N2.2. Use of judgements and estimates (cont'd)

- Income taxes

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The amounts of income tax expenses are disclosed in N7.

### N3. Seasonal operations

Generally, the Group's businesses are not subject to any significant seasonal fluctuations that will affect the business and operations. However, the revenue is generally higher in the second half of the year due to festive seasons in the US.

### N4. Segment and revenue information

The Group is organised into the following main business segments:

- Segment 1: Manufacturing of all kinds of furniture ("**Furniture**")
- 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 are responsible for allocating resources and assessing performance of the operating segments.

#### N4.1. Reportable segments

	<b>Furniture</b>	<b>Millwork</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>1 January 2021 to 30 June 2021</b>			
<b>Total segment revenue</b>			
Revenue	77,934	17,813	95,747
<b>Results</b>			
Segment (loss)/profit	(3,456)	1,442	(2,014)
Other income			2,653
Finance cost			(648)
Unallocated expenses			(2,394)
Loss before tax			(2,403)
Income tax expense			(38)
Loss net of tax			(2,441)

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(CONT'D)

N4.1. Reportable segments (cont'd)

	<u>Furniture</u>	<u>Millwork</u>	<u>Total</u>
	RM'000	RM'000	RM'000
<b>1 January 2021 to 30 June 2021</b>			
<b>Other segment information</b>			
Depreciation and amortisation	4,986	886	5,872
Unallocated expense			275
Total depreciation and amortisation			<u>6,147</u>
Additions of non-current assets	9,103	2,644	<u>11,747</u>
Non-cash expense other than depreciation	(699)	–	(699)
Unallocated expense			61
Total non-cash expense other than depreciation			<u>(638)</u>
<b>As at 30 June 2021</b>			
<b>Assets</b>			
Segment assets	288,915	42,653	331,568
Unallocated assets			20,530
Total assets			<u>352,098</u>
<b>Liabilities</b>			
Segment liabilities	112,034	3,253	115,287
Unallocated liabilities			16,849
Total liabilities			<u>132,136</u>
<b>1 January 2020 to 30 June 2020</b>			
<b>Total segment revenue</b>			
Revenue	100,131	7,210	<u>107,341</u>

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N4.1. Reportable segments (cont'd)**

	<u>Furniture</u>	<u>Millwork</u>	<u>Total</u>
	RM'000	RM'000	RM'000
<b>1 January 2020 to 30 June 2020</b>			
<b>Results</b>			
Segment profit	1,838	756	2,594
Other income			2,548
Finance cost			(241)
Unallocated expenses			(2,515)
Profit before tax			2,386
Income tax expense			(1,078)
Profit net of tax			<u>1,308</u>

**1 January 2020 to 30 June 2020**

<b>Other segment information</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation and amortisation	4,388	520	4,908
Unallocated expense			268
Total depreciation and amortisation			<u>5,176</u>
Additions of non-current assets	6,186	1,562	<u>7,748</u>
Non-cash expense other than depreciation	(373)	–	(373)
Unallocated expense			(110)
Total non-cash expense other than depreciation			<u>(483)</u>

**As at 31 December 2020**

<b>Assets</b>			
Segment assets	285,428	43,421	328,849
Unallocated assets			13,295
Total assets			<u>342,144</u>
<b>Liabilities</b>			
Segment liabilities	94,595	1,717	96,312
Unallocated liabilities			23,391
Total liabilities			<u>119,703</u>

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N4.2 Disaggregation of Revenue**

	<b>6 months ended 30 June 2021</b>		
	<b>Furniture RM'000</b>	<b>Millwork RM'000</b>	<b>Total RM'000</b>
<b>Primary geographical markets</b>			
United States of America	38,433	–	38,433
Malaysia	13,573	–	13,573
Republic of China	4,338	–	4,338
United Arab Emirates	5,904	–	5,904
Canada	1,136	–	1,136
Hong Kong	9,677	17,813	27,490
Japan	2,516	–	2,516
Korea	927	–	927
Others	1,430	–	1,430
	77,934	17,813	95,747
<b>Major product or service lines</b>			
- Sale of goods	76,174	17,649	93,823
- Fulfilment services	1,760	164	1,924
	77,934	17,813	95,747
<b>Timing of transfer of goods or services</b>			
At a point in time	76,174	17,649	93,823
Over time	1,760	164	1,924
	77,934	17,813	95,747
<b>6 months ended 30 June 2020</b>			
	<b>Furniture RM'000</b>	<b>Millwork RM'000</b>	<b>Total RM'000</b>
<b>Primary geographical markets</b>			
United States of America	68,844	–	68,844
Malaysia	13,095	–	13,095
Republic of China	5,056	–	5,056
People's Republic of China	30	–	30
United Arab Emirates	2,802	–	2,802
Canada	251	–	251
Hong Kong	6,800	7,210	14,010
Japan	1,515	–	1,515
Korea	245	–	245
Others	1,493	–	1,493
	100,131	7,210	107,341

