



LY CORPORATION LIMITED
(the “Company”)
Company Registration no. 201629154K
(Incorporated in the Republic of Singapore)

**(I) PROPOSED ACQUISITION OF 51% INTEREST IN LY UNITY SDN BHD;
(II) SHAREHOLDERS’ AGREEMENT; AND
(III) PROFIT GUARANTEE AGREEMENT**

1. INTRODUCTION

The Board of Directors (“**Board**”) of LY Corporation Limited (the “**Company**” or “**Purchaser**” and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company has today entered into a share sale and purchase agreement (“**SSPA**”) with Mr Looi Chee En and Mr Looi Chee Yang (collectively, the “**Vendors**” or the “**JV Partners**”) pursuant to which the Vendors have agreed to sell and the Company has agreed to purchase, in aggregate 510,000 ordinary shares (the “**Sale Shares**”) representing 51% of the total issued and paid up share capital of LY Unity Sdn Bhd (“**LY Unity JV Co**”) for an aggregate purchase consideration of RM7,012,500 in cash in accordance with the terms and conditions as stipulated in the SSPA (the “**Proposed Acquisition**”).

On the same date, the Company has entered into a shareholders’ agreement (“**SHA**”) with the JV Partners to give effect to the Company’s and the JV Partners’ intentions to co-operate with each other to carry on business of manufacture, sell, market and distribute furniture and to regulate their relations *inter se* and in the conduct of the business and affairs of LY Unity JV Co.

Concurrently with the entering of the SSPA and SHA, the Company also entered into a profit guarantee agreement (“**PGA**”) with the JV Partners where the JV Partners have guaranteed that the profit after tax (“**PAT**”) of LY Unity JV Co and its subsidiaries for the period from 1 August 2024[^] to 31 December 2025 and the period from 1 January 2026 to 31 July 2026 shall be not less than RM3.0 million and RM2.0 million, respectively.

[^] *This commencement date is determined on the assumption that the Proposed Acquisition will be completed by 31 July 2024. In the event the Proposed Acquisition is completed earlier than 31 July 2024, the commencement date shall be one day after such earlier date when the Proposed Acquisition is completed.*

2. INFORMATION ON VENDORS (AND THE JV PARTNERS)

2.1 Mr Looi Chee En and Mr Looi Chee Yang are the legal and beneficial owners of LY Unity JV Co. They each own 50% of the total shareholdings in LY Unity JV Co. For purposes of the Proposed Acquisition, Mr Looi Chee En and Mr Looi Chee Yang have concurrently undertaken the sale by Unity Kitchen Sdn Bhd (“**UKSB**”) and Unity Concept Kitchen Sdn Bhd (“**UCKSB**”) and the purchase by the subsidiaries of LY Unity JV Co, of all the assets and liabilities of UKSB and UCKSB at the purchase consideration of RM1 payable to UKSB and UCKSB each (“**Prior Business Acquisitions**”). The principal activities of UKSB and UCKSB are the retailing of cabinets and/or furniture as well as the manufacturing and sale of cabinets and/or furniture respectively.

Both Mr Looi Chee En and Mr Looi Chee Yang began their involvement in this business since 2008 (i.e. more than 15 years each). Mr Looi Chee En has always been directly in charge of marketing and retailing while Mr Looi Chee Yang has always been involved in manufacturing and operations. They have been the directors of UKSB and UCKSB since their incorporations on 24 December 2010.



