



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

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

This announcement has been prepared by LY Corporation Limited (“**Company**”) and its contents have been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited (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 Sponsor has not independently verified the contents of this announcement.

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.

The contact person for the Sponsor is Mr Lan Kang Ming, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

Background

The Company was incorporated in Singapore on 24 October 2016 under the Companies Act as a private company limited by shares, under the name of “LY Corporation Pte. Ltd.”. The Company was converted into a public company limited by shares and changed its name to LY Corporation Limited on 21 December 2017.

The Group is an established original design manufacturer principally engaged in the design and manufacture of wooden bedroom furniture and the manufacture of custom wooden bedroom furniture which may be tailored to our customers’ specifications on an original equipment manufacturer basis.

Prior to the listing on the Catalist of the SGX-ST on 18 December 2017, the Group undertook a corporate restructuring (the “**Restructuring Exercise**”) to rationalise and streamline the Group’s corporate structure. Please refer to the Offer Document of the Company dated 18 January 2018 (“**Offer Document**”) for further details on the Restructuring Exercise.

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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.

For the 3 months ended 31 March 2019 (“1Q2019”) and 3 months ended 31 March 2018 (“1Q2018”)

Consolidated Statements of Comprehensive Income

	Group		(Decrease)/ Increase %
	31 March 2019 RM'000	31 March 2018 RM'000	
Revenue	50,826	85,120	(40.3)
Cost of sales	(46,027)	(72,285)	(36.3)
Gross Profit	4,799	12,835	(62.6)
Other items of income			
Interest income	203	111	82.9
Other income	403	1,169	(65.5)
Other items of expense			
Selling and administrative expenses	(5,505)	(5,638)	(2.4)
Finance costs	(36)	(92)	(60.9)
Listing expenses	-	(6,794)	N.M.
Other expenses	(681)	(2,765)	(75.4)
Loss before tax	(817)	(1,174)	(30.4)
Income tax expense	(155)	(1,623)	(90.4)
Loss for the period, representing total comprehensive income for the period	(972)	(2,797)	(65.2)
Loss for the period, representing total comprehensive income for the period attributable to:			
Owners of the Company	(736)	(2,797)	
Non-controlling interest	(236)	-	
	(972)	(2,797)	

Note:

N.M. Not meaningful

1(a)(ii) Notes to consolidated statement of comprehensive income.

	Group		(Decrease)/ Increase %
	3 months ended 31 March 2019 RM'000	31 March 2018 RM'000	
Loss for the period include the following (charges)/credits:			
Finance expenses:			
- obligations under finance lease	(13)	(17)	(23.5)
- bankers' acceptance	(23)	(75)	(69.3)
	(36)	(92)	
Amortisation of leasehold land	(85)	(86)	(1.2)
Depreciation expenses:			
- property, plant and equipment	(1,588)	(1,492)	(6.4)
- right-of-use assets	(109)	-	N.M.
	(1,697)	(1,492)	
Gain on disposal of property, plant and equipment	1	246	(99.6)
Rental income	148	155	(4.5)
Net foreign exchange loss	(681)	(2,765)	(75.4)
Listing expenses	-	(6,794)	N.M.

Note:

N.M. Not meaningful

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.

	Group As at 31 March 2019 RM'000	Group As at 31 December 2018 RM'000	Company As at 31 March 2019 RM'000	Company As at 31 December 2018 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	124,516	119,748	–	–
Leasehold land	13,345	13,430	–	–
Right-of-use assets	945	–	–	–
Intangible assets	3,787	–	–	–
Investment in subsidiaries	–	–	30,469	30,469
	142,593	133,178	30,469	30,469
Current assets				
Inventories	32,615	34,639	–	–
Trade and other receivables	18,056	23,404	4,313	10,518
Contract assets	5,642	10,784	–	–
Prepaid operating expense	967	1,221	71	61
Cash and cash equivalents	65,135	64,709	37,573	32,415
	122,415	134,757	41,957	42,994
Total assets	265,008	267,935	72,426	73,463
LIABILITIES				
Current liabilities				
Loans and borrowings	2,834	2,601	–	–
Trade and other payables	19,705	22,755	–	38
Contract liabilities	173	136	–	–
Lease liabilities	313	–	–	–
Accrued expenses	296	504	205	395
Tax payable	391	1,503	41	28
	23,712	27,499	246	461
Net current assets	98,703	107,258	41,711	42,533
Non-current liabilities				
Loans and borrowings	697	781	–	–
Deferred tax liabilities	14,912	14,819	–	–
Lease liabilities	637	–	–	–
	16,246	15,600	–	–
Total liabilities	39,958	43,099	246	461
Net assets	225,050	224,836	72,180	73,002
Equity attributable to owners of the Company				
Share capital	66,135	66,135	66,135	66,135
Merger reserve	(15,234)	(15,234)	–	–
Retained earnings	173,199	173,935	6,045	6,867
	224,100	224,836	72,180	73,002
Non-controlling interest	950	–	–	–
Total equity	225,050	224,836	72,180	73,002
Total equity and liabilities	265,008	267,935	72,426	73,463

