



**LY CORPORATION  
LIMITED**



**STRENGTHENING**  
*CORE*  
**STRATEGIC**  
*GROWTH*



**ANNUAL REPORT 2025**

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## STRENGTHENING CORE STRATEGIC GROWTH

The Group remains committed to strengthening its core manufacturing operations while strategically expanding its retail cabinetry business and developing whole-house customisation capabilities under LY Unity Group. By reinforcing operational foundations and pursuing targeted growth in its retail and whole-house customisation businesses, the Group aims to deliver sustainable performance and long-term value to shareholders amid ongoing market uncertainties.

### Vision

We aspire to be a world-class wooden furniture manufacturer providing quality products for all dream homes globally.

### Mission

We aim to be a world-class provider of quality wooden furniture at competitive prices for our customers. We build win-win partnerships across our value chain, so that all our stakeholders will be successful together.

This annual report has been prepared by LY Corporation Limited (the “Company”) and its contents have been reviewed by Xandar Capital Pte. Ltd. (the “Sponsor”) for compliance with the SGX-ST Listing Manual Section B: Rules of Catalyst.

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

The contact person for the Sponsor is Ms. Pauline Sim, Head of Corporate Finance, at 3 Shenton Way, #24-02, Singapore 068805, telephone (65) 6319 4954.



# CORPORATE PROFILE

LY Corporation Limited and its subsidiaries (collectively the “**Group**”) is one of Malaysia’s leading manufacturers and exporters of wooden bedroom furniture. With a proven track record of over 45 years in the furniture industry, the Group is an established original design manufacturer (“**ODM**”), principally engaged in the design and manufacturing of custom wooden bedroom furniture, while also providing manufacturing services on an original equipment manufacturer (“**OEM**”) basis for custom wooden bedroom furniture, tailored to meet the specific requirements of our customers.

The Group has broadened its product range to include kitchen cabinets and expanded into original brand manufacturing, specialising in easy-to-assemble and custom-made furniture.

The Group has also diversified into the manufacturing of millwork products. Additionally, we have ventured into the retailing and dealership of cabinets and furniture in Malaysia, further expanding our regional footprint and broadening our product offerings.

The Group operates from 20 factories and warehouses with a combined built-up area of approximately 1.4 million sq ft. Our products are primarily sold to overseas dealers, including furniture wholesalers and retailers, who resell them to end-users through their retail networks. We also sell to domestic customers, mainly third-party agents, who export and resell its products outside Malaysia, including to markets such as the United States of America.

LY Corporation Limited was listed on Catalist of Singapore Exchange Securities Trading Limited on 31 January 2018.

# MESSAGE TO SHAREHOLDERS

## Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the Annual Report of LY Corporation Limited ("LY" or the "Company", and together with its subsidiaries, the "Group") for the financial year ended 31 December 2025 ("FY2025").

### THE YEAR IN REVIEW

FY2025 was a challenging year for the Group, shaped by external headwinds including tariff uncertainty, currency volatility, and softer demand in our key export market, the United States ("US"). The US tariffs on imports from Malaysia, together with the weakening of the US dollar against the Malaysian Ringgit, adversely impacted the Group's revenue and margins on products exported to the US. Despite rising costs and intense market competition, we had limited flexibility in raising selling prices, which put additional pressure on overall margins during the year.

Amid these challenges, the Group recorded a net loss attributable to shareholders of RM18.7 million for FY2025. Revenue decreased by 11.6% to RM196.6 million, mainly due to lower sales volume, with 2,201 40-ft containers ("containers") sold in FY2025 compared to 2,333 containers in FY2024. The average selling price per container fell from RM85,000 in FY2024 to RM79,000 in FY2025, largely due to the weakening of the US dollar against the Malaysian Ringgit. The

revenue decline was partially offset by higher contributions from LY Unity Sdn. Bhd. and its subsidiaries (collectively, the "LY Unity Group"), which the Group acquired in August 2024. The LY Unity Group contributed RM22.0 million in FY2025, compared to RM9.7 million generated during the five months in FY2024.

To maintain operational and financial resilience during these headwinds, we implemented targeted measures across our manufacturing operations, including tighter cost management, streamlining key processes, and adjustments to our product range. These initiatives strengthened operational foundations, improved efficiency, and supported financial stability while addressing immediate challenges.

We are pleased to report that we made steady progress in our retail cabinetry business, with the addition of outlets in the Klang Valley and the expansion of our presence into northern and southern Malaysia. During the financial year, we also secured a key partnership with a property developer to supply cabinetry and related products for residential developments. In addition, we invested in software solutions to enhance the management of product design and production processes, improving efficiency, accuracy, and operational coordination across our retail outlets.



# MESSAGE TO SHAREHOLDERS

To support this expansion and further integrate our recently acquired retail cabinetry business with our manufacturing operations, we established a dedicated production line solely for the production of cabinetry products for our retail business. This dedicated line enhances efficiency and ensures consistent quality across our retail outlets.

## LOOKING AHEAD

As we move ahead, the Group will continue to operate amid trade-related uncertainty and currency volatility. The recent US Supreme Court ruling, which determined that certain tariff measures were not lawfully imposed under existing statutory authority, has added further complexity to the trade landscape. Following this development, the US administration implemented a temporary 10% tariff on most imports, with the rate under review and a potential increase to 15% for certain trading partners. In addition, ongoing geopolitical tensions in the Middle East have contributed to heightened uncertainty in global markets, with the potential to affect logistics prices and overall business sentiment. In response to these developments, customers may adopt a more cautious approach to procurement, which could slow order momentum and reduce order visibility, while fluctuations in the US dollar could add margin pressures. We will continue to monitor these developments closely and adjust our strategies as necessary to remain agile and competitive.

Disciplined execution will remain a priority, with continued focus on cost discipline, operational efficiency, and the ongoing realignment of our bedroom set range within the manufacturing business. These initiatives aim to strengthen our core operations, improve flexibility in responding to market demand, optimise resource utilisation, and support resilient performance in the years ahead.

We will continue expanding our retail cabinetry business under the LY Unity Group, strengthening our foothold in the Klang Valley and growing our presence in the northern and southern regions. Through this strategy, we strive to widen our customer base, deepen engagement, and enhance brand visibility nationwide. Simultaneously, we will forge new partnerships with property developers to provide cabinetry solutions for residential developments, enabling access to new customers.

The Unity Home concept, planned for launch at the southern outlet in the second quarter of 2026, will offer customers a comprehensive range of home products alongside cabinetry solutions. By providing tailored, value-driven home solutions, this initiative is expected to enhance our ability to meet evolving customer needs and strengthen the Group's long-term market position in Malaysia.

Building on our progress in retail expansion and whole-house customisation, the Group remains focused on pursuing sustainable growth and delivering long-term value to shareholders.

“Disciplined execution will remain a priority, with continued focus on cost discipline, operational efficiency, and the ongoing realignment of our bedroom set range within the manufacturing business. These initiatives aim to strengthen our core operations, improve flexibility in responding to market demand, optimise resource utilisation, and support resilient performance in the years ahead.”

## APPRECIATION

On behalf of the Board, we extend our sincere gratitude to our management team and staff for their dedication, hard work, and unwavering commitment to the Group. We also thank our fellow Board members for their guidance and counsel, which continues to reinforce the Group's operations and resilience.

We would also like to thank Mr Choo Chee Beng, who resigned as Independent Non-Executive Director, for his invaluable contributions and dedicated service during his tenure on the Board.

We are equally grateful to our shareholders, business partners, customers, and stakeholders for your trust and confidence in us. With a clear strategic direction and your continued support, we move forward with confidence and discipline.

**Yeo Kian Wee Andy**

Chairman/Independent Non-Executive Director

**Tan Yong Chuan**

Executive Director and Chief Executive Officer

# FINANCIAL REVIEW

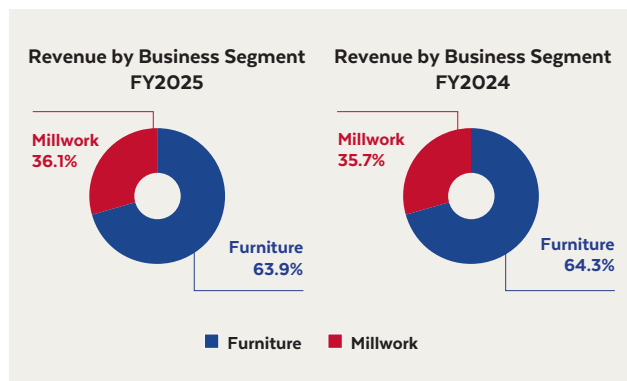
## REVENUE

LY Corporation Limited and its subsidiaries (collectively the “Group”) reported revenue of RM196.6 million for the financial year ended 31 December 2025 (“FY2025”), down 11.6% from RM222.4 million in the financial year ended 31 December 2024 (“FY2024”). The decrease was primarily driven by lower sales volume, as the number of 40-ft containers (“containers”) sold fell from 2,333 in FY2024 to 2,201 in FY2025, and by a decline in the average selling price per container, from RM85,000 in FY2024 to RM79,000 in FY2025, largely due to the weakening of the US dollar against the Malaysian Ringgit.

The revenue decline was partially offset by higher contributions from LY Unity Sdn. Bhd. and its subsidiaries (collectively, the “LY Unity Group”), which the Group acquired in August 2024. LY Unity Group contributed RM22.0 million in FY2025, compared to RM9.7 million generated during the five months in FY2024.

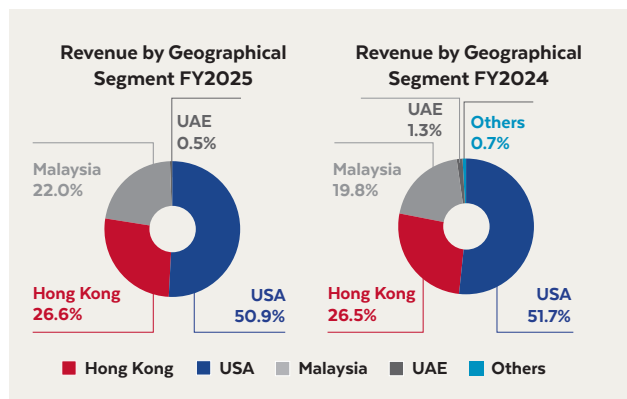
### Revenue by Business Segment

In FY2025, the Furniture and Millwork segments contributed 63.9% and 36.1% to the Group’s revenue, respectively, compared to 64.3% and 35.7% in FY2024.



### Revenue by Geographical Segment

Geographically, the United States of America (“USA”) continued to be the Group’s largest market, accounting for 50.9% of the Group’s revenue in FY2025.



During the year, the Group recorded lower sales across all key markets, including USA, Hong Kong, Malaysia, and the United Arab Emirates (“UAE”).

## PROFITABILITY

Cost of sales decreased by 5.4% to RM197.7 million, mainly due to lower carriage inwards, amortisation of right-of-use assets, reduced material usage in line with lower sales volume, and reversal of allowance for slow-moving inventories and inventories written down. This decrease was partially offset by the higher cost of sales from the new subsidiaries, in line with the subsidiaries’ increased sales volume.

Revenue declined at a higher rate than cost of sales, mainly due to the weakening of the US dollar against the Malaysian Ringgit, resulting in a gross loss of RM1.0 million in FY2025, compared to a gross profit of RM13.4 million in FY2024. Consequently, the Group reported a gross loss margin of 0.5% in FY2025, compared to a gross profit margin of 6.0% in FY2024.

Other losses/gains - net decreased by 390.3% to RM2.5 million, mainly due to a net foreign exchange loss of RM1.5 million in FY2025, compared to a net foreign exchange gain of RM1.8 million in FY2024, and an impairment of goodwill of RM0.9 million. This decrease was partially offset by lower losses on disposal and write-offs of property, plant, and equipment during the year.

Interest income decreased by 68.9% to RM0.3 million, mainly due to lower cash placements in short-term fixed deposits in the bank account maintained in Malaysia in FY2025.

No distributions were received from short-term investment securities in FY2025, as the funds placed with Money Market Funds were fully liquidated in the prior year.

Other income primarily comprised government grants, rental income, scrap sales, processing fee income, local sales of furniture parts, and service charges such as transportation fees. Other income decreased by 6.4% to RM4.1 million, mainly due to lower rental income from the lease of a factory in FY2025.

Selling and administrative expenses increased by 23.6% to RM28.6 million, primarily due to higher advertising and marketing expenses and staff costs incurred by the new subsidiaries, amounting to RM10.1 million in FY2025 compared to RM3.4 million in FY2024. This was partially offset by lower professional fees, overseas travelling expenses, and directors’ remuneration.

Finance costs declined by 40.4% to RM1.3 million, mainly due to lower term loan balances, reduced interest rates, and lower interest expense on lease liabilities.

Income tax credit for FY2025 increased by 4,168.5% to RM9.7 million, shifting from an income tax expense of RM0.2 million in FY2024, mainly due to the overprovision of deferred tax in FY2024.

The Group’s net loss attributable to owners increased to RM18.7 million in FY2025, from RM7.0 million in FY2024, mainly due to cost of sales decreasing at a slower rate than revenue and higher expenses, partially offset by the income tax credit explained above.

## FINANCIAL POSITION

The Group’s net asset value as at 31 December 2025 was RM188.8 million, representing a net asset value per share of RM0.39 as compared to RM0.43 as at 31 December 2024.

# FINANCIAL REVIEW

## Non-current assets

Non-current assets declined by 6.5% to RM162.5 million, mainly due to decreases in property, plant, and equipment, right-of-use assets, and intangible assets.

Property, plant, and equipment decreased by 5.2% to RM133.1 million, mainly due to depreciation charged in FY2025, partially offset by asset additions of RM4.6 million during the financial year.

Right-of-use assets comprised the right to use the properties and land use rights of the Group over the respective lease periods. Right-of-use assets fell by 13.3% to RM19.0 million, mainly due to amortisation charged in FY2025.

Intangible assets comprised trademarks and goodwill arising from the acquisition of the assets of Cubo Sdn. Bhd., including the EZBO and CUBO brand names, in January 2019, and the acquisition of LY Unity Group in August 2024. Intangible assets declined by 9.9% to RM10.4 million, mainly due to impairment of goodwill and amortisation charged in FY2025.

## Current assets

Current assets declined by 33.4% to RM68.6 million, mainly due to decreases in inventories, trade and other receivables, cash and cash equivalents, and prepaid operating expenses, partially offset by an increase in tax recoverable.

Inventories decreased by 36.0% to RM34.9 million, primarily due to sales of completed goods and a reduction in raw material purchases, partially offset by a reversal of allowance for slow-moving inventories and inventories written down of RM2.2 million in FY2025.

Trade and other receivables comprised trade receivables, deposits, and other receivables. Trade and other receivables fell by 39.7% to RM15.6 million, largely due to a decrease in advance payments to suppliers for raw material purchases, as well as lower trade receivables in line with the decrease in sales.

Prepaid operating expenses of RM2.0 million comprised mainly of expenses paid in advance as at year end.

Tax recoverable of RM1.7 million, representing prepaid current income tax, comprised tax paid in advance by the Malaysian subsidiaries for the Years of Assessment 2022, 2023, and 2024, partially offset by tax payable for the Year of Assessment 2025.

## Current liabilities

Current liabilities decreased by 36.2% to RM31.7 million, mainly due to decreases in short-term loans and borrowings, trade and other payables, and lease liabilities, partially offset by increases in contract liabilities and accrued operating expenses.

Short-term loans and borrowings comprised bankers' acceptance, financing arrangements, and loans repayable within one year. Short-term loans and borrowings declined by 52.4% to RM12.4 million, mainly due to scheduled repayments of loans and borrowings and a net decrease in the use of bankers' acceptances in FY2025.

Trade and other payables comprised trade payables and other payables. Trade and other payables decreased by 23.7% to RM14.8 million, primarily due to a reduction in credit purchases of raw materials.

Contract liabilities of RM1.1 million primarily relate to advances received from customers and the Group's obligation to deliver goods to the specified location for which billing has been made, before completion of the performance obligation.

Lease liabilities relate to liabilities that the Group must pay over the respective lease periods for the use of the properties. Current lease liabilities decreased by 37.6% to RM1.5 million, mainly due to repayment of lease liabilities during the financial year.

Accrued operating expenses of RM1.9 million comprised accrued operating expenses.

## Non-current liabilities

Non-current liabilities decreased by 43.7% to RM10.7 million, mainly due to decreases in deferred tax liabilities, which fell 66.7% to RM4.9 million, and non-current lease liabilities, which decreased by 66.2% to RM0.9 million, mainly due to repayment of lease liabilities during the financial year. These decreases were partially offset by an increase in long-term loans and borrowings of 440.0% to RM3.9 million, arising from a new term loan of RM5.0 million obtained in FY2025.

## Non-controlling interest

Non-controlling interest decreased mainly due to losses contributed by Leyo Holdings Sdn. Bhd., a 51%-owned subsidiary of the Group, partially offset by the profits generated by LY Unity Group.

## CASH FLOW

The Group's cash and cash equivalents decreased from RM17.7 million as at 31 December 2024 to RM13.2 million as at 31 December 2025.

The Group recorded net cash inflows from operating activities of RM13.2 million in FY2025, mainly due to a decrease in raw material purchases and lower trade receivables in line with the decrease in sales.

The Group used RM4.1 million in investing activities in FY2025, primarily for the purchase of property, plant, and equipment.

Net cash flows used in financing activities of RM13.4 million in FY2025 were mainly due to the repayment of loans and borrowings, partially offset by proceeds from loans and borrowings during the year.

# BOARD OF DIRECTORS

## Mr Yeo Kian Wee Andy

Chairman/Independent Non-Executive Director

Mr Yeo Kian Wee Andy was appointed to the Board on 20 December 2017 as an Independent Director and is also the Chairman of our Audit and Risk Committee. He was re-elected on 28 June 2021. Mr Yeo is presently the Managing Director at Andy Yeo Chambers LLC. He has over 20 years of experience in legal practice.

He began his career as a trainee with the Legal Service Commission in March 1996, before becoming an assistant registrar of the Supreme Court in July 1996. He was appointed as a magistrate and a coroner in the State Courts from September 1997 to September 1998. In October 1998, he joined the Attorney-General's Chambers as a state counsel and deputy public prosecutor. He subsequently entered private practice, spending 18 years with Allen & Gledhill LLP. After leaving Allen & Gledhill, Andy was a Partner at Eldan Law LLP until November 2024. He is now a Partner at Andy Yeo Chambers LLC, where he continues to bring his extensive experience in legal service and advisory work to clients.

Mr Yeo graduated with a Bachelor of Laws from the National University of Singapore in 1996 and was admitted as an advocate and solicitor in Singapore in 2000. He is also a non-practising solicitor of England and Wales, having been admitted to the Roll of Solicitors of England and Wales in 2010.

Present directorships in listed companies (other than the Company)	Past directorships in listed companies (for last three years)
None	Tee International Ltd

## Mr Tan Yong Chuan

Executive Director and Chief Executive Officer

Mr Tan Yong Chuan was appointed to the Board on 24 October 2016 as an Executive Director and was redesignated as an Executive Director and Chief Executive Officer on 20 December 2017. He was re-elected on 28 June 2021. He joined our Group in January 2011. He is responsible for the overall management, operations and strategic planning of our Group, including overseeing the finance functions of our Group. Prior to joining our Group, he was an audit senior at Deloitte Kassim Chan, where he was involved in statutory audit engagements for both listed and non-listed companies in the fields of manufacturing, trading, services and agriculture.

He obtained a Bachelor of Commerce in Accounting from Universiti Tunku Abdul Rahman in Malaysia in 2008. He is a fellow member of the Association of Chartered Certified Accountants and a Chartered Accountant with the Malaysian Institute of Accountants.

Present directorships in listed companies (other than the Company)	Past directorships in listed companies (for last three years)
None	None

# BOARD OF DIRECTORS

## Mr Tan Kwee Chai

Executive Director

Mr Tan Kwee Chai is one of our founders and was appointed to the Board on 20 December 2017 as an Executive Chairman. He was re-elected on 29 April 2022 as the Executive Director when he relinquish his position as the Executive Chairman. He has been in the furniture manufacturing and design industry for more than 45 years. He was one of the founders of Lian Yu Furniture Co. (“Lian Yu”) which was subsequently corporatised when LY Furniture Sdn. Bhd (“LYFSB”) was incorporated to take over the business of Lian Yu in July 1991. Mr Tan has been a director of LYFSB since its incorporation. He is responsible for our Group’s overall management and operations, including formulating our Group’s strategic directions and expansion plans. He has been instrumental in our Group’s growth, leading to the expansion of our business and operations.

Mr Tan is presently the honorary advisor to the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCIM), advisor to the Federation of Johor Furniture Manufacturers and Traders Association, honorary president of the Batu Pahat Chinese Chamber of Commerce and honorary president of the Batu Pahat Furniture Association.

Present directorships in listed companies (other than the Company)	Past directorships in listed companies (for last three years)
None	None

## Ms Tan Ai Luang

Executive Director

Ms Tan Ai Luang was appointed to the Board on 20 December 2017 as an Executive Director. She was re-elected on 28 April 2023. She joined our Group in February 1999. She is responsible for the sales and marketing activities of our Group including overseeing the prototype and industrial engineering, purchasing and procurement and exporting and shipping departments. She commenced her career in October 1997 with Timberplus Creation Pte. Ltd. as a showroom manager, where she was involved in the selling of furniture to end users. In February 1999, she joined our Group as a marketing manager. Between 2005 to 2011, she set up a trading company, Mixpro Resources Sdn. Bhd., which was involved in the business of furniture trading. In July 2012, she returned to our Group as an assistant general manager, where she was responsible for the overall supervision of sales and marketing and custom and shipping functions of our Group.

She obtained a Bachelor of Arts in Communication from Universiti Kebangsaan Malaysia in 1998.

Present directorships in listed companies (other than the Company)	Past directorships in listed companies (for last three years)
None	None

# BOARD OF DIRECTORS

## Datuk Yap Kheng Fah

Non-Independent Non-Executive Director

Datuk Yap Kheng Fah was appointed to the Board on 1 January 2022 as an Independent Director. He was re-elected on 29 April 2022 and subsequently redesignated as Non-Independent Non-Executive Director on 30 April 2024.

Datuk Yap is the Founder and Chairman of a licensed private equity firm. He is a seasoned entrepreneur, investor and corporate advisor who has led, completed or been involved in mergers and acquisitions, reverse takeovers, corporate restructuring, divestiture and debt transactions. He currently sits on the board of several private companies in Malaysia.

Datuk Yap graduated with a Bachelor of Commerce degree from the University of Auckland, New Zealand and a Master in Business Administration from Charles Sturt University, Australia. He was conferred with the Panglima Gemilang Darjah Kinabalu by the Governor of Sabah in 2014, which carries the title "Datuk".

Present directorships in listed companies (other than the Company)	Past directorships in listed companies (for last three years)
None	Milux Corporation Berhad

# KEY MANAGEMENT

## Mr Tan Kwee Lim

Chief Operating Officer

Mr Tan Kwee Lim is one of our founders and was promoted as our Chief Operating Officer since 2012. He has more than 45 years of experience working in the furniture industry. He started his career in Lian Yu Furniture Co. (“Lian Yu”) and assisted in overseeing and managing the operational aspects of the business. After the corporatisation of Lian Yu, he was appointed as a director of LY Furniture Sdn. Bhd. (“LYFSB”). He is responsible for overseeing our Group’s general operations, in particular, the production and procurement processes. He has been instrumental in our Group’s growth, leading to the expansion of our business and operations.

## Mr Boo Ngek Hee

Chief Quality Controller

Mr Boo Ngek Hee is one of our founders and was promoted as our Chief Quality Controller since 2012. He has more than 45 years of experience working in the furniture industry. He started his career in Lian Yu and assisted in overseeing and managing the operational aspects of the business. After the corporatisation of Lian Yu, he was appointed as a director of LYFSB. He is responsible for the quality control and assurance process of our Group. He has been instrumental in our Group’s growth, leading to the expansion of our business and operations.

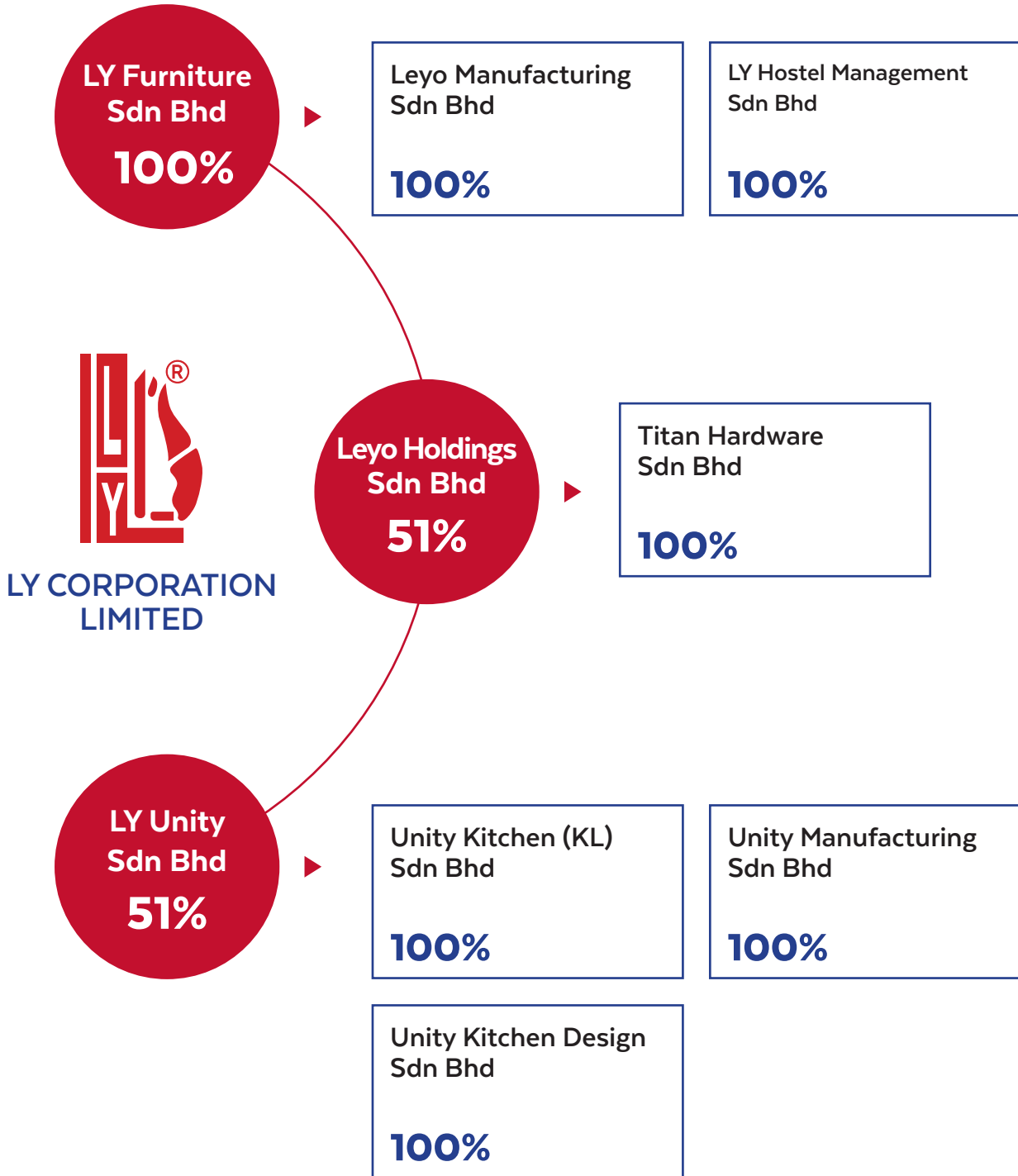
## Ms Teo Gin Lian

Chief Financial Officer

Ms Teo Gin Lian joined our Group in May 2016 and was appointed as our Chief Financial Officer. She is responsible for overseeing the financial reporting and accounting as well as corporate matters of our Group. She began her career with Deloitte Kassim Chan in December 1999, and was an assistant audit manager responsible for audit and tax engagements in both listed and non-listed companies. From June 2004 to July 2005, she served as a Finance Executive in Hwang-DBS Securities Berhad, a listed company involved in the business of stockbroking. Between July 2005 to September 2011, she was attached to MIMB Investment Bank Berhad, now known as Hong Leong Investment Bank Berhad, and was involved in corporate advisory work relating to initial public offerings, mergers and acquisitions, take-overs, fund raising and capital restructuring. She subsequently joined Kuwait Finance House (Malaysia) Berhad between October 2011 and May 2014 as a senior manager overseeing corporate finance and mergers and acquisitions. From June 2014 to July 2015, she was appointed as an associate director at KAF Investment Bank Berhad involved in corporate advisory work. She obtained a Third Level Group Diploma in Accounting (London Chamber of Commerce and Industry Examinations Board) from Institut Perkim-Goon in 1997. She is a fellow member of the Association of Chartered Certified Accountants and a Chartered Accountant with the Malaysian Institute of Accountants.