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3. INFORMATION ON LY UNITY JV CO

3.1 LY Unity JV Co is a company incorporated in Malaysia on 5 July 2024 with a registered address at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur. The principal activity of LY Unity JV Co is that of investment holding while its subsidiaries are involved in the following:

Name of subsidiary	Principal activities
United Kitchen (KL) Sdn Bhd	Retailing business in the sales of cabinets/furniture
United Kitchen Design Sdn Bhd	Dealership business in sale of cabinets/furniture
Unity Manufacturing Sdn Bhd	Manufacturing and sale of cabinets/furniture

3.2 The directors and the shareholders of LY Unity JV Co are Mr Looi Chee En and Mr Looi Chee Yang in equal proportion.

3.3 As at the date hereof, LY Unity JV Co has an issued and paid-up capital of RM100 comprising 100 ordinary shares.

3.4 Upon completion of the Proposed Acquisition, the resultant shareholding in LY Unity JV Co shall be as follows:

Shareholders	Number of shares	Percentage shareholding (%)
The Company	510,000	51.0
Looi Chee En	245,000	24.5
Looi Chee Yang	245,000	24.5
Total	1,000,000	100.0

4. INFORMATION ON THE PROPOSED ACQUISITION

4.1 The Vendors agreed to sell and the Company agreed to purchase the Sale Shares free from all encumbrances in accordance with the terms and conditions of the SSPA, for a cash consideration of RM7,012,500 (“**Consideration**”).

Arising from the Prior Business Acquisitions, LY Unity JV Co will also assume the Business of UKSB and UCKSB. Accordingly, there will be certain assets and liabilities of UKSB and UCKSB that will require LY Unity JV Co to settle before all the assets and liabilities can be transferred over to LY Unity JV Co and its subsidiaries. Such matters include the settlement of bank facilities owing by UKSB and UCKSB to their banks amounting up to RM3.0 million (“**Debts**”).

4.2 The Consideration was arrived at on a willing-buyer willing-seller basis and on arm’s length commercial terms, taking into account the total profit guarantee of RM5 million over two (2) years’ period provided by the JV Partners, the viability of the business and the future prospects of LY Unity JV Co.

The payment terms for the Proposed Acquisition will be in cash by the Company to the Vendors of the RM7,012,500 via internally generated funds.



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4.3 Rationale for and benefits of the Proposed Acquisition

The Group has consistently exported over 90% of its products to the US. Since its IPO, the Group has been actively pursuing strategies to diversify its market reach. One such diversification was the expansion into the manufacturing of millwork products, involving the production of timber moulded products, for sale to property developers in the US. While this move represents a promising expansion into a different market sector, namely the property market, the Group's reliance on the US market remains.

The Proposed Acquisition presents an exciting opportunity for the Group to venture into an entirely new retail market in Malaysia, which it has not previously explored. The management acknowledges that entering the Malaysian retail market successfully may require a significant learning curve spanning several years and substantial investments. Additionally, the Group is considering introducing the concept of whole-house customisation in Malaysia as part of its future retailing endeavors. This innovative concept could potentially establish a new frontier in Malaysia, with the Group aiming to become the pioneer in its successful implementation.

The management is confident that the experience and expertise of our JV Partners will greatly enhance the Group's new venture in the retailing business, potentially leading to its success in this new venture.

4.4 Principal terms of the SSPA

The Proposed Acquisition involves the acquisition by the Company of the Sale Shares representing 51% of the total issued and paid-up share capital of LY Unity Sdn Bhd for a purchase consideration of RM7,012,500 in cash. The principal terms of the SSPA are extracted and set out in *italics* as follows:

Clause 3.1-Purchase Price

*The consideration for the purchase of the Sale Shares shall be Ringgit Malaysia Seven Million Twelve Thousand and Five Hundred Only (RM7,012,500.00) ("**Purchase Price**") which shall be payable by the Purchaser to the Vendors in the manner as follows:*

*3.1.1 a sum of Ringgit Malaysia Six Million Twelve Thousand and Five Hundred Only (RM6,012,500.00) shall be payable by the Purchaser to the Vendors in cash on the Completion Date whereby part thereof shall be utilised towards settlement of the Cabsys' Loan. In this regard, the Vendors hereby authorise the Purchaser to pay such amount equivalent to the redemption sum ("**Redemption Sum**") to CIMB Islamic Bank Berhad or if CIMB Islamic Bank Berhad refuses to accept the payment towards the Redemption Sum from the Purchaser, the sum equivalent to the Redemption Sum will be paid to the Vendors. The Vendors hereby undertake to procure the settlement of the Redemption Sum and provide the Purchaser with documentary evidence for the payment of the Redemption Sum to CIMB Islamic Bank Berhad within 5 Business Days of their receipt of such sum from the Purchaser; and*