1(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 31 March 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
RM'000	RM'000	RM'000	RM'000
2,834	-	2,601	-

Amount repayable by the Group after one year

As at 31 March 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
RM'000	RM'000	RM'000	RM'000
697	-	781	-

Details of collateral

The Group's borrowings consist of obligations under finance lease, short-term trade financing and bankers' acceptance.

The obligations under finance leases are secured by a charge over the respective leased motor vehicles.

The bankers' acceptance and short-term trade financing are secured by mortgage over certain buildings and leasehold land and joint ("**Mortgage**") and several guarantees provided by the directors from one of our subsidiaries ("**Guarantee**"). The Mortgage and Guarantee are currently in the process of being discharged and be replaced with corporate guarantee from the Company.

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

	Group	
	3 months ended	
	31 March 2019	31 March 2018
	RM'000	RM'000
Operating activities		
Loss before tax	(817)	(1,174)
<u>Adjustments for:</u>		
Gain on disposal of property, plant and equipment	(1)	(246)
Interest income	(203)	(111)
Interest expense	36	92
Amortisation of leasehold land	85	86
Depreciation expenses	1,697	1,492
Unrealised exchange (gain)/loss	(415)	844
Listing expenses	–	6,794
	382	7,777
Operating profit before working capital changes		
<u>Changes in working capital:</u>		
Decrease in inventories	2,024	1,885
Decrease in trade and other receivables	5,468	5,766
Decrease in contract assets	5,142	–
Decrease in prepaid operating expense	254	5,436
Decrease in trade and other payables	(2,997)	(1,643)
Increase in contract liabilities	37	–
Decrease in other liabilities	(208)	(2,780)
	10,102	16,441
Cash flows from operations		
Interest paid	(36)	(92)
Income taxes paid	(1,267)	(2,646)
Interest income from short term deposits received	203	111
Net cash flows generated from operating activities	9,002	13,814
Investing activities		
Purchase of property, plant and equipment (Note A)	(3,946)	(3,760)
Proceeds from disposal of property, plant and equipment	15	507
Acquisition of business	(4,932)	–
Net cash flows used in investing activities	(8,863)	(3,253)
Financing activities		
Proceeds from loans and borrowings	7,688	22,759
Repayment of obligations under finance lease	(132)	(180)
Repayment of loans and borrowings	(7,407)	(23,914)
Repayment of lease liabilities	(104)	–
Proceeds from issuance of new shares pursuant to initial public offering (“IPO”)	–	48,387
Listing expenses paid	–	(9,280)
Net cash flows generated from financing activities	45	37,772
Net increase in cash and cash equivalents	184	48,333
Effect of exchange rate changes on cash and cash equivalent	242	(736)
Cash and cash equivalents at beginning of period	64,709	31,103
Cash and cash equivalents at end of period	65,135	78,700

1(c)(ii) Note to the combined statement of cash flows

Note A: Property, plant and equipment

	Group	
	3 months ended	
	31 March 2019	31 March 2018
	RM'000	RM'000
Current year additions to property, plant and equipment	3,946	4,070
Less: Additions under finance leases	–	(310)
Net cash outflow from purchase of property, plant and equipment	3,946	3,760

1(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.

Group

(Unaudited)

	Attributable to owners of the Company					Total equity RM'000
	Share capital RM'000	Merger reserve RM'000	Retained Earnings RM'000	Equity attributable to owner RM'000	Non- controlling interest RM'000	
At 1 January 2019	66,135	(15,234)	173,935	224,836	–	224,836
Loss for the period, representing total comprehensive income for the period	–	–	(736)	(736)	(236)	(972)
<u>Changes in ownership interests in subsidiary</u>						
Change in ownership interests without a change in control*	–	–	–	–	1,186	1,186
At 31 March 2019	66,135	(15,234)	173,199	224,100	950	225,050
At 1 January 2018	20,234	(15,234)	170,318	175,318	–	175,318
Loss for the period, representing total comprehensive income for the period	–	–	(2,797)	(2,797)	–	(2,797)
Issuance of new shares pursuant to the IPO	48,387	–	–	48,387	–	48,387
Capitalisation of listing expenses	(2,486)	–	–	(2,486)	–	(2,486)
At 31 March 2018	66,135	(15,234)	167,521	218,422	–	218,422

*On 25 January 2019, the Group's subsidiary company, Leyo Holdings Sdn Bhd, issued 49% of its equity interest to the Vendor for the acquisition of business under the trade names EZBO and CUBO.