# GROUP STRUCTURE

AS AT 31 DECEMBER 2025



# AWARDS & ACCREDITATIONS



**2025** SME Malaysia: Platinum Business Awards

**2022** PEFC ST 2002:2020 for Chain of Custody of Forest and Tree Based Products - Requirements

**2021** 2021 - PEFC ST 2002:2013 (Second Edition) for Chain of Custody of Forest Based Products

**2019** ISO 45001:2018 for the management system related to the manufacture of wooden furniture

**2018** ISO 9001:2015 for the management system related to the manufacture of wooden furniture

**2016** Eminent Eagle Award (2nd place)

**2015** Eminent Eagle Award (no placement)

**2013** Award of Industrial Excellence in the category of Furniture Factory

**2010** ISO 9001:2008 for the quality management system related to the manufacture of wooden furniture  
ISO 9001:2008 for the quality management system applicable to the manufacture of wooden furniture

**2009** Asian Furniture Leadership Award  
Corporate Social Responsibility Award

**2005** Best Performing Company Award 2005

**2004** ISO 9001:2000 for quality system related to manufacturing and trading of wooden made furniture

**2003** Global Top Enterprise Golden Rim Award  
Golden Bull Award for Malaysia's 100 Outstanding SMEs (2nd place)  
Enterprise 50 Award (2nd place)

**2002** Enterprise 50 Award (3rd place)  
Asia Pacific International Honesty Enterprise - Keris Award 2002

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Yeo Kian Wee Andy	- Chairman/Independent Non-Executive Director
Tan Yong Chuan	- Executive Director and Chief Executive Officer
Tan Kwee Chai	- Executive Director
Tan Ai Luang	- Executive Director
Datuk Yap Kheng Fah	- Non-Independent Non-Executive Director

## AUDIT AND RISK COMMITTEE

Yeo Kian Wee Andy - Chairman  
Datuk Yap Kheng Fah

## REMUNERATION COMMITTEE

Yeo Kian Wee Andy - Chairman  
Datuk Yap Kheng Fah

## NOMINATING COMMITTEE

Yeo Kian Wee Andy - Chairman  
Tan Yong Chuan

## REGISTERED OFFICE ADDRESS

120 Robinson Road, #06-01,  
Singapore 068913

Telephone: +607 455 8828

Website: <https://www.lycorp.co>

Company registration number: 201629154K

## COMPANY SECRETARY

Chan Wan Mei, FCS, FCG  
Kok Jun Xian, ACS, ACG

## CONTINUING SPONSOR

Xandar Capital Pte. Ltd.  
3 Shenton Way, #24-02  
Singapore 068805

## PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad  
108-2 Jalan Rahmat  
83000 Batu Pahat  
Johor Darul Takzim  
Malaysia

AmBank (M) Berhad  
No. 35, Jalan Rahmat  
83000 Batu Pahat  
Johor Darul Takzim  
Malaysia

## INDEPENDENT AUDITORS

CLA Global TS Public Accounting Corporation  
80 Robinson Road, #25-00  
Singapore 068898  
Director-in-charge: Lim Hui Ki  
(Appointed since financial year ended  
31 December 2025)

## SHARE REGISTRAR

Tricor Barbinder Share Registration Services  
9 Raffles Place #26-01  
Republic Plaza  
Singapore 048619

## INVESTOR RELATIONS

GC Consultants Pte. Ltd.  
Grace Choong  
Tel: +65 9026 7978  
Email: [grace@gcconsultants.io](mailto:grace@gcconsultants.io)

# SUSTAINABILITY REPORT

## BOARD STATEMENT

Dear Stakeholders,

The Board of Directors (the “**Board**”) of LY Corporation Limited (the “**Company**” or “**LY Corporation**”, together with its subsidiaries, the “**Group**”, “**we**” or “**us**”), is pleased to present the Group’s sustainability report (this “**Report**”) for the financial year ended 31 December 2025 (“**FY2025**”).

We aim to continue championing sustainability whilst expanding our business. We recognise that as a business, we have the opportunity to impact people and improve communities by transforming their societies with sustainable practices and beliefs.

Being in the wooden furniture business gives us a unique responsibility and opportunity to influence how wood is sourced and used. Our operations start at the very heart of the supply chain, where responsible sourcing decisions can protect forests and promote biodiversity. This direct involvement means compliance with environmental regulations isn’t just an obligation; it’s a commitment to shaping a more sustainable future for our industry.

In FY2025, the solar photovoltaic systems at our Batu Pahat facilities generated approximately 3,638.1 MWh of renewable energy, showing improvement over FY2024 and reducing carbon emissions by an estimated 2,757.7 tonnes, reinforcing our long-term commitment to sustainability.

We are also progressively aligning our climate-related disclosures with the requirements of the new sustainability disclosure standards issued by the International Sustainability Standards Board (“**ISSB**”). While the application of the IFRS Sustainability Disclosure Standards (“**IFRS SDS**”) is not yet required by prevailing regulations in Singapore, we strive to be at the forefront of sustainability reporting and to better prepare ourselves for the upcoming regulations while we remained committed to continue using the GRI Standards (as defined herein) to report our impacts.

Our Sustainability Steering Committee provides strategic oversight of the Group’s sustainability agenda, advising the Board and the Management on key policies and initiatives. Through annual materiality assessments, the Sustainability Steering Committee ensures our sustainability priorities are aligned with long-term business objectives. The Sustainability Working Committee supports execution across operations. As the Group continues to grow, we remain committed to refining our performance metrics and strengthening stakeholder engagement so that we can achieve our goal of building a resilient, future-ready business that delivers sustainable value.

We sincerely thank our Management, employees, customers, suppliers, and partners for their continued commitment to our sustainability journey. Each stakeholder plays a key role in fostering responsible practices across our value chain. Together, we are driving environmental stewardship and long-term resilience, while creating shared value and meaningful impact.

The Board of Directors  
LY Corporation Limited



# SUSTAINABILITY REPORT

## ABOUT THIS REPORT

This Report is published annually to outline the Group's sustainability approaches, initiatives and strategies. The information presented in this Report covers the reporting period from 1 January 2025 to 31 December 2025 ("FY2025"), unless stated otherwise. This Report has been reviewed by the Board in compliance with Rule 711B of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. This Report has not been subjected to external assurance.

## REPORTING FRAMEWORK

This Report is prepared with reference to the Global Reporting Initiative Standards ("GRI Standards") and published in pursuant to 711(A) and 711(B) Listing Manual Section B: Rules of Catalist of the SGX-ST. The Company has selected the GRI Standards as it is a globally recognised and widely adopted framework, which enables its stakeholders to compare sustainability performance against industry peers.

The contents of this Report were developed using the four (4) reporting principles established by the GRI Standards as follows:

1. Stakeholder inclusiveness: The Report's context was determined based on engagement and discussions with various stakeholders that the Group considers to be accountable.
2. Sustainability context: The Report covers the Group's performance in the context of sustainability which includes Economic, Environmental, Social and Governance ("EESG") aspects.
3. Materiality: Material issues in the Report are determined through stakeholder engagements and internal discussions.
4. Completeness: The Report covers the impacts of the Group's sustainability efforts during the reporting period using all relevant information collected.

Whilst the mandate in Singapore has not come into force, we are also gradually incorporating IFRS SDS requirements for climate-related disclosures early, to be prepared for upcoming changes in the SGX-ST listing rules for ISSB-aligned climate reporting and future legislative mandate.

## SCOPE OF REPORT

This Report covers all aspects of our furniture designing, manufacturing, trading and sales in Malaysia for FY2025, which is aligned with our financial statements and includes the following entities:

- LY Furniture Sdn. Bhd. and its subsidiaries, Leyo Manufacturing Sdn. Bhd. and LY Hostel Management Sdn. Bhd. (collectively "LY Furniture");
- Leyo Holdings Sdn. Bhd. and its subsidiary, Titan Hardware Sdn. Bhd. (collectively "LHG"); and
- LY Unity Sdn. Bhd. and its subsidiaries, Unity Kitchen (KL) Sdn. Bhd., Unity Manufacturing Sdn. Bhd. and Unity Kitchen Design Sdn. Bhd. ("LY Unity").

## FEEDBACK

This Report forms part of the Annual Report for FY2025 ("2025 Annual Report") and can be viewed or downloaded from <https://www.lycorp.co>. As part of the Group's continued efforts to improve its reporting, it welcomes stakeholders to submit their feedback to the following personnel:

- Mr. Tan Yong Chuan, Chief Executive Officer (CEO) at [tanyc@lyfurniture.com](mailto:tanyc@lyfurniture.com)
- Ms. Teo Gin Lian, Chief Financial Officer (CFO) at [teogl@lyfurniture.com](mailto:teogl@lyfurniture.com)

# SUSTAINABILITY REPORT

## KEY HIGHLIGHTS AND TARGETS

Dimensions	Material Topics	Time Horizon	Targets	FY2025 Achievements
<b>Economic</b>	Economic Agility	Ongoing	<ul style="list-style-type: none"> <li>To expand the Group's presence into new markets and strengthen its product offerings.</li> </ul>	<ul style="list-style-type: none"> <li>Participated in myriad of interior design and furniture exhibitions such as the Malaysian Wood Expo 2025, HOMEDEC 2025, Home Living 2025 and Perfect Lifestyle 2025.</li> </ul>
	Quality of Product and Services	Ongoing	<ul style="list-style-type: none"> <li>For LY Furniture, to achieve no more than five (5) significant customer chargeback cases.</li> <li>For LY Unity, to achieve less than 5% of warranty claims for its products</li> </ul>	<ul style="list-style-type: none"> <li>Achieved zero cases of significant chargeback under LY Furniture and LHG. LHG which was included in FY2024's report no longer sells goods; hence it is being removed in this year's report. (FY2023 and FY2024: zero cases).</li> <li>In FY2025, there was 1.1% of warranty claimed against total sales. Since LY Unity's acquisition was in August 2024, FY2025 will be used as the base year to track its product and services performance.</li> </ul>
	Customer Satisfaction	Ongoing	<ul style="list-style-type: none"> <li>To achieve an average of above 4.0 across all three (3) aspects (timeliness, responsiveness and quality) for the customer satisfaction survey for LY Furniture.</li> </ul>	<ul style="list-style-type: none"> <li>Obtained an average score of 4.09 out of 5 across all three (3) aspects for LY Furniture (FY2023: 4.09 and FY2024: 3.78).</li> </ul>
<b>Environmental</b>	Climate Change	Short-Term (1-3 years)	<ul style="list-style-type: none"> <li>To maintain zero incidents of environmental policy related fines.</li> <li>Continue with sustainable practices in office spaces.</li> </ul>	<ul style="list-style-type: none"> <li>Monitored potential risks and opportunities that climate change poses to operations.</li> <li>Tracked Scope 1, Scope 2 and Scope 3 Greenhouse Gas emissions.</li> </ul>
		Medium-Term (by 2030)	<ul style="list-style-type: none"> <li>Reduce Greenhouse Gas ("GHG") emission levels and emission intensities by 8% by 2030 (in comparison with 2022).</li> <li>Include other categories of Scope 3 GHG emissions (e.g. employee commute).</li> </ul>	
		Long-Term (by 2050)	<ul style="list-style-type: none"> <li>Reduce GHG emission levels and emission intensities by 15% by 2030 (in comparison with 2022).</li> <li>Explore other clean or renewable energy sources.</li> </ul>	
	Energy Usage	Ongoing	<ul style="list-style-type: none"> <li>Continue venturing into efficient and renewable solar solutions to enhance our energy efficiency and reduce the environmental impact of our operations.</li> </ul>	<ul style="list-style-type: none"> <li>Generated a total of 3,638.1 MWh of solar energy, which is equivalent to approximately 2,757.7 tonnes of carbon dioxide (CO<sub>2</sub>) avoidance (FY2023: 3,572.6 MWh and 2,215 tonnes of CO<sub>2</sub> and FY2024: 3,590 MWh and 2,722 tonnes of CO<sub>2</sub>)</li> </ul>

# SUSTAINABILITY REPORT

Dimensions	Material Topics	Time Horizon	Targets	FY2025 Achievements	
	Water Consumption	Short-Term (1-3 years)	<ul style="list-style-type: none"> <li>Reduce water intensities by 5% (in comparison with 2022 at the intensity of 95.0 m<sup>3</sup>/employee).</li> </ul>	<ul style="list-style-type: none"> <li>Adopted more water efficient fixtures and fittings to reduce water consumption.</li> <li>Performed frequent checks and maintenance on pipes and installations to prevent potential water leakages.</li> <li>88.1 m<sup>3</sup> per employee of water was consumed in FY2025, representing a 7.3% reduction from FY2022 baseline (FY2022: 95.0 m<sup>3</sup> per employee).</li> </ul>	
		Medium-Term (by 2030)	<ul style="list-style-type: none"> <li>Reduce water intensities by 8% (in comparison with 2022 at the intensity of 95.0 m<sup>3</sup>/employee).</li> </ul>		
		Long-Term (by 2050)	<ul style="list-style-type: none"> <li>Reduce water intensities by 15% (in comparison with 2022 at the intensity of 95.0 m<sup>3</sup>/employee).</li> </ul>		
	Waste Management	Short-Term (1-3 years)	<ul style="list-style-type: none"> <li>Reduce waste directed to disposal intensities by 5% (in comparison with 2023).</li> </ul>	<ul style="list-style-type: none"> <li>2.68 tonnes per employee of hazardous and non-hazardous waste were directed to disposal in FY2025, representing a 20% reduction from FY2023 baseline (FY2023: 3.37 tonnes per employee).</li> </ul>	
		Medium-Term (by 2030)	<ul style="list-style-type: none"> <li>Reduce waste directed to disposal intensities by 8% (in comparison with 2023).</li> </ul>		
		Long-Term (by 2050)	<ul style="list-style-type: none"> <li>Reduce waste directed to disposal intensities by 15% (in comparison with 2023).</li> </ul>		
	Material Use	Ongoing	<ul style="list-style-type: none"> <li>Explore ways to increase adoption of renewable sources of energy and environmental-friendly production methods.</li> </ul>	<ul style="list-style-type: none"> <li>99.2% of wood obtained from a sustainable source (FY2023: 95.2% and FY2024: 99.3%).</li> </ul>	
	<b>Social</b>	Talent Attraction and Retention	Ongoing	<ul style="list-style-type: none"> <li>Improve employee recruitment and retention and increase ratio of local workers.</li> </ul>	<ul style="list-style-type: none"> <li>Provided fair and competitive compensation packages to ensure that employees' well-being, and career progression are well-taken care of.</li> </ul>
		Training and Development	Short-Term (1-3 years)	<ul style="list-style-type: none"> <li>To provide an average of 8 hours of training per employee for the Group.</li> </ul>	<ul style="list-style-type: none"> <li>Attained an average 14.4 training hours per employee (FY2023: 10.0 and FY2024: 13.9).</li> </ul>
Medium-Term (by 2030)			<ul style="list-style-type: none"> <li>To provide an average of 12 hours of training per employee for the Group.</li> </ul>		
Long-Term (by 2050)			<ul style="list-style-type: none"> <li>To provide an average of 15 hours of training per employee for the Group.</li> </ul>		
Workplace Health and Safety	Ongoing	<ul style="list-style-type: none"> <li>To achieve zero major (i.e., leave of absence of more than 4 calendar days) case of workplace injuries and fatalities.</li> </ul>	<ul style="list-style-type: none"> <li>4 cases of work-related injuries/ill health under LY Corporation (FY2023: 4 and FY2024: 2).</li> </ul>		
<b>Governance</b>	Corporate Governance	Ongoing	<ul style="list-style-type: none"> <li>To achieve zero non-compliance with the principles of the Code of Corporate Governance 2018 (the "Code")</li> </ul>	<ul style="list-style-type: none"> <li>Complied with principles of the Code and provided explanations where there are deviations to the Code.</li> </ul>	
	Ethics, Bribery and Corruption	Ongoing	<ul style="list-style-type: none"> <li>To achieve zero cases which are unethical, fraudulent or corrupt in nature.</li> </ul>	<ul style="list-style-type: none"> <li>Achieved 0 cases which are unethical, fraudulent or corrupt in nature (FY2023 and FY2024: zero cases).</li> </ul>	
	Regulatory Compliance	Ongoing	<ul style="list-style-type: none"> <li>To achieve zero significant fines and reportable cases of non-compliance with all applicable laws, rules and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Achieved zero significant fines and zero reported cases of non-compliance with all applicable laws, rules and regulations (FY2023 and FY2024: zero significant fines and zero reported cases).</li> </ul>	

# SUSTAINABILITY REPORT

## MANAGING SUSTAINABILITY AT LY CORPORATION

Effective sustainability governance is central to our long-term success. The Sustainability Steering Committee (“SSC”) provides strategic oversight, ensuring accountability and transparency across all initiatives. Supported by the Sustainability Working Committee (“SWC”), the SSC drives execution and monitors performance against our objectives. Comprising Heads of Finance, Sales & Marketing, Administration, Purchasing & Procurement, and Operations, this cross-functional structure embeds sustainability into every aspect of our business, reinforcing our commitment to responsible growth and stakeholder trust.



## SUSTAINABILITY STEERING COMMITTEE

### Sustainability Steering Committee



#### Role

The SSC provides oversight and updates the Board and Management on the Group’s policies, strategies and initiatives regarding sustainability measures and corporate social responsibility.

#### Performance Goals

The SSC determines and monitors the goals established for its performance regarding sustainability measures and corporate social responsibility and assesses the Group’s progress against those goals.



#### Periodic Feedback

The SSC receives regular feedback from the Management regarding key stakeholders’ relationship management, especially those that may have a significant impact on the Group’s business activities and performance.

#### Reporting and Disclosure

The SSC issues the sustainability reports and is also responsible for reporting to the Board on sustainability matters as needed, but minimally on an annual basis.



# SUSTAINABILITY REPORT

## SUSTAINABILITY WORKING COMMITTEE

The SWC comprises of representatives from various departments, including Accounts & Finance, Sales & Marketing, Administration, Purchasing & Procurement and Operations. Under the guidance of the SSC, these representatives are responsible for the execution of the Group’s sustainability initiatives.

### Sustainability Working Committee

Finance	Sales & Marketing	Administration	Purchasing & Procurement	Operations
<ul style="list-style-type: none"> <li>Ensure that accounts are prepared accurately and timely</li> <li>Provide required data for the purposes of monitoring and reporting on sustainability topics</li> </ul>	<ul style="list-style-type: none"> <li>Secure new customers and orders</li> <li>Procure repeat orders from existing customers</li> <li>Address customers’ requirements and concerns over our products</li> </ul>	<ul style="list-style-type: none"> <li>Work along with the Health, Safety &amp; Environmental Department to handle workplace health and safety matters and proper disposal of waste</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that materials purchased for production meet our quality standards and customers’ requirements</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that products are produced in accordance with customers’ specifications and delivered to our customers timely</li> <li>Ensure minimal wastage during production</li> </ul>



# SUSTAINABILITY REPORT

## STAKEHOLDER ENGAGEMENT

Engaging stakeholders is essential to shaping our sustainability strategy and responding effectively to evolving expectations. We actively seek input from diverse stakeholder groups to ensure our objectives remain aligned with their needs and priorities. Regular assessments of these perspectives allow us to anticipate changes, address emerging concerns, and integrate them into our decision-making process. The following table summarises our engagement activities, highlights key stakeholder concerns, and outlines the commitments we have made to address them.

Stakeholder	Engagement Platforms	Frequency	Key Feedback/Concern	Commitments to Sustainability
Investors	Annual general meeting	Annual	<ul style="list-style-type: none"> <li>Sustainable profitability and shareholders' return</li> <li>Long-term business growth</li> <li>Accurate, timely and transparent disclosure of information</li> <li>High standards of corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Strive to generate sustainable long-term profitability</li> <li>Adhere to timely, transparent and accurate dissemination of pertinent information to the market</li> <li>Ensure good corporate governance are in place in accordance with principles and provisions of the Code</li> </ul>
	Annual report	Annual		
	Financial result announcements	Bi-annual		
	Other corporate announcements	Ad-hoc		
	Company website	Throughout the year		
Employees and Workers	Performance reviews with Heads of Department	Quarterly	<ul style="list-style-type: none"> <li>Job security</li> <li>Safe working environment</li> <li>Fair and competitive employment practices</li> <li>Staff development and well-being</li> <li>Work-life balance</li> <li>Competitive remuneration and benefits</li> </ul>	<ul style="list-style-type: none"> <li>Seek to ensure the job security of employees when making business decisions</li> <li>Create a safe and cohesive working environment</li> <li>Provide fair and equal opportunities to all employees</li> <li>Provide talks and trainings on safety</li> <li>Share economic value generated by the Group with employees through increments and bonuses</li> </ul>
	Training and development	Throughout the year		
	Feedback platform	Throughout the year		
Customers	Emails	Throughout the year	<ul style="list-style-type: none"> <li>Quality of finished goods</li> <li>Timely delivery of finished goods</li> <li>Competitive pricing</li> <li>Timely response to customers' feedbacks and complaints</li> </ul>	<ul style="list-style-type: none"> <li>Deliver products with high standards of quality and consistency according to customers' specifications</li> <li>Ensure timely shipment of products</li> <li>Price negotiation with clients to ensure competitive pricing in the market while maintaining the Group's profit margin</li> <li>Prompt to deliver after-sales services upon customers' requests</li> </ul>
	Tele-conversations	Throughout the year		
	Physical and/or virtual meetups with customers	Throughout the year		
Suppliers/ Sub-contractors	Emails	Throughout the year	<ul style="list-style-type: none"> <li>Provide suppliers with consistent/greater business opportunities</li> <li>Meeting the Group's quality requirements</li> </ul>	<ul style="list-style-type: none"> <li>Committed to making sustainable procurement choices</li> <li>Providing timely feedback on quality of materials/products to suppliers/sub-contractors</li> </ul>
	Tele-conversations	Throughout the year		
	Physical and/or virtual meetups with suppliers/sub-contractors	Ad-hoc		

# SUSTAINABILITY REPORT

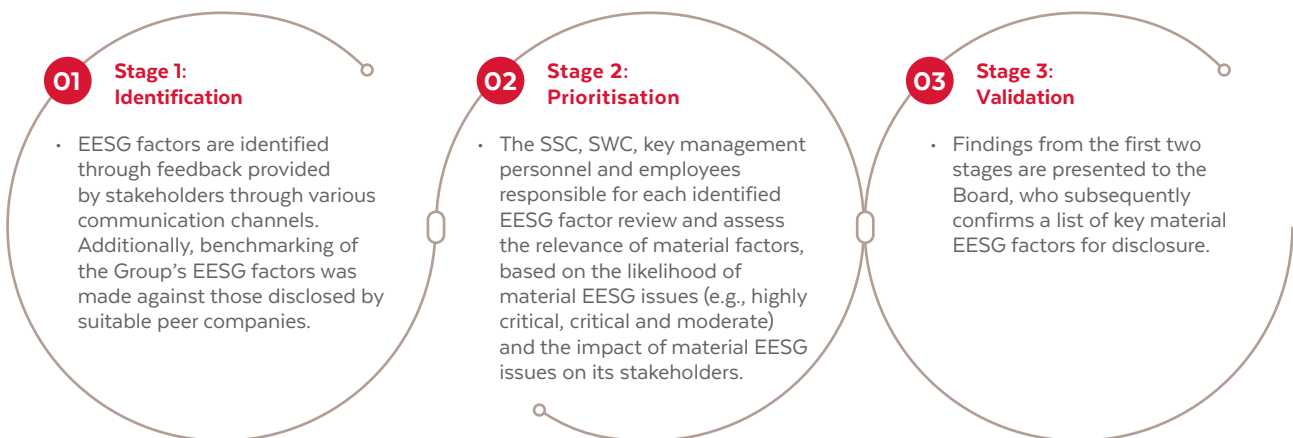
Stakeholder	Engagement Platforms	Frequency	Key Feedback/Concern	Commitments to Sustainability
Government/ Regulators	Correspondences through emails and letters	Throughout the year	<ul style="list-style-type: none"> <li>• Compliance with laws, rules and regulations</li> <li>• Corporate governance</li> <li>• Safe working environment</li> </ul>	<ul style="list-style-type: none"> <li>• Strict compliance with relevant laws, rules and regulations</li> <li>• Fair and reasonable business practices</li> <li>• Prioritise employees' health and safety</li> <li>• Provide directors and employees regular trainings to update them of latest regulations and practices</li> </ul>
	Meetings, briefings and regular reporting	Ad-hoc		
The Community	Community outreach initiatives	Ad-hoc	<ul style="list-style-type: none"> <li>• Eco-sustainable business practices</li> <li>• Responsible and ethical business practices</li> <li>• Contribution to local community</li> </ul>	<ul style="list-style-type: none"> <li>• Understand and support initiatives by local community/ government</li> </ul>



# SUSTAINABILITY REPORT

## MATERIALITY ASSESSMENT

At LY Corporation, we have developed our materiality assessment procedures to ensure that material topics reported are aligned with key sustainability priorities. We regularly review and benchmark our operations ensuring that reported topics remain relevant with our sustainability goals. Through ongoing stakeholder engagement, we identify the issues that matter most to our communities and our business. These insights guide our materiality assessment, helping us prioritise actions that deliver the greatest positive impact (whether economically, environmentally, socially, or human rights). This ensures our sustainability strategy remains relevant, responsive, and impactful. The materiality assessment is presented below:



# SUSTAINABILITY REPORT

Through the materiality assessment, the SSC confirms that there are no changes to the 14 material topics. These topics remain relevant and continue to be aligned with the Group's business practices and sustainability strategies. Accordingly, the material topics are categorised as "Highly Critical," "Critical," or "Moderate."

Highly Critical	Critical	Moderate
Climate Change	Material Use	Energy Usage
Talent Acquisition and Retention	Workplace Health and Safety	Water Consumption
Training and Development	Corporate Governance	Waste Management
Ethics, Bribery and Corruption	Customer Satisfaction	
Regulatory Compliance	Economic Agility	
Quality of Products and Services		

## MATERIAL TOPICS - AT A GLANCE

For each material topic, the Group reports on its significance to business, economy, environment and people, as well as measures that were taken to address these material aspects.