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N4.2 Disaggregation of Revenue (cont'd)**

	6 months ended 30 June 2020		
	Furniture RM'000	Millwork RM'000	Total RM'000
<b>Major product or service lines</b>			
- Sale of goods	98,394	7,157	105,551
- Fulfilment services	1,737	53	1,790
	<hr/>	<hr/>	<hr/>
	100,131	7,210	107,341
	<hr/>	<hr/>	<hr/>
<b>Timing of transfer of goods or services</b>			
At a point in time	98,394	7,157	105,551
Over time	1,737	53	1,790
	<hr/>	<hr/>	<hr/>
	100,131	7,210	107,341
	<hr/>	<hr/>	<hr/>

Note: The above geographical segmentation information is based on the geographical location of customers.

**N5. Financial assets and financial liabilities**

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	Group	
	30 June 2021 RM'000	31 December 2020 RM'000
<b>Financial assets</b>		
<b>At amortised cost</b>		
Trade and other receivables	10,591	19,058
Contract assets	1,044	4,813
Cash and cash equivalents	33,872	37,394
	<hr/>	<hr/>
	45,507	61,265
	<hr/>	<hr/>
<b>Financial liabilities</b>		
<b>At amortised cost</b>		
Trade and other payables	29,465	39,306
Accrued operating expense	378	680
Loans and borrowings	54,054	43,230
Lease liabilities	7,428	6,220
	<hr/>	<hr/>
	91,325	89,436
	<hr/>	<hr/>
Total undiscounted financial liabilities	(45,818)	(28,171)
	<hr/>	<hr/>

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N5. Financial assets and financial liabilities (cont'd)**

	Company	
	30 June 2021 RM'000	31 December 2020 RM'000
<b>Financial assets</b>		
Trade and other receivables	6	4,007
Cash and cash equivalents	7,706	6,626
	7,712	10,633
<b>Financial liabilities</b>		
Accrued operating expense	211	454
	211	454
Total undiscounted financial assets	7,501	10,179

**N6. (Loss)/profit before taxation**

**N6.1 Significant items**

(Loss)/profit for the period include the following (charges)/credits:

	Group	
	6 months ended 30 June 2021 RM'000	6 months ended 30 June 2020 RM'000
<b>Income</b>		
Rental income	261	252
Net foreign exchange gain	222	1,527
Gain on disposal of property, plant and equipment	10	-
<b>Expenses</b>		
Finance expenses:		
- financing arrangements	(64)	(15)
- bank loans	(414)	(54)
- lease liabilities	(170)	(172)
	(648)	(241)
Depreciation expenses:		
- property, plant and equipment	(5,037)	(4,342)
- right-of-use assets	(1,084)	(809)
	(6,121)	(5,151)
Amortisation of trademarks	(26)	(25)
Loss on disposal of property, plant and equipment	-	(2)
Property plant and equipment written-off	(7)	(29)
	(7)	(29)

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N6. (Loss)/profit before taxation (cont'd)**

**N6.2. Related party transactions**

**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 period:

	<b>Group</b>	
	<b>6 months ended 30 June 2021 RM'000</b>	<b>6 months ended 30 June 2020 RM'000</b>
<b>Director-related companies:</b>		
Rental received	7	5
Rental paid	(230)	(150)
Purchase of goods	(4,166)	(1,333)
Sub-contractor costs	(2,752)	(4,132)
Rental paid to a director of the subsidiary	(9)	(9)

**N7. Taxation**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<b>6 months ended 30 June 2021 RM'000</b>	<b>6 months ended 30 June 2020 RM'000</b>
Current income tax		
- Current income taxation	36	1,078
- Withholding tax expense	2	-
Income tax expense recognised in profit or loss	38	1,078



**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N8. Dividends**

**If a decision regarding dividend has been made:**

**(a) Current Financial Period Reported on**

Any dividend recommended for the current financial period reported on?