Company

(Unaudited)

	Share capital RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2019	66,135	6,867	73,002
Loss for the period	-	(809)	(809)
At 31 March 2019	66,135	6,058	72,193
At 1 January 2018	20,234	(271)	19,963
Issuance of new shares pursuant to the IPO	48,387	-	48,387
Loss for the period	-	(7,936)	(7,936)
Capitalisation of listing expenses	(2,486)	-	(2,486)
At 31 March 2018	66,135	(8,207)	57,928

1(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.

Share Capital

	No. of issued shares	Issued and paid-up share capital (RM)
Balance as at 31 December 2018	489,144,200	66,135,255
Balance as at 31 March 2019	489,144,200	66,135,255

The Company did not have any outstanding convertibles as at 31 March 2019 and 31 March 2018.

The Company did not have any treasury shares and subsidiary holdings as at 31 March 2019 and 31 March 2018.

1(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.

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 are as follows:

	As at 31 March 2019	As at 31 December 2018
Total number of issued shares (excluding treasury shares)*	489,144,200	489,144,200

The Company did not have any treasury shares as at 31 March 2019 and 31 December 2018.

* Refers to the legal number of issued shares of the Company as registered with the Accounting and Corporate Regulatory Authority.

1(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.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

1(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.

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

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

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

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

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

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

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the most recently audited consolidated financial statements for the financial year ended 31 December 2018.

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.

The Group has adopted SFRS(I) 16 *Leases* on 1 January 2019.

On the adoption of SFRS(I) 16, the Group chose, on a lease-by-lease basis, to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group has elected the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

On the adoption of SFRS(I) 16, the Group recognise right-of-use assets of RM1,054,000 and lease liabilities of RM1,054,000 for its leases previously classified as operating leases as of 1 January 2019.

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) 16 on 1 January 2019 to the balance sheet of the Group.

	Group		
	As at 31 December 2018 RM'000	SFRS(I) 16 adjustments RM'000	As at 1 January 2019 RM'000
Non-current assets			
Right-of-use asset	–	1,054	1,054
Current liabilities			
Lease liabilities	–	417	417
Non-current liabilities			
Lease liabilities	–	637	637

6. **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 3 months ended	
	<u>31 March 2019</u>	<u>31 March 2018</u>
Loss attributable to owners of the Company (RM'000)	(736)	(2,797)
Weighted average number of ordinary shares ('000)	489,144	361,542
Basic and diluted loss per share ⁽¹⁾ (sen)	(0.15)	(0.77)

	Group 3 months ended	
	<u>31 March 2019</u>	<u>31 March 2018</u>
For illustration purposes ⁽²⁾		
Loss attributable to owners of the Company (RM'000)	(736)	(2,797)
Weighted average number of ordinary shares ('000)	489,144	489,144
Basic and diluted loss per share ⁽¹⁾ (sen)	(0.15)	(0.57)

Notes:

- (1) The basic and fully diluted loss per share were the same as there were no dilutive ordinary shares in issue as at 31 March 2019 and 31 March 2018.
- (2) For comparative purposes, the Company's number of ordinary shares of 489,144,200 immediately after the IPO has been used in the calculation of basic and diluted loss per share for both financial periods presented, on the assumption that the Restructuring Exercise pursuant to the subdivision of 1,000 shares into 10,668 shares (the "Share Split"), and issuance of 62,424,200 new shares pursuant to the IPO had been completed as at 1 January 2018.

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.

	Group		Company	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
Net asset value ("NAV") (RM'000)	225,050	224,836	72,180	73,002
Number of ordinary shares in issue ('000)	489,144	489,144	489,144	489,144
NAV per ordinary share (RM)	0.46	0.46	0.15	0.15

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Review of Group's performance for the 3 months ended 31 March 2019 ("1Q2019") as compared to the 3 months ended 31 March 2018 ("1Q2018")

Revenue

The Group's revenue decreased by approximately RM34.3 million, or 40.3%. This was mainly attributable to:

- (a) the decrease in the number of container loaded with products ("**40-ft containers**") sold from 1,681 40-ft containers in 1Q2018 to 1,115 40-ft containers in 1Q2019 as a result of lower demand from the Group's customers mainly from the United States of America ("**US**"); and
- (b) the decrease in the average selling price per 40-ft container from RM50,000 in 1Q2018 to RM46,000 in 1Q2019 was mainly due to:
 - (i) discounts being offered on some of the products (mainly veneer laminated) to our customers due to the drop in demand for such products in the market; and
 - (ii) different product mix whereby the Group sells more paper laminated products which have lower selling prices as compared to veneer laminated and/or spray-painted products.