Material Topic	Significance of Impact	How the Group Is Addressing the Issue
<b>Economic</b>		
<b>Economic Agility</b>	<p>The Group recognises the importance to adapt to the constantly evolving business environment in the furniture industry.</p> <p>The Group aims to be adaptable and expand into new markets and product offerings to diversify risks and increase market presence.</p>	<p>The Group strives to continue expanding its presence into new markets and strengthening product offerings through collaboration with business partners and participation in business fairs.</p> <p>It is also believed that the Group's strategy for diversification over the years will help mitigate the financial impact of global market events.</p>
<b>Quality of Products and Services</b>	<p>The Group believes that providing customers with products and services of the highest quality is the cornerstone of business growth.</p> <p>The Group recognises that delivering consistently excellent quality products and services is critical for customer satisfaction and brand loyalty.</p>	<p>The Group upholds its standard of delivering quality products and services through rigorous quality control inspections and a dedication to customer service. The Group also invests in human capital through the provision of regular training.</p> <p>The Group's quality assurance policy emphasises the importance of ensuring that products are of excellent quality before delivery to customers.</p>
<b>Customer Satisfaction</b>	<p>The Group recognises the importance of quality in its products and services, as it forms a large part of its branding.</p> <p>The Group is committed to providing customers with high-quality furniture and services, while seeking to maintain long-term business relationships.</p>	<p>The Group is dedicated to engaging in open communication with customers and listening to their views and concerns.</p> <p>The Group has established feedback channels to receive prompt feedback and has formalised processes in place to receive, escalate, follow up, and report on customers' feedback.</p>

# SUSTAINABILITY REPORT

Material Topic	Significance of Impact	How the Group Is Addressing the Issue
<b>Environmental</b>		
<b>Energy Usage</b>	The Group recognises that investing in energy conservation not only reduces its carbon footprint but also contributes to cost savings.	<p>The Group continually reviews its production processes to optimise energy use.</p> <p>The Group has adopted renewable energy solutions, which improve energy efficiency and diversify its energy supply.</p>
<b>Water Consumption</b>	The Group recognises that water is a finite resource and that businesses play an important role in ensuring the sustainability of water resources.	The Group strives to minimise water consumption and improve water usage efficiency through active monitoring. Additionally, the Group seeks to instil a sense of environmental stewardship in its employees by regularly reminding them to minimise water usage.
<b>Material Use</b>	The Group believes in providing the best quality products to customers without compromising the environment.	<p>The Group is committed to achieving its economic goals in a sustainable and environmentally friendly manner.</p> <p>The Board and Management recognise the importance of using materials that align with the Group's quality policy. The Group continues to strive towards making sustainable procurement choices.</p>
<b>Waste Management</b>	The Group recognises that minimising waste production helps reduce environmental degradation and conserve resources.	The Group aims to effectively manage and minimise waste generated from its business activities through resourceful usage and the adoption of recycling initiatives. Additionally, we have improved our waste management processes to ensure that there is no environmental pollution caused by unmanaged hazardous waste.
<b>Climate Change</b>	The Group recognises the impact that climate change may have on its business and acknowledges the importance of participating in global efforts to mitigate the environmental impact of its operations.	The Group conducts regular risk assessments and continuously monitors potential risks and opportunities arising from climate change that may affect its operations.
<b>Social</b>		
<b>Talent Attraction and Retention</b>	The Group believes that attracting and retaining competent employees is crucial to the success of its business.	The Group strives to provide fair and competitive compensation packages for its employees, while also ensuring their well-being, welfare, and career progression are well-supported.
<b>Training and Development</b>	The Group believes that its productivity and profitability depend on the capacity and quality of its human capital. Investing in training and development programmes to nurture skilled and competent employees creates long-term value for the Group.	<p>The Group strives to retain its talent pool by offering both in-house and external training programmes to enhance their skill sets and support their professional development.</p> <p>The Group advocates for a positive working environment by providing orientation, as well as on-the-job supervision and guidance.</p>
<b>Workplace Health and Safety</b>	The Group is committed to providing a safe and healthy working environment for all employees.	<p>The Group has established a Safety, Health, and Environment Policy, and the Safety, Health, and Environment Committee is responsible for ensuring that the policy is understood and adhered to by all employees and workers.</p> <p>Regular training programmes are provided to promote health and safety awareness among employees.</p>

# SUSTAINABILITY REPORT

Material Topic	Significance of Impact	How the Group Is Addressing the Issue
<b>Governance</b>		
<b>Corporate Governance</b>	The Group is committed to establishing a strong corporate governance culture with zero tolerance towards unethical practices.	<p>The Group strives to uphold the highest standards of corporate governance, transparency, and compliance with the principles of the Code.</p> <p>The Group has established an employee code of conduct, which all employees are expected to comply with, as part of its commitment to maintaining ethical standards.</p>
<b>Ethics, Bribery and Corruption</b>	The Group believes that upholding high ethical standards and conducting business with integrity is fundamental to its success. Therefore, the Group is committed to building a positive corporate image through exemplary corporate governance and business ethics.	<p>The Group maintains zero tolerance towards unethical practices, bribery, corruption, and fraud.</p> <p>The Group has a whistle-blowing policy in place to facilitate the reporting and follow-up of concerns related to malpractice or any suspicion of fraudulent or inappropriate activities within the Group.</p> <p>The Group has established internal controls and written policies covering areas such as Conflict of Interest, Whistleblowing, Employee Code of Conduct, and Anti-Bribery &amp; Anti-Corruption to guide employees in their business conduct.</p>
<b>Regulatory Compliance</b>	<p>The Group is committed to maintaining a strong ethical culture and ensuring continuous compliance with all regulatory requirements.</p> <p>Any breach of laws, rules, and regulations could significantly harm the Group's business operations and negatively impact its reputation in the industry.</p>	<p>The Board and Management set a strong tone at the top, with zero tolerance towards any non-compliance with the Group's policies, applicable laws, rules, and regulations.</p> <p>The Group upholds a strong ethical culture, and all employees are instilled with the importance of regulatory compliance from their orientation training onward.</p>

## ECONOMIC

The Group is committed to achieving sustainable economic performance that balances profitability with environmental and social responsibility. Our strategy prioritises long-term resilience over short-term gains, ensuring responsible yet lasting financial growth. By strengthening operational efficiency, fostering innovation, and maintaining a customer-first approach, we aim to create shared value for all stakeholders. This commitment drives us to deliver high-quality, competitively priced products while embedding sustainability into every aspect of our operations, building a business that thrives today and for generations to come.

For detailed information on its financial performance, please refer to the financial statements in the FY2025 Annual Report.

# SUSTAINABILITY REPORT

## ECONOMIC AGILITY

### Impact on the Group

We believe that economic agility is a key driver of resilience and long-term success. By maintaining strong operational readiness, we can quickly adapt to shifting market conditions, regulatory changes, and evolving sustainability expectations. This flexibility allows us to seize growth opportunities, mitigate risks, and allocate resources efficiently. Ensuring that our business remains competitive, future-ready, and aligned with stakeholder priorities.

### Management Approach

Our approach to economic agility is to stay on ahead of the latest industry norms and developments. We continuously monitor global and local trends, integrate stakeholder feedback, and adapt our business practices to align with emerging sustainability priorities. This approach ensures that we not only mitigate risks but also seize opportunities to innovate, strengthen resilience, and create long-term value for our stakeholders and the communities we serve.

### Economic Value Generated and Distributed

Financial Year	FY2023 RM'000	FY2024 RM'000 (Restated) <sup>#</sup>	FY2025 RM'000
<b>Economic Value Generated</b>	<b>205,054</b>	<b>228,815</b>	<b>201,074</b>
	Operating Costs	175,561	190,784
	Employee Wages and Benefits	35,007	41,393
<b>Economic Value Distributed</b>	Capital Providers	2,523	2,248
	Government	140	177
	Communities	35	24
	<b>Total Economic Value Distributed</b>	<b>213,266</b>	<b>234,626</b>
<b>Economic Value Distributed</b>	<b>(8,212)</b>	<b>(5,811)</b>	<b>(19,411)</b>

#### Note:

# Certain comparative figures have been adjusted retrospectively as a result of the following events:

- Completion of purchase price allocation exercise in current financial year in respect of the acquisition of LY Unity, which was completed in prior financial year. The restatement reflects the finalised fair values of identifiable assets and liabilities as at acquisition date.
- Reclassification for certain class of transactions to conform to current year's presentation. The reclassification has no impact on the Group's net profit or net assets for the financial year.

Looking ahead, the Group is committed to sustainable growth that prioritises longevity over short-term gains. We will continue to adapt to evolving market conditions by embedding responsible practices into every aspect of our operations, from sourcing materials ethically to addressing stakeholder concerns transparently. Our strategy focuses on expanding into new markets and enhancing product offerings while ensuring that growth aligns with environmental stewardship and social responsibility. By doing so, we aim to build a future-ready business that creates lasting value for stakeholders and contributes positively to the communities we serve.

# SUSTAINABILITY REPORT

## QUALITY OF PRODUCTS AND SERVICES

Since its founding in 1976, the Group has built its success on a clear business philosophy: delivering exceptional quality and service while continuously evolving to meet the needs of a changing world. Today, this commitment extends beyond products, it drives our pursuit of sustainable practices and long-term value creation for all stakeholders.

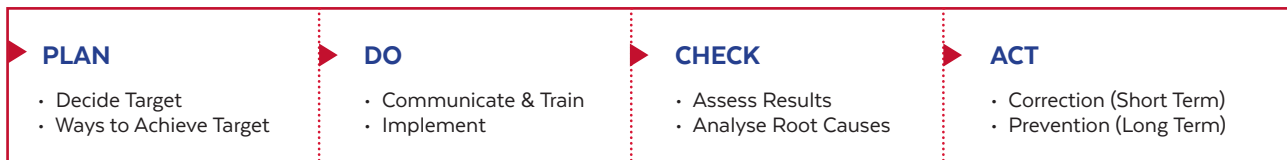
### Impact on the Group

Delivering superior products and exceptional service has been instrumental in building trust with customers, suppliers, and partners. This trust forms the foundation of enduring relationships, enabling the Group to retain loyal customers while attracting new ones across diverse markets.

Consistent quality has also positioned the Group as a reliable and reputable industry leader. By exceeding expectations, the Group has strengthened its brand credibility, creating a competitive advantage that supports sustainable growth. This reputation not only drives customer confidence but also opens doors to strategic partnerships and new market opportunities.

### Management Approach

The Group's Quality Policy forms the foundation of our business philosophy, ensuring that excellence remains at the heart of everything we do. Guided by the Plan-Do-Check-Act (PDCA) approach, we embed continuous improvement into all processes which drives efficiency, prevents stagnation, and elevates customer satisfaction. This disciplined framework not only safeguards our high-quality standards but also supports our commitment to sustainable growth. By integrating quality management with responsible sourcing and operational innovation, we position the Group to deliver long-term value while meeting the evolving expectations of stakeholders and markets.



The Group recognises that investing in human capital is fundamental to achieving sustainable growth and maintaining high-quality standards. By equipping employees with the knowledge and skills to uphold rigorous quality assurance processes, we strengthen both operational excellence and our ESG commitments.

Our training programmes go beyond compliance. Our training programmes aim to empower employees to adapt to evolving industry standards while fostering a culture of accountability and continuous improvement. In FY2025, the Group continues its series of in-house training sessions, including ISO-related courses led by internal experts and external specialists. These initiatives ensure that our workforce remains capable of implementing robust quality systems, supporting responsible business practices, and creating long-term value for stakeholders.

As a testament to its commitment to upholding high quality standards, there were zero significant customer chargeback cases of more than RM50,000 in FY2025.

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## CUSTOMER SATISFACTION

Customer satisfaction is a cornerstone of the Group’s brand identity and a key contributor to its long-term economic sustainability. The Group is deeply committed to delivering exceptional products and services that not only meet but exceed customer expectations. This commitment drives continuous improvement across all business functions and reinforces customer loyalty, which is vital to sustained financial performance.

The Group views customer feedback as a strategic asset. All feedback is treated with seriousness and care and is channelled through a robust feedback management process led by the Sales and Marketing team. Upon receiving feedback, the team conducts a thorough investigation and coordinates with relevant departments to address any issues. Customers are then provided with prompt, transparent responses, reaffirming their value to the business.

In line with ISO 9001:2015 standards, LY Furniture conducts an annual customer satisfaction survey, overseen by the Executive Director of Sales and Marketing. This survey is a key tool for identifying areas of improvement and guiding corrective actions. It evaluates critical aspects such as product quality, service responsiveness, delivery reliability, and overall customer experience.

By embedding customer satisfaction into its economic strategy, the Group ensures that its growth is built on trust, responsiveness, and a deep understanding of customer needs.



To uphold its commitment to customer satisfaction, the Group invites customers to evaluate its products and services based on three key criteria. Feedback is collected using a five-point scale, ranging from 1 (Not Satisfied) to 5 (Fully Satisfied), allowing the Group to measure performance and identify areas for improvement.

In recognition of its ongoing efforts to enhance quality and service delivery, LY Furniture achieved an average satisfaction score of 4.09 across all evaluated criteria in FY2025. This result reflects the Group’s dedication to continuous improvement and its responsiveness to customer needs, reinforcing customer satisfaction as a core driver of sustainable economic value.

## MOVING FORWARD

Even as the Group moves forward, it continues to redouble its efforts to grow through innovation. The Group constantly and continuously strives to explore new opportunities and expand its range of products. The Group’s dedication to deliver exceptional value to its stakeholders remains unparalleled as the Group continues to discover new ways to enhance its quality standards. Finally, exceeding customer expectations and provide unparalleled satisfaction through its products and services remains as the Group’s top priority.

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## ENVIRONMENTAL

### CLIMATE CHANGE

As a signatory to the Paris Agreement, Malaysia has reaffirmed its commitment to reducing economy-wide carbon intensity (relative to GDP) by 45% by 2030, compared to 2005 levels, and to achieving net-zero greenhouse gas emissions by 2050. These targets are supported by the National Climate Change Policy 2.0, which outlines a comprehensive framework for low-carbon development, climate adaptation, financing, and cross-border collaboration.

In support of Malaysia's climate change objectives, the Group is committed to implementing targeted operational adjustments that align with the national agenda. Specifically, we are focused on reducing our Scope 1 and Scope 2 greenhouse gas ("GHG") emissions through a comprehensive strategy aimed at decreasing energy consumption and increasing energy efficiency across our operations. These initiatives include optimising manufacturing processes, investing in energy-efficient technologies, and exploring the use of renewable energy sources where feasible. By taking these proactive steps, the Group not only supports the government's climate ambitions but also reinforces our commitment to sustainable growth and environmental stewardship.

### CLIMATE-RELATED RISK ANALYSIS

#### GOVERNANCE

The Group's approach to sustainability and climate governance is anchored in strong leadership and clear accountability. The Board holds ultimate responsibility for overseeing the Group's sustainability strategy, including climate-related risks and opportunities. This responsibility includes reviewing and approving sustainability policies, practices, and disclosures, ensuring they are integrated into the Group's overall business strategy.

The Board conducts regular assessments of environmental trends, evaluates the potential operational impacts of climate change, and ensures that strategic risk management processes are in place. These assessments help the Group anticipate and respond to emerging risks and opportunities in a timely and effective manner.

In addition, the Board considers the broader impact of the Group's actions on stakeholders, including customers, employees, investors, and communities, when evaluating sustainability-related decisions. Senior management supports the Board by implementing approved strategies and maintaining oversight of operational execution, ensuring that sustainability objectives are embedded across all levels of the organisation.

Refer to our Sustainability Steering Committee structure on pages 17 and 18 of this Report for further details.

#### GROUP STRATEGY

The Group's sustainability strategy is designed to position LY Corporation as a climate-resilient and environmentally responsible business. This involves proactively identifying, assessing, and managing both physical risks (such as extreme weather events) and transition risks (such as regulatory changes and market shifts) associated with climate change.

In support of the global transition to a low-carbon economy, the Group is committed to achieving net-zero greenhouse gas emissions by 2050. This commitment is embedded in its strategic planning and operational decision-making, ensuring that climate-related considerations are integrated into long-term business resilience and growth.

The Group maintains transparent communication with stakeholders regarding its climate strategy. It highlights how climate-related risks and opportunities may influence its future financial performance and strategic direction.

To support this transition, the Group has established clear and measurable emissions reduction targets and continues to enhance its climate-related disclosures and performance monitoring. These efforts reflect the Group's dedication to sustainable value creation and its role in contributing to a low-carbon future.

# SUSTAINABILITY REPORT

## Scenario Analysis

The Group adopts the IPCC’s 6th climate risk assessment scenarios to evaluate the potential outcomes of different climate action pathways and incorporate both risks and opportunities into its strategic planning. Accordingly, the Group identified seven key climate-related risks and two climate-related opportunities. The Group’s adopted scenarios are outlined below:

LY Corporation Scenario	IPCC 6th Assessment Report	IPCC – Warming by 2100 (best estimate)
<b>Strong Mitigation Scenario</b>	SSP <sup>(1)</sup> 1 – 2.6 “Low GHG emission scenarios”	1.3-2.4°C (1.8°C)
<b>Delayed and Disorderly Scenario</b>	SSP2 – 4.5 “Intermediate GHG emission scenarios”	2.1-3.5°C (2.7°C)
<b>Business as Usual Scenario</b>	SSP3 – 7.0 “High GHG emission scenarios”	2.6-4.6°C (3.6°C)

**Note:**

(1) SSP refers to Shared Socio-Economic Pathways that look at a wider range of options or scenarios simulated by future climate change.

Scenario	Assumption	Potential Outcomes
<b>Strong Mitigation Scenario (below 2°C)</b>	GHG emissions are effectively controlled, aiming to keep global warming below an estimated 2 degrees Celsius. Achieving net-zero CO2 emissions is anticipated in the latter half of the century. The mitigation strategy closely aligns with the “Low GHG Emission Scenarios” SSP1-2.6 scenario outlined in the IPCC’s 6th Assessment Report.	The main risk for LY Corporation in this context is transitional, arising from policy changes. Goods and services, including energy, may become more expensive due to increased pricing of GHG emissions.
<b>Delayed and Disorderly Scenario</b>	The physical damage from climate change is more severe in this scenario, and the mitigation/transition is disorderly as the global community adapts to a changing world. The emission profile in this scenario closely aligns with the “Intermediate GHG Emission Scenarios” SSP2-4.5 scenario outlined in the IPCC’s 6th Assessment Report.	The transition risks to LY Corporation in this scenario are less severe than in the Strong Mitigation Scenario. However, the physical risks and the impacts of adaptation are more severe, particularly towards the end of the long-term horizon.
<b>Business as Usual Scenario</b>	In this scenario, global emissions of GHGs continue to rise at approximately current levels, leading to a significant increase in the pace and severity of global warming. The emission profile in this scenario closely resembles the “High GHG Emission Scenarios” SSP3-7.0 scenario outlined in the IPCC’s 6th Assessment Report.	The primary risk for LY Corporation in this scenario arises from the accelerating severity of both acute and chronic physical risks of climate change. Long-term effects, such as the increasingly severe impact of extreme weather and rising temperatures, pose significant challenges.

## RISK MANAGEMENT

Effective risk management is fundamental to the Group’s ability to achieve its strategic objectives and maintain long-term resilience. The Group has established structured processes to identify, assess, and manage risks, including those related to climate change. These processes are overseen by the Board of Directors and senior management, ensuring that climate-related risks are integrated into the Group’s overall risk management framework.

### Climate-Related Risks and Opportunities

In FY2025, the SSC conducted a reassessment to identify Climate-Related Risks and Opportunities (“**CRROs**”) across the Group. The evaluation considered three different time horizons: short-term (1-3 years), medium-term (by 2030), and long-term (by 2050). The findings were documented in a CRROs register, which was subsequently reviewed and approved by the SSC.

# SUSTAINABILITY REPORT

These time horizons were used due to our operational requirements and to keep our sustainability strategy in line with Malaysia's climate goals. To ensure that we remain compliant with any climate change regulations, we have aligned our CRROs with Malaysia's climate change goal of achieving net zero greenhouse gas emissions by 2050.

According to the National Water Research Institute Malaysia and Ministry of Energy Transition & Water Transformation, the annual surface temperature will see an increase of 1.29 - 1.37 degrees Celsius by 2050. Additionally, rainfall is expected to increase by 11% in 2050 with its intensity also expected to increase by 18% over a period of 25 years. These physical changes to the environment present challenges to the Group in terms of increased energy costs as well as presenting challenges to our established infrastructure.

In September 2025, the Group experienced issues with shipments of raw materials due to typhoon Ragasa. The typhoon disrupted our supply chains, delaying shipments of raw materials from our suppliers in China. As climate change progresses and worsens, such events will occur at an increasing rate. Thus, to ensure the Group's longevity, we believe in managing such risks to minimise disruptions to its business.

## *Transition risks and opportunities*

The Group has conducted a detailed assessment of transition risks and opportunities. This process involved evaluating the likelihood and potential impact of each item, supported by the assumptions used to estimate financial implications. The results of this assessment, including the specific risks and opportunities identified, are outlined below.

### *Increased pricing of GHG emissions*

<b>Risk</b>	Energy costs may fluctuate, and the Group is subject to a carbon tax based on its carbon emissions.
<b>Risk Driver</b>	The carbon tax might manifest as higher electricity tariffs, as power providers transfer the carbon tax costs to end-users.
<b>Company-Specific Description</b>	While the Group is not directly impacted by the current increase in carbon taxes, it acknowledges the potential risk of climate change if stricter policies and higher prices for greenhouse gas emissions are implemented in the future. If the Group fails to take action to reduce emissions, meeting regulatory requirements could become costly. In FY2025, the Malaysian government has announced plans to introduce a carbon tax framework, with initial rates on polluting industries expected to start at RM15/tCO <sub>2</sub> e. <sup>1</sup> For every S\$5/tCO <sub>2</sub> e (approximately RM18/tCO <sub>2</sub> e) increase, electricity tariffs could rise by about 1%. <sup>2</sup> Therefore, in the short and medium term, the Group might see a 3% and 9% increase in electricity tariffs respectively, should the carbon tax rate increase as anticipated.
<b>Time Horizon</b>	Short to medium term.
<b>Potential Financial Figure</b>	Short-Term: RM4,635,000 Medium-Term: RM4,841,000
<b>Explanation of Financial Impact Figure</b>	Climate change regulations may result in slight energy price increases. It is estimated that total energy costs account for less than 5% of LY Corporation's annual operating costs. Considering potential carbon tax increases in Malaysia, the Group's energy spending could reach RM5,000,000 in the medium term. However, this is expected to have a minimal impact on the overall financial position of the Group, as it actively manages this exposure by incorporating renewable energy sources, such as solar energy.

<sup>1</sup> <https://www.thestar.com.my/business/business-news/2025/11/05/malaysia-considers-carbon-tax-at-rm15-a-tonne-to-cut-pollution>

<sup>2</sup> <https://www.nccs.gov.sg/singapores-climate-action/mitigation-efforts/carbontax/>

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## Enhanced emissions-reporting obligations

<b>Risk</b>	Risk of regulatory changes towards enhanced emission-reporting obligations such as GRI Standards, IFRS SDS and or other standards.
<b>Risk Driver</b>	Nationwide drive to decarbonisation. Increased focus on sustainability.
<b>Company-Specific Description</b>	The evolving emission-reporting regulation and obligation will increase professional fees, training expenses and administrative expenses of the Group to meet reporting requirements.
<b>Time Horizon</b>	Medium to long term.
<b>Potential Financial Figure</b>	Medium-Term: RM970,000 Long-Term: RM1,016,000
<b>Explanation of Financial Impact Figure</b>	As per industry expectations, it is projected that all related expenses for supporting sustainability reporting in Malaysia will likely see a rise of 5% to 10% in the medium to long term. To address this potential risk, the Group consistently monitors regulatory requirements and assess its capabilities to meet them.

## Mandates on regulation of existing products and services

<b>Risk</b>	Regulations governing existing wood products and manufacturing services, alongside changing customer behaviour and a long-term shift in their preferences towards sustainable manufacturing practices.
<b>Risk Driver</b>	Changing investor expectation. Evolving and more stringent rules and regulations.
<b>Company-Specific Description</b>	As the Group is committed to a more environmentally friendly and sustainable future, it is dedicated to minimising and managing its environmental footprint. Specifically, LY Furniture achieved the Certificate for Chain-of-Custody of Forest-Based Products Programme for the Endorsement of Forest Certification (“PEFC”) in 2021. Further details on the benefits of the PEFC Certification are provided below.
<b>Time Horizon</b>	Medium to long term.

## Increased cost of raw materials

<b>Risk</b>	Increased cost of raw materials.
<b>Risk Driver</b>	Fluctuations in currency exchange rates. Market demand and competition.
<b>Company-Specific Description</b>	Increased costs associated with sourcing raw materials will lead to higher operating expenses, such as travelling expenses/transport charges/license fees.
<b>Time Horizon</b>	Medium to long term.
<b>Potential Financial Figure</b>	Medium-Term: RM2,322,000 Long-Term: RM2,533,000
<b>Explanation of Financial Impact Figure</b>	It is anticipated that related expenses may increase by 10-20% in the medium to long term. To address this potential risk, the Group is diversifying its suppliers and maintaining a stockpile of raw materials to account for potential delays due to disruptions in the global supply chain.

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## *Efficiency improvements in operations and resource usage*

<b>Opportunity</b>	Adoption of resource efficient practices through using more efficient modes of transport/logistics/operational processes and equipment. Explore solar energy as renewable energy sources, and promotion of recycling/digitalisation/water-savings sustainable habits in office space.
<b>Opportunity Driver</b>	Initiatives and efforts in business practices to support Corporate Social Responsibility.
<b>Company-Specific Description</b>	The Group has adopted resource-efficient practices in its office spaces by implementing recycling initiatives and minimising paper usage, which is expected to lead to a reduction in costs associated with filing, printing & stationery/postage, and travelling expenses/transport charges within the Group. Moreover, the Group has capitalised on solar energy to generate electricity and reduce operating costs.
<b>Time Horizon</b>	Short to medium term.
<b>Potential Financial Figure</b>	Short-Term Cost Savings: RM817,000 Medium-Term Cost Savings: RM856,000
<b>Explanation of Financial Impact Figure</b>	The Group embraces sustainable manufacturing practices, focusing on environmental conservation and the efficient use of energy and natural resources. This includes sustainably sourcing raw materials, recycling wood waste, and incorporating environmentally friendly materials into production processes. It is anticipated that cost reductions within the Group are estimated to range from 5% to 10% in the short to medium term.

## *Development of low emission goods and services*

<b>Opportunity</b>	Development and/or expansion of low emission goods and services, as well as diversification of business activities into the manufacturing of millwork products and kitchen cabinets.
<b>Opportunity Driver</b>	Cost savings and operational efficiency. Competitive edge.
<b>Company-Specific Description</b>	The Group's goal is marked by an expansion into emerging markets and product lines to enhance its market presence. Through intensified promotion and marketing of millwork products, coupled with the acquisition of new customers, the Group has successfully diversified its portfolio to include the manufacturing of millwork products. Furthermore, the Group has extended its diversification efforts to include the production of kitchen cabinets. The Group will disclose the potential financial impact when the opportunity materialises.

# SUSTAINABILITY REPORT

## *Physical risks and opportunities*

The Group has assessed the physical risks and opportunities arising from the business-as-usual scenario. This evaluation provides the Group with a clearer understanding of how future developments may impact its operations. The following section highlights the key risks and their potential financial impacts.

### *Acute increased severity of extreme weather events*

<b>Risk</b>	Risk of extreme weather events such as flash flood, intense rainfall and heat waves impacting the Group's warehouses, factory and office building.
<b>Risk Driver</b>	Increased intense rainfall and flash flood leading to urban flooding, potentially causing damage to buildings and transportation networks.
<b>Company-Specific Description</b>	More frequent extreme weather events, such as flash flooding and intense rainfall, could disrupt the transportation networks used by employees to commute to the office. This may lead to an increase in various expenses, including general expenses and insurance charges for the Group.
<b>Time Horizon</b>	Long term.
<b>Potential Financial Figure</b>	RM3,426,000
<b>Explanation of Financial Impact Figure</b>	Studies have shown that all regions in Malaysia could experience an increase in rainfall amounts by 2030. Additionally, severe dry spells are projected to occur between 2025 and 2035 in Peninsular Malaysia, and between 2045 and 2055 in East Malaysia. It is estimated that all associated costs could increase by 10% in the long term. However, the Group plans to conduct regular assessments of the adequacy of its insurance coverage to protect against climate-related risks.

### *Chronic rising mean temperatures*

<b>Risk</b>	Risk of rising mean temperature could result in higher usage of air conditioners to maintain comfortable indoor temperatures.
<b>Risk Driver</b>	Increased daily mean temperature and mean sea level rise, leading to changes in weather patterns.
<b>Company-Specific Description</b>	Rising global average temperatures could lead to increased water and electricity costs in offices.
<b>Time Horizon</b>	Long term.
<b>Potential Financial Figure</b>	RM4,613,000
<b>Explanation of Financial Impact Figure</b>	Research has shown that the average air temperature in Malaysia may increase by 0.5 to 1 degree Celsius by 2030 and could further rise by 0.9 to 1.6 degrees Celsius by 2050. It is estimated that a 1-degree Celsius rise in temperature could result in approximately a 4% to 5% increase in electricity consumption. This suggests a 20% rise in electricity tariffs in the long term. To address this risk, the Group will continuously monitor electricity bills and practice sustainability habits to reduce electricity consumption.

# SUSTAINABILITY REPORT

## METRICS

### Greenhouse gas emissions

The Group's greenhouse gas (GHG) emissions primarily originate from electricity consumption and the use of fossil fuels, including diesel and unleaded petrol. In line with its commitment to environmental sustainability, the Group maintains a robust GHG monitoring and reporting framework.

The main sources of our Scope 1 and 2 Emissions are from:

- **Scope 1 (Direct Emissions):** These arise from sources owned or controlled by the Group, notably the operation of motor vehicles and on-site furnaces.
- **Scope 2 (Indirect Emissions):** These result from the consumption of purchased electricity used in operations.

The Group continues to track and report its emissions regularly, ensuring transparency and accountability in its climate-related performance.

