



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 2020**

This announcement has been prepared by LY Corporation Limited (the "**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 Catalyst.

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 Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

Background

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.

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 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 6 months ended 30 June 2020 (“1H2020”)

Consolidated Statements of Comprehensive Income

	Group 6 months ended		Increase/ (Decrease) %
	30 June 2020 RM'000	30 June 2019 RM'000	
Revenue	107,341	102,890	4.3
Cost of sales	(97,638)	(96,015)	1.7
Gross Profit	9,703	6,875	41.1
Other items of income			
Interest income	134	395	(66.1)
Other income	2,414	866	N.M.
Other items of expense			
Selling and administrative expenses	(9,639)	(10,789)	(10.7)
Finance costs	(224)	(63)	N.M.
Other expense	(2)	–	N.M.
Profit/(Loss) before tax	2,386	(2,716)	N.M.
Income tax expense	(1,078)	(172)	N.M.
Profit/(Loss) for the period, representing total comprehensive income for the period	1,308	(2,888)	N.M.
Profit/(Loss)/for the period, representing total comprehensive income for the period attributable to:			
Owners of the Company	1,976	(2,103)	
Non-controlling interest	(668)	(785)	
	1,308	(2,888)	

Note:

N.M. Not meaningful

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

	Group		
	6 months ended		
	30 June	30 June	Increase/ (Decrease)
	2020	2019	%
	RM'000	RM'000	
Profit for the period include the following (charges)/credits:			
Finance expenses:			
- obligations under finance lease	(16)	(25)	(36.0)
- bank loans	(54)	(38)	42.1
- lease liabilities	(154)	(48)	N.M.
	(224)	(111)	
Amortisation of leasehold land	(209)	(171)	22.2
Amortisation of intangible assets	(25)	–	N.M.
Depreciation expenses:			
- property, plant and equipment	(4,342)	(3,299)	31.6
- rights-of-use assets	(600)	(256)	N.M.
	(4,942)	(3,555)	
(Loss)/Gain on disposal of property, plant and equipment	(2)	4	N.M.
Property plant and equipment written-off	29	(25)	N.M.
Rental income	252	291	(13.4)
Net foreign exchange gain	1,527	49	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 30 June 2020 RM'000	Group As at 31 December 2019 RM'000	Company As at 30 June 2020 RM'000	Company As at 31 December 2019 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	144,376	141,231	–	–
Right-of-use assets	21,474	22,382	–	–
Intangible assets	2,999	3,024	–	–
Investment in subsidiaries	–	–	59,458	47,886
Other receivable	630	630	–	–
	169,479	167,267	59,458	47,886
Current assets				
Inventories	47,783	40,889	–	–
Trade and other receivables	29,681	26,697	7	4,140
Contract assets	7,573	6,332	–	–
Prepaid operating expense	1,050	1,322	253	23
Tax recoverable	397	960	–	–
Cash and cash equivalents	24,710	36,083	9,200	17,731
	111,194	112,283	9,460	21,894
Total assets	280,673	279,550	68,918	69,780
LIABILITIES				
Current liabilities				
Loans and borrowings	2,943	6,216	–	–
Trade and other payables	33,367	29,092	–	–
Contract liabilities	281	247	–	–
Lease liabilities	1,207	1,112	–	–
Accrued expenses	249	678	155	453
Tax payable	–	–	71	56
	38,047	37,345	226	509
Net current assets	73,147	74,938	9,234	21,385
Non-current liabilities				
Loans and borrowings	331	459	–	–
Deferred tax liabilities	15,994	16,004	–	–
Lease liabilities	4,614	5,363	–	–
	20,939	21,826	–	–
Total liabilities	58,986	59,171	226	509
Net assets	221,687	220,379	68,692	69,271
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	172,880	170,904	2,557	3,136
	223,781	221,805	68,692	69,271
Non-controlling interest	(2,094)	(1,426)	–	–
Total equity	221,687	220,379	68,692	69,271
Total equity and liabilities	280,673	279,550	68,918	69,780

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 30 June 2020		As at 31 December 2019	
Secured	Unsecured	Secured	Unsecured
RM'000	RM'000	RM'000	RM'000
2,943	–	6,216	–