Cost of sales and gross profits

The cost of sales decreased by approximately RM26.3 million, or 36.3% mainly due to the decrease in raw materials purchased, labour costs and subcontractors' costs. The decrease in these costs was mainly due to the lower level of production during 1Q2019 as a result of a drop in demand from the Group's customers.

The gross profit decreased by approximately RM8.0 million, or 62.6% as a result of the decrease in the average selling price and drop in the number of containers sold. The overall gross profit margin decreased from 15.1% in 1Q2018 to 9.4% in 1Q2019 mainly due to discounts being offered on some of the models to our customers.

Interest income

Interest income increased by approximately RM0.09 million, or 82.9% mainly due to more cash being placed under fixed deposits in 1Q2019 as compared to 1Q2018.

Other income

Other income comprised mainly sales of timber, boards, hardware and scrap; charges for services provided such as transportation; rental received and gain on disposal of property, plant and equipment.

Other income decreased by approximately RM0.8 million, or 65.5% mainly due to the following:

- (a) the Company selling lesser boards to LP Global Resources Sdn Bhd (“**LP Global**”) to manufacture front drawer for most of our models (including lamination services) in 1Q2019 as compared to 1Q2018 due to the drop in demand from the Group’s customers; and
- (b) drop in the gain on disposal of property, plant and equipment whereby there were less disposals of plant and equipment in 1Q2019 as compared to 1Q2018.

Selling and administrative expenses

Selling and administrative expenses decreased by approximately RM0.1 million, or 2.4% mainly due to the decrease in wastage disposal costs, utilities, gift and donation.

Finance costs

Finance costs decreased by approximately RM0.1 million, or 60.9% due to the decrease in the interest charged for lower amount of outstanding bank borrowings and hire purchase.

Listing expense

The absence of listing expenses in 1Q2019 is due to the one-off listing fees in relation to the IPO in FY2018.

Other expense

Other expense decreased by approximately RM2.1 million, or 75.4% mainly due to lower net foreign exchange loss recorded in the books of the Company in 1Q2019 as compared to 1Q2018 due to the appreciation of the US\$ against RM as the Company holds some of their cash in US\$ for daily operating purposes.

Loss for the period

As a result of the foregoing, the Group’s net loss for 1Q2019 decreased by approximately RM1.8 million, or 65.2% as compared to 1Q2018.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Review of the Group’s financial position as at 31 March 2019 as compared to 31 December 2018

Non-current assets

Property, plant and equipment increased by approximately RM4.8 million, or 4.0% mainly due to the purchase of machinery and equipment and motor vehicles in 1Q2019.

Leasehold land decreased by approximately RM0.09 million, or 0.6% due to the amortisation of the leasehold land.

Intangible assets of approximately RM3.8 million consists of trademarks and goodwill arising from provisional purchase price allocation from the completion of the Acquisition of Business (as defined under Section 10 below) on 25 January 2019.

Right of use assets of approximately RM0.9 million comprised the right to use the properties by the Group over the respective lease period.

Current assets

Inventories decreased by approximately RM2.0 million, or 5.8% mainly due to the overall improvement in inventory management by the Group.

Trade and other receivables of approximately RM18.1 million comprised trade receivables, receivables from related parties, deposit and other receivables. The decreased in trade and other receivables by approximately RM5.3 million, or 22.9% was mainly due to the decrease of sales towards the end of 1Q2019.

Contract assets of approximately RM5.6 million comprised the right to consideration for goods produced but not yet billed as at 31 March 2019 for sale of goods. The decrease in contract assets by approximately RM5.1 million, or 47.7% was mainly due to the decrease in the completion of goods produced expected to be delivered in the second quarter of 2019.

Prepaid operating expense of approximately RM1.0 million comprised mainly of expenses paid in advance as at 31 March 2019. The decrease in the prepaid operating expense as at 31 March 2019 as compared to 31 December 2018 was due to expenses being paid in advance were being expensed off to the income statement as at 31 March 2019.

Current liabilities and non-current liabilities

Loans and borrowings comprised of obligations under finance leases and bankers' acceptance. The increase in loans and borrowings by approximately RM0.1 million, or 4.4% was mainly due to the increase in the usage of bankers' acceptance towards the end of 1Q2019.