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

**(c) The date the dividend is payable.**

Not applicable.

**(d) The date on which Registrable Transfer receive by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

**N9. Net assets value**

Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
Net asset value ("NAV") (RM'000)	219,962	222,441	69,675	70,123
Number of ordinary shares in issue ('000)	488,834	488,899	488,834	488,899
NAV per ordinary share (RM)	0.45	0.45	0.14	0.14

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N10. Financial assets at fair value through profit or loss**

**N10.1 Fair value measurement**

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.

**N10.2 Assets that are measured at fair value**

The following table shows an analysis of each class of assets measured at fair value by level of fair value hierarchy at the end of the reporting period:

	<b>Significant other observable inputs (Level 2)</b>	
	<b>30 June 2021</b>	<b>31 December 2020</b>
	RM'000	RM'000
<b>Assets measured at fair value</b>		
Non-equity investment security at FVPL	–	1,005

During the interim period, the Group had disposed the investment security for cash and realised the capital appreciation. The investment security had a fair value of RM1,009,000 at the date of disposal.

Methods and assumptions used to determine fair value

The methods and assumptions used by management to determine fair value of assets and liabilities other than those whose carrying amounts reasonably approximate their fair values as follows:

<b>Asset</b>	<b>Methods and assumptions</b>
• Non-equity investment security	The fair value is determined by reference to valuation provided by financial institutions.

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N11. Intangible assets**

	<b>Goodwill RM'000</b>	<b>Trademarks RM'000</b>	<b>Total RM'000</b>
<b>Group</b>			
<b>Cost</b>			
At 31 December 2020, 1 January 2021 and 30 June 2021	2,639	432	3,071
<b>Accumulated amortisation</b>			
At 1 January 2020	–	47	47
Amortisation	–	50	50
At 31 December 2020 and 1 January 2021	–	97	97
Amortisation	–	26	26
At 30 June 2021	–	123	123
<b>Net carrying amount</b>			
At 31 December 2020	2,639	335	2,974
At 30 June 2021	2,639	309	2,948

**N12. Property, plant and equipment**

During the six months ended 30 June 2021, the Group acquired assets amounting to RM11,747,000 (30 June 2020: RM7,748,000) and disposed of assets amounting to RM817,900 (30 June 2020: RM551,000).

**N13. Loans and borrowings**

	<b>Group</b>	
	<b>30 June 2021 RM'000</b>	<b>31 December 2020 RM'000</b>
<b>Current:</b>		
Bankers' acceptances	1,604	16,540
Short term financing	12,211	814
Financing arrangements	558	552
Term loan	8,779	5,316
	23,152	23,222
<b>Non-current:</b>		
Financing arrangements	1,308	1,585
Term loan	29,594	18,423
	30,902	20,008
Total loans and borrowings	54,054	43,230

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

The bankers' acceptance 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. The financing agreements are secured by a charge over the respective assets.

**N14. Share capital**

	30 June 2021		31 December 2020	
	No. of shares	RM'000	No. of shares	RM'000
<b>Issued and fully paid ordinary shares</b>				
At 1 January and 30 June	489,144,200	66,135	489,144,200	66,135
<b>Treasury shares</b>				
Balance at the beginning of the financial period	245,000	135	–	–
Shares buy-back held as treasury shares	65,400	38	245,000	135
<b>Balance at the end of the financial period</b>	<b>310,400</b>	<b>173</b>	<b>245,000</b>	<b>135</b>
<b>Issued and fully paid ordinary shares excluding treasury shares</b>				
	<b>488,833,800</b>	<b>65,962</b>	<b>488,899,200</b>	<b>66,000</b>

The Company did not have any outstanding convertibles as at 30 June 2021 and 31 December 2020.

The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

No treasury share was sold, transferred, cancelled or used for the financial period reported on.