*the balance of Ringgit Malaysia One Million Only (RM1,000,000.00) ("**Retention Sum**") shall be placed in an interest bearing account to be opened and maintained at such bank in the discretion of the Purchaser, and to be dealt with in accordance with the terms under the Profit Guarantee Agreement.*



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Clause 4.1-Conditions Precedent

The obligation of the Purchaser to complete the sale and purchase of the Sale Shares under this Agreement is conditional upon the fulfilment of the following:

- 4.1.1 the Purchaser being satisfied with the results of its due diligence investigation into the Group Companies including but not limited to financial, legal, contractual, and the respective Group Companies’ title to its business and liabilities;*
- 4.1.2 the completion of the UCKSB Sale of Business Agreement and the UKSB Sale of Business Agreement in accordance with the terms and conditions thereof including the issuance and allotment of 999,900 new ordinary shares in the Company to the Vendors;*
- 4.1.3 approval from the board of directors of the Company in respect of the transfer of the Sale Shares to the Purchaser by the Vendors;*
- 4.1.4 approval from the board of directors of the Purchaser in respect of the Purchaser’s execution of this Agreement and the transactions herein; and*
- 4.1.5 the redemption statement in respect of the Cabsys’ Loan being obtained by the Vendors;*

4.5 Relative figures under Rule 1006 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the “Catalist Rules”)

The relative figures as computed on the applicable bases set out in Rule 1006 of the Catalist Rules are set out as follows:

(a)	Net asset value (“NAV”) of the assets to be disposed of, compared with the Group’s NAV	-	Not applicable to acquisition
(b)	Net profits attributable to the assets acquired compared with the Group’s net profits	-	3.2% ⁽¹⁾
(c)	Aggregate value of the consideration given compared with the market capitalisation	-	8.0% ⁽²⁾
(d)	Number of equity securities issued as consideration for the acquisition compared with the number of equity securities previously issued	-	Not applicable. No securities issued as consideration
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves	-	Not applicable.

Notes:

- (1) Based on the unaudited proforma combined profit before tax of UKSB and USCKSB for the financial year ended 31 December 2023 (“FY2023”) and the loss before tax of the Group of RM10.93 million for FY2023.
- (2) Based on the aggregate value of the consideration (as set out below) and the exchange rate of S\$1.00 to Malaysian Ringgit 3.48 being the midday average interbank exchange rate as at 22 July 2024 (the “Last Market Day”, (being the last market day on which the SGX-ST is open for trading prior to the date of this announcement) extracted from the website of the Monetary Authority of Singapore and the market capitalisation of the Company of approximately S\$38.76 million, which was determined by multiplying the issued share capital of the Company of 488,833,800 ordinary shares (“Shares”) (excluding 310,400 treasury shares) by the volume-



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weighted average price of such Shares transacted on the 5 July 2024 of S\$0.0793 per Share, being the last market day where the Shares were traded preceding the date of the sale and purchase agreement.

The aggregate value of consideration has been determined as follows:

	Amount (RM)
Consideration	7,012,500
Advances to LY Unity Sdn Bhd for settlement of loans of UKSB and UCKSB (on an "up to" basis pending receipt of all redemption sums from relevant financial institutions)	3,000,000
Negative net asset value (based on the unaudited proforma combined net asset value of UKSB and UCKSB as at 31 December 2023)	820,571
Aggregate value of consideration	<hr/> <hr/> 10,833,071

Based on the above figures, the Proposed Acquisition is a discloseable transaction under Rule 1010 of the Catalist Rules but not a major transaction subject to shareholders' approval under Rule 1014 of the Catalist Rules.