Trade and other payables of approximately RM19.7 million comprised trade payables, amount due to related parties and sundry payables. The decrease in trade payables and other payables of RM3.1 million, or 13.4% was mainly due to the decrease in purchase of raw materials towards the end of 1Q2019.

Contract liabilities of approximately RM0.2 million comprised the Group's obligation to transfer goods or services to customers for which the Group has received consideration from customers as at 31 March 2019.

Lease liabilities of approximately RM1.0 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 RM0.3 million comprised accrued operating expenses. The decrease in accrued expenses of RM0.2 million, or 41.3% was mainly due to lesser accrued expenses as at 31 March 2019 as a result of lesser allowances and performance incentives being provided.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Review of the Group's cash flow statement for the 3 months ended 31 March 2019 ("1Q2019") as compared to the 3 months ended 31 March 2018 ("1Q2018")

The Group recorded net cash flows from operating activities of approximately RM9.0 million in 1Q2019 which was lower as compared to approximately RM13.8 million in 1Q2018 mainly due to the decrease in the sales of the Group during the 1Q2019.

The Group recorded net cash flows used in investing activities of approximately RM8.9 million mainly due to the purchase of new and used machineries as well as motor vehicles.

The Group recorded net cash flows from financing activities of approximately RM0.05 million mainly due to the proceeds from short term financing offset by 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.

Not applicable. The Group has not previously disclosed any forecast or prospect statements to its shareholders.

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) Our exports to US have reduced in the financial year ended 31 December 2018 as many US customers have exercised more caution in their purchases due to the uncertainties in the trade war between China and US. As the trade war is still on-going, there is still uncertainty as to how this trade war will impact our Group in the financial year ending 31 December 2019 (“FY2019”).
- (b) We had on 20 December 2018, through our wholly-owned subsidiary, Leyo Holdings Sdn. Bhd. (“**Leyo Holdings**”), entered into an asset purchase agreement (“**APA**”) with Cubo Sdn. Bhd. (“**CSB**”), a company incorporated in Malaysia, and Mr Ng Teck Lai (“**NTL**”) (collectively referred to as “**Vendors**”), pursuant to which the Vendors have agreed to sell the assets comprising intellectual properties, plants & machineries, fixed assets and other assets (the “**Assets**”) to Leyo Holdings in accordance with the terms and conditions as stipulated in the APA (“**Acquisition**”). The Acquisition was completed on 25 January 2019.

Concurrently with the signing of the APA on 20 December 2018, we had also entered into a shareholders’ agreement (“**SHA**”) with Lebo Design Sdn. Bhd. (“**Lebo Design**”) and Leyo Holdings to give effect to our and Lebo Design’s intentions to co-operate with each other to carry on business of manufacture, sell, market and distribute furniture under the brand names EZBO and CUBO (“**Business**”) and to regulate their relations *inter se* and in the conduct of the business and affairs of Leyo Holdings.

Through the Acquisition, we are expanding into a new business involved in the original brand manufacturing (“**OBM**”) of furniture products. As the trade names are new in the market, we intend to further promote them in various countries and thus far, the response from potential customers have been positive. Based on the product designs and innovations and with the right marketing strategies, we are cautiously optimistic on the performance of the Business in the second half of FY2019.

11. Dividend

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

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

Not applicable. No dividend has been declared/recommended for 1Q2019 as it is the Company's practice to declare/recommend dividend, if any, in the fourth quarter of the financial year.

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.

In connection with the IPO, the Group had obtained a general mandate from shareholders for IPTs disclosed in pages 158 to 202 of the Offer Document.

The aggregate value of all interested person transactions during the 1Q2019 is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$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 \$100,000)
	RM'000	RM'000
Lean Shern Furniture Sdn Bhd	Not applicable ("NA")	623
LP Global Resources Sdn Bhd	NA	1,345
Leatherworld Upholstery Sdn Bhd	NA	1,053

14. 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.

15. 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 Offer Document for further details.

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

Purpose	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Balance (S\$'000)
Expanding the sales network in the PRC	1,000	(101)	899
Upgrading the machinery and equipment and acquiring new technology	5,000	(912)	4,088
Construction of additional facilities	4,000	(3,674)	326
General working capital purposes ⁽¹⁾	3,000	(1,011)	1,989
Total	13,000	(5,698)	7,302

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.

16. 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 1Q2018 to be false or misleading in any material aspect.

Tan Kwee Chai
Executive Chairman

Tan Yong Chuan
Executive Director and Chief Executive Officer

BY ORDER OF THE BOARD

Tan Yong Chuan
Executive Directors and Chief Executive Officer

13 May 2019