### Scope 1 Emissions

To further strengthen its commitment to lowering GHG emissions, the Group has introduced several targeted initiatives. These include:

1. Optimising delivery and logistics routes for the transport of timber and finished goods, as well as implementing regular maintenance schedules for forklifts, trucks, and other fuel-powered machinery to ensure peak efficiency and reduced emissions.
2. Encouraging load consolidation where we maximise the load capacity of each delivery when transporting materials and products and explores collaboration with suppliers and distributors to establish shared transportation networks, thereby reducing the number of deliveries required.

By implementing these industry-specific measures, the Group aims to significantly reduce its fuel consumption and Scope 1 GHG emissions while supporting broader sustainability goals. The Group's Scope 1 GHG emissions for FY2025, FY2024, and FY2023 are presented below to demonstrate year-on-year progress in emissions management.

Pollutant	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O
Emission Factor - Diesel (kg/TJ) <sup>3</sup>	74,100	3.9	3.9
Emission Factor - Petrol (kg/TJ) <sup>4</sup>	69,300	33	3.2
Global Warming Potential (GWP) <sup>5</sup>	1	27	273

<sup>3</sup> Retrieved from: Road Transport N<sub>2</sub>O and CH<sub>4</sub> Default Emission Factors and Uncertainty Ranges (Chapter 3: Mobile Combustion) of 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

<sup>4</sup> Retrieved from: Road Transport N<sub>2</sub>O and CH<sub>4</sub> Default Emission Factors and Uncertainty Ranges (Chapter 3: Mobile Combustion) of 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

<sup>5</sup> IPCC Global Warming Potential Values. *GHG Protocol* (August 2024) Retrieved from: [https://ghgprotocol.org/sites/default/files/2024-08/Global-Warming-Potential-Values%20\(August%202024\).pdf](https://ghgprotocol.org/sites/default/files/2024-08/Global-Warming-Potential-Values%20(August%202024).pdf).

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Financial Year	FY2023		FY2024		FY2025	
Fuel Used	Diesel	Unleaded petrol	Diesel	Unleaded petrol	Diesel	Unleaded petrol
Fuel Consumed (litre)	68,512	28,598	86,465	28,117	73,527	44,701
CO <sub>2</sub> Emissions (tCO <sub>2</sub> e)	175.07	63.82	230.01	62.74	199.14	101.55
CH <sub>4</sub> Emissions (tCO <sub>2</sub> e)	0.26	0.85	0.33	0.81	0.28	1.31
N <sub>2</sub> O Emissions (tCO <sub>2</sub> e)	2.24	0.78	3.30	0.79	2.86	1.28
<b>Total GHG Emissions (tCO<sub>2</sub>e)</b>	<b>178</b>	<b>65</b>	<b>234</b>	<b>64</b>	<b>202</b>	<b>104</b>
	<b>243</b>		<b>298</b>		<b>306</b>	
Number of employees	1,145		1,365		1,212	
GHG Intensity (tCO <sub>2</sub> e/employee)	0.21		0.22		0.25	

## Scope 2 Emissions

Electricity is a critical resource underpinning the Group's operations. Given its central role, electricity consumption represents a significant area where meaningful sustainability gains can be achieved. Recognising this, the Group is committed to reducing its environmental footprint by adopting energy-efficient technologies and sustainable operational practices. These efforts not only contribute to cost savings but also align with broader climate goals. As part of this commitment, the Group closely monitors its electricity usage and associated emissions.

The Scope 2 GHG emissions for FY2025, which reflect indirect emissions from purchased electricity, are as follows:

Pollutants	CO <sub>2</sub>
Operating Margin (OM) Grid Emission Factor (GEF)	0.758 <sup>6</sup>

Financial Year	FY2023	FY2024	FY2025
Electricity Consumed (kWh)	7,657,364	10,214,953	7,951,300
Solar energy (kWh)	3,572,600	3,590,383	3,638,093
Purchased energy (kWh)	4,084,764	6,624,570	4,313,207
Scope 2 CO <sub>2</sub> Emissions (tCO <sub>2</sub> e)	2,532.55	5,021.00	3,269.4
Number of Employees	1,145	1,365	1,212
GHG Intensity (tCO <sub>2</sub> e/employee)	2.21	3.68	2.70

## MATERIAL USE

### Impact on the Group

Material sourcing has a direct impact on LY Furniture's sustainability performance and market competitiveness. By prioritising certified sustainable materials, the company strengthens its environmental credentials, meets global compliance standards, and appeals to eco-conscious consumers. This approach also supports responsible forestry, benefiting local farmers and communities through fair trade and long-term economic opportunities. Through sustainable sourcing, LY Furniture is building a resilient supply chain while positioning itself as a leader in ethical manufacturing.

<sup>6</sup> Peninsular Malaysia Energy Commission 2021 Grid EF @ 0.758 kgCO<sub>2</sub>e/kWh. Retrieved from: <https://www.mgta.gov.my/lcos-personal-calculator/>.

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## Management Approach

In line with its commitment to sustainable growth, the Group actively monitors and manages the resources it consumes across its operations. A key focus area is the responsible sourcing of wood (timber), a core material in its manufacturing processes. In FY2025, 99.2% of the wood sourced by the Group came from sustainable sources (FY2024: 99.3%), reflecting its continued progress in embedding sustainability into procurement practices.

The Group is dedicated to becoming an industry leader in sustainable material usage and sourcing. This commitment is evident in its rigorous supplier selection process, which prioritises environmental responsibility. Suppliers are evaluated based on their ecological impact, and only those demonstrating minimal or no adverse effects are considered for collaboration. Annual reviews are conducted to ensure ongoing compliance with the Group's sustainability standards and alignment with its values.

A significant milestone in this journey was achieved in 2021, when LY Furniture, a subsidiary of the Group, was awarded the Certificate for Chain-of-Custody of Forest-Based Products under the Programme for the Endorsement of Forest Certification (PEFC). This certification covers the purchase and use of PEFC-certified and PEFC-controlled source materials, including sawn timber, wood panels, veneer, paper, and dowels as well as the production and sale of certified wooden frames, indoor furniture, architectural joinery, mouldings, skirting boards, and architraves. The certification remains valid until the end of 2026.

As of 1st September 2025, the Malaysian government has implemented a 5% sales tax on sawn timber which applies to all sawn timber that is either regulated by a local manufacturer or imported. However, LY Furniture was able to secure an exemption from this tax as LY Furniture is eligible to apply for an exemption from sales tax under Item 1 Schedule C, Sales Tax (Person Exempted From Payment of Tax) Order 2018, and our operations will remain unaffected by the sales tax.

## ENERGY USAGE

### Impact on the Group

LY Furniture believes in responsible manufacturing and is committed to reducing its carbon footprint. Energy usage represents a significant opportunity for the Group to lower its environmental impact. Through the implementation of energy-saving measures, LY Furniture has improved its environmental performance, reduced operational costs, and supported compliance with regulatory and ESG requirements. These initiatives not only enhance the Group's reputation as a responsible manufacturer but also contribute to long-term business resilience and sustainable growth.

### Management Approach

LY Furniture adopts a proactive and integrated management approach to sustainability, recognising that responsible resource use and energy efficiency are essential to long-term business resilience. The Group's strategy focuses on embedding environmental considerations into operational decision-making, with particular emphasis on material sourcing and energy consumption. By aligning its practices with global sustainability standards and certifications, LY Furniture aims to lead the industry in ethical manufacturing while generating positive environmental and social impact.

LY Furniture is actively transitioning toward more sustainable energy sources as part of its broader commitment to environmental responsibility. The Group recognises that investing in energy conservation not only reduces its carbon footprint but also delivers long-term cost savings. Electricity consumption is closely monitored, with ongoing efforts to optimise usage across operations. In 2025, LY Furniture's electrical supplier in Malaysia Tenaga Nasional Berhad (TNB) restructured its electrical tariffs. These tariffs could potentially result in an overall increase in LY Furniture's electrical costs due to our electrical usage due to our operational requirements. To deal with these increased costs, LY Furniture has begun seeking out renewable and alternative energy sources as part of its energy transition strategy.

A key initiative in this transition is the adoption of solar energy solutions, which enhance energy efficiency and diversify the Group's energy mix in a sustainable manner. In FY2025, the solar photovoltaic system generated 3,638.1 MWh of clean energy (FY2024: 3,590.4 MWh), helping the Group avoid approximately 2,757.7 tonnes of carbon dioxide emissions (FY2024: 2,722 tonnes). These results reflect LY Furniture's growing shift towards renewable energy and its commitment to reducing environmental impact through innovative and responsible energy practices.

# SUSTAINABILITY REPORT

## WATER CONSUMPTION

### Impact on the Group

Water consumption plays a vital role in LY Furniture’s manufacturing operations, particularly in processes such as material treatment and facility maintenance. Recognising the importance of preserving natural resources in the regions where it operates, the Group is committed to responsible water management. By monitoring usage and implementing conservation measures, LY Furniture aims to minimise its impact on local water systems, safeguard community access to clean water, and support the long-term sustainability of surrounding ecosystems. These efforts reflect the Group’s broader commitment to operating in harmony with the environment and contributing positively to the communities it serves.

As of 1 August 2025, our water supplier Ranhill SAJ has implemented a new water tariff which ranges from 1RM – 1.75RM/m<sup>3</sup>. Such an increase reflects the increase scarcity of water and its availability. These changes have reinvigorated the Group’s commitment to reducing its water consumption to mark our contribution to sustainable resource usage.

### Management Approach

LY Furniture recognises the importance of preserving natural water resources in the regions where it operates. Water is essential to various manufacturing processes, including material treatment and facility maintenance. To minimise its environmental impact, the Group actively monitors water consumption and implements conservation measures aimed at reducing waste and protecting local ecosystems. These efforts not only support sustainable operations but also help safeguard community access to clean water, reinforcing LY Furniture’s commitment to responsible resource management and environmental stewardship.

Below is the annual data for our water usage:

Financial Year	FY2023	FY2024	FY2025
<b>Water Consumed (cubic meters)</b>	99,827	113,785	106,815
<b>Number of Employees</b>	1,145	1,365	1,212
<b>Water Intensity (Total water consumption/Number of employee)</b>	87.2	83.4	88.1

In FY2025, we have achieved a total water consumption of 106,815 m<sup>3</sup> (FY2024: 113,785), and our water consumption intensity is 88.1 m<sup>3</sup>/employee (FY2024: 83.4).

## WASTE MANAGEMENT

### Impact on the Group

Efficient waste management plays a vital role in supporting resource sustainability and environmental protection. For LY Furniture, implementing responsible waste practices helps reduce landfill contributions, lower operational costs, and improve overall environmental performance. By minimising waste generation and promoting recycling and reuse, the Group not only conserves valuable resources but also aligns with regulatory requirements and sustainability targets. These efforts contribute to cleaner production processes, enhance the company’s reputation as an environmentally conscious manufacturer, and support the long-term health of the communities and ecosystems surrounding its operations.

### Management Approach

The Group is dedicated to reducing and managing waste produced from its operations by implementing resource-efficient strategies and encouraging recycling efforts. Our main initiatives circle around reusing waste products in our operations. For example, wood waste is used to supplement feedstock for our boilers while sawdust generated in our operations is sold to other companies for use in their operations. The Group aims to not only reduce the amount of waste it produces but also to maximise usage of all its waste.

# SUSTAINABILITY REPORT

Additionally, the Group recognises that its manufacturing processes creates hazardous waste as by products. Hence, the Group takes extra care regarding the disposal of such hazardous waste. These measures help protect the local biodiversity and communities from any potential ill effects of incomplete disposal. Finally, improper disposal and management of hazardous waste could result in fines, shutdowns or legal actions from the affected party, ultimately causing financial and reputational damage for the Group.

In FY2025, the tipping fees for landfills has also increased, as a result, the Group has aims to reduce and manage its waste disposal before to minimise the costs related to disposing its waste.

The following section provides data on waste generated, non-hazardous waste diverted from disposal, and waste directed to disposal in FY2025:

Type of waste	Hazardous/Non-hazardous	Type of input	Activities that generate the waste
Contaminated empty drums/ container from LYFSB	Hazardous	Raw material	Manufacturing process
Carton from LYFSB and LEM	Non-hazardous	Waste	
Plastic from LYFSB and LEM			
Scrap Iron from LYFSB			
Battery from LYFSB			

## Waste diverted from disposal - non-hazardous waste

Entity	Types of non-hazardous	FY2023	FY2024	FY2025	Recovery method
		Amount generated (metric tons)			
LYFSB	Carton	26.2	20.3	12.5	Recycling (offsite)
	Plastic	22.9	28.8	25.5	
	Scrap Iron	25.6	106.1	52.6	
LEM	Carton	3.4	1.9	1.2	
	Plastic	3.3	2.1	1.2	
	Scrap Iron	NA	NA	0.1	
<b>TOTAL</b>		<b>81.4</b>	<b>159.2</b>	<b>93.1</b>	

## Waste directed to disposal - hazardous waste

Entity	Types of hazardous	FY2023	FY2024	FY2025	Recovering method
		Amount generated (metric tons)			
LYFSB	Contaminated empty drum/container	35.0	69.9	41.0	Offsite
	Contaminated rags	55.6	74.9	55.9	
	Paint sludge	26.3	38.0	24.4	
	Spent lubricating oil	NA	NA	0.5	
LEM	Contaminated container	NA	0.05	NA	
	Contaminated rags/Hand gloves	NA	0.19	NA	
<b>Total</b>		<b>116.9</b>	<b>183.0</b>	<b>121.8</b>	
Number of employees		1,145	1,365	1,212	
<b>Intensity (Total disposal/Number of employee)</b>		<b>0.10</b>	<b>0.13</b>	<b>0.10</b>	

# SUSTAINABILITY REPORT

## Waste directed to disposal – non-hazardous waste

Entity	Types of non-hazardous	FY2023	FY2024	FY2025	Recovering method
		Amount generated (metric tons)			
LYFSB	Saw dust	2,022.7	2,485.3	1,177.9	Incineration (without energy recovery)
	Scrap medium density fireboard (“MDF”)/ chipboard (“CB”)/Plywood	835.3	1,104.6	994.3	Incineration (with energy recovery)
	Rubbish	287.6	634.4	638.9	Landfilling
	Veneer	59.0	51.8	39.4	Landfilling
LEM	Scrap MDF/CB	352.0	337.9	188.0	Incineration (with energy recovery)
	Saw dust	93.2	79.2	80.3	Incineration (without energy recovery)
	Rubbish	86.4	22.0	10.0	Landfilling
<b>Total</b>		<b>3,736.2</b>	<b>4,715.2</b>	<b>3,128.8</b>	
Number of employees		1,145	1,365	1,212	
<b>Intensity (Total disposal/Number of employee)</b>		<b>3.26</b>	<b>3.45</b>	<b>2.58</b>	

## MOVING FORWARD

Remaining committed to energy conservation and environmental protection, LY Furniture is refining its waste management approach by focusing on both waste reduction and increased recycling. These dual strategies are central to enhancing resource efficiency across its operations. By minimising waste generation and maximising material recovery, the Group aims to reduce its environmental footprint while supporting circular economy principles. LY Furniture also remains dedicated to maintaining its strong compliance record, with zero penalties for environmental violations in all jurisdictions where it operates.

## SOCIAL

The name “LY,” derived from “Lian You” (联友), meaning “uniting friends,” reflects the Group’s founding philosophy of collaboration and shared growth. This principle has guided LY Furniture since its inception, shaping its evolution from a local manufacturer into a globally conscious enterprise. In today’s fast-paced and interconnected market, the Group continues to embrace this spirit by actively engaging with stakeholders across its value chain.

For the Group, collaboration is not just a value, it is a strategy. LY Furniture recognises that its strength lies in the people and communities that support its business. Employees, customers, and shareholders form the foundation of its long-term success. As such, the Group is committed to empowering its workforce through development opportunities, fostering a culture of mutual respect and growth. At the same time, LY Furniture is taking deliberate steps to give back to the communities where it operates, investing in local initiatives and partnerships that reflect its belief in shared prosperity.

By staying true to the meaning behind its name, LY Furniture continues to build a business rooted in unity, responsibility, and progress.

# SUSTAINABILITY REPORT

## TALENT ATTRACTION AND RETENTION

### Impact on the Group

Strong and fair employment practices are fundamental to LY Furniture's long-standing commitment to building a responsible and resilient organisation. The Group believes in attracting and retaining talent by building a strong and positive working environment. A strong talent and attraction and retention program allow the Group to locate and obtain talents that share the Group's sustainability and strategic values. Additionally, by decreasing the turnover, the Group also contributes to the local community by providing job security.

On the other hand, a poor talent attraction and retention system could result in increased costs required to search and obtain top-tier talent. Additionally, the Group might face greater challenges in locating talent who share the Group's sustainability and strategic values, resulting in overall inefficiencies within the Group.

The Group aims to provide its employees with a fair, conducive and safe working environment. By doing so, the Group believes that the top talent will drive further innovations and productivity within the Group ensuring that the Group is readily equipped to evolve alongside any future industry changes.

### Management Approach



#### Medical Allowances

Allowances are available for our employees to seek medical help should they need to. These medical allowances include:

- A yearly allowance of RM500
- A free yearly medical checkup
- A RM100 - RM300 family allowance



#### Annual Leave

We provide a competitive package of 14 days leave per year, above the Malaysian government's standard number of annual leaves.



#### Long Service Awards

Showing appreciation for employees who have been with us for 5 or more years. Employees are given an award ceremony, alongside a monetary incentive for their years of service.

LY Furniture's employment policies are built on the principles of fairness, equality, and meritocracy. These values have guided the Group since its founding. At the core of its compensation strategy is a commitment to aligning employee qualifications and experience with job requirements, ensuring that all staff are rewarded equitably. To maintain competitiveness, the Group regularly benchmarks its benefit packages against industry standards, offering provisions such as medical allowances, annual leave, and special leave for key life events including marriage, prenatal care, and paternity.

The Group's recruitment process is designed to be robust, transparent, and merit-based, while also prioritising employee well-being and career development. Discrimination of any kind, whether based on race, ethnicity, age, gender, or nationality, is strictly prohibited and actively condemned. In recognition of loyalty and long-term contributions, LY Furniture presents long service awards to employees who have served for over five years, reinforcing its culture of appreciation and respect. Through these comprehensive policies, the Group aims to attract and retain individuals who embody its values and contribute meaningfully to its continued growth.

# SUSTAINABILITY REPORT

## Employees' Profile

As part of its commitment to fair employment practices, the Group maintains a stable and transparent workforce structure. As of 31 December 2025, the Group employed 13 temporary staff, comprising 8 males and 5 females. The Group has consistently avoided non-guaranteed hour arrangements, with no such employment recorded in FY2025 or the two preceding financial years.

This reflects the Group's ongoing efforts to provide secure and equitable employment opportunities. A comparative breakdown of the Group's employee profile across FY2023, FY2024, and FY2025 is provided below to illustrate its continued focus on workforce stability and inclusivity.

Workforce	No. of headcount			% of total headcount		
	FY2023	FY2024	FY2025	FY2023	FY2024	FY2025
<b>By Gender</b>						
Male	933	1,137	988	81.5	83.3	81.5
Female	212	228	224	18.5	16.7	18.5
<b>By Age Group</b>						
18-30 years old	407	582	443	35.5	42.6	36.6
31-50 years old	657	703	693	57.4	51.5	57.2
Over 50 years old	81	80	76	7.1	5.9	6.2
<b>By Region</b>						
Malaysia	663	698	727	57.9	51.1	60.0
Bangladesh	193	176	157	16.9	12.9	13.0
China	1	1	1	0.1	0.1	0.1
Myanmar	101	91	77	8.8	6.7	6.3
Nepal	182	395	246	15.9	28.9	20.3
Pakistan	5	4	4	0.4	0.3	0.3
<b>TOTAL</b>	<b>1,145</b>	<b>1,365</b>	<b>1,212</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

# SUSTAINABILITY REPORT

The Group, however, also closely monitors its new hire and turnover rates to assess the health of its employee body. In FY2025, the Group saw 538 new hires, which represents a new hire rate of 41.8%. Moreover, the Group also saw 691 employee turnover, which represents a turnover rate of 53.6%. Comparing from FY2024 to FY2025, the Group saw an increase of 7.4% in its new hire rate and a 15.0% increase in its turnover rate.

No. and Rate <sup>7</sup> of new hires						
Financial Year	FY2023		FY2024		FY2025	
Performance indicator	No.	Rate	No.	Rate	No.	Rate
<b>By Gender</b>						
Male	479	43.9	414	33.0	505	39.2
Female	67	6.1	18	1.4	33	2.6
<b>By Age Group</b>						
18 - 30 years old	210	19.2	246	19.6	160	12.4
31 - 50 years old	319	29.2	183	14.6	375	29.1
Over 50 years old	17	1.6	3	0.2	3	0.3
<b>By Region</b>						
Malaysia	438	28.6	200	46.3	538	41.8
Nepalese	107	3.2	232	53.7	0	0
Bangladeshi	1	5.8	0	0	0	0
Myanmar	0	10.7	0	0	0	0
Pakistani	438	0.3	200	46.3	0	0
Indian	107	0	232	53.7	0	0
<b>Overall</b>						
<b>Total</b>	<b>546</b>	<b>50.0</b>	<b>432</b>	<b>34.4</b>	<b>538</b>	<b>41.8</b>

<sup>7</sup> Rate of new hires was calculated by: Number of new hires/Average number of employees at the beginning of period and end of period.

# SUSTAINABILITY REPORT

No. and Rate <sup>8</sup> of turnover						
Financial Year	FY2023		FY2024		FY2025	
Performance indicator	No.	Rate	No.	Rate	No.	Rate
<b>By Gender</b>						
Male	463	43.9	438	34.9	657	51.0
Female	68	6.1	46	3.7	34	2.6
<b>By Age Group</b>						
18 - 30 years old	199	19.2	154	12.3	250	19.4
31 - 50 years old	314	29.2	298	23.7	422	32.8
Over 50 years old	18	1.6	32	2.5	19	1.4
<b>By Region</b>						
Malaysia	312	28.6	430	34.3	509	39.5
Nepalese	35	3.2	276	2.1	149	11.6
Bangladeshi	63	5.8	17	1.4	19	1.4
Myanmar	117	10.7	10	0.8	14	1.1
Pakistani	4	0.3	1	0.1	0	0
<b>Overall</b>						
<b>Total</b>	<b>531</b>	<b>48.6</b>	<b>484</b>	<b>38.6</b>	<b>691</b>	<b>53.6</b>

## TRAINING AND DEVELOPMENT

### Impact on the Group

The Group places a strong emphasis on empowering its people through a steadfast commitment to continuous learning and professional development. We recognise that our employees are not just contributors but the driving force behind our achievements, and their ongoing growth remains central to our vision for enduring success. By prioritising their advancement, we ensure that both our workforce and the organisation remain agile, innovative, and ahead of the curve.

A strong training and development programme allows the Group to continue innovating and to adopt new technologies that build a sustainable environment. A key example would be the Group's adoption of solar energy to supplement its energy requirements. Continued training and development will equip the group's employees with skills that allow them to take advantage of new technologies. Additionally, a better trained workforce will have the opportunity to develop within the Group, reducing our overall manpower costs to hire new employees.

A weak employee development system that provides minimal development opportunity will cause the Group into a cycle of rehiring to improve the Group's capabilities. Such a system, could result in economic and manpower inefficiencies, increasing manpower costs for the Group whilst reducing employee morale.

<sup>8</sup> Rate of turnovers was calculated by: Number of leavers/Average number of employees at the beginning of period and end of period.

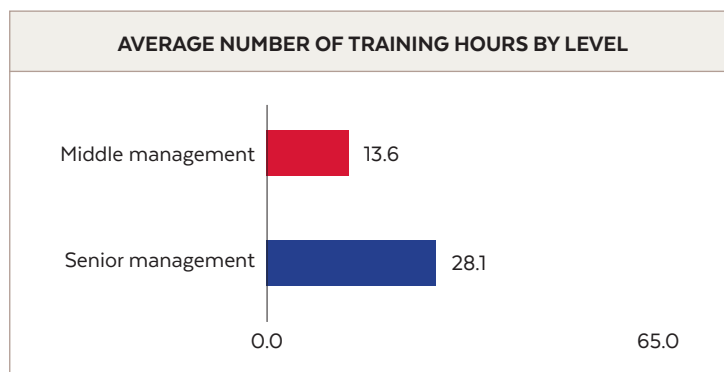
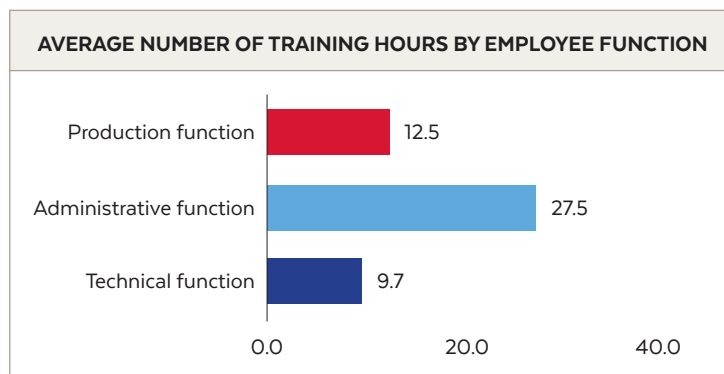
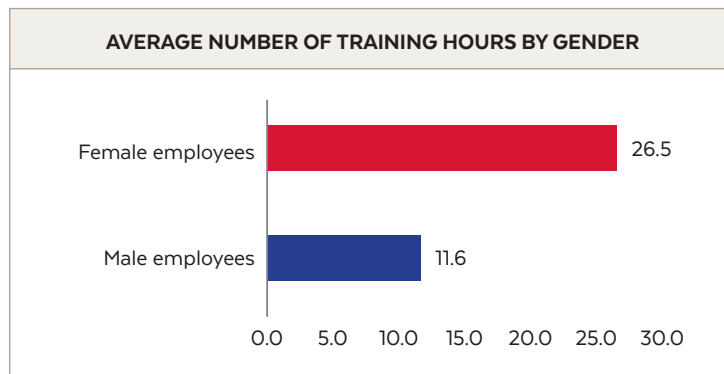
# SUSTAINABILITY REPORT

## Management Approach

Through a robust mix of internal and external training programs, the Group equips its workforce with future-ready skills, industry insights, and cutting-edge knowledge. These initiatives not only help employees stay aligned with the latest market trends and technological advancements but also accelerate their professional development and career progression.

By investing in our people, we foster a culture of innovation, agility, and excellence. These values help to ensure that both our team and the organisation continue to lead and shape the future of the industry.

The following outlines the employee training statistics for FY2025:



# SUSTAINABILITY REPORT

## Notes:

- 1: Senior management refers to employees with designation of Assistant Manager and above (excluding general workers from production function).
- 2: Middle management refers to employees with designation of Executive and below (including general workers from production function).
- 3: Average number of training hours by male or female employees = Total number of training hours by male or female employees/total number of male or female employees.
- 4: Average number of training hours by production or administrative or technical function = Total number of training hours by production or administrative or technical function/total number of employees from production or administrative or technical function.
- 5: Average number of training hours by middle or senior management = Total number of training hours by middle or senior management/total number of employees from middle or senior management.

As part of Group's commitment to employee development, the Group has implemented a quarterly and yearly performance review system for LY Furniture and LY Unity respectively. This policy ensures that employees receive regular, structured feedback across key performance areas, including work quality, accountability, timeliness, collaboration, and critical thinking.

The review process serves as a developmental tool, helping employees identify growth opportunities, track progress, and align their performance with both personal career goals and organisational objectives. It reinforces a culture of continuous improvement and supports the Group's broader training and capability-building efforts.

In FY2025, 81.5% of our employees received a regular performance review.

## WORKPLACE HEALTH AND SAFETY

### Impact on the Group

At LY Furniture, safeguarding the well-being of our workforce is a top priority and a cornerstone of our operational philosophy. As a manufacturing company, we recognise the critical importance of maintaining a safe and healthy work environment which not only meets regulatory standards but also leads the industry in safety excellence. Our goal is simple yet profound: to ensure every employee returns home safely to their families each day. Through proactive safety policies, continuous risk assessments, and a culture of accountability, LY Furniture strives to set the benchmark for occupational health and safety in the manufacturing sector.

An efficient and effective workplace health and safety management system ensures that our employees will leave the Group without any adverse health effects regardless of the length of their stay. A reduced accident rate also assists the Group in becoming more efficient and strategising as it minimises any business disruptions that may occur due to a moderate or severe injury.

An ineffective workplace health and safety management system could result in severe injury or even death amongst our employee population. A high-profile safety breach could result in irreparable reputational damage for the Group, alongside fees or fines in the form of legal recourse. An unsafe and dangerous workplace is the antithesis to the Group's values, and it will do all it can to protect its workers safety and livelihood.