4.6 Information required in compliance with Rule 1010 of the Catalist Rules

The following information are required under Rule 1010 of the Catalist Rules:

(1) Particulars of the transaction, including the name of any company or business, where applicable.

Please refer to paragraph 3 of this announcement.

(2) A description of the trade carried on, if any.

Please refer to paragraph 3 of this announcement.

(3) The aggregate value of the consideration, stating the factors taken into account in arriving at it and how it will be satisfied, including the terms of payment. In the case of financial assistance, the aggregate value of the financial assistance and any interest payable on the financial assistance.

Please refer to paragraph 4.1 of this announcement.

(4) Whether there are any material conditions attaching to the transaction including a put, call or other option and details thereof.

Please refer to paragraph 4.4 of this announcement.

(5) The value (book value, net tangible asset value and the latest available open market value) of the assets being acquired or disposed of, and in respect of the



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latest available valuation, the value placed on the assets, the party who commissioned the valuation and the basis and date of such valuation.

The Company has commissioned IPC Island Property Consultants Sdn Bhd, a Malaysia based independent valuer, who has valued the following shop premise and machineries that form part of the assets under the Proposed Acquisition:

Assets under valuation	Date of valuation	Valuation by the valuer (RM)	Book value as at 31 December 2023	Basis of valuation
Shop premise in Kajang, Selangor, Malaysia	3 May 2024	1,500,000	1,168,824	Comparison method
Plant and machineries	30 May 2024	590,000	152,568	Net current replacement cost method

- (6) **In the case of a disposal, the excess or deficit of the proceeds over the book value, and the intended use of the sale proceeds. In the case of an acquisition, the source(s) of funds for the acquisition.**

As set out in paragraph 4.2 of this announcement, the Company will be funding the acquisition with internally generated funds.

- (7) **The net profits attributable to the assets being acquired or disposed of. In the case of a disposal, the amount of any gain or loss on disposal.**

The unaudited proforma combined loss before tax of UKSB and USCKSB for FY2023 was RM346,945.

The Proposed Acquisition is not a disposal.

- (8) **The effect of the transaction on the net tangible assets per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the end of that financial year.**

Please refer to paragraph 4.7 of this announcement.

- (9) **The effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year.**

Please refer to paragraph 4.7 of this announcement.

- (10) **The rationale for the transaction including the benefits which are expected to accrue to the issuer as a result of the transaction.**

Please refer to paragraph 4.3 of this announcement.



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(11) Whether any director or controlling shareholder has any interest, direct or indirect, in the transaction and the nature of such interests.

Datuk Yap Kheng Fah ("**Datuk Yap**"), a Non-Executive Director of the Company, is the director and sole shareholder of Censuria Capital Sdn Bhd ("**Censuria**"), a registered private equity management corporation with the Securities Commission of Malaysia. Censuria has referred the Vendors to the Company and will receive a success fee of RM250,000 from the Vendors upon the successful completion of the Proposed Acquisition. Accordingly, Datuk Yap has abstained from all deliberations and voting at the board meetings relating to the Proposed Acquisition, the SHA and the PGA.

Save as disclosed above, none of the directors, controlling shareholders or substantial shareholders of the Company, has any interest, whether directly or indirectly, in the transactions contemplated herein.

(12) Details of any service contracts of the directors proposed to be appointed to the issuer in connection with the transaction.

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition, the SHA or the PGA.

The subsidiaries of LY Unity JV Co will be entering into separate service agreements with each of Mr Looi Chee En, Mr Looi Chee Yang and Skyler Chong as Executive Directors of Unity Kitchen (KL) Sdn Bhd, Unity Manufacturing Sdn Bhd and Unity Kitchen Design Sdn Bhd respectively for a period of three (3) years.

(13) The relative figures that were computed on the bases set out in Rule 1006.

Please refer to paragraph 4.5 of this announcement.