Amount repayable by the Group after one year

As at 30 June 2020		As at 31 December 2019	
Secured	Unsecured	Secured	Unsecured
RM'000	RM'000	RM'000	RM'000
331	–	459	–

Details of collateral

The Group's borrowings consist of financing arrangements, 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 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	
	6 months ended	
	30 June 2020	30 June 2019
	RM'000	RM'000
Operating activities		
Profit/(Loss) before tax	2,386	(2,716)
<u>Adjustments for:</u>		
Loss/(gain) on disposal of property, plant and equipment	2	(4)
Interest income	(134)	(395)
Interest expense	69	63
Interest expense from lease liabilities	155	48
Amortisation of leasehold land	209	171
Amortisation of intangible assets	25	–
Depreciation of property, plant and equipment	4,942	3,555
Property, plant and equipment written-off	29	25
Unrealised exchange gain	(512)	(493)
Operating profit before working capital changes	7,171	254
<u>Changes in working capital:</u>		
(Increase)/decrease in inventories	(6,894)	174
(Increase)/decrease in trade and other receivables	(2,631)	5,571
(Increase)/decrease in contract assets	(1,241)	4,279
Decrease in prepaid operating expense	272	467
Increase in trade and other payables	4,259	6,247
Increase in contract liabilities	33	50
Decrease in accrued expenses	(429)	(282)
Cash flows from operations	540	16,760
Interest paid	(69)	(63)
Income taxes paid	(525)	(2,936)
Net cash flows (used in)/generated from operating activities	(54)	13,761
Investing activities		
Interest income from short term deposits	134	395
Purchase of property, plant and equipment	(7,748)	(7,561)
Proceeds from disposal of property, plant and equipment	230	20
Acquisition of business	–	(4,932)
Net cash flows used in investing activities	(7,384)	(12,078)
Financing activities		
Dividends paid on ordinary shares	–	(6,115)
Proceeds from loans and borrowings	22,213	12,978
Repayment under financing arrangements	(167)	(257)
Repayment of loans and borrowings	(25,446)	(13,286)
Repayment of lease liabilities	(710)	(287)
Net cash flows used in financing activities	(4,110)	(6,967)

	Group	
	6 months ended	
	30 June 2020	30 June 2019
	RM'000	RM'000
Net decrease in cash and cash equivalents	(11,548)	(5,284)
Effect of exchange rate changes on cash and cash equivalent	175	402
Cash and cash equivalents at beginning of period	36,083	64,709
Cash and cash equivalents at end of period	24,710	59,827

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 2020	66,135	(15,234)	170,904	221,805	(1,426)	220,379
Profit/(loss) for the period, representing total comprehensive income for the period	–	–	1,976	1,976	(668)	1,308
At 30 June 2020	66,135	(15,234)	172,880	223,781	(2,094)	221,687
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	–	–	(2,103)	(2,103)	(785)	(2,888)
Change in ownership interests without a change in control*	–	–	–	–	1,186	1,186
Dividend on ordinary shares	–	–	(6,115)	(6,115)	–	(6,115)
At 30 June 2019	66,135	(15,234)	165,717	216,618	401	217,019

*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 2020	66,135	3,136	69,271
Loss for the period	–	(579)	(579)
At 30 June 2020	66,135	2,557	68,692
At 1 January 2019	66,135	6,867	73,002
Loss for the period	–	(842)	(842)
Dividend on ordinary shares	–	(6,115)	(6,115)
At 30 June 2019	66,135	(90)	66,045

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 2019	489,144,200	66,135,255
Balance as at 30 June 2020	489,144,200	66,135,255

The Company did not have any outstanding convertibles as at 30 June 2020 and 30 June 2019.

The Company did not have any treasury shares and subsidiary holdings as at 30 June 2020 and 30 June 2019.

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 30 June 2020	As at 31 December 2019
Total number of issued shares (excluding treasury shares)	489,144,200	489,144,200

The Company did not have any treasury shares as at 30 June 2020 and 31 December 2019.

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.

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

(s) 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.

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 2019.