### Management Approach

At LY Furniture, the health and safety of our employees is a foundational priority and a key pillar of our operational excellence. To foster a culture of safety and accountability, the Group has implemented a comprehensive Occupational Safety and Health Policy ("OSH Policy"). The OSH Policy outlines clear responsibilities for both management and employees while the management tasks to ensure compliance with all relevant regulations, while employees undergo mandatory training on safe work practices.

To reinforce this commitment, LY Furniture has achieved ISO 45001:2018 certification, demonstrating our adherence to international standards in occupational health and safety management. Oversight of the OSH Policy is entrusted to a dedicated Safety, Health, and Environment ("SHE") Committee, comprising both management leaders and trained employee representatives from our factories and warehouses. This structure ensures that safety practices are consistently applied and continuously improved across all operations.

# SUSTAINABILITY REPORT

For a clearer view of our work related, the following model is employed for all work activities to facilitate the identification of work-related hazards that pose a risk of causing high-consequence injuries:



This model allows the Group to foster a proactive safety culture where employees are empowered to identify and report potential hazards without hesitation. As part of the fourth step in the hazard response framework, employees are authorised to remove themselves from tasks they deem unsafe. This is an important safeguard reinforced by the SHE Policy, which protects them from any form of reprisal.

To further strengthen workplace safety, the Group mandates the use of personal protective equipment (“PPE”) for relevant tasks and has installed machine covers to reduce noise levels and eliminate pinch hazards. These measures reflect LY Furniture’s commitment to leading the manufacturing industry in occupational health and safety, ensuring that every employee works in a secure environment and returns home safely to their families.

In FY2025, the breakdown of the injury rate, in comparison to the previous year, is as follows:

Indicator	Total Number and Rate <sup>9</sup>					
	FY2023		FY2024		FY2025	
	No.	Rate	No.	Rate	No.	Rate
Fatalities as a result of work-related injury	0	0	0	0	0	0
High-consequence work-related injuries <sup>1</sup>	0	0	0	0	0	0
Number of recordable work-related injuries <sup>2</sup> , excluding high-consequence work-related injuries	4	0.42	2	0.18	4	0.37
Number of hours worked	1,904,749		2,229,720		2,156,214	

#### Notes:

- High-consequence work-related injuries refers to work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six (6) months.
- Recordable work-related injuries refers to work-related injury or ill health that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.
- Number of hours worked is calculated as: Average number of employees during the year x number of hours worked a week x 52 weeks in a year

LY Furniture remains steadfast in its commitment to creating a safe and resilient workplace as part of its broader sustainability goals. While the Group strives for zero workplace injuries, it also proactively prepares for emergency situations to ensure the well-being of its employees. All factories and warehouses are equipped with first-aid rooms, staffed by trained first aiders and supported by Emergency Response Teams (“ERT”) capable of managing on-site incidents. For cases requiring advanced medical care, transportation is arranged to nearby clinics with specialised facilities.

<sup>9</sup> Rate of fatalities/high-consequence work-related injuries/Recordable work-related injuries was calculated by Number of fatalities/high-consequence/recordable as a result of work-related injury/Number of hours worked X 200,000.

# SUSTAINABILITY REPORT

To strengthen emergency preparedness, regular fire drills are conducted to familiarise employees with evacuation procedures and fire safety equipment. Additionally, all employees are covered by personal accident and life insurance and have access to a network of panel clinics for routine health check-ups and treatments.

These measures reflect LY Furniture’s holistic approach to occupational health and safety which seeks to ensure that every employee is protected, supported, and able to return home safely each day, while reinforcing the Group’s role as a responsible and sustainable manufacturer.

## MOVING FORWARD

LY Furniture is committed to developing a skilled, adaptable workforce through continuous training and professional growth. At the heart of this commitment is a strong focus on workplace safety. The Group aims to achieve zero major workplace incidents by fostering a safety-first culture, where every employee is empowered, informed, and protected.

Through robust safety policies, proactive risk management, and ongoing engagement, LY Furniture ensures its people can work confidently and return home safely each day. Beyond the workplace, the Group also continues to expand its community engagement efforts, reinforcing its role as a responsible and sustainability-driven organisation.

## GOVERNANCE

At the heart of the Group’s sustainability journey lies a steadfast commitment to ethical leadership and sound corporate governance. Both the Board and Management play a pivotal role in fostering a principled corporate culture that supports long-term value creation and organisational resilience.

The Group maintains a robust framework of internal controls and governance practices, aligned with the principles set out in the Code. These practices are not only designed to ensure compliance but also to embed sustainability into the Group’s strategic and operational decision-making processes.

By upholding high standards of integrity and accountability, the Group seeks to create enduring value for all stakeholders while cultivating a responsible and transparent business environment. Sustainability measures are implemented across all levels of the organisation, reinforcing the Group’s dedication to good governance as a cornerstone of its sustainability strategy.

The Board comprises a diverse and well-balanced team of directors, bringing together a wide range of skills, experiences, and perspectives. This diversity enables the Group to navigate complex challenges and pursue its long-term objectives with confidence and clarity. Further details on the composition and roles of the Board and Management can be found in the earlier sections of the 2025 Annual Report.

Description	Percentage (%)
<b>Board Independence</b> The number of independent board of directors as a percentage of all directors.	20.0
<b>Women on the Board</b> The number of female board directors as a percentage of all directors.	20.0

# SUSTAINABILITY REPORT

## CORPORATE GOVERNANCE

### Impact on the Group

At LY Corporation, strong corporate governance forms the foundation of our sustainable business practices. By fostering a culture of transparency, accountability, and ethical leadership, the Board and Management have enabled the Group to navigate complex challenges while maintaining stakeholder trust. Our adherence to the Code ensures that decision-making processes are guided by integrity and long-term value creation. This disciplined approach has not only strengthened internal controls and risk management but also enhanced investor confidence and operational resilience. As a result, LY Corporation continues to deliver consistent performance, uphold social responsibility, and contribute meaningfully to the broader sustainability agenda.

### Management Approach

LY Corporation adopts a proactive and structured approach to corporate governance, recognising its critical role in driving sustainable business performance. The Group's governance framework is closely aligned with the Code and is regularly reviewed to reflect the latest regulatory updates and industry best practices. To ensure effective oversight and accountability, the Board has established three key committees, the Nominating Committee ("NC"), Remuneration Committee ("RC"), and Audit and Risk Committee ("ARC") to maintain our high standards of corporate governance. These specialised committees support the Board in maintaining transparency, managing risks, and upholding ethical standards across the organisation. The table below highlights these key corporate committees:

 <p><b>Nominating Committee (NC)</b></p> <ul style="list-style-type: none"> <li>• Select and recommend board and executive candidates</li> <li>• Oversee board composition and succession planning</li> </ul>	 <p><b>Remuneration Committee (RC)</b></p> <ul style="list-style-type: none"> <li>• Set and review executive pay and incentives</li> <li>• Ensure fair and performance-linked compensation</li> </ul>	 <p><b>Audit and Risk Committee (ARC)</b></p> <ul style="list-style-type: none"> <li>• Monitor financial reporting and audits</li> <li>• Oversee internal controls and risk management</li> </ul>
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Through these initiatives, LY Corporation reinforces a culture of integrity and responsible leadership, which underpins its long-term sustainability strategy and stakeholder confidence.

## ETHICS, BRIBERY AND CORRUPTION

### Impact on the Group

At LY Corporation, ethical business conduct and a strong anti-corruption stance are central to our governance framework and sustainability values. By embedding integrity into every aspect of our operations, from procurement to partnerships, we foster a culture of trust and accountability. Our zero-tolerance approach to corruption, supported by clear policies and regular staff training, has enabled the Group to build and sustain long-term relationships with reputable suppliers, customers, and business partners. These ethical foundations not only safeguard the Group's reputation but also enhance our ability to collaborate with like-minded organisations that value transparency and responsible business practices. As a result, LY Corporation continues to strengthen its network of strategic alliances, driving mutual growth and reinforcing our position as a trusted partner in the global furniture industry.

# SUSTAINABILITY REPORT

A secure anti bribery and anti-corruption system provides a myriad of benefits to the Group. Chiefly, it ensures that our supply chains and operations remain compliant with ethical and environmental standards that the Group upholds. Additionally, the Group will be able to build strong, meaningful and lasting relationships its suppliers and competitors.

Failure to maintain a flawless track record of business ethics and anti-corruption could cause the Group to endure legal recourse, which could hinder its operations and affect the Group economically. Finally, a high-profile case of corruption or bribery could irreparably damage the Group's reputation, affecting its ability to continue operations and collaborate with business partners.

## Management Approach

LY Furniture places strong emphasis on integrity and ethical conduct as foundational pillars of its governance and sustainability strategy. Recognising that ethical behaviour is essential for maintaining brand credibility and achieving long-term strategic goals, the Group has adopted a strict zero-tolerance policy towards bribery, fraud, and corruption. This commitment is reflected in a comprehensive framework of internal controls and written policies, including those on Conflict of Interest, Whistleblowing, Employee Code of Conduct, and Anti-Bribery & Anti-Corruption. These policies are clearly communicated to all employees, with new hires receiving dedicated onboarding to ensure alignment with the Group's ethical standards.

To reinforce accountability, the Group requires annual declarations from employees and maintains a whistle-blowing channel that allows for confidential reporting of concerns directly to the Board. In FY2025, there were no reported cases of unethical, fraudulent, or corrupt behaviour, underscoring the effectiveness of these measures. Through this proactive approach, LY Corporation continues to foster a culture of transparency and responsibility, which supports stakeholder trust and sustainable business growth. The key components to our ethics strategy are outlined below:

### Conflict of Interest Policy

- Employees must not accept gifts, entertainment or favours that may influence one's objectivity in exercising judgment on behalf of the Company
- Potential scenarios where interests may be conflicted
- Reporting procedures if conflicts of interests arise

### Whistle-blowing Policy

- Guidelines for employees to raise concerns of malpractice or any suspicion of fraudulent or inappropriate activities within the Group to the Investigation Committee ("IC")
- Escalation process to IC or where appropriate or required, to relevant government authorities for further investigation or action
- Procedures in place to protect anonymity of whistle-blowers and notifying them of the outcome

### Employee Code of Conduct

- Contains a comprehensive list of examples of employee misconduct
- Misconduct includes violation of safety rules, forgery, theft, sexual harassment and sleeping on the job
- Code of Conduct is easily accessible by all employees through the Group's shared drive

### Anti-Bribery & Anti-Corruption Policy

- Iteration that the Group is committed to conduct its business dealings with integrity and has a zero-tolerance approach against all form of bribery and corruption
- Guidelines to identify potential and corruption risks that may affect the Group
- Guidelines towards Conflict of Interest, Gifts, Entertainment, Corporate Hospitality and Travel, Dealing with Public Officials, and Corporate Social Responsibility and Donations
- Iteration that facilitation payments are strictly prohibited and the guidelines for employees should they encounter any request for facilitation payments

# SUSTAINABILITY REPORT

The Group's commitment to ethical conduct is reflected not only in its policies but also in its continuous efforts to embed these values into daily operations. As outlined in the preceding table, the Group has strengthened its internal framework to ensure that all employees are well-versed in the Employee Code of Conduct. This begins at onboarding, where new hires are introduced to the Employee Code of Conduct, and continues through regular refresher training sessions aimed at reinforcing ethical standards. Upholding integrity is a non-negotiable expectation across all levels of the organisation. Employees who engage in misconduct or fail to meet performance standards may face disciplinary action, including termination. These measures underscore the Group's proactive stance in cultivating a responsible and principled workforce.

In FY2025, there were no instances of employee misconduct leading to dismissal.

## REGULATORY COMPLIANCE

### Impact on the Group

Regulatory compliance is a cornerstone of LY Corporation's operational integrity and long-term sustainability. The Group recognises that adherence to relevant laws and industry standards is not merely a legal obligation, but a strategic imperative that safeguards its reputation, financial stability, and stakeholder trust. In the furniture sector, non-compliance can result in severe consequences, including but not limited to, fines, forced product recalls, and reputational damage.

A strong regulatory compliance framework ensures that the Group remains accountable to initiatives and values that it wishes to uphold. By ensuring that the Group remains accountable to both its values and relevant laws and regulations, the Group can enable its employees to excel as operations can continue smoothly.

Conversely, an inefficient regulatory compliance framework could potentially cause the Group to run afoot with relevant laws and regulations. These regulatory infractions could potentially lead to business disruptions as investigations are carried out. Additionally, an overhaul of the Group's compliance management framework, should it be insufficient, would result in higher costs to the Group.

### Management Approach

Regulatory compliance is fundamental to LY Corporation's responsible business conduct and long-term sustainability. Failure to comply with applicable laws and regulations can result in legal and financial repercussions, as well as reputational harm. As such, the Group has implemented rigorous internal policies and procedures to ensure full alignment with Malaysia's labour laws and international human rights standards.

In particular, the Group has taken proactive steps to ensure its labour practices reflect both legal requirements and ethical expectations. LY Corporation's policies explicitly prohibit discrimination, child labour, and forced labour across all operations and business activities. These commitments are embedded in the Group's employment practices and are reinforced through regular training and clear Employee Code of Conduct.

By establishing well-defined labour standards, the Group demonstrates its dedication to socially responsible behaviour and the protection of human rights. The Group promotes equality, fairness, and dignity in the workplace, aligning with key legislation such as the Employment Acts (of Singapore and Malaysia), Workplace Fairness Act (of Singapore), and international conventions on labour rights. These efforts not only safeguard the welfare of employees but also strengthen the Group's reputation as a trusted and ethical partner in the global marketplace.

# SUSTAINABILITY REPORT

The following table outlines the key laws, rules, and regulations that guide the Group's labour and human rights compliance framework:

<b>Ministry of International Trade and Industry</b>
<ul style="list-style-type: none"> <li>Industrial Co-ordination Act (1975)</li> </ul>
<b>Department of Occupational Safety and Health</b>
<ul style="list-style-type: none"> <li>Factories and Machinery Act (1967)</li> </ul>
<b>Ministry of Human Resource</b>
<ul style="list-style-type: none"> <li>Employment Act (1955)</li> </ul>
<b>Department of Environment</b>
<ul style="list-style-type: none"> <li>Environmental Quality Act (1974)</li> </ul>
<b>Personal Data Protection</b>
<ul style="list-style-type: none"> <li>Malaysia Personal Data Protection Act (2010)</li> <li>Singapore Personal Data Protection Act (2012)</li> </ul>
<b>Singapore Exchange Limited</b>
<ul style="list-style-type: none"> <li>SGX-ST Catalist Rules</li> </ul>
<b>Monetary Authority of Singapore</b>
<ul style="list-style-type: none"> <li>Code of Corporate Governance 2018</li> </ul>
<b>Singapore Companies Act 1967</b>
<b>Malaysia Companies Act 2016</b>
<b>Malaysia Timber Industry Board</b>
<ul style="list-style-type: none"> <li>Malaysian Timber Industry Board (Incorporation) Act (1973)</li> <li>Timber Industrialisation Methods (Registration) (1991)</li> </ul>

In FY2025, a total of RM16,627 were lost due to fines regarding the following non-compliance issues. These fines were related to traffic penalties and absconding foreign workers. The Group has launched an investigation into all its incidents and is looking into ways to reduce such incidents as much as possible going forward.

## MOVING FORWARD

LY Corporation places strong emphasis on cultivating a resilient corporate governance culture and ensuring full compliance with all applicable laws, regulations, and standards across the regions in which it operates. This commitment reflects the Group's dedication to ethical business conduct, transparency, and accountability. Beyond fulfilling legal obligations, the Group views regulatory compliance as a strategic enabler of trust, operational excellence, and long-term sustainability. By consistently upholding these standards, the Group reinforces its reputation as a responsible and conscientious organisation, trusted by stakeholders and partners alike.

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

<b>Statement of use</b>	LY Corporation Limited has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI Standard	Disclosure Number & Title	Section Reference
GRI 2: General Disclosures 2021	2-1 Organisational details	Annual Report 2025: Corporate Profile, pages 1 and 10
	2-2 Entities included in the organisation's sustainability reporting	Sustainability Report: About this Report, page 14
	2-3 Reporting period, frequency and contact point	Sustainability Report: About this Report – Scope of Report, page 14
	2-4 Restatements of information	Sustainability Report: Economic – Economic Agility, page 25
	2-5 External assurance	LY Corporation has not sought external assurance for this reporting period, and may consider it in the future.
	2-6 Activities, value chain and other business relationships	Annual Report 2025: Corporate Profile, pages 1 and 10 Annual Report 2025: Message to Shareholders, pages 2 to 3
	2-7 Employees	Sustainability Report: Social – Employees' Profile, pages 41 to 43
	2-8 Workers who are not employees	There were no workers who are not employees.
	2-9 Governance structure and composition	Annual Report 2025: Corporate Governance Report, pages 57 to 93 Sustainability Report: Sustainability Steering Committee, pages 17 to 18
	2-10 Nomination and selection of the highest governance body	Annual Report 2025: Corporate Governance Report, pages 57 to 93
	2-11 Chair of the highest governance body	Annual Report 2025: Corporate Governance Report, pages 57 to 93
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Report: Sustainability Steering Committee, pages 17 to 18
	2-13 Delegation of responsibility for managing impacts	Annual Report 2025: Corporate Governance Report, pages 57 to 93 Sustainability Report: Sustainability Steering Committee, pages 17 to 18
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Report: Sustainability Steering Committee, pages 17 to 18
	2-15 Conflicts of interest	Annual Report 2025: Corporate Governance Report, pages 57 to 93 Sustainability Report: Governance – Ethics, Bribery and Corruption, pages 48 to 50
	2-16 Communication of critical concerns	Sustainability Report: Governance – Ethics, Bribery and Corruption, pages 48 to 50

# SUSTAINABILITY REPORT

GRI Standard	Disclosure Number & Title	Section Reference
	2-17 Collective knowledge of the highest governance body	This covers confidential information of LY Corporation's board meetings and are not to be disclosed due to confidentiality reasons.
	2-18 Evaluation of the performance of the highest governance body	Annual Report 2025: Corporate Governance Report, pages 57 to 93 Sustainability Report: Sustainability Steering Committee, pages 17 to 18
	2-19 Remuneration policies	Annual Report: Corporate Governance Report, pages 57 to 93
	2-20 Process to determine remuneration	Annual Report: Corporate Governance Report, pages 57 to 93
	2-21 Annual total compensation ratio	This covers confidential information and are not to be disclosed due to confidentiality reasons.
	2-22 Statement on sustainable development strategy	Sustainability Report: Sustainability Steering Committee, pages 17 to 18
	2-23 Policy commitments	Annual Report 2025: Corporate Governance Report, pages 57 to 93 Sustainability Report: <ul style="list-style-type: none"> <li>• Governance – Ethics, Bribery and Corruption, pages 48 to 50</li> <li>• Governance – Regulatory Compliance, pages 50 to 51</li> </ul>
	2-24 Embedding policy commitments	Annual Report 2025: Corporate Governance Report, pages 57 to 93 Sustainability Report: <ul style="list-style-type: none"> <li>• Governance – Ethics, Bribery and Corruption, pages 48 to 50</li> <li>• Governance – Regulatory Compliance, pages 50 to 51</li> </ul>
	2-25 Processes to remediate negative impacts	Sustainability Report: Governance – Ethics, Bribery and Corruption, pages 48 to 50
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability Report: Governance – Ethics, Bribery and Corruption, pages 48 to 50
	2-27 Compliance with laws and regulations	Annual Report 2025: Corporate Governance Report, pages 57 to 93 Sustainability Report: <ul style="list-style-type: none"> <li>• Governance – Ethics, Bribery and Corruption, pages 48 to 50</li> <li>• Governance – Regulatory Compliance, pages 50 to 51</li> </ul>
	2-28 Membership associations	Currently, the Group does not hold significant roles in any membership associations.
	2-29 Approach to stakeholder engagement	Sustainability Report: Stakeholder Engagement, pages 19 to 20
	2-30 Collective bargaining agreements	There are no collective bargaining agreements in place.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Report: Materiality Assessment, pages 21 to 24
	3-2 List of material topics	

# SUSTAINABILITY REPORT

GRI Standard	Disclosure Number & Title	Section Reference
<b>Topic-specific disclosure</b>		
<b>Economic Agility GRI 3: Material Topics 2021/GRI 201: Economic Performance 2016</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Economic Agility, page 25
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Sustainability Report: Economic Agility, page 25
	201-2 Financial implications and other risks and opportunities due to climate change	Sustainability Report: Climate Report, pages 28 to 33
<b>Ethics, Bribery and Corruption GRI 3: Material Topics 2021/GRI 205: Anti-Corruption 2016</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Ethics, Bribery, and Corruption, pages 48 to 50
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Sustainability Report: Ethics, Bribery and Corruption, pages 48 to 50
	205-3 Confirmed incidents of corruption and actions taken	
<b>Energy Use GRI 3: Material Topics 2021/GRI 302: Energy 2016</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Energy Usage, page 36
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Sustainability Report: • Greenhouse Gas Emissions, pages 34 to 35 • Energy Usage, page 36
	302-3 Energy intensity	
	302-4 Reduction of energy consumption	
<b>Water Consumption GRI 3: Material Topics 2021/GRI 303: Water and Effluents 2018</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Water Consumption, page 37
GRI 303: Water and Effluents 2018	303-5 Water consumption	Sustainability Report: Water Consumption, page 37
<b>Climate Change GRI 3: Material Topics 2021/GRI 305: Emissions 2016</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Climate Changes, pages 28 to 34
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability Report: Greenhouse Gas Emissions, pages 34 to 35
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-4 GHG emissions intensity	
	305-5 Reduction of GHG emissions	

# SUSTAINABILITY REPORT

GRI Standard	Disclosure Number & Title	Section Reference
<b>Waste Management GRI 3: Material Topics 2021/GRI 306: Waste 2020</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Waste Management, pages 37 to 39
GRI 306: Waste 2020	306-3 Waste generated	Sustainability Report: Waste Management, pages 37 to 39
	306-4 Waste diverted from disposal	
	306-5 Waste diverted to disposal	
<b>Talent Attraction and Retention GRI 3: Material Topics 2021/GRI 401: Employment 2016</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Talent Attraction and Retention, page 40
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability Report: Talent Attraction and Retention, pages 40 to 43
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
<b>Workplace Health and Safety GRI 3: Material Topics 2021/GRI 403: Occupational Health and Safety 2018</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Workplace Health and Safety, pages 45 to 47
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Sustainability Report: Workplace Health and Safety, pages 45 to 47
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	
	403-9 Work-related injuries	
	403-10 Work-related ill health	
<b>Training and Development GRI 3: Material Topics 2021/GRI 404: Training and Education 2016</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Training and Development, pages 44 to 45
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability Report: Training and Development, pages 43 to 45
	404-2 Programmes for upgrading employee skills and transition assistance programs	
	404-3 Percentage of employees receiving regular performance and career development reviews	

# SUSTAINABILITY REPORT

GRI Standard	Disclosure Number & Title	Section Reference
<b>Regulatory Compliance GRI 3: Material Topics 2021/GRI 406: Non-discrimination 2016/GRI 408: Child Labour 2016/GRI 409: Forced or Compulsory Labour 2016</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Regulatory Compliance, pages 50 to 51
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Sustainability Report: Talent Attraction and Retention, page 40
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Sustainability Report: Regulatory Compliance, pages 50 to 51
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Sustainability Report: Regulatory Compliance, pages 50 to 51

# CORPORATE GOVERNANCE REPORT

## DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2018 AND THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) LISTING MANUAL SECTION B: RULES OF CATALIST

The Board of Directors (the “**Board**”) of LY Corporation Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) are committed to maintaining high standards of corporate governance and places importance on maintaining sound internal controls and systems so as to ensure greater transparency, accountability and protect and enhance shareholders’ interests.

This report outlines the Company’s corporate governance practices for financial year ended 31 December 2025 (“**FY2025**”) with specific reference to principles of the Code of Corporate Governance 2018 (the “**Code**”). The Company is also guided by the voluntary Practice Guidance which was issued to complement the Code and which sets out best practice standards for companies. Where there are deviations from the provisions of the Code, appropriate explanations are provided in this Report.

Principle	Code Description	Company’s compliance or explanation																								
<b>BOARD MATTERS</b>																										
<b>The Board’s Conduct of Affairs</b>																										
1	The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.	<p>The Board sets the direction and goals of the Group and oversees the implementation of the strategies by the Management in achieving the goals. The Board acts in good faith and exercise independent judgement in the best interests of shareholders. The Board is collectively responsible for the long-term success of the Group and its value creation, and exercises close oversight over key areas including but not limited to effective implementation of strategies, efficient achievement of goals as well as high standard of corporate governance. A code of conduct and ethics has also been put in place by the Board to ensure proper accountability within the Company. The Board has clear policies and procedures for dealing with conflicts of interests. Where a Director faces conflict of interest which is likely to impact his or her independence or conflict with a subject under discussion by the Board, he or she is required to immediately declare his or her interest to the Board and recuse himself or herself from discussions and decisions involving the issues of conflict. On an annual basis, each director is also required to submit details of his/her associates for the purpose of monitoring interested person transactions.</p> <p>As at the date of this Annual Report, the Board has five Directors as follows:</p> <table border="1"> <thead> <tr> <th>Name of Directors</th> <th>Designation</th> <th>Date appointed</th> <th>Date last re-elected</th> </tr> </thead> <tbody> <tr> <td>Yeo Kian Wee Andy</td> <td>Chairman, Independent Non-Executive Director</td> <td>20 December 2017</td> <td>29 April 2024</td> </tr> <tr> <td>Tan Kwee Chai</td> <td>Executive Director</td> <td>20 December 2017</td> <td>29 April 2025</td> </tr> <tr> <td>Tan Yong Chuan</td> <td>Executive Director and Chief Executive Officer (“<b>CEO</b>”)</td> <td>24 October 2016</td> <td>29 April 2024</td> </tr> <tr> <td>Tan Ai Luang</td> <td>Executive Director</td> <td>20 December 2017</td> <td>28 April 2023</td> </tr> <tr> <td>Datuk Yap Kheng Fah</td> <td>Non-Independent Non-Executive Director</td> <td>1 January 2022</td> <td>29 April 2025</td> </tr> </tbody> </table>	Name of Directors	Designation	Date appointed	Date last re-elected	Yeo Kian Wee Andy	Chairman, Independent Non-Executive Director	20 December 2017	29 April 2024	Tan Kwee Chai	Executive Director	20 December 2017	29 April 2025	Tan Yong Chuan	Executive Director and Chief Executive Officer (“ <b>CEO</b> ”)	24 October 2016	29 April 2024	Tan Ai Luang	Executive Director	20 December 2017	28 April 2023	Datuk Yap Kheng Fah	Non-Independent Non-Executive Director	1 January 2022	29 April 2025
Name of Directors	Designation	Date appointed	Date last re-elected																							
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# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation												
		<p>The Board's principal functions include, <i>inter alia</i>, the following:</p> <ul style="list-style-type: none"> <li>• providing entrepreneurial leadership, setting strategic objectives;</li> <li>• reviewing and monitoring Management's performance toward achieving organisational goals, establishing a framework of prudent and effective controls which enables risk to be assessed and managed;</li> <li>• identifying key stakeholder groups and recognise their perceptions affecting the Company's reputation;</li> <li>• overseeing succession planning for management, setting corporate values and standards for the Group to ensure that the obligations to shareholders and other stakeholders are understood and met, considering sustainability issues including environmental and social factors in the Group's strategic formulation;</li> <li>• reviewing financial plans for investments/ divestments; and</li> <li>• ensuring the communication with shareholders are timely, accurate and adequate.</li> </ul> <p>All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.</p> <p>The Board has delegated certain functions to the various committees, namely the Audit and Risk Committee ("<b>ARC</b>"), Nominating Committee ("<b>NC</b>") and the Remuneration Committee ("<b>RC</b>") (collectively, the "<b>Board Committees</b>"). Each of the Board Committee has its own written terms of reference and whose actions are reported to and monitored by the Board. The duties, authorities and responsibilities of each Board Committee are set out in their respective terms of reference. The Board accepts that, while these Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board. A summary of each committee's activities, are disclosed in this Annual Report.</p> <p>As at the date of this Annual Report, the respective compositions of the Board Committees are as follows:</p> <table border="1" data-bbox="584 1585 1430 1727"> <thead> <tr> <th></th> <th>ARC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Yeo Kian Wee Andy</td> <td>Yeo Kian Wee Andy</td> <td>Yeo Kian Wee Andy</td> </tr> <tr> <td>Member</td> <td>Datuk Yap Kheng Fah</td> <td>Tan Yong Chuan</td> <td>Datuk Yap Kheng Fah</td> </tr> </tbody> </table> <p>The dates of Board and Board Committee meetings are scheduled in advance. To assist Directors in planning their attendance, the Company Secretary will first consult every Director before fixing the dates of these meetings. The Board will meet at least four (4) times a year and as warranted by particular circumstances. Ad-hoc meetings will also be convened to deliberate on urgent substantive matters. The Company's constitution ("<b>Constitution</b>") provides for the Board to convene meetings via telephone conferencing and electronic means in the event when Directors were unable to attend meetings in person. To enable members of the Board and its Board Committees to prepare for the meetings, agendas were circulated at least a week in advance and most materials dispatched a few days before the meetings. During FY2025, the Board conducted five (5) meetings with full attendance.</p>		ARC	NC	RC	Chairman	Yeo Kian Wee Andy	Yeo Kian Wee Andy	Yeo Kian Wee Andy	Member	Datuk Yap Kheng Fah	Tan Yong Chuan	Datuk Yap Kheng Fah
	ARC	NC	RC											
Chairman	Yeo Kian Wee Andy	Yeo Kian Wee Andy	Yeo Kian Wee Andy											
Member	Datuk Yap Kheng Fah	Tan Yong Chuan	Datuk Yap Kheng Fah											