4.7 Financial Effects of the Proposed Acquisition

The *pro forma* financial effects of the Proposed Acquisition on the Group set out below are only presented for illustration purposes and are therefore not indicative of the actual and/or future results and financial situation of the Company or the Group after the completion of the Proposed Acquisition.

The *pro forma* financial effects of the Proposed Acquisition have been prepared based on the audited consolidated financial statements of the Group for FY2023, and on the following bases and assumptions:

- (a) the financial effects on the consolidated net tangible assets ("**NTA**") per Share is computed based on the assumption that the Proposed Acquisition was completed on 31 December 2023;
- (b) the financial effects on the consolidated earnings per Share ("**EPS**") is computed based on the assumption that the Proposed Acquisition was completed on 1 January 2023; and
- (c) the expenses to be incurred in connection with the Proposed Acquisition are estimated to be approximately RM380,000 (or S\$109,195 based on the exchange rate of RM3.48/S\$1, being the midday average interbank exchange rate as at the Last Market Day).



NTA per Share

As at 31 December 2023	Before completion of the Proposed Acquisition	After completion of the Proposed Acquisition
NTA (RM'000)	210,766	203,374 ⁽¹⁾
Number of Shares	488,833,800	488,833,800
NTA per Share (RM)	0.43	0.42

Note:

- (1) NTA decreases due to increase in intangible assets as the Consideration represents excess to the NTA of LY Unity JV Co.

EPS

FY2023	Before completion of the Proposed Acquisition	After completion of the Proposed Acquisition
Loss for the year, representing total comprehensive loss for the year attributable to owners of the Company (RM'000)	(8,144)	(8,144)
Number of Shares	488,833,800	488,833,800
Loss per Share (RM sen)	(1.67)	(1.67)

5. INFORMATION ON THE SHA

5.1 On completion of the Proposed Acquisition, the Company and the JV Partners will respectively hold 51% and 49% of the entire issued and paid up share capital of LY Unity JV Co. Accordingly, the Company will be entering into the SHA with the JV Partners to, among others, regulate and govern their relationship as shareholders of LY Unity JV Co (which will become a 51%-owned subsidiary of the Company) upon completion of the Proposed Acquisition.

5.2 The principal terms of the SHA are extracted and set out in italics as follows:

Clause 5 – Board of Directors

5.1 *During the subsistence of this Agreement the number of Directors of the Board shall be 5 or such other number as the Parties may mutually agree by way of resolution. Each of the Parties shall be entitled to appoint up to such respective number of Directors to the Board as specified in Clause 5.2. In the event that the Parties shall cease to hold Shares according to the Shareholdings Proportion, the composition of the Board shall at all times proportionately reflect the respective proportionate shareholdings of the Parties hereto (as nearly as possible) in the capital of the Company.*

5.2 *The Board shall consist of:*

5.2.1 *3 persons to be appointed by LY Corp for the time being as the Directors of the Company; and*



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5.2.2 *2 persons to be appointed by the Individual Shareholders for the time being as the Directors of the Company.*

5.9 *The Parties agree that at least one of the Directors appointed by LY Corp shall be made the approver and signatory in respect of all bank payments or transfer.*

Clause 6 -- Executive Committee

6.1 *The Board may, by resolution adopted by a majority of the Directors, shall elect an Executive Committee which shall comprise of representatives from both LY Corp and the Individual Shareholders. The number of members of the Executive Committee shall be decided by the Board.*

6.2 *The purpose of having an Executive Committee is to enhance the cooperation between LY Corp and the Individual Shareholders in developing and expanding the Business. The members of the Executive Committee shall as far as practicable meet once in a month for the following purposes:-*

- (a) to discuss on business strategies and plans in respect of the Company and/or any of its Subsidiaries;*
- (b) to update about the operations of the Company and its subsidiaries; and/or*
- (c) to discuss and make decision on matters tabled by any Shareholders in respect of the management and operations of the Company and/or its subsidiaries*

6.3 *Notwithstanding the formation of the Executive Committee, the Parties hereby agree that the management and day-to-day operations of the Company and its Subsidiaries shall be handled by the Individual Shareholders.*

6. INFORMATION ON THE PGA

The Company has entered into the PGA with the JV Partners where the JV Partners have guaranteed that the PAT of LY Unity JV Co and its subsidiaries for the period from 1 August 2024 to 31 December 2025 and the period from 1 January 2026 to 31 July 2026 shall be not less than RM3.0 million and RM2.0 million respectively. The Company will also withhold RM1.0 million from the Consideration to be kept as a Retention Sum as compensation to cover any shortfall in the guaranteed PAT.