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N15. Subsequent events**

The emergence of COVID-19 has brought about uncertainties to the general economic environment since early 2020 and the new variants of the COVID-19 may affect the Group's operations and its performance subsequent to 30 June 2021. The Group is cognisant of the challenges posed by these developing events and the potential impact they have on the business. The Group will continuously assess the situation, work closely with local authorities to support their efforts in containing the spread of COVID-19, and put in place measures to minimize impact to the business.

The Malaysian Government has announced on 27 June 2021 that the full movement control order (which is Phase 1 of Malaysia's National Recovery Plan for COVID-19) ("**FMCO**") effected from 1 June 2021 will be extended. As furniture manufacturing is not included in the list of essential economic sectors and services, the Group's production activities have been temporarily suspended since 1 June 2021 in compliance with the directives. The Group has however, been able to resume loading and unloading activities since 15 June 2021 on certain weekdays.

As announced by the Company on 30 August 2021, the Group has received the approvals from the relevant authorities and has resumed operations. As at the date of this announcement, LY Furniture Sdn Bhd, our wholly owned subsidiary, with 40% fully vaccinated staff is allowed to operate its factories at 60% capacity with effect from 27 August 2021 while Leyo Manufacturing Sdn Bhd, a 51%-owned subsidiary, with 60% fully vaccinated staff are allowed to operate its factories at 80% capacity with effect from 30 August 2021. Our factories will be able to resume full operations when our staff are 80% fully vaccinated.

**F. INFORMATION REQUIRED UNDER APPENDIX 7C OF THE CATALIST RULES**

1. (a)(i) **An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Please refer to paragraph A.

- (a)(ii) **Significant items**

Please refer to N6.1.

- (b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

Please refer to paragraph B.

- (b)(ii) **Aggregate amount of group's borrowings and debt securities.**

**Amount repayable by the Group in one year or less, or on demand**

As at 30 June 2021		As at 31 December 2020	
Secured	Unsecured	Secured	Unsecured
RM'000	RM'000	RM'000	RM'000
23,152	–	23,222	–

**Amount repayable by the Group after one year**

As at 30 June 2021		As at 31 December 2020	
Secured	Unsecured	Secured	Unsecured
RM'000	RM'000	RM'000	RM'000
30,902	–	20,008	–

**Details of collateral**

The Group's borrowings consist of financing arrangements, short-term trade financing, bankers' acceptance and term loans.

The financing arrangements are secured by a charge over the respective leased motor vehicles and machineries.

The bankers' acceptance, short-term trade financing and term loans are secured by mortgage over certain buildings, leasehold land, assets and corporate guarantee from the Company.

Please also refer to further details of the Group's loans and borrowings in N13.

- (c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Please refer to paragraph D.

- (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Please refer to paragraph C.

- (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Please refer to N14.

- (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Please refer to N14.

- (d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Please refer to N14. No treasury share was sold, transferred, cancelled or used for the financial period reported on.

- (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Please refer to N14. There is no subsidiary holdings.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The condensed consolidated statement of financial position of LY Corporation Limited and its subsidiaries as at 30 June 2021 and the related condensed profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Please refer to N2.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to N2.

**6. (Loss)/earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group 6 months ended	
	30 June 2021	30 June 2020
(Loss)/profit attributable to owners of the Company (RM'000)	(2,265)	1,976
Weighted average number of issued shares ('000) (excluding treasury shares)	488,861	489,144
Basic and fully diluted (loss)/earnings per share <sup>(1)</sup> (sen)	(0.46)	0.40

Note:

- (1) The basic and fully diluted (loss)/earnings per share were the same as there were no dilutive ordinary shares in issue as at 30 June 2021 and 30 June 2020.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

Please refer to N9.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.