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation																																																																															
		<p>The Board notes that the current composition of the Board and Board Committees does not fully comply with the recommendations of the Singapore Code of Corporate Governance. In particular, the Board currently comprises one (1) independent director out of a total of five (5) directors, which is below the recommended proportion of independent directors to ensure strong and independent oversight and to avoid undue concentration of power. Certain Board Committees do not meet the recommended minimum of three (3) members, and the ARC does not presently comprise majority of independent directors, as recommended under the Code.</p> <p>These deviations are mainly attributable to recent changes in the Board composition, following the resignation of an Independent Director who had served as Chairman of the ARC and NC, as well as a member of the RC, with effect from 31 March 2026. However, Choo Chee Beng, during FY2025, attended all Board and Committee meetings, providing continuity and independent oversight. The Company is actively in the process of identifying and appointing additional independent directors to strengthen the independence element on the Board, enhance the effectiveness of Board Committees, and ensure an appropriate balance of skills, experience and independence. The Board will also review and reconstitute the Board Committees accordingly, including ensuring that each Board Committee comprises at least three (3) members, that the ARC is made up majority of independent directors and that the NC and RC are each chaired by an independent director, in line with the Code.</p> <p>In the interim, the Board, with the support of the NC, will continue to review the size and composition of the Board and Board Committees, taking into account the scope and nature of the Company's operations, and will ensure that appropriate checks and balances are maintained, including active participation and objective judgment exercised by the existing Independent Director, so as to safeguard the interests of the Company and its shareholders.</p> <p>The details of the number of meetings held for the Board and Board Committees during FY2025 and the attendance of each Director at those meetings are disclosed below:</p> <table border="1"> <thead> <tr> <th rowspan="3">Name of Directors</th> <th colspan="2">Board of Directors</th> <th colspan="2">ARC</th> <th colspan="2">NC</th> <th colspan="2">RC</th> </tr> <tr> <th colspan="2">No. of meeting</th> <th colspan="2">No. of meeting</th> <th colspan="2">No. of meeting</th> <th colspan="2">No. of meeting</th> </tr> <tr> <th>Held</th> <th>Attended</th> <th>Held</th> <th>Attended</th> <th>Held</th> <th>Attended</th> <th>Held</th> <th>Attended</th> </tr> </thead> <tbody> <tr> <td>Yeo Kian Wee Andy<sup>(1)</sup></td> <td>5</td> <td>5</td> <td>6</td> <td>6</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>Tan Kwee Chai</td> <td>5</td> <td>5</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Tan Yong Chuan</td> <td>5</td> <td>5</td> <td>-</td> <td>-</td> <td>1</td> <td>1</td> <td>-</td> <td>-</td> </tr> <tr> <td>Tan Ai Luang</td> <td>5</td> <td>5</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Datuk Yap Kheng Fah</td> <td>5</td> <td>5</td> <td>6</td> <td>6</td> <td>-</td> <td>-</td> <td>1</td> <td>1</td> </tr> <tr> <td>Choo Chee Beng<sup>(2)</sup></td> <td>5</td> <td>5</td> <td>6</td> <td>6</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> </tr> </tbody> </table> <p><i>Notes:</i></p> <p>(1) Yeo Kian Wee Andy was redesignated as the Chairman of the ARC and NC on 31 March 2026.</p> <p>(2) Choo Chee Beng resigned as Chairman of the ARC, Chairman of the NC and a Member of the RC on 31 March 2026.</p>	Name of Directors	Board of Directors		ARC		NC		RC		No. of meeting		No. of meeting		No. of meeting		No. of meeting		Held	Attended	Held	Attended	Held	Attended	Held	Attended	Yeo Kian Wee Andy <sup>(1)</sup>	5	5	6	6	1	1	1	1	Tan Kwee Chai	5	5	-	-	-	-	-	-	Tan Yong Chuan	5	5	-	-	1	1	-	-	Tan Ai Luang	5	5	-	-	-	-	-	-	Datuk Yap Kheng Fah	5	5	6	6	-	-	1	1	Choo Chee Beng <sup>(2)</sup>	5	5	6	6	1	1	1	1
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Tan Ai Luang	5	5	-	-	-	-	-	-																																																																									
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# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		<p>The matters which specifically require the Board's approval or guidance are those involving:</p> <ul style="list-style-type: none"> <li>• strategies and objectives of the Group;</li> <li>• material acquisition and disposal of assets/investments;</li> <li>• corporate/financial restructuring and corporate exercises;</li> <li>• budgets/forecasts and business plan;</li> <li>• financial results announcements, annual report and audited financial statements;</li> <li>• policies &amp; procedures, delegation of authority matrix, code of conduct &amp; business ethics; and</li> <li>• material financial/funding arrangements and capital expenditures.</li> </ul> <p>All newly appointed Directors will undergo an orientation programme where the Directors would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To obtain a better understanding of the Group's business, the Directors will also be given the opportunity to visit the Group's operational sites and meet with key management personnel. A new Director who has no prior experience as a director of an issuer listed on the SGX-ST must also undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST.</p> <p>Formal letters of appointment will be provided to newly-appointed Directors, upon their appointments, outlining their roles, obligations, duties and responsibilities as members of the Board. The Company will conduct orientation programme for new director providing extensive background information about the Group's structure, core values, strategic direction and businesses to enable him to assimilate into his new role and get acquainted with the Management, thereby facilitating Board interaction and independent access to the Management. During the financial year, Choo Chee Beng was provided with relevant information to familiarise himself with the Company's background and Group structure. Following his resignation from the Board, the Company is currently in the process of identifying and appointing suitable candidates to strengthen the Board composition. Upon appointment, the newly appointed Director will undergo appropriate induction and training programmes in accordance with the requirements of the SGX-ST.</p> <p>The Company will ensure that any newly-appointed Director who does not have prior experience as a director of a listed company in Singapore will attend the relevant training courses as prescribed by the SGX-ST within one (1) year from the date of his or her appointment. Such training programmes are intended to familiarise Directors with their roles and responsibilities as members of the Board of a listed company in Singapore.</p>

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		<p>During their appointments, Directors are provided with opportunities to develop and maintain their skills and knowledge so that they are able to perform their duties to the best of their abilities. The Company will bear the expense of such training and development. From time to time, the Directors will be briefed during meetings or by circulation of board papers of changes to regulations, policies, accounting standards, SGX-ST continuing listing obligations and other relevant matters. During the year, the Independent Auditors, CLA Global TS Public Accounting Corporation ("<b>Independent Auditors</b>"), briefed the ARC on changes or amendments to accounting standards. The Company has also arranged and funded certain relevant training courses for Directors to keep them up-to-date. The Directors are also encouraged to read and actively engage in informal discussions on subjects which are relevant to the Group's business.</p> <p>The incoming directors are required to disclose information pursuant to Catalyst Rule 704(6) to understand if the directors with a history of irregularities or is or was under investigation by regulators. If such circumstances arises, the NC will seek clarity on the director's involvement in those matters. Additionally, the Company Secretary will also conduct due diligence, including background checks, on the incoming director to ensure they are fit and proper for the role.</p> <p>All Directors are required to declare their Board Representations. The NC has set guidelines on the maximum number of Board appointments in listed companies that Directors can hold to ensure that the Directors are able to commit their time to effectively discharge their responsibilities. As a guide, Independent Directors are expected to serve on no more than four listed company Boards. The NC is satisfied that the Directors have devoted adequate time and attention to the affairs of the Company during FY2025.</p> <p>The Directors have committed considerable time towards the Board and Board Committee meetings held during FY2025 and have adjusted their schedules to ensure active participation in the deliberation of matters. The NC is of the view that the Directors have discharged their duties and responsibilities effectively. Following recent changes in the Board composition, the Company is in the process of identifying suitable candidates to strengthen the Board, and will continue to ensure that incoming Directors are able to commit sufficient time to the Company.</p> <p>Management recognises the importance of ensuring the flow of complete, adequate and timely information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. To allow Directors sufficient time to prepare for the meetings, all Board and Board Committee papers are distributed to the Directors in advance of the meetings. Any additional material or information requested by the Directors is promptly furnished.</p>

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		<p>Management papers are circulated to the Board every quarter to keep the Board updated on the key matters concerning the Group. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings. In order to keep Directors abreast of the Group's operations, the Directors are also updated on material initiatives and developments on the Group's business as soon as practicable and/or possible and on an on-going basis.</p> <p>The types of information provided by the Group to the Independent Non-Executive Directors to enable them to understand its business, the business and financial environment and the risks faced by the Group, together with its frequency, include the following:</p> <table border="1" data-bbox="584 916 1433 1518"> <thead> <tr> <th></th> <th>Information</th> <th>Frequency</th> </tr> </thead> <tbody> <tr> <td>(a)</td> <td>Updates to the Group's operations and the markets in which the Group operates in</td> <td>Quarterly</td> </tr> <tr> <td>(b)</td> <td>Quarterly and full year financial results</td> <td>Quarterly</td> </tr> <tr> <td>(c)</td> <td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td> <td>As and when relevant</td> </tr> <tr> <td>(d)</td> <td>Report on on-going or planned corporate activity</td> <td>As and when relevant</td> </tr> <tr> <td>(e)</td> <td>Enterprise risk management framework, reports and Internal Auditors' report</td> <td>As and when available</td> </tr> <tr> <td>(f)</td> <td>Independent Auditors' report</td> <td>As and when available</td> </tr> <tr> <td>(g)</td> <td>Sustainability report</td> <td>As and when available</td> </tr> <tr> <td>(h)</td> <td>Research report(s)</td> <td>As and when requested</td> </tr> <tr> <td>(i)</td> <td>Shareholding statistics</td> <td>As and when requested</td> </tr> </tbody> </table> <p>Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</p> <p>The Board is supported by accurate, complete and timely information, and has unrestricted access to Management. Management places a high priority on providing timely and accurate information to the Board on an on-going basis, in order for the Directors to discharge their duties efficiently and effectively. Board members receive quarterly management reports pertaining to the operational and financial performance of the Company, including updates on the Company's financials, cash flow positions and forecasts.</p>		Information	Frequency	(a)	Updates to the Group's operations and the markets in which the Group operates in	Quarterly	(b)	Quarterly and full year financial results	Quarterly	(c)	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	As and when relevant	(d)	Report on on-going or planned corporate activity	As and when relevant	(e)	Enterprise risk management framework, reports and Internal Auditors' report	As and when available	(f)	Independent Auditors' report	As and when available	(g)	Sustainability report	As and when available	(h)	Research report(s)	As and when requested	(i)	Shareholding statistics	As and when requested
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		<p>Additionally, all Directors have separate and independent access to the Company Secretary. The Company Secretary, or her representatives, will attend all the Board and Board Committee meetings and is responsible to ensure that the Board procedures are followed and that information flows well between the Board and the Board Committees and between the Management and Independent Non-Executive Directors. It is the Company Secretary's responsibility to ensure that the Company complies with requirements of all applicable rules and regulations, including requirements of the Securities and Futures Act 2001 of Singapore, Constitution, Companies Act 1967 of Singapore and the Catalist Rules. The Company Secretary is also responsible for ensuring the Board procedures are followed and complied and advises the Board on all governance matters. The appointment and removal of the Company Secretary is a matter for the Board as a whole.</p> <p>If any of the Directors require independent professional advice either individually or as a Board in the furtherance of their duties within the Group, the cost of such professional advice will be borne by the Company. The Company will also arrange for relevant training programmes, including sustainability-related training, for Directors to ensure that they remain updated on regulatory developments and best practices. Following recent changes in the Board composition, such training programmes will be arranged for newly-appointed Directors in due course.</p>																														
<b>Board Composition and Guidance</b>																																
2	The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.	<p>The Board currently comprises five (5) Directors, including Executive and Non-Executive Directors, providing a mix of business, management and industry experience to facilitate effective decision-making for the Company and the Group. The current composition of the Board and the membership of each Director on the Board Committees are set out below.</p> <table border="1"> <thead> <tr> <th>Name of Directors</th> <th>Board Membership</th> <th>ARC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>Yeo Kian Wee Andy</td> <td>Independent Non-Executive Director (Chairman)</td> <td>Chairman</td> <td>Chairman</td> <td>Chairman</td> </tr> <tr> <td>Tan Kwee Chai</td> <td>Executive Director</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Tan Yong Chuan</td> <td>Executive Director and CEO</td> <td>-</td> <td>Member</td> <td>-</td> </tr> <tr> <td>Tan Ai Luang</td> <td>Executive Director</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Datuk Yap Kheng Fah</td> <td>Non-Independent Non-Executive Director</td> <td>Member</td> <td>-</td> <td>Member</td> </tr> </tbody> </table> <p>Note: "-" denotes that the Director is not a member of the respective Board Committee.</p>	Name of Directors	Board Membership	ARC	NC	RC	Yeo Kian Wee Andy	Independent Non-Executive Director (Chairman)	Chairman	Chairman	Chairman	Tan Kwee Chai	Executive Director	-	-	-	Tan Yong Chuan	Executive Director and CEO	-	Member	-	Tan Ai Luang	Executive Director	-	-	-	Datuk Yap Kheng Fah	Non-Independent Non-Executive Director	Member	-	Member
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# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		<p>Following recent changes in the Board composition, including the resignation of Choo Chee Beng, which took effect on 31 March 2026, the Board presently has one (1) Independent Non-Executive Director. As such, the Company does not currently meet the recommendations under the Code, in particular Provisions 2.2 and 2.3, which require a higher proportion of independent directors on the Board to ensure strong and independent oversight.</p> <p>The NC had reviewed and the Independent Non-Executive Directors had confirmed their independence during the NC meeting held on 25 February 2026. Subsequent to this review, Choo Chee Beng resigned from the Board in view of his increased work commitments and other professional responsibilities. As at the date of this report, the remaining Independent Non-Executive Director, Yeo Kian Wee Andy, is approaching nine (9) years of service on the Board. The NC and the Board are actively reviewing his tenure and independence in accordance with the Code to ensure continued compliance.</p> <p>Provision 2.3 of the Code requires non-executive directors to make up a majority of the Board. The Board currently comprises one (1) Independent Non-Executive Director out of five (5) Directors and therefore does not meet the recommended proportion. In addition, the Board Committees do not currently meet the recommended composition, including the requirement for committees to be appropriately constituted and chaired by Independent Directors.</p> <p>Notwithstanding the above, during the year under review, the Board believes that there remains a balance of power and authority amongst the Board members, with no undue concentration of power or influence. The Independent Non-Executive Director is considered independent of Management and is free from any relationships that could materially interfere with the exercise of his independent judgement. The Board also benefits from the collective experience, skills and knowledge of its members, which contribute to effective decision-making and oversight of the Group.</p> <p>The Company is actively in the process of identifying and appointing additional Independent Directors to strengthen the independence of the Board and to reconstitute the Board Committees in line with the recommendations of the Code.</p> <p>The NC is responsible for reviewing and examining the size and composition of the Board and Board Committees, including the tenure and independence of directors, and will continue to assess the Board structure and make recommendations for improvement where appropriate.</p> <p>The NC is responsible for examining the size and composition of the Board and Board Committees.</p>

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation																					
		<p>The Company's Board Diversity Policy endorses the principle that the Board should have an appropriate mix of skills, knowledge and experience required to effectively oversee and support the management of the Company. Selection of candidates will be based on a range of diversity perspectives, including the balance of skills, knowledge, experience, age and gender. The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board comprises members from different backgrounds and whose core competencies, qualifications, skills and experiences are extensive and other aspects such as gender and age. During the NC meeting held on 25 February 2026, the NC having reviewed and considered the composition and diversity of the Board and its committees, the NC has determined that the current Board size and structure is adequate for the existing business operations of the Company.</p> <p>To assist the NC in its annual review of the Directors' mix of skills and experiences that the Board requires to function competently and efficiently, the Directors have completed their Board of Director's Skills Set and Competency Matrix Form and provide additional information (if any) in their respective areas of specialisation and expertise.</p> <p>The NC had conducted its reviews, and was satisfied that members of the Board possess the relevant core competencies in areas such as accounting and finance, legal environment, business and management experience, and strategic planning. In particular, the Executive Directors possess good industry knowledge while the Independent Non-Executive Directors, who are mostly professionals in their own fields, are able to take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgment during Board deliberations.</p> <p>Prior to the recent change on the Board of Directors on 31 March 2026, the Board composition provides a diversity of skills, experience and knowledge to the Company as follows:</p> <table border="1" data-bbox="584 1489 1428 1917"> <thead> <tr> <th data-bbox="584 1489 943 1570">Core Competencies</th> <th data-bbox="943 1489 1185 1570">Number of Directors</th> <th data-bbox="1185 1489 1428 1570">Proportion of Board (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="584 1570 943 1619">Accounting or finance</td> <td data-bbox="943 1570 1185 1619">5</td> <td data-bbox="1185 1570 1428 1619">83.3</td> </tr> <tr> <td data-bbox="584 1619 943 1668">Business Management</td> <td data-bbox="943 1619 1185 1668">6</td> <td data-bbox="1185 1619 1428 1668">100.0</td> </tr> <tr> <td data-bbox="584 1668 943 1718">Legal or corporate governance</td> <td data-bbox="943 1668 1185 1718">6</td> <td data-bbox="1185 1668 1428 1718">100.0</td> </tr> <tr> <td data-bbox="584 1718 943 1794">Relevant industry knowledge or experience</td> <td data-bbox="943 1718 1185 1794">5</td> <td data-bbox="1185 1718 1428 1794">83.3</td> </tr> <tr> <td data-bbox="584 1794 943 1843">Strategic planning experience</td> <td data-bbox="943 1794 1185 1843">6</td> <td data-bbox="1185 1794 1428 1843">100.0</td> </tr> <tr> <td data-bbox="584 1843 943 1917">Customer based experience or knowledge</td> <td data-bbox="943 1843 1185 1917">6</td> <td data-bbox="1185 1843 1428 1917">83.3</td> </tr> </tbody> </table>	Core Competencies	Number of Directors	Proportion of Board (%)	Accounting or finance	5	83.3	Business Management	6	100.0	Legal or corporate governance	6	100.0	Relevant industry knowledge or experience	5	83.3	Strategic planning experience	6	100.0	Customer based experience or knowledge	6	83.3
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		<p>Following the changes in Board composition on 31 March 2026, including the resignation of Choo Chee Beng, the Board currently does not fully meet its diversity targets, in particular with respect to the proportion of Independent Non-Executive Directors. The Company is actively in the process of identifying and appointing suitable candidates to enhance Board diversity and to address the current gap within the timeline prescribed under Rule 704(7) of the Catalist Rules.</p> <p>The Board has taken the following steps to maintain or enhance its balance and diversity:</p> <ul style="list-style-type: none"> <li>• Review by the NC at least once a year to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and</li> <li>• Evaluation by the Directors at least once a year of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.</li> </ul> <p>The Board comprised of Directors with age ranges from 40 to 70, with one female director. The mix of skills, gender, talents, experience, and age diversity among our directors serves as a cornerstone of the Company's corporate governance framework. A diverse board, including individuals from varied age groups, not only ensures comprehensive risk oversight and strategic guidance but also fosters innovation and adaptability in an evolving business environment. Having directors from different generations enable the Board to effectively navigate complex challenges and capitalise on emerging opportunities.</p> <p>The Board, particularly the Independent Directors, who are Non-Executive Directors, must be kept well informed of the Group's business and be knowledgeable about the industry the Group operates in. To ensure that the Independent Non-Executive Directors are well supported by accurate, complete and timely information, they have unrestricted access to Management, and have sufficient time and resources to discharge their oversight functions effectively.</p> <p>This enables the Independent Non-Executive Directors to constructively challenge and help develop proposals on strategy and also review the performance of Management in meeting agreed goals and objectives, and extend guidance to Management. The Independent Non-Executive Directors' objective judgement on corporate affairs and collective experience and knowledge are invaluable to the Group and allows for the useful exchange of ideas and views.</p> <p>The Independent Non-Executive Directors convene discussions and meetings as necessary, without the presence of the Management to discuss on various matters including Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.</p> <p>The Independent Non-Executive Directors held meetings with both the Internal and Independent Auditors independently, without the presence of key management personnel in FY2025.</p>

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Principle	Code Description	Company's compliance or explanation
<b>Chairman and Chief Executive Officer</b>		
3	There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.	<p>The Company has a clear division of responsibilities at each level of the Company, with the Chairman and the CEO having separate roles to ensure an appropriate balance of power, increased accountability and a greater capacity of the Board for independent decision-making.</p> <p>The division of responsibilities between the Chairman and the CEO is also clearly established in the Constitution of the Company. The Chairman manages the business of the Board whilst the CEO and his management team translate the Board's decisions into executive action. The CEO has executive responsibilities for the Group's businesses and is accountable to the Board.</p> <p>Yeo Kian Wee Andy is an Independent Non-Executive Chairman. The Chairman is responsible for the overall leadership and management of the Board. He leads the Board, encourages Board's interaction with Management, facilitates effective contribution of Independent Non-Executive Directors, encourages constructive relations among the Directors, and promotes an open environment for debate and ensure that Independent Non-Executive Directors are able to speak freely and contribute effectively. He also ensures that the Board receives timely and accurate information from the Management, provides guidance and advice on corporate governance systems and sustainability practices.</p> <p>The CEO, Tan Yong Chuan takes a leading role in developing the businesses of the Group and manages the day-to-day operations with the assistance of key management personnel. He also oversees the execution of the business and corporate strategy decisions as endorsed by the Board.</p> <p>Accordingly, the Board is satisfied that there is sufficient transparency and accountability in view of the distinction of responsibilities.</p> <p>There is also a strong independent element on the Board during the year under review, as half of the Board members are Independent Non-Executive Directors and all the Board committees were chaired by the Independent Non-Executive Directors. Following the resignation of Choo Chee Beng from the Board, effective 31 March 2026, the Board currently comprises one (1) Independent Non-Executive Director. Accordingly, the Company does not presently meet the recommended level of independence under the Code.</p> <p>Notwithstanding the above, the Board is of the view that there remains an appropriate balance of power and accountability, and that all Directors continue to exercise independent judgement in the best interests of the Company. The Company is in the process of identifying and appointing additional Independent Non-Executive Director(s) to strengthen the independence of the Board and to align with the recommendations of the Code.</p> <p>The Independent Non-Executive Chairman and the CEO of the Company are separately held by two unrelated individuals. In light of the foregoing, the Board does not appoint a lead independent director.</p>

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Principle	Code Description	Company's compliance or explanation
<b>Board Membership</b>		
4	The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.	<p>The NC currently comprises two (2) members. Only one member is an Independent Non-Executive Director. The composition of the NC is as follows:</p> <p>Yeo Kian Wee Andy, Chairman (Independent Non-Executive Director)</p> <p>Tan Yong Chuan (Executive Director and CEO)</p> <p>During the year under review, the NC comprised three (3) members. Choo Chee Beng served as Chairman of the NC, while Yeo Kian Wee Andy and Tan Yong Chuan served as members. Following Choo Chee Beng's resignation from the Board, effective 31 March 2026, the NC currently comprises two (2) members: Yeo Kian Wee Andy, the sole Independent Non-Executive Director, as the Chairman of NC, and Tan Yong Chuan, Executive Director and CEO as a member of NC.</p> <p>During the year under review, the NC held one (1) meeting, which all the members attended during their tenure.</p> <p>The NC, which meets at least once a year, carries out its duties in accordance with a set of written Terms of Reference which includes, mainly, the following:</p> <ul style="list-style-type: none"> <li>(a) reviewing and recommending the nomination or re-nomination of the Directors having regard to the Director's contribution and performance;</li> <li>(b) determining on an annual basis, and as and when circumstances require, whether or not a Director is independent;</li> <li>(c) deciding whether or not a Director is able to, and has been, adequately carrying out his duties as a Director;</li> <li>(d) reviewing and approving any new employment of related persons and the proposed terms of their employment;</li> <li>(e) developing a process for the evaluation of the performance of the Board, its committees and the Directors and proposing objective performance criteria, as approved by the Board that allows comparison with its industry peers, and addressing how the Board has enhanced long-term shareholders' value;</li> <li>(f) reviewing succession plans for Directors and key management personnel; and</li> <li>(g) reviewing training and professional development programmes for the Board.</li> </ul>

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Principle	Code Description	Company's compliance or explanation
		<p>The key responsibilities of the NC include making recommendations to the Board on relevant matters such as the process for evaluating the performance of the Board and each Director as well as succession planning which form a critical part of corporate governance process for CEO and board members. It seeks to refresh the board membership as it thinks fit in an orderly and progressive manner so as to keep institutional memory intact. It also ensures compliance with the requirements of the Company's Constitution which provides that at each AGM, one-third of the Board is required to retire and provided always that every director shall retire from office at least once every three (3) years. In addition, the Directors, by the recommendation of NC, shall have the power to appoint any person to be the Director either to fill a casual vacancy or as an additional Director. All new Directors who are appointed by the Board are subject to re-election at the next AGM but shall not be taken into account in determining the numbers of Directors who are retire by rotation at such meeting. In this respect, the NC has recommended and the Board has agreed for the following Directors to retire and seek re-election at the forthcoming AGM:</p> <p>Pursuant to Regulation 98 of the Constitution of the Company:</p> <p>(a) Yeo Kian Wee Andy</p> <p>(b) Tan Ai Luang</p> <p>Yeo Kian Wee Andy and Tan Ai Luang had abstained from the discussion and taking a decision in respect of his/her re-election at the forthcoming AGM. In making the recommendations, the NC considers the overall contribution and performance with reference to their attendance and participation at meetings of the Board and Board Committees.</p> <p>Upon re-election as Director, Yeo Kian Wee Andy will remain as a Chairman of the Board as well as the Chairman of all three Board Committees; and Tan Ai Luang will remain as the Executive Director of the Company.</p> <p>The NC reviewed the independence of the Directors pursuant to Rule 406(3)(d) of the Catalist Rules and Provision 2.1 of the Code. During the year under review, the NC has reviewed and affirmed that Yeo Kian Wee Andy, and Choo Chee Beng are independent and free from any relationship outlined in the Code. Each of the Independent Non-Executive Directors has also confirmed his independence.</p>

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		<p>The NC has reviewed and made recommendation to the Board accordingly on the maximum number of listed company board appointments which any Director may hold to ensure that sufficient time and attention are given to the affairs of the Group. Based on the NC's recommendation, the Board has determined and set the maximum number of listed company board appointments at not more than four (4) other listed companies. Currently, none of the Directors hold more than four (4) directorships in other listed companies. No person would be appointed as an Independent Director if he/she, prior to such appointment, is already holding five (5) or more directorship appointments in any publicly listed company on the SGX-ST or any other international stock exchanges; and for person with full-time employment (with existing employment contract), he/she should obtain consensus from his/her employer(s) before accepting the appointment as an Independent Director and he/she should not hold three (3) or more other independent directorships in any publicly listed company on the SGX-ST or international stock exchanges prior to his/her appointment.</p> <p>The considerations in assessing the capacity of Directors include the following:</p> <ul style="list-style-type: none"> <li>• Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity;</li> <li>• Geographical location of Directors;</li> <li>• Size and composition of the Board;</li> <li>• Nature and scope of the Group's operations and size; and</li> <li>• Capacity, complexity and expectations of the other listed directorships and principal commitments held.</li> </ul> <p>The NC, having reviewed each Directors' other directorships and principal commitments as well as each Director's overall performance and contributions to the Board, is satisfied that all Directors have discharged their duties adequately for FY2025.</p> <p>During the year under review, there was no alternate directors appointed to the Board.</p>

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation												
		<p>The following table sets out the process for the selection and appointment of new directors:</p> <table border="1" data-bbox="587 600 1425 1868"> <tbody> <tr> <td data-bbox="587 600 647 801">1.</td> <td data-bbox="647 600 927 801">Determination of selection criteria</td> <td data-bbox="927 600 1425 801">The NC, in consultation with the Board would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.</td> </tr> <tr> <td data-bbox="587 801 647 1205">2.</td> <td data-bbox="647 801 927 1205">Search for suitable candidates</td> <td data-bbox="927 801 1425 1205"> <p>The NC will consider various channels in sourcing of suitable candidate(s) either through:</p> <ul style="list-style-type: none"> <li>(a) internal promotion by way of nominating the successor via the succession plan of the Company or recommendations from Board members, management, business associates and professional bodies; or</li> <li>(b) external sources through professional search firms and reputable human resource consultants.</li> </ul> </td> </tr> <tr> <td data-bbox="587 1205 647 1765">3.</td> <td data-bbox="647 1205 927 1765">Assessment of shortlisted candidates</td> <td data-bbox="927 1205 1425 1765"> <p>Those short-listed candidate(s) will be required to furnish their curriculum vitae stating in detail their qualification, working experience, employment history, and to complete the following prescribed Forms:</p> <ul style="list-style-type: none"> <li>(a) Director's Declaration on Independence;</li> <li>(b) Internal Guidelines for Directors Serving on Multiple Boards; and</li> <li>(c) Board of Director's Skills Set and Competency Matrix.</li> </ul> <p>The Board is also advised by the Sponsor on appointment of directors as required under Catalist Rule 226(2)(d).</p> </td> </tr> <tr> <td data-bbox="587 1765 647 1868">4.</td> <td data-bbox="647 1765 927 1868">Appointment of director</td> <td data-bbox="927 1765 1425 1868">The NC would recommend the selected candidate to the Board for consideration and approval.</td> </tr> </tbody> </table>	1.	Determination of selection criteria	The NC, in consultation with the Board would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.	2.	Search for suitable candidates	<p>The NC will consider various channels in sourcing of suitable candidate(s) either through:</p> <ul style="list-style-type: none"> <li>(a) internal promotion by way of nominating the successor via the succession plan of the Company or recommendations from Board members, management, business associates and professional bodies; or</li> <li>(b) external sources through professional search firms and reputable human resource consultants.</li> </ul>	3.	Assessment of shortlisted candidates	<p>Those short-listed candidate(s) will be required to furnish their curriculum vitae stating in detail their qualification, working experience, employment history, and to complete the following prescribed Forms:</p> <ul style="list-style-type: none"> <li>(a) Director's Declaration on Independence;</li> <li>(b) Internal Guidelines for Directors Serving on Multiple Boards; and</li> <li>(c) Board of Director's Skills Set and Competency Matrix.</li> </ul> <p>The Board is also advised by the Sponsor on appointment of directors as required under Catalist Rule 226(2)(d).</p>	4.	Appointment of director	The NC would recommend the selected candidate to the Board for consideration and approval.
1.	Determination of selection criteria	The NC, in consultation with the Board would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.												
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3.	Assessment of shortlisted candidates	<p>Those short-listed candidate(s) will be required to furnish their curriculum vitae stating in detail their qualification, working experience, employment history, and to complete the following prescribed Forms:</p> <ul style="list-style-type: none"> <li>(a) Director's Declaration on Independence;</li> <li>(b) Internal Guidelines for Directors Serving on Multiple Boards; and</li> <li>(c) Board of Director's Skills Set and Competency Matrix.</li> </ul> <p>The Board is also advised by the Sponsor on appointment of directors as required under Catalist Rule 226(2)(d).</p>												
4.	Appointment of director	The NC would recommend the selected candidate to the Board for consideration and approval.												