The principal terms of the PGA are extracted and set out in italics as follows:

Clause 2 – Profit Guarantee

2.1 *In consideration of the Company in entering into the SSPA, the Guarantors have agreed to enter into this Agreement to guarantee to the Company that the JV Group Companies shall achieve the Guaranteed Profit during the Profit Guarantee Period.*

2.2 *The Guarantors hereby unconditionally and irrevocably covenant and guarantee to the Company that the consolidated audited net profit after tax of the JV Group Companies for the Profit Guarantee Period shall not be less than RM5,000,000 ("**Guaranteed Profit**") whereby:*

2.2.1 *the consolidated audited net profit after tax of the JV Group Companies for the period commencing from the SSPA Completion Date or 1 August 2024 (whichever is earlier) and ending on 31 December 2025 ("**First Guarantee Period**") shall not be less than RM3,000,000 ("**First Guaranteed Profit**"); and*



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- 2.2.2 *the consolidated audited net profit after tax of the JV Group Companies for the period commencing from 1 January 2026 and ending on 31 July 2026 ("Second Guarantee Period") shall not be less than RM2,000,000 ("Second Guaranteed Profit").*

For the avoidance of doubt, the JV Group Companies shall be deemed to have achieved the Guaranteed Profit if the aggregate consolidated audited net profit after tax made by the JV Company is equal to or in excess of the Guaranteed Profit of RM5,000,000 during the Profit Guarantee Period notwithstanding Clause 2.2.1 and Clause 2.2.2.

Clause 2A – Retention Sum

- 2A.1 *The Company shall place the Retention Sum in an interest bearing account opened and maintained at such bank during the Profit Guarantee Period in the sole discretion of the Company on the SSPA Completion Date.*
- 2A.2 *The interest earned from the placement of the Retention Sum in an interest bearing account:*
- (a) *shall belong to the Guarantors unless the Retention Sum is insufficient to meet the Profit Shortfall in the relevant Profit Guarantee Period in which case the interest earned on the Retention Sum will be applied towards and treated as part-payment of the compensation payable by the Guarantors to the Company to meet the Profit Shortfall; and*
 - (b) *shall be released accordingly and in proportion to the Guaranteed Profit achieved or Profit Shortfall (as the case may be) in the relevant Profit Guarantee Period to the Party(ies) entitled to receive it pursuant to the terms of this Agreement.*

Clause 3 – Auditors' Certificate and Audited Accounts

- 3.1 *The Parties shall ensure that the JV Company procure the Auditors to issue the Auditors' Certificate for the relevant Profit Guarantee Period on or before the date falling 120 days after the end of the First Guarantee Period and the Second Guarantee Period respectively. The Parties agree that:*
- 3.1.1 *the amount of the consolidated audited net profit or loss after tax of the JV Group Companies stated in the Auditors' Certificate; and*
 - 3.1.2 *The excess, shortfall or deficiency (which includes losses), as the case may be, between the relevant Guaranteed Profit and the actual consolidated audited net profit or loss after tax of the JV Group Companies ("**Profit Shortfall**") for the relevant Profit Guarantee Period stated in the Auditors' Certificate;*

shall be binding and conclusive on all Parties and shall not be questioned by any Parties on any grounds whatsoever, save and except for manifest error.