## **CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

***Review of Group's performance for 6 months ended 30 June 2021 ("1H2021") as compared to the 6 months ended 30 June 2020 ("1H2020")***

### Revenue

The Group's revenue decreased by approximately RM11.6 million, or 10.8%. This was mainly attributable to a decrease in the number of containers loaded with products ("**40- ft container**") sold from 1,947 40-ft containers in 1H2020 to 1,725 40-ft containers in 1H2021 as a result of the following:

- (a) On 7 January 2021, Kementerian Kesihatan Malaysia (i.e., the Ministry of Health of Malaysia) ("**KKM**") had issued notices ordering to close 11 of the Group's factories/warehouses until 16 January 2021. In addition, KKM has also verbally sought the closure of 2 additional factories/warehouses. The Group complied with the requirements of KKM by closing 13 of its factories/warehouses (including those requested by KKM verbally). The closure was a result of the Group's foreign workers having to be quarantined and isolated when some of the employees were infected with COVID-19;
- (b) FMCO implemented by the Government of Malaysia in response to the COVID-19 pandemic which led to the temporary closure of the Group's operations for the period between 1 June 2021 and 26 August 2021; and
- (c) Shortages of containers that have impeded the delivery of finished goods to the Group's customers.

However, this was partially offset by an increase in the average selling price per 40- ft container from approximately RM55,000 in 1H2020 to approximately RM56,000 in 1H2021 as a result of the different product mix sold by the Group.

### Cost of sales and gross profits

The cost of sales decreased by approximately RM7.4 million, or 7.6%, mainly due to the decrease in labour costs as a result of reduced overtime and subcontractors' costs in tandem with the slow down in operational activities due to the temporary closure of our factories/warehouses in January 2021 and the temporary closure of the Group's operations for the period between 1 June 2021 and 26 August 2021.

As a result of the lower percentage decrease in cost of sales as compared to our revenue, our gross profit decreased by approximately RM4.2 million, or 43.2%. The overall gross profit margin also decreased from 9.0% in 1H2020 to 5.8% in 1H2021.

### Interest income

Interest income decreased by approximately RM0.1 million, or 79.9%, mainly due to lower cash placements in short term fixed deposits in the bank account maintained in Malaysia and coupled with the reduced overnight interest rate offered.

### Distributions from short-term investment security

Distributions from short-term investment security of approximately RM1,000 were income received for funds placed with a Money Market Fund during 2H2020. The Group had disposed the investment during 1H2021.

### Other income

Other income comprised mainly government grants, sale of timber, boards, hardware and scrap as well as charges for services provided such as transportation and rental received.

Other income increased by approximately RM0.2 million, or 8.7%, mainly due to receipt of government grants from the Government of Malaysia during COVID-19 to promote the creation of quality jobs, reduce unemployment and financial assistance paid to employers for each employee.

#### Selling and administrative expenses

Selling and administrative expenses increased slightly by approximately RM0.3 million, or 3.1%, as the Group's staff cost, directors' remuneration, professional fees and insurance costs were lower in 1H2020 due to more cost cutting measure effected in 1H2020.

#### Depreciation expenses

Depreciation expenses increased by approximately RM0.7 million, or 18.8% mainly due to the purchase of machineries and leasehold land and building in 1H2021.

#### Finance costs

Finance costs increased by approximately RM0.4 million or 168.9%, mainly due to the interest charged on the new term loans that were drawdown towards the end of the financial year ended 31 December 2020 and in 1H2021.

#### Other expense

Other expense increased by approximately RM2,000, or 100.0% mainly due to more fixed assets being written off in 1H2021 as compared in 1H2020.

#### Loss for the period

As a result of the lower revenue and higher costs and expenses, the Group reported a net loss of approximately RM2.4 million in 1H2021 as compared to a net profit of approximately RM1.3 million in 1H2020.

### **CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

#### ***Review of the Group's financial position as at 30 June 2021 as compared to 31 December 2020***

#### Non-current assets

Property, plant and equipment increased by approximately RM3.2 million, or 2.1% mainly due to the purchase of machineries and leasehold land and building during 1H2021.

Right-of-use assets increased by approximately RM4.3 million, or 19.9%, comprised the right to use the properties and land use rights by the Group over the respective lease period.

Intangible assets of approximately RM3.0 million consists of trademarks and goodwill arising from business combination as announced on 28 January 2019.