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 adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on 1 January 2020. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

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 6 months ended	
	<u>30 June 2020</u>	<u>30 June 2019</u>
Profit/(Loss) attributable to owners of the Company (RM'000)	1,976	(2,103)
Weighted average number of ordinary shares ('000)	489,144	489,144
Basic and diluted per share ⁽¹⁾ (sen)	0.40	(0.43)

Note:

(1) The basic and fully diluted earnings/loss per share were the same as there were no dilutive ordinary shares in issue as at 30 June 2020 and 30 June 2019.

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 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
Net asset value (" NAV ") (RM'000)	221,687	220,379	68,692	69,271
Number of ordinary shares in issue ('000)	489,144	489,144	489,144	489,144
NAV per ordinary share (RM)	0.45	0.45	0.14	0.14

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 six months ended 30 June 2020 ("1H2020") as compared to the 6 months ended 30 June 2019 ("1H2019")

Revenue

The Group's revenue increased by approximately RM4.5 million, or 4.3%. This was mainly attributable to an increase in the average selling price per container loaded with products ("**40-ft container**") has increased from RM48,000 in 1H2019 to RM55,000 in 1H2020 due to the strengthening of the USD against RM. The average movement of USD against RM has strengthened by approximately 3.2% in 1H2020 as compared to 1H2019.

However, this was partially offset by a decrease in the number of 40-ft containers sold from 2,146 40-ft containers in 1H2019 to 1,947 40-ft containers in 1H2020 as a result of the Movement Control Order as announced by the Prime Minister of Malaysia on 16 March 2020 to contain the spread of COVID-19 in Malaysia which led to the temporary closure of the Group's operations since 18 March 2020. Subsequently, the subsidiaries of the Company resumed partial operations on 30 March 2020 upon receiving the approval from the Malaysian Timber Industry Board which allowed subsidiaries of the Company to operate, subject to certain terms and conditions. As of 30 June 2020, the subsidiaries of the Company have resumed normal operations.

Cost of sales and gross profits

The cost of sales increased by approximately RM1.6 million, or 1.7%, mainly due to the fixed costs components of certain direct costs such as labour costs, depreciation on property, plant and equipment and utility charges.

As a result of the increase in the Group's revenue, the gross profit increased by approximately RM2.8 million, or 41.1%. The overall gross profit margin also increased from 6.7% in 1H2019 to 9.0% in 1H2020 as a result of an increase in the average selling price per 40-ft container.

Interest income

Interest income decreased by approximately RM0.3 million, or 66.1%, mainly due to lower cash being placed in short term deposits in the bank account maintained in Malaysia and coupled with the reduced overnight interest rate offered.

Other income

Other income comprised mainly sales of timber, boards, hardware and scrap, charges for services provided such as transportation, rental received and net foreign exchange gain.

Other income increased by approximately RM1.5 million, or 178.8% mainly due to the increase in net foreign exchange gain, i.e. USD.

Selling and administrative expenses

Selling and administrative expenses decreased by approximately RM1.2 million, or 10.7% mainly due to the decrease in directors' remuneration, staff costs, upkeep and maintenance costs, travelling expenses, promotional expenses and professional fees.

Finance costs

Finance costs increased by approximately RM0.1 million, or 255.56% mainly due to the amortisation of lease liabilities as a result of the adoption of SFRS (I) 16 Leases since the financial year ended 31 December 2019.

Profit for the period

As a result of the foregoing, the Group reported net profit of RM1.3 million for 1H2020.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Review of the Group's financial position as at 30 June 2020 as compared to 31 December 2019

Non-current assets

Property, plant and equipment increased by approximately RM3.1 million, or 2.2% mainly due to the purchase of machinery and equipment during 1H2020.

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

Right-of-use assets of approximately RM21.5 million comprised the right to use the properties and land use rights of the Group over the respective lease period.

Current assets

Inventories increased by approximately RM6.9 million, or 16.9% mainly due to the increase in the Group's inventories towards the end of 1H2020 to meet the orders in the following quarter.

Trade and other receivables of approximately RM29.7 million comprised trade receivables, receivables from related parties, deposit and other receivables. The increase in trade and other receivables by approximately RM3.0 million, or 11.2% was mainly due to the increase of sales towards the end of 1H2020.

Contract assets of approximately RM7.6 million comprised the right to consideration for goods produced but not yet billed as at 30 June 2020 for sale of goods. The increase in contract assets by approximately RM1.2 million, or 19.6% was mainly due to the increase in the completion of goods produced expected to be delivered in the third quarter of 2020.