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3.2 *The Parties agree that for the purpose of the Auditors' Certificate:*

3.2.1 *in respect of the First Guarantee Period, an audit shall be carried out on the accounts of the JV Group Companies for:*

(a) *the financial period commencing from the SSPA Completion Date or 1 August 2024 (whichever is earlier) and ending on 31 December 2024; and*

(b) *the 12-month financial period commencing from 1 January 2025 and ending on 31 December 2025;*

3.2.2 *in respect of the Second Guarantee Period, an audit shall be carried out on the accounts of the JV Group Companies for the 7-month financial period commencing from 1 January 2026 and ending on 31 July 2026; and*

3.2.3 *shall be prepared in conformity with the Malaysian Financial Reporting Standards (MFRS) and any applicable laws and applied on a consistent basis during the periods involved on a basis consistent with the financial statements and books and records of the JV Group Companies.*

In view of the PGA set out above, the Company provides the following information in accordance with Rule 1013(1) of the Catalist Rules:

6.1 The views of the board of directors of the issuer in accepting the profit guarantee or the profit forecast and the factors taken into consideration and basis for such a view

The Board is of the view that the PGA helps to safeguard the interests of the Company and the Company will have legal recourse against the Vendors in the event that the Vendors fail to pay for any profit shortfall.

In accepting the guaranteed PAT, the Board took into account of the following factors:

- a. the experience of the Vendors in the retail furniture industry;
- b. the intrinsic potential of the business to grow and expand market share in the fragmented retail furniture industry; and
- c. the rationale and benefits of the Proposed Acquisition as disclosed in Section 4.3 of this announcement.

6.2 The principal assumptions including commercial bases and assumptions upon which the quantum of profit guarantee or the profit forecast is based

The Group understands that the Vendors have prepared the profit guarantee on the following commercial bases and assumptions:

- a. There will be no material changes in the existing political, legal (including changes in legislation or regulations or rules), fiscal, market or economic conditions in Malaysia.
- b. Operating expenses will either remain constant or that there will be a corresponding increase in revenue when operating expenses increase;
- c. There will be no change in the bases or rates of taxation or duties applicable in Malaysia;



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- d. There will be no material loss of major suppliers and partners which are essential for the operations of LY Unity JV Co;
- e. There will be no material capital expenditure during the Profit Guarantee Period other than those declared to the Purchaser during the course of due diligence;
- f. There will be no interruptions of operations that will affect LY Unity JV Co and its subsidiaries as a result of a shortage in supply of raw materials or any other circumstances such as natural disasters, or changes in regulatory regime in Malaysia which are beyond the control of the management of LY Unity JV Co;
- g. There will be no material change in key personnel of LY Unity JV Co and its subsidiaries.

6.3 The manner and amount of compensation to be paid by the vendor in the event that the profit guarantee or the profit forecast is not met and the conditions precedent, if any, and the detailed basis for such a compensation; and

As set out above, any profit shortfall shall be satisfied in cash.

6.4 The safeguards put in place (such as the use of a banker's guarantee) to ensure the issuer's right of recourse in the event that the profit guarantee or the profit forecast is not met, if any.

As set out above, the Company is withholding RM1.0 million from the Consideration as a Retention Sum as compensation to cover any shortfall in the guaranteed PAT.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the SHA, the PGA, LY Unity JV Co, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

8. CAUTIONARY STATEMENT

Shareholders of the Company are advised to exercise caution when trading in the shares of the Company in relation to this announcement as there is no certainty or assurance that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. When in doubt as to the action that they should take, shareholders of the Company should consult their financial, tax or bank or other advisers.

The Company will make further announcements to keep shareholders informed, as and when there are further material updates and developments in respect of the Proposed Acquisition.



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9. DOCUMENTS FOR INSPECTION

Copies of the abovementioned SSPA, SHA, PGA are available for inspection during normal business hours at the registered office of the Company at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619 from the date of this announcement up to and including the date falling three months after the date of this announcement.

BY ORDER OF THE BOARD

Tan Yong Chuan
Executive Director and Chief Executive Officer

23 July 2024

*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 the compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist.*

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