#### Current assets

Inventories increased by approximately RM17.8 million, or 18.5%, mainly due to the following:

- (a) Increase in finished goods due to shortages of containers which impeded the delivery of finished goods to the Group's customers. This included finished goods which required further improvements on customers' request and pending the customers' acceptance for which the Group has already received consideration from such customers totalling RM23.7 million as at 30 June 2021. The consideration is classified as contract liabilities under current liabilities. The container shortage situation has affected the Group's delivery of finished goods since the last quarter of FY2020. Please refer to paragraph 10 of this results

announcement for further elaborations on the impact of the container shortages to the Group; and

- (b) Increase in raw materials and work-in-progress as (i) the Group purchased more raw materials to meet the orders received in respect of the following quarters; (ii) the Group has also stocked up more raw materials in case of delay in receipt of raw materials due to container shortages; and (iii) a higher work-in-progress due to longer production lead time as shipments from suppliers were also affected by the container shortages.

Trade and other receivables of approximately RM11.0 million comprised trade receivables, receivables from related parties, deposit and other receivables. The decrease in trade and other receivables by approximately RM7.8 million, or 41.6%, was mainly due to the decrease of sales towards the end of 1H2021.

Contract assets of approximately RM1.0 million comprised the right to consideration for goods produced but not yet billed as at 30 June 2021 for sale of goods. The decrease in contract assets by approximately RM3.8 million, or 78.3%, was mainly due to the FMCO implemented by the Government of Malaysia in response to the COVID-19 pandemic which led to the temporary closure of the Group's operations for the period between 1 June 2021 and 26 August 2021.

Prepaid operating expense of approximately RM1.7 million comprised mainly expenses paid in advance as at 30 June 2021.

Tax recoverable, being prepaid current income tax of approximately RM3.9 million comprised tax paid in advance by the Malaysian subsidiaries for the Year of Assessment 2021.

#### Current liabilities and non-current liabilities

Loans and borrowings comprised financing arrangements, short-term trade financing, bankers' acceptance and long-term loans. The increase in loans and borrowings by approximately RM10.8 million, or 25.0% was mainly due to the increase in the usage of short-term financing and drawdown of new term loans of approximately RM11.4 million and approximately RM14.6 million respectively towards the end of 1H2021. However, the increase is offset by the decrease in the usage of bankers' acceptances by approximately RM14.9 million.

Trade and other payables of approximately RM29.5 million comprised trade payables, amount due to related parties and sundry payables. The decrease in trade payables and other payables of approximately RM9.8 million, or 25.0% was mainly due to the decrease in purchase of raw materials towards the end of 1H2021.

Contract liabilities of approximately RM23.8 million comprised the Group's obligation to transfer finished goods or services to customers for which the Group has received consideration from customers in advance as at 30 June 2021.

Lease liabilities of approximately RM7.4 million comprised the liabilities that the Group has to pay over the life of the leases for the use of the properties.

Accrued expenses of approximately RM0.4 million comprised accrued operating expenses.

#### **CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

##### ***Review of the Group's cash flow statement for 1H2021 as compared to 1H2020***

The Group recorded net cash flows used in operating activities of approximately RM2.5 million in 1H2021 which was higher as compared to RM0.05 million in 1H2020 mainly due to the increase in inventories of the Group during 1H2021. However, it was slightly offset by the decrease in trade and other receivables and contract assets. The reasons for the increase in inventories and the decrease in trade and other receivables and contract assets can be found in the review of the Group's current assets set out above.

The Group recorded net cash flows used in investing activities of approximately RM10.6 million in 1H2021 mainly due to the purchase of new machineries and leasehold land and building.

The Group recorded net cash flows generated from financing activities of approximately RM9.5 million in 1H2021 mainly due to proceeds from short term and long term loans and borrowings offset by the repayment of loans and borrowings.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group's unaudited results for 1H2021 are in line with the Company's profit guidance announcement dated 26 August 2021.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

(a) Since the last quarter of FY2020, there has been a worldwide container shortage problem that has affected international container cargo shipments. This has also affected the Group in the following ways:

- (i) The Group's ability to export its manufactured products on time has been affected.
- (ii) There is an increased need for warehouses to store the unshipped finished goods.
- (iii) There are difficulties in planning and maintaining an efficient production schedule.
- (iv) Our import of raw materials from overseas has been delayed.

The above have resulted in the decrease in revenue and increase in costs for the Group. We also expect the container shortage to continue for at least the next few quarters.

(b) Since FY2020, we have begun the expansion of our revenue base to include other categories of wooden products such as the millwork products. Nevertheless, the expansion is also currently affected by the worldwide container shortage as mentioned above.