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation						
		<p>The following table sets out the process for the re-election of directors:</p> <table border="1"> <tr> <td>1.</td> <td>Assessment of director</td> <td> <p>(a) The NC would assess the contributions and performance of the Director in accordance with the performance criteria set by the Board; and</p> <p>(b) The NC would also review the range of expertise, skills and attributes of current needs of the Board.</p> </td> </tr> <tr> <td>2.</td> <td>Re-appointment of director</td> <td>Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</td> </tr> </table> <p>Each member of the NC will abstain from voting on any resolution and making any resolutions and/or participating in any deliberations of the NC in respect of the assessment of his performance or nomination for re-election as a Director.</p> <p>The key information of the Directors, including their appointment dates and their listed company directorships held in the past three (3) years, are set out on pages 7 to 8 of this Annual Report.</p> <p>The shareholdings of the Directors in the Company are set out on page 102 of this Annual Report. None of the Directors hold shares in the subsidiaries of the Company.</p> <p>Directors who are seeking re-election at the forthcoming AGM to be held on 29 April 2026 are stated in the Notice of AGM set out on pages 94 to 99 of this Annual Report.</p>	1.	Assessment of director	<p>(a) The NC would assess the contributions and performance of the Director in accordance with the performance criteria set by the Board; and</p> <p>(b) The NC would also review the range of expertise, skills and attributes of current needs of the Board.</p>	2.	Re-appointment of director	Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.
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2.	Re-appointment of director	Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.						
<b>Board Performance</b>								
5	The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.	<p>The NC has set the performance criteria to evaluate the effectiveness of the Board as a whole and its Board Committees, and assessed the contributions by the Chairman and each Director to the effectiveness of the Board in FY2025.</p> <p>This assessment will also be conducted by the NC at least once a year by way of a Board Evaluation where the Directors complete a Board Performance Evaluation Questionnaire, Self-Assessment Checklist, and Board of Director's Skills Set and Competency Matrix Form.</p>						

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		<p>Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a Director. The Board will act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Director(s).</p> <p>Objective performance criteria used to assess the performance of the Board include both quantitative and qualitative criteria.</p> <p>The Board and the NC believe that the financial indicators are mainly used to measure the Management's performance and hence are less applicable to the Independent Non-Executive Directors.</p> <p>The NC had conducted the Board's performance evaluation as a whole in FY2025. The performance criteria for the Board's evaluation, as determined by the NC, cover the following areas:</p> <ul style="list-style-type: none"> <li>(a) Appropriateness of the size and composition (including diversity) of the Board and Board Committees;</li> <li>(b) Effectiveness of Board meetings conducted (including robustness and comprehensiveness of issues discussed, as well as timely resolution of issues);</li> <li>(c) Effectiveness and timeliness of communications with Management;</li> <li>(d) Adequacy of training and development for Directors;</li> <li>(e) Adequacy of communication and accountability to Shareholders;</li> <li>(f) Standards of conduct;</li> <li>(g) Financial performance of the Group; and</li> <li>(h) Board compensation.</li> </ul> <p>No external facilitator has been engaged by the Company for the purpose of evaluation of the Board and Board Committee during the year under review. Where relevant and when the need arises, the NC will consider such engagement.</p> <p>The evaluation of individual Director's performance is performed on an annual basis at the same time as evaluation of the performance of the Board as a whole based on its performance criteria set as above in FY2025.</p> <p>For the year under review, the NC also took note of each individual Director's attendance at meetings of the Board and Board Committees as well as at general meeting(s); participation in discussions at meetings; knowledge of and contacts in the regions where the Group operates; the individual Director's functional expertise and his commitment of time to the Company. The NC was of the view that the Board has met its performance objectives and will continue to improve further to an effective Board.</p>

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
<b>REMUNERATION MATTERS</b>		
<b>Procedures for Developing Remuneration Policies</b>		
6	The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.	<p>The RC currently comprises two (2) members. Only one member is an Independent Non-Executive Director. The composition of the RC is as follows:</p> <p>Yeo Kian Wee Andy, Chairman (Independent Non-Executive Director)</p> <p>Datuk Yap Kheng Fah (Non-Independent Non-Executive Director)</p> <p>During the year under review, the RC comprised three (3) members. Yeo Kian Wee Andy served as Chairman of the RC, while Choo Chee Beng and Datuk Yap Kheng Fah served as members. Following the resignation of Choo Chee Beng from the Board, effective 31 March 2026, the RC currently comprises two (2) members, namely Yeo Kian Wee Andy, the sole Independent Non-Executive Director, and Datuk Yap Kheng Fah. The position of an additional member of the RC is presently vacant, pending the appointment of a new Independent Non-Executive Director.</p> <p>During the year under review, the RC held one meeting, which all the members attended during their tenure.</p> <p>The Board has approved the written terms of reference of the RC. Its functions are, <i>inter alia</i>, as follows:</p> <ul style="list-style-type: none"> <li>(a) offer an independent perspective in assisting the Board in the establishment of a formal and transparent procedure for developing policy on remuneration matters for the Directors and key management personnel of the Company;</li> <li>(b) establish appropriate framework of remuneration policies to motivate and retain Directors and executives, and ensure that the Company is able to attract appropriate talent from the market to maximise the value for shareholders;</li> <li>(c) determine specific remuneration packages for the Directors and key management personnel (or executive of equivalent rank) and any relative of a Director and/or substantial shareholder who is employed in a managerial position by the Company;</li> <li>(d) review and administer the award of shares to Directors and employees under the Company's performance share plan (the "LY Performance Share Plan" or the "LYPSP");</li> <li>(e) review and determine the contents of service contracts for Executive Directors and/or key management personnel; and</li> <li>(f) review the appropriateness and transparency of remuneration matters for disclosure to shareholders.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		<p>The RC considers all aspects of remuneration including but not limited to director fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination terms to ensure they are fair.</p> <p>The Company currently does not have any clawback provisions for malfeasance. The Board will consider implementing such provisions where appropriate.</p> <p>The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and key management personnel. The recommendations of the RC are submitted for endorsement by the Board. Such frameworks are reviewed periodically to ensure that they remain competitive and relevant. All aspects of remuneration frameworks, including but not limited to directors' fees, salaries, allowances, bonuses, the awards to be granted under the performance share plan as well as other benefits-in-kind are reviewed by the RC. Each member of the RC abstains from voting on any resolutions in respect of his remuneration package. The RC also reviews the Company's obligations arising in the event of termination of Executive Directors and key management personnel's contracts of service to ensure such contracts of service contain fair and reasonable termination clauses.</p> <p>If necessary, the RC may seek expert advice outside the Company on remuneration of the Directors and key management personnel. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.</p> <p>No remuneration consultants were engaged by the Company in FY2025.</p> <p>The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally.</p>

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
<b>Level and Mix of Remuneration</b>		
7	<p>The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.</p>	<p>In reviewing and determining the remuneration packages of the Executive Directors and the Group's key management personnel, the RC considers the Executive Directors' and key management personnel's responsibilities, skills, expertise and contribution to the Group's performance when designing their respective remuneration packages, so as ensure that the level of remuneration is appropriate to attract, retain and motivate the Executive Directors and key management personnel to run the Company successfully.</p> <p>The RC administers the Company's LYPSP, which formed part of the offer document dated 18 January 2018 (the "<b>Offer Document</b>"). No awards were granted under the LYPSP in FY2025. Further details about the LYPSP are set out in the Company's Offer Document. With the recommendation of RC, the Board has approved the establishment of a Committee for administering the LY Performance Share Plan ("<b>LYPSP Committee</b>") which consists of all the existing Chairman and members of the RC. In addition, the CEO, Tan Yong Chuan has been appointed as member of the LYPSP Committee for expediency purposes. Accordingly, the LYPSP Committee comprises the following members:</p> <ul style="list-style-type: none"> <li>(a) Yeo Kian Wee Andy;</li> <li>(b) Datuk Yap Kheng Fah; and</li> <li>(c) Tan Yong Chuan.</li> </ul> <p>Independent Non-Executive Directors do not have service agreement with the Company and accordingly do not receive salary. The Independent Non-Executive Directors are paid Directors' fees, which are determined by the Board based on the effort, time spent and responsibilities of the Independent Non-Executive Directors (including but not limited to their appointments to the various Board Committees). The Directors' fees of the Independent Non-Executive Directors are subject to approval by shareholders at each AGM. The Independent Non-Executive Directors were also paid allowance to facilitate their participation in Board's affairs.</p> <p>There are no contractual provisions to allow the Company to reclaim incentive components of the remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. All Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Directors in the event of such breach of fiduciary duties.</p>

# CORPORATE GOVERNANCE REPORT

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<b>Disclosure on Remuneration</b>																																																																													
8	The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.	<p>The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy establishes the link between total compensation and the achievement of organisational and individual performance objectives, and is benchmarked against relevant and comparative compensation in the market.</p> <p>The breakdown for the remuneration of the Directors in FY2025 is as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Name of Directors</th> <th colspan="5">Breakdown of Remuneration (S\$)</th> <th rowspan="2">Total</th> </tr> <tr> <th>Fees<sup>(1)</sup></th> <th>Salary<sup>(2)</sup></th> <th>Allowance</th> <th>Benefits</th> <th>Variable Bonus<sup>(3)</sup></th> </tr> </thead> <tbody> <tr> <td colspan="7"><u>Executive Directors</u></td> </tr> <tr> <td>Tan Kwee Chai</td> <td>-</td> <td>316,000</td> <td>4,000</td> <td>5,000</td> <td>-</td> <td>325,000</td> </tr> <tr> <td>Tan Yong Chuan</td> <td>1,000</td> <td>167,000</td> <td>4,000</td> <td>5,000</td> <td>-</td> <td>177,000</td> </tr> <tr> <td>Tan Ai Luang</td> <td>-</td> <td>124,000</td> <td>4,000</td> <td>9,000</td> <td>-</td> <td>137,000</td> </tr> <tr> <td colspan="7"><u>Independent Non-Executive Directors</u></td> </tr> <tr> <td>Yeo Kian Wee Andy</td> <td>43,000</td> <td>-</td> <td>4,000</td> <td>-</td> <td>-</td> <td>47,000</td> </tr> <tr> <td>Choo Chee Beng<sup>(4)</sup></td> <td>40,000</td> <td>-</td> <td>4,000</td> <td>-</td> <td>-</td> <td>44,000</td> </tr> <tr> <td colspan="7"><u>Non-Independent Non-Executive Directors</u></td> </tr> <tr> <td>Datuk Yap Kheng Fah</td> <td>33,000</td> <td>-</td> <td>4,000</td> <td>-</td> <td>-</td> <td>37,000</td> </tr> </tbody> </table> <p><i>Notes:</i></p> <p>(1) The Directors' Fees and Allowances for attending meetings to be held for the financial year ending 31 December 2026 will be subject to the approval of the shareholders at the AGM.</p> <p>(2) The salary amount shown is inclusive of equivalent provident fund scheme.</p> <p>(3) The variable bonus amount shown is inclusive of equivalent provident fund scheme.</p> <p>(4) Choo Chee Beng resigned as Independent Non-Executive Director, the Chairman of the ARC, the Chairman of the NC and a Member of the RC on 31 March 2026.</p> <p>Under the Catalist Rules of the SGX-ST, which apply to annual reports prepared for financial years ending on or after 31 December 2024, listed companies are required to disclose remuneration paid to individual directors and CEO by the Company and its subsidiaries. In compliance with this requirement, the Company disclosed the remuneration paid to individual directors, and CEO by the Company and its subsidiaries in its Annual Report for the financial year ended 31 December 2025 as required by the Catalist Rules.</p> <p>The Company will continue to disclose remuneration in band for the financial year ended 31 December 2025 for its key management personnel considering the highly competitive business environment, the nature of the industry and the confidentiality of the Group's remuneration policies, the Board is of the view that it is not in the best interests of the Group providing full disclosure of the remuneration of each key management personnel as it may adversely affect talent attraction and retention.</p>	Name of Directors	Breakdown of Remuneration (S\$)					Total	Fees <sup>(1)</sup>	Salary <sup>(2)</sup>	Allowance	Benefits	Variable Bonus <sup>(3)</sup>	<u>Executive Directors</u>							Tan Kwee Chai	-	316,000	4,000	5,000	-	325,000	Tan Yong Chuan	1,000	167,000	4,000	5,000	-	177,000	Tan Ai Luang	-	124,000	4,000	9,000	-	137,000	<u>Independent Non-Executive Directors</u>							Yeo Kian Wee Andy	43,000	-	4,000	-	-	47,000	Choo Chee Beng <sup>(4)</sup>	40,000	-	4,000	-	-	44,000	<u>Non-Independent Non-Executive Directors</u>							Datuk Yap Kheng Fah	33,000	-	4,000	-	-	37,000
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# CORPORATE GOVERNANCE REPORT

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		<p>There are no termination, retirement, post-employment benefits that may be granted to the Directors.</p> <p>During FY2025, the Group had nine (9) top key management personnel (who are not Directors or the CEO of the Company).</p> <p>The breakdown for the remuneration of the Company's key management personnel (who are not Directors or CEO of the Company) during FY2025 is as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Name</th> <th rowspan="2">Position</th> <th colspan="5">Breakdown of Remuneration in Percentage (%)</th> <th rowspan="2">Total Remuneration in Compensation Bands of \$250,000</th> </tr> <tr> <th>Salary<sup>(1)</sup></th> <th>Allowance</th> <th>Benefits-in-kind</th> <th>Variable Bonus and long service incentive<sup>(2)</sup></th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Tan Kwee Lim</td> <td>Chief Operating Officer</td> <td>97.8</td> <td>-</td> <td>2.2</td> <td>-</td> <td>100.0</td> <td>&lt;\$250,000</td> </tr> <tr> <td>Boo Ngek Hee</td> <td>Chief Quality Officer</td> <td>96.5</td> <td>-</td> <td>3.5</td> <td>-</td> <td>100.0</td> <td>&lt;\$250,000</td> </tr> <tr> <td>Teo Gin Lian</td> <td>Chief Financial Officer ("CFO")</td> <td>92.5</td> <td>4.1</td> <td>-</td> <td>3.4</td> <td>100.0</td> <td>&lt;\$250,000</td> </tr> <tr> <td>Lau Chia En</td> <td>Director of Leyo Holdings Sdn Bhd ("LEH") and LY Unity Sdn Bhd ("LYUSB")</td> <td>100.0</td> <td>-</td> <td>-</td> <td>-</td> <td>100.0</td> <td>&lt;\$250,000</td> </tr> <tr> <td>Tan Yong Siang</td> <td>Director of LY Furniture Sdn Bhd</td> <td>91.0</td> <td>-</td> <td>9.0</td> <td>-</td> <td>100.0</td> <td>&lt;\$250,000</td> </tr> <tr> <td>Ng Teck Lai</td> <td>Director of LEH</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>&lt;\$250,000</td> </tr> <tr> <td>Looi Chee En</td> <td>Director of LYUSB, Unity Kitchen (KL) Sdn Bhd ("UKKL"), Unity Manufacturing Sdn Bhd ("UMSB") and Unity Kitchen Design Sdn Bhd ("UKDSB")</td> <td>87.5</td> <td>-</td> <td>12.5</td> <td>-</td> <td>100.0</td> <td>&lt;\$250,000</td> </tr> <tr> <td>Looi Chee Yang</td> <td>Director of LYUSB, UKKL, UMSB and UKDSB</td> <td>74.8</td> <td>-</td> <td>25.2</td> <td>-</td> <td>100.0</td> <td>&lt;\$250,000</td> </tr> <tr> <td>Chong Kee Soon<sup>(3)</sup></td> <td>Director of UKDSB</td> <td>100.0</td> <td>-</td> <td>-</td> <td>-</td> <td>100.0</td> <td>&lt;\$250,000</td> </tr> </tbody> </table> <p><i>Notes:</i></p> <p>(1) The salary amount shown is inclusive of allowances such as fixed transport allowance and equivalent provident fund scheme.</p> <p>(2) The variable bonus and long service incentive amount shown are inclusive of employees' provident funds.</p> <p>(3) Chong Kee Soon resigned as a Director of UKDSB on 29 October 2025.</p>	Name	Position	Breakdown of Remuneration in Percentage (%)					Total Remuneration in Compensation Bands of \$250,000	Salary <sup>(1)</sup>	Allowance	Benefits-in-kind	Variable Bonus and long service incentive <sup>(2)</sup>	Total	Tan Kwee Lim	Chief Operating Officer	97.8	-	2.2	-	100.0	<\$250,000	Boo Ngek Hee	Chief Quality Officer	96.5	-	3.5	-	100.0	<\$250,000	Teo Gin Lian	Chief Financial Officer ("CFO")	92.5	4.1	-	3.4	100.0	<\$250,000	Lau Chia En	Director of Leyo Holdings Sdn Bhd ("LEH") and LY Unity Sdn Bhd ("LYUSB")	100.0	-	-	-	100.0	<\$250,000	Tan Yong Siang	Director of LY Furniture Sdn Bhd	91.0	-	9.0	-	100.0	<\$250,000	Ng Teck Lai	Director of LEH	-	-	-	-	-	<\$250,000	Looi Chee En	Director of LYUSB, Unity Kitchen (KL) Sdn Bhd ("UKKL"), Unity Manufacturing Sdn Bhd ("UMSB") and Unity Kitchen Design Sdn Bhd ("UKDSB")	87.5	-	12.5	-	100.0	<\$250,000	Looi Chee Yang	Director of LYUSB, UKKL, UMSB and UKDSB	74.8	-	25.2	-	100.0	<\$250,000	Chong Kee Soon <sup>(3)</sup>	Director of UKDSB	100.0	-	-	-	100.0	<\$250,000
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Ng Teck Lai	Director of LEH	-	-	-	-	-	<\$250,000																																																																																
Looi Chee En	Director of LYUSB, Unity Kitchen (KL) Sdn Bhd ("UKKL"), Unity Manufacturing Sdn Bhd ("UMSB") and Unity Kitchen Design Sdn Bhd ("UKDSB")	87.5	-	12.5	-	100.0	<\$250,000																																																																																
Looi Chee Yang	Director of LYUSB, UKKL, UMSB and UKDSB	74.8	-	25.2	-	100.0	<\$250,000																																																																																
Chong Kee Soon <sup>(3)</sup>	Director of UKDSB	100.0	-	-	-	100.0	<\$250,000																																																																																

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		<p>There are no termination, retirement, post-employment benefits that may be granted to the key management personnel.</p> <p>The aggregate remuneration paid to the above key management personnel (who are not Directors or CEO) in FY2025 was S\$498,970.</p> <p>Tan Kwee Lim and Tan Kwee Chai are brothers and Mr Tan Kwee Lim's remuneration for FY2025 is disclosed in the table above.</p> <p>Tan Yong Siang is the son of Tan Kwee Chai and brother of Tan Yong Chuan. His remuneration for FY2025 is disclosed in the table above.</p> <p>Save as disclosed, there is no other employee of the Group who is an immediate family member of a Director, CEO or Substantial Shareholder of the Company and whose remuneration exceeded S\$100,000 during FY2025.</p> <p>The Company has not adopted any employee share option scheme.</p> <p>The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group in FY2025. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.</p> <p>The performance criteria used to assess the remuneration of Executive Directors and key management personnel is based on qualitative and quantitative components:</p> <ul style="list-style-type: none"> <li>(a) Leadership</li> <li>(b) Teamwork</li> <li>(c) People development</li> <li>(d) Responsibilities and commitment</li> <li>(e) Profitability performance of the Group</li> </ul> <p>The RC has reviewed the performance of the Executive Directors and key management personnel based on established performance criteria and has determined that they have fulfilled most of the performance criteria in FY2025 despite the Group's financial results for the year.</p>

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
<b>ACCOUNTABILITY AND AUDIT</b>		
<b>Risk Management and Internal Controls</b>		
9	The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.	<p>The Board is accountable to shareholders and ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements. The Board strives to provide its shareholders a balanced and understandable assessment of the Group's performance, position and prospects.</p> <p>The Board takes steps to ensure compliance with all the Group's policies, operational practices and procedures, and relevant legislative and regulatory requirements, including requirements under the Catalist Rules, where appropriate. The Independent Non-Executive Directors in consultation with management will request for management's consideration for the establishment of written policies for any particular matter that is deemed to be essential to form part of management control.</p> <p>Management provides appropriately detailed management accounts of the Group's performance on a quarterly basis to the Board to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. As and when circumstances arise, the Board can request management to provide any necessary explanation and/or information on the management accounts of the Group.</p> <p>The Board reviews the Group's business and operational activities to identify areas of significant business risk as well as the measures in place to control and mitigate these risks within the Group's policies and business strategies. The risk assessment exercise also includes identifying and assessing key risk areas of the Group such as financial, operational, compliance and information technology risks based on the feedback of the Internal and Independent Auditors. The Board also oversees the Management in implementing the risk management and internal controls system.</p> <p>The Board is also responsible for governance of risk management, and internal control, including determining the Company's risk tolerance and risk policies. The Board is supported by the ARC and Management in overseeing the Group's risk management framework. The Internal Auditors review the adequacy and effectiveness of the Group's risk management and internal control systems, while the Independent Auditors consider the Group's internal controls relevant to the audit and report any significant findings or control deficiencies to the ARC identified during the audit.</p> <p>The risk management and internal control systems have been integrated throughout the Group and have been an essential part of its business planning and monitoring process. On quarterly basis, the Management will report to the Board on updates to the Group's risk profile, evaluation process for identified risks and mitigation process thereon as well as the results of assurance activities so as to assure that the process is operating effectively as planned.</p>

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		<p>The responsibility of overseeing the Company's internal control system and policies are undertaken by the ARC with the assistance of the Internal and Independent Auditors. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.</p> <p>No material internal control lapses were detected during the financing closing process for the financial year ended 31 December 2025.</p> <p>Board also note that:</p> <ul style="list-style-type: none"> <li>• Board Committee meetings are held with the key management personnel to discuss and review the financial and operational (including compliance issues) performance of the Group. Internal control issues, where applicable, were discussed and addressed during such meetings;</li> <li>• Key management personnel regularly evaluates, monitors and reports to the ARC on material risks and a set of risk registers is maintained, updated and presented to the ARC at least annually;</li> <li>• Work performed by the Internal and Independent Auditors; and</li> <li>• Discussions were held between the ARC, Internal and Independent Auditors in the absence of the key management personnel to review and address any potential concerns.</li> </ul> <p>The Board has also obtained the assurance from the CEO and CFO that the financial records of the Group have been properly maintained and the financial statements for FY2025 give a true and fair view of the Group's operations and finances; and the assurance from the CEO and other key management personnel who are responsible that the Company's risk management systems and internal control systems are adequate and effective.</p> <p>Accordingly, the Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as of 31 December 2025 in its current business environment.</p> <p>Based on the internal controls established and maintained by the Group, work performed by the Internal and Independent Auditors, and reviews performed by the Management, various Board Committees and the Board, the Board, in concurrence with the ARC, is of the opinion that the Group's system of internal controls, which addresses the financial, operational, compliance and information technology controls and risk management systems, were adequate and effective as of 31 December 2025 in its current business environment.</p>

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		<p>The Board notes that system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.</p> <p>The ARC has reviewed the Independent Auditor's audit plan for FY2025 and agreed with the Independent Auditor's proposed areas of audit focus and assumptions that impact the financial statements. In review of the financial statements for FY2025, the ARC has discussed with Management, the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements and considered the clarity of key disclosures in the financial statements. The ARC also reviewed the Management's assessment and discussed with the Independent Auditors about the identified key audit matters (referred to in pages 105 to 107 of this Annual Report); and how those key audit matters have been addressed by the Independent Auditors. Following the review and discussions on the financial statements, the ARC concurred with the basis and conclusions included in the Independent Auditors' report for FY2025 with respect to the key audit matters.</p>
<b>Audit and Risk Committee</b>		
10	The Board has an ARC which discharges its duties objectively.	<p>The Company has an ARC which comprises the following two (2) members, of whom the Chairman is independent and another member is Non-Independent Non-Executive Director:</p> <p>Yeo Kian Wee Andy, Chairman (Independent Non-Executive Director)</p> <p>Datuk Yap Kheng Fah (Non-Independent Non-Executive Director)</p> <p>During the year under review, the ARC comprised three (3) members. Choo Chee Beng served as Chairman, while Yeo Kian Wee Andy and Datuk Yap Kheng Fah served as members. Choo Chee Beng is a Fellow of the Association of Chartered Certified Accountants, a Chartered Accountant and a member of the Malaysian Institute of Accountants. Datuk Yap Kheng Fah has experience in corporate finance and private equity and has led, completed or been involved in corporate restructuring, divestitures, mergers and acquisitions, reverse takeovers and debt transactions.</p> <p>Following the resignation of Choo Chee Beng from the Board, effective 31 March 2026, he relinquished his role as Chairman of the ARC and Yeo Kian Wee Andy assumed the position as Chairman of the ARC. While Yeo Kian Wee Andy is professionally trained as a lawyer, the Board is of the view that he possesses the relevant experience and expertise in corporate governance, regulatory compliance and risk management, which enables him to effectively discharge his responsibilities as Chairman of the ARC.</p>