Prepaid operating expense of approximately RM1.0 million comprised mainly of expenses paid in advance as at 30 June 2020. The decrease in the prepaid operating expense as at 30 June 2020 as compared to 31 December 2019 was due to expenses being paid in advance being expensed off to the income statement as at 30 June 2020.

Advance tax of approximately RM0.4 million comprised of tax paid in advance by the Malaysian subsidiaries for the Year of Assessment 2020.

Current liabilities and non-current liabilities

Loans and borrowings comprised of financing arrangements, short term trade financing and bankers' acceptance. The decrease in loans and borrowings by approximately RM3.4 million, or 51.0% was mainly due to the decrease in the usage of bankers' acceptance towards the end of 1H2020.

Trade and other payables of approximately RM33.4 million comprised trade payables, amount due to related parties and sundry payables. The increase in trade payables and other payables of RM4.3 million, or 14.7% was mainly due to the increase in purchase of raw materials towards the end of 1H2020.

Contract liabilities of approximately RM0.3 million comprised the Group's obligation to transfer goods or services to customers for which the Group has received consideration from customers as at 30 June 2020.

Lease liabilities of approximately RM5.8 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 RM0.2 million comprised accrued operating expenses. The decrease in accrued expenses of RM0.4 million, or 63.3% was mainly due to lesser accrued expenses as at 30 June 2020 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 1H2020 as compared to 1H2019

The Group recorded net cash flows used in operating activities of approximately RM0.05 million in 1H2020 which was lower as compared to net cash flow from operating activities approximately RM13.8 million in 1H2019 mainly due to the increase in inventories, trade and other receivables, and trade and other payables of the Group during 1H2020. The increase in inventories was to meet the orders from customers in the following quarter. As for the increase in trade and other receivables, it was mainly due to the increase in the sales towards the end of 1H2020.

The Group recorded net cash flows used in investing activities of approximately RM7.4 million mainly due to the purchase of new and used machineries.

The Group recorded net cash flows used in financing activities of approximately RM4.1 million mainly due to repayment of loans and borrowings, partially offset by the proceeds from short term loans and borrowings in 1H2020.

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 performance for the year under review is in line with its expectations as disclosed in the announcement released on 15 May 2020.

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.

Our exports to US have increased in the 6 months period ended 30 June 2020 mainly due to the strengthening of the USD against RM and the demand situation to improve as most of our main customers in the United States of America ("US") have progressively restarted their operations with the gradual lifting of the lockdown in the US imposed due to COVID-19. However, we noted that many of the US customers remained cautious in their purchases due to the uncertainties arising from various adverse events such as the on-going US-China trade war and COVID-19. Accordingly, there is uncertainty as to how our Group will be impacted in the financial year ending 31 December 2020 ("FY2020"). Nonetheless, we are cautiously optimistic of an improvement in FY2020 compared to 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 1H2020 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 22 June 2020. Please refer to the Company's appendix to the annual report dated 14 April 2020 for further details.

The aggregate value of all interested person transactions during the 1H2020 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 \$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)
	Notes	RM'000	RM'000
Lean Shern Furniture Sdn Bhd	(1)	Not applicable ("NA")	1,310

Name of Interested Person	Nature of relationship	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)
	Notes	RM'000	RM'000
LP Global Resources Sdn Bhd	(2)	NA	65
Leatherworld Upholstery Sdn Bhd	(3)	NA	1,268

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 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 Company's offer document dated 18 January 2018 ("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 (\$'000)	Amount utilised (\$'000)	Balance (\$'000)
Expanding the sales network in the PRC	1,000	(137)	863
Upgrading the machinery and equipment and acquiring new technology	5,000	(5,000)	–
Construction of additional facilities	4,000	(3,908)	92
General working capital purposes ⁽¹⁾	3,000	(2,136)	864
Total	13,000	(11,181)	1,819

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. Disclosure of Acquisition (including incorporations) and sale of shares under Catalist Rule 706A.

Not applicable. The Company did not acquire and dispose shares in any companies during 1H2020.

17. 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 1H2020 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 Director and Chief Executive Officer
12 August 2020