(c) As disclosed in the Company's announcement dated 23 February 2021, the Group's operations in the first quarter of the current financial year have been disrupted by (i) the two-week closure of the Group's factories/warehouses in January 2021; and (ii) the movement control order imposed by the Malaysian government ("MCO") between 13 January 2021 and 4 March 2021 to curb the soaring number of COVID-19 cases in Malaysia. In addition, the Group had operated at lower capacity for the period between 25 May 2021 and 31 May 2021 and had temporary closure between 1 June 2021 and 26 August 2021 as disclosed in the Company's announcements dated 27 May 2021, 1 June 2021 and 30 August 2021. While the Group has partially resumed operations as at the date of this announcement, the Malaysian government may implement further measures to curb the spread of COVID-19 given that the COVID-19 situation in Malaysia is still evolving.

**11. Dividend**

Please refer to N8.

**12. If no dividend has been declared (recommended), a statement to that effect and reason(s) for the decision.**

No dividend has been declared/recommended for 1H2021 as it is the Company's practice to declare/recommend dividend, if any, after reporting the full year results.

**13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group had renewed its general mandate for IPTs at the annual general meeting held on 28 June 2021. Please refer to the Company's appendix to the annual report dated 11 June 2021 for further details.

The aggregate value of all interested person transactions during 1H2021 is as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	Notes	RM'000	RM'000
Lean Shern Furniture Sdn Bhd	(1)	NIL	5,783
LP Global Resources Sdn Bhd	(2)	NIL	1
Leatherworld Upholstery Sdn Bhd	(3)	NIL	1,587

*Notes:*

- (1) *Lean Shern Furniture Sdn Bhd's shareholders are Tan Kwee Ming and Tan Kwee Song, who are brothers of the Company's Executive Chairman, Tan Kwee Chai.*
- (2) *LP Global Resources Sdn Bhd and Lian Yu Asset Management Sdn Bhd are wholly-owned subsidiaries of Lian Yu Furniture Corporation Sdn Bhd ("LYFC") which is owned by Tan Kwee Chai and his associates.*
- (3) *Leatherworld Upholstery Sdn Bhd is a 51%-owned subsidiary of LYFC which is owned by Tan Kwee Chai and his associates.*

**14. Confirmation pursuant to Rule 705(5) of the Catalist Listing Manual**

We, Tan Kwee Chai and Tan Yong Chuan, being two directors of the Company, do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited consolidated financial statements of the Group for the 1H2021 to be false or misleading in any material aspect.

Tan Kwee Chai  
Executive Chairman

Tan Yong Chuan  
Executive Director and Chief Executive Officer

**15. Confirmation pursuant to Rule 720(1) of the Catalist Rules**

The Company hereby confirms that it has already procured undertakings from all of its Directors and executive officers in the format as set out in Appendix 7H of the Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

## 16. Use of IPO Proceeds

Pursuant to the Company's IPO, the Company received net proceeds from the IPO of approximately S\$13.0 million. Please refer to the Company's offer document dated 18 January 2018 ("**Offer Document**") and announcement dated 16 November 2020 for further details.

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

<b>Purpose</b>	<b>Revised allocation of IPO proceeds (S\$'000)</b>	<b>Amount utilised (S\$'000)</b>	<b>Balance (S\$'000)</b>
Expanding the sales network in the PRC	137	(137)	–
Upgrading the machinery and equipment and acquiring new technology	5,863	(5,863)	–
Construction of additional facilities	4,000	(3,972)	28
General working capital purposes <sup>(1)</sup>	3,000	(2,686)	314
<b>Total</b>	<b>13,000</b>	<b>(12,658)</b>	<b>342</b>

Note:

(1) Payment of corporate and administrative expenses.

The above utilisations of proceeds are in line with the intended use of proceeds as set out in the Offer Document and the Company's announcement dated 16 November 2020.

## 17. Disclosure of acquisition (including incorporations) and sale of shares under Catalyst Rule 706A.

Not applicable. The Company did not acquire and dispose shares in any companies during 1H2021.

### BY ORDER OF THE BOARD

Tan Yong Chuan  
Executive Director and Chief Executive Officer  
9 September 2021