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		<p>The Company is in the process of identifying and appointing a suitable candidate who is financially literate and able to further strengthen the composition of the ARC. Pending such appointment, Yeo Kian Wee Andy will continue to chair the ARC, and the Board will review and reconstitute the composition of the ARC when appropriate.</p> <p>The ARC is guided by the following key terms of reference:</p> <ul style="list-style-type: none"> <li>(a) assist our Board in the discharge of its responsibilities on financial reporting matters;</li> <li>(b) consider the appointment or re-appointment of the Independent Auditors, the level of audit and non-audit fees and matters relating to the resignation or dismissal of the Independent Auditors, and review with the Independent Auditors the audit plans, their evaluation of the system of internal accounting controls, their audit reports, their management letter and our management's response before submitting the results of such review to our Board for approval;</li> <li>(c) consider the appointment or re-appointment of the Internal Auditors, the level of their remuneration and matters relating to the resignation or dismissal of the Internal Auditors, and review with the Internal Auditors the internal audit plans and their evaluation of the adequacy of our system of internal accounting controls and accounting system before submitting the results of such review to our Board for approval prior to the incorporation of such results in our annual report (where necessary);</li> <li>(d) review the system of internal accounting controls and procedures established by the management and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);</li> <li>(e) review the assistance and co-operation given by our Company's officers to the Internal and Independent Auditors;</li> <li>(f) review the half yearly and annual, and quarterly if applicable, interested person transactions, financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major areas of judgement, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;</li> <li>(g) review and discuss with the Independent Auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and consider the adequacy of our management's response;</li> </ul>

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		<p>(h) review and assess our Company's foreign exchange and hedging policies including whether our Company has in place adequate and appropriate hedging policies and used appropriate instruments for hedging, if applicable;</p> <p>(i) review transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);</p> <p>(j) review potential conflicts of interest (if any) and set out a framework to resolve or mitigate any potential conflicts of interest;</p> <p>(k) review the effectiveness and adequacy of our administrative, operating, internal accounting and financial control procedures;</p> <p>(l) review our key financial risk areas, with a view to providing an independent oversight on our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, if the findings are material, immediately announced via SGXNET;</p> <p>(m) undertake such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our ARC;</p> <p>(n) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time;</p> <p>(o) review arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up; and</p> <p>(p) review our Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time.</p> <p>During the year under review, the Board is of the view that the ARC members possess the relevant accounting or related financial management expertise to discharge their responsibilities. The members collectively have many years of experience in accounting and audit, business and financial management and law. The Board considers that the members of the ARC are appropriately qualified to discharge the responsibilities of the ARC.</p>

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		<p>The ARC has explicit authority to investigate any matter within its Terms of Reference. It has full access to, and has received the full co-operation of the Management and staff. It also has full discretion to invite any Director or any member of the Management to attend its meetings.</p> <p>During the year under review, the Company's Internal and Independent Auditors were invited to attend the ARC meeting(s) and make presentations as appropriate. They also met separately with the ARC without the presence of Management to review matters that might be raised privately, at least annually or as and when the need arises.</p> <p>The Management reported to and discussed with the ARC on changes to the accounting standards and accounting issues which have a direct impact on the financial statements. Directors had also been invited to attend relevant seminars on changes to accounting standards and issues by leading accounting firms, if required.</p> <p>The ARC has reviewed the independence and objectivity of the Independent Auditors through discussion with the Independent Auditors and an annual review of the nature, extent of services provided. The ARC also noted that Independent Auditors, CLA Global TS Public Accounting Corporation, is the auditor of the holding company, while the subsidiaries are audited by Baker Tilly Monteiro Heng PLT ("<b>Baker Tilly Malaysia</b>"). The ARC is satisfied that the appointment of different auditors across the Group does not compromise the standard and effectiveness of the audit of the consolidated financial statements, as appropriate coordination and oversight are in place.</p> <p>The ARC noted that the Independent Auditors did not provide any non-audit services to the Group during FY2025. Accordingly, the ARC is satisfied that the independence and objectivity of the Independent Auditors have not been impaired. The ARC is pleased to recommend their re-appointment.</p> <p>The total audit fees paid to the Independent Auditors for FY2025 amounted to S\$86,000. No non-audit fees were incurred with respect to the Independent Auditors.</p> <p>To encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Company has a whistle blowing policy ("<b>Whistle-blowing Policy</b>") in place. The Whistle-blowing Policy provides the mechanism by which concerns about plausible improprieties in matters of financial reporting, etc., may be raised. An Investigation Committee ("<b>IC</b>") had been established for this purpose. In addition, a dedicated secured e-mail address at <a href="mailto:whistleblow@lyfurniture.com">whistleblow@lyfurniture.com</a> which allows whistle blowers to contact the IC and/or the ARC Chairman directly.</p>

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		<p>The Company's Whistle-blowing Policy allows not just employees but also external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle blowing in good faith.</p> <p>Assisted by the IC, the ARC addresses issues/concerns raised and arranges for investigation and/or follow-up of appropriate action. The ARC reports to the Board any issues/concerns received by it and the IC, at the ensuing Board meeting. Should the ARC or IC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant governmental authorities for further investigation/action.</p> <p><u>Investigation Committee</u></p> <p>The IC consists of an Executive Director, CFO and an external outsourced Human Resource Consultant.</p> <p>The IC is empowered to:</p> <ul style="list-style-type: none"> <li>• look into all issues/concerns relating to the Group (except for those directed specifically to or affecting any member of the IC which are dealt with by the ARC);</li> <li>• make the necessary reports and recommendations to the ARC or the Board for their review and further action, if deemed required by them; and</li> <li>• access the appropriate external advice where necessary and, where appropriate or required, report to the relevant governmental authorities for further investigation/action.</li> </ul> <p>The Group takes concerns with the integrity and honesty of its employees very seriously. The Whistle-blowing Policy has been established and disseminated to all employees to encourage the report of any behaviour or action that anyone reasonably believes might be suspicious, against any rules/regulations/accounting standards as well as internal policies. Whistle blowers could also email to the ARC directly and in confidentiality, and his/her identity is protected from reprisals within the limits of the law.</p> <p>There were no whistle-blowing reports received during FY2025.</p> <p>The ARC had been briefed by the Independent Auditors on changes or amendments to the Accounting Standards and issues which are relevant to the Group and have a direct impact on the Group's business and financial statements.</p>

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		<p>None of the ARC members (i) is a former partner or director of the Company's existing auditing firm or auditing corporation in the previous 2 years and (ii) holds any financial interest in the auditing firm or auditing corporation.</p> <p>The ARC's responsibilities over the Group's internal controls and risk management are complemented by the work of the Internal Auditors.</p> <p>The Company has outsourced its internal audit function to Resolve IR Sdn. Bhd. ("<b>Resolve IR</b>" or "<b>Internal Auditors</b>"). The engagement team is led by its engagement partner who has more than 25 years of professional experience and possesses the designation of Certified Internal Auditor. The Internal Auditors conduct their work in accordance with the International Professional Practices Framework issued by the Institute of Internal Auditors.</p> <p>During the financial year, the Company changed its internal auditors from Baker Tilly Consultancy (Singapore) Pte. Ltd. to Resolve IR. This change was made following the decision of the Company's Malaysian subsidiaries to appoint Baker Tilly Malaysia as its independent auditors in place of PricewaterhouseCoopers Malaysia. In order to maintain independence and avoid any potential conflict of interest, the Company ceased the engagement of Baker Tilly Consultancy (Singapore) Pte. Ltd. as its internal auditors and appointed Resolve IR accordingly.</p> <p>The Internal Auditors have unrestricted access to all the Company's documents, records, properties and personnel, including access to the ARC. The ARC is satisfied that the Internal Auditors possess the necessary skillsets / qualifications (given, <i>inter alia</i>, its adherence to Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors). Additionally, they have access to resources and hold appropriate standing within the Company to effectively execute their duties in line with the approved Internal Audit Plans. The Internal Auditors' ultimate line of reporting is to the Chairman of the ARC. It carries out the Internal Auditor functions under the direction of the ARC and reports the findings and makes recommendations to the ARC accordingly.</p> <p>The Internal Auditor plans its audit work in consultation with, but independently of, the management, and its yearly plan is submitted to the ARC for review and approval prior to the beginning of the financial year.</p>

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
<b>SHAREHOLDER RIGHTS AND ENGAGEMENT</b>		
<b>Shareholder Rights and Conduct of General Meetings</b>		
11	The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.	<p>The Company believes in providing sufficient and regular information to its shareholders to keep the shareholders updated with the recent development of the Group. In this respect, the Board strive to provide clear, timely and fair disclosure of information via SGXNET about the Company's business developments and financial performance updates that could have a material impact on the price or value of its shares.</p> <p>Shareholders are encouraged to attend shareholders' meetings to stay informed of the Company's strategy and goals. Notice of the meeting is dispatched to shareholders, together with annual report or a circular, at least 14 days, or 21 days (as the case may be), before the meeting.</p> <p>All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company shall conduct poll voting for all resolutions tabled at the general meetings. The rules, including the voting process, shall be explained by the scrutineers at such general meetings.</p> <p>A shareholder who is entitled to attend and vote may either vote in person or through the appointment of proxies. The Constitution of the Company allows an individual shareholder to appoint not more than two (2) proxies to attend and vote on his or her behalf at the general meetings.</p> <p>Member who is a relevant intermediary may appoint more than two (2) proxies to attend, speak and vote at the shareholders' meetings, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.</p> <p>The Company's Constitution does allow for absentia voting at general meetings of shareholders at the discretion of Directors to approve and implement such voting, subject to the security measures as may be deemed necessary or expedient. Separate resolutions are proposed on each separate issue at general meetings. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.</p> <p>The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the general meetings. The Chairman of the Board and its Committees, CEO and CFO will all attend the general meetings to address issues raised by shareholders. The Independent Auditors and the Sponsors are also present to address any relevant queries from shareholders.</p>

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
		<p>All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.</p> <p>The minutes of general meetings which incorporate substantial comments or queries from shareholders relating to the agenda of the meeting, response from the Board and Management, are publicly available on both the SGXNET and the Company's corporate website.</p> <p>To facilitate shareholders' effective participation at General Meetings, the Company holds its General Meetings at a location which is considered convenient and accessible to shareholders. All shareholders of the Group receive notices of all shareholders' meetings and proxy forms. The annual report, circulars and notices are made available on SGXNET and the Company's corporate website.</p> <p>The Company's forthcoming AGM in respect for FY2025 will be held physically at Room 330, Suntec Singapore Convention &amp; Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on 29 April 2026.</p> <p>As at the date of this Report, the Company does not have a fixed dividend policy in place. The form, frequency and amount of future dividends on the shares that the Board may recommend or declare will depend on, among other factors deemed relevant by the Board, the factors outlined below:</p> <ul style="list-style-type: none"> <li>(a) cash flow and retained earnings;</li> <li>(b) actual and projected business and financial performance;</li> <li>(c) projected levels of capital expenditure and expansion plans;</li> <li>(d) results of operations;</li> <li>(e) working capital requirements and general financing condition; and</li> <li>(f) restrictions on the payment of dividends imposed on the Company (if any).</li> </ul> <p>Any payouts are clearly communicated to shareholders in public announcements and via announcements on SGXNET when the Company discloses its financial results.</p> <p>The Board will not be recommending any final dividend for FY2025 as the Board is of the view that it would be prudent to conserve cash for any unforeseen circumstances and to reinvest back into its business.</p>

# CORPORATE GOVERNANCE REPORT

Principle	Code Description	Company's compliance or explanation
<b>Engagement with Shareholders</b>		
12	The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.	<p>The Company currently does not have an investor relations policy. However, the Company has engaged an external investor relations adviser, GC Consultants Pte. Ltd., to carry out investor relations activities.</p> <p>The Company strives to communicate with shareholders and the investing community through the timely release of announcements to the SGX-ST via SGXNET including the financial results announcements of the Company and the Group, which are published through the SGXNET on a half-yearly basis.</p> <p>To further enhance its communication with investors, the Company has also enhanced its website through its Investor Relations at <a href="http://www.lycorp.co">http://www.lycorp.co</a> where the public can access information on the Group directly and make enquiries via the contact information published on the corporate website.</p> <p>General meetings will be the principal forum for dialogue with shareholders. Shareholders are given opportunities to participate through open discussions with the Chairman, Directors, CEO or the Management to better understand the business operations or performance of the Group.</p>
<b>MANAGING STAKEHOLDER RELATIONSHIPS</b>		
<b>Engagement with Stakeholders</b>		
13	The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.	<p>The Group has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders. More information on the Company's stakeholder engagement can be found under Sustainability Report on pages 13 to 56 of this Annual Report.</p> <p>The Company maintains a corporate website at <a href="http://www.lycorp.co">http://www.lycorp.co</a> to communicate and engage with stakeholders.</p>

## COMPLIANCE WITH APPLICABLE CATALIST RULES

Catalist Rule	Rule Description	
712, 715 or 716	Appointment of Auditors	The Group complied with Rule 712 and Rule 715 of the Catalist Rules.
1204(8)	Material Contracts	There were no material contracts entered into by the Group involving the interests of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2025 or if not then subsisting, which were entered into since the end of the previous financial year, save for the service agreements between the Company and the Executive Directors.

# CORPORATE GOVERNANCE REPORT

Catalist Rule	Rule Description	
1204(10)	Confirmation of Adequacy of Internal Controls	<p>The Board, with the concurrence of the ARC, is of the opinion that the Group's internal controls and risk management systems are adequate and effective to address the financial, operational, compliance and information technology controls, and risk management systems in FY2025 in its current business environment based on the following:</p> <ul style="list-style-type: none"> <li>• Assurance has been received from the CEO and CFO;</li> <li>• Board Committee meetings are held with the key management personnel to discuss and review the financial and operational (including compliance issues) performance of the Group. Internal control issues, where applicable, were discussed and addressed during such meetings;</li> <li>• Key management personnel regularly evaluates, monitors and reports to the ARC on material risks and a set of risk registers is maintained, updated and presented to the ARC at least annually;</li> <li>• Work performed by the Internal and Independent Auditors; and</li> <li>• Discussions were held between the ARC, Internal and Independent Auditors in the absence of the key management personnel to review and address any potential concerns.</li> </ul> <p>There were no material weaknesses identified by the Board or ARC in FY2025.</p>
1204(10)(C)	ARC's comment on internal audit function	<p>The ARC is satisfied that the Company's internal audit function is:</p> <ul style="list-style-type: none"> <li>• sufficiently independent to carry out its role;</li> <li>• conducted effectively as Management has provided full co-operation to enable Internal Auditors to perform its function;</li> <li>• adequately resourced to perform the work for the Group; and</li> <li>• has the appropriate standing within the Company.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Catalist Rule	Rule Description			
1204(17)	Interested Person Transaction (“IPT”)	Details of the interested person transactions for FY2025 as required pursuant to Rule 907 of the Catalist Rules of SGX-ST are as follows:		
			<b>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)</b>	<b>Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b>
	<b>Name of Interested Person</b>	<b>Nature of Relationship</b>	<b>RM’000</b>	<b>RM’000</b>
	Lean Shern Furniture Sdn Bhd (“ <b>Lean Shern</b> ”)	Tan Khwee Ming and Tan Kwee Song, who are both brothers of Tan Kwee Chai and Tan Kwee Lim, each owns 50% of the issued and paid-up capital of Lean Shern and the directors of Lean Shern are Tan Khwee Ming and Tan Kwee Song.	...(2)	22,107
	Leatherworld Upholstery Sdn Bhd (“ <b>Leatherworld</b> ”)	Lian Yu Furniture Corporation Sdn Bhd (“ <b>LYFC</b> ”) <sup>(1)</sup> owns 51.0% of the issued and paid-up share capital of Leatherworld, and the remaining 49.0% shareholding interest in Leatherworld is owned by Tan Pei Wah. The directors of Leatherworld are Eu Choon Sian and Tan Pei Wah, who are both not related to any of our Directors, CEO, Controlling Shareholders or their Associates. None of our Directors, CEO, Executive Officers or Controlling Shareholders has an executive role in Leatherworld.	...(2)	2,159

# CORPORATE GOVERNANCE REPORT

Catalist Rule	Rule Description	
		<p><i>Notes:</i></p> <p>(1) <i>Tan Kwee Chai, Tan Yong Chuan, Tan Ai Luang, Tan Kwee Lim, Boo Ngek Hee, Cha Geek Ngo, Tan Yong Siang and Lead Chance Holdings Limited own 37.13%, 9.23%, 3.00%, 19.24%, 7.01%, 4.39%, 6.00% and 14.00% of the issued and paid-up share capital of LYFC respectively. Lead Chance Holdings Limited is wholly-owned by Shen Min-Hui. The directors of LYFC are Tan Kwee Chai, Tan Yong Chuan, Tan Kwee Lim and Boo Ngek Hee.</i></p> <p>(2) <i>Excludes transactions which are less than S\$100,000.</i></p> <p>The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the ARC and the transactions are carried out on normal commercial terms and will not be prejudicial to the interest of the Company and its minority shareholders.</p>
1204(19)	Dealing in Securities	<p>The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information.</p> <p>The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period commencing one month before the announcement of the Group's half-yearly or full year results, and ending on the date of the announcement of the relevant results.</p>
1204(21)	Non-sponsor Fees	No non-sponsor fees were paid to the Company's sponsor, Xandar Capital Pte. Ltd. during FY2025.

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Ms Tan Ai Luang and Mr Yeo Kian Wee Andy will be seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 April 2026 (“AGM”) (collectively the “Retiring Directors” and each a “Retiring Director”).

Pursuant to Rule 720(5) of the Singapore Exchange Securities Trading Limited (the “Exchange”)’s Listing Manual Section B: Rules of Catalist (the “Catalist Rules”), the following is the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules:

	MS TAN AI LUANG	MR YEO KIAN WEE ANDY
Date of Appointment	20 December 2017	20 December 2017
Date of last re-appointment	28 April 2023	29 April 2024
Age	53	55
Country of principal residence	Malaysia	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors (the “Board”) of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) and has reviewed and considered the qualification, contribution, performance, business knowledge, attendance, preparedness, participation, candour and suitability of Ms Tan Ai Luang for re-appointment as Executive Director of the Company. The Board has reviewed and concluded that Ms Tan Ai Luang possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Yeo Kian Wee Andy for re-appointment as Independent Non-Executive Chairman of the Board of the Company. The Board has reviewed and concluded that Mr Yeo Kian Wee Andy possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive  Ms Tan Ai Luang is responsible for the sales and marketing activities of our Group including overseeing the prototype and industrial engineering, purchasing and procurement and exporting and shipping departments.	Non-executive and independent.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director.	Independent Non-Executive Chairman of the Board, Chairman of the Audit and Risk Committee, the Remuneration Committee, and the NC.

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS TAN AI LUANG	MR YEO KIAN WEE ANDY
Professional qualifications	Ms Tan Ai Luang obtained a Bachelor of Arts in Communication from Universiti Kebangsaan Malaysia in 1998.	Mr Yeo Kian Wee Andy graduated with a Bachelor of Laws from the National University of Singapore in 1996 and admitted as an advocate and solicitor in Singapore in 2000. He is a non-practicing solicitor of England and Wales, having been admitted to the Roll of Solicitors of England and Wales in 2010.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Ms Tan Ai Luang is the niece of Mr Tan Kwee Chai (the Executive Director) and cousin of Mr Tan Yong Chuan (the Executive Director and Chief Executive Officer).	None
Conflict of Interest (including any competing business)	None	None
Working experience and occupation(s) during the past 10 years	LY Corporation Limited and its related corporations.	Andy Yeo Chambers LLC Partner, since November 2024  Eldan Law LLP Partner, since June 2019 - November 2024  Allen and Gledhill Partner, January 2006 - June 2019
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 800,000 ordinary shares of LY Corporation Limited	Direct interest: 115,000 ordinary shares of LY Corporation Limited
Other Principal Commitments including Directorships  Past (for the last 5 years)  Present	None	<u>Past (for the last 5 years)</u> Eldan Law LLP Tee International Limited  <u>Present:</u> Andy Yeo Chambers LLC Fintex Pte Ltd Jedefx Pte Ltd The Necessary Stage Ltd

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS TAN AI LUANG	MR YEO KIAN WEE ANDY
<p><b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</b></p>		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS TAN AI LUANG	MR YEO KIAN WEE ANDY
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS TAN AI LUANG	MR YEO KIAN WEE ANDY
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	Yes
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS TAN AI LUANG	MR YEO KIAN WEE ANDY
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
<p><b>The details of J(i) for Mr Yeo Kian Wee Andy:</b></p> <p>Mr Yeo Kian Wee Andy was the Independent Non-Executive Chairman of Tee International Limited and was subsequently redesignated to its Non-Executive Director after Tee International Limited was delisted from the Exchange on 16 February 2024.</p> <p>As announced by Tee International Limited on 18 February 2022 and by the Company on 22 February 2022, Tee International Limited was requested to produce various documents to the Commercial Affairs Department (“CAD”) to assist with an investigation into an offence under the Securities and Futures Act 2001. On 18 January 2024, the SGX-ST Listings Disciplinary Committee reprimands Tee International Limited and its former group chief executive officer for breaching SGX-ST Mainboard Rules 703(1)(a) by failing to disclose certain claims served on the company’s wholly-owned subsidiary and SGX-ST Mainboard Rule 719(1) by failing to have in place adequate and effective systems of internal controls and risk management systems to monitor the claims received by the group and escalate such matters to the board of Tee International Limited for timely disclosure.</p>		
<p><b>Disclosure applicable to the appointment of Director only</b></p>		
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee’s reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>Not Applicable.</p> <p>This is in relation to the re-appointment of a Director.</p>	<p>Not Applicable.</p> <p>This is in relation to the re-appointment of a Director.</p>

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# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The directors present their statement to the members together with the audited consolidated financial statements of LY Corporation Limited (the “**Company**”) and its subsidiaries (the “**Group**”) and the statement of financial position of the Company for the financial year ended 31 December 2025.

In the opinion of the directors,

- (a) the statement of financial position and changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 110 to 181 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2025 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Tan Yong Chuan  
Tan Kwee Chai  
Tan Ai Luang  
Yeo Kian Wee Andy  
Datuk Yap Kheng Fah

## ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed under “Share options” in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

Name of director	Direct interest			Deemed interest		
	At the beginning of financial year	At the end of financial year	At 21 January 2026	At the beginning of financial year	At the end of financial year	At 21 January 2026
<u>Ordinary shares of the Company</u>						
Tan Kwee Chai	3,660,400	4,061,500	4,061,500	355,159,700	355,159,700	355,159,700
Tan Ai Luang	800,000	800,000	800,000	-	-	-
Yeo Kian Wee Andy	115,000	115,000	115,000	-	-	-
<u>Ordinary shares of the ultimate holding company - Lian Yu Holdings Pte. Ltd.</u>						
Tan Kwee Chai	431,730	431,730	431,730	-	-	-
Tan Yong Chuan	107,336	107,336	107,336	-	-	-
Tan Ai Luang	30,000	30,000	30,000	-	-	-

By virtue of Section 7 of the Singapore Companies Act 1967, Tan Kwee Chai is deemed to have an interest in the shares held by Lian Yu Holdings Pte. Ltd. in the Company and its subsidiaries.

## SHARE OPTIONS

On 21 December 2017, the Company adopted the LY Performance Share Plan for the granting of non-transferable share awards. The awards are settled by the physical delivery of the ordinary shares of the Company to eligible participants (including Executive Directors and Independent Directors). The LY Performance Share Plan is administrated by the Remuneration Committee of the Company.

Since the commencement of the LY Performance Share Plan till the end of the financial year ended 31 December 2025, no share awards have been granted.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("**ARC**") is guided by the following key terms of reference:

- (a) assist our Board in the discharge of its responsibilities on financial reporting matters;
- (b) consider the appointment or re-appointment of the independent auditors, the level of audit and non-audit fees and matters relating to the resignation or dismissal of the independent auditors, and review with the independent auditors the audit plans, their evaluation of the system of internal accounting controls, their audit reports, their management letter and our management's response before submitting the results of such review to our Board of Directors ("**Board**") for approval;
- (c) consider the appointment or re-appointment of the internal auditors, the level of their remuneration and matters relating to the resignation or dismissal of the internal auditors, and review with the internal auditors the internal audit plans and their evaluation of the adequacy of our system of internal accounting controls and accounting system before submitting the results of such review to our Board for approval prior to the incorporation of such results in our annual report (where necessary);
- (d) review the system of internal accounting controls and procedures established by the management and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);
- (e) review the assistance and co-operation given by our Company's officers to the internal and independent auditors;
- (f) review the half yearly and annual, and quarterly if applicable, interested person transactions, financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major areas of judgement, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;
- (g) review and discuss with the independent auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and consider the adequacy of our management's response;
- (h) review and assess our Company's foreign exchange and hedging policies including whether our Company has in place adequate and appropriate hedging policies and used appropriate instruments for hedging, if applicable;
- (i) review transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);
- (j) review potential conflicts of interest (if any) and set out a framework to resolve or mitigate any potential conflicts of interest;
- (k) review the effectiveness and adequacy of our administrative, operating, internal accounting and financial control procedures;
- (l) review our key financial risk areas, with a view to providing an independent oversight on our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, if the findings are material, immediately announced via SGXNET;
- (m) undertake such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our ARC;

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## AUDIT AND RISK COMMITTEE (CONTINUED)

The Audit and Risk Committee ("ARC") is guided by the following key terms of reference: (Continued)

- (n) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time;
- (o) review arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up; and
- (p) review our Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time.

The ARC has recommended to the Board that the independent auditor, CLA Global TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

## INDEPENDENT AUDITOR

The independent auditor, CLA Global TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,

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**Tan Kwee Chai**

*Director*

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**Tan Yong Chuan**

*Director*

6 April 2026

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LY CORPORATION LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying financial statements of LY Corporation Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as set out on pages 110 to 181, which comprise the consolidated financial position of the Group and the statement of financial position of the Company as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including material accounting policies information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the “**Act**”) and Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2025 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

### *Basis for Opinion*

We conducted our audit in accordance with Singapore Standards on Auditing (“**SSAs**”). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“**ACRA**”) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“**ACRA Code**”), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other matter*

The financial statements of the Group for the financial year ended 31 December 2024 were audited by another firm of independent auditors who expressed an unqualified opinion on those financial statements on 9 April 2025.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of non-financial assets

- a) Valuation of goodwill and trademarks  
(Refer to Notes 2.4(b), 2.6, 2.8, 3.1(a) and 14 to the financial statements)

#### Area of focus

As at 31 December 2025, the Group's goodwill and trademarks arising from past business combinations amounted to RM8,285,000 and RM2,086,000 respectively, and in aggregate represents approximately 4% of the Group's total assets.

In accordance with SFRS(I) 1-36 *Impairment of Assets*, the Group is required to perform an annual impairment assessment of goodwill. Goodwill is allocated to two cash-generating units (“**CGUs**”), namely Leyo Holdings Sdn. Bhd. (“**LEHSB**”) and LY Unity Sdn. Bhd. (“**LYUG**”).

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LY CORPORATION LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### *Key Audit Matters* (Continued)

#### Valuation of non-financial assets (Continued)

##### a) Valuation of goodwill and trademarks (Continued)

###### Area of focus (Continued)

As trademarks do not generate cash flows independently, their recoverable amounts are assessed together with the CGU to which the trademarks belong as part of the Group's impairment assessment.

Management applied the value-in-use ("VIU") method to determine the recoverable amount of the respective CGUs. In preparing the cash flow projections for the VIU calculations, the determination of recoverable amounts of the CGUs involved significant management judgement and estimates including, budgeted gross margins, revenue growth rate, discount rate and terminal growth rate.

Based on the management's assessment, an impairment loss of RM943,000 was recognised in respect of the goodwill allocated to the CGU of LEHSB for the financial year ended 31 December 2025. No impairment loss was recognised for trademarks for CGU of LEHSB as the impairment identified was fully allocated to goodwill. As for goodwill and trademarks allocated to the CGU of LYUG, no impairment loss was recognised as the recoverable amount exceeded the carrying amount.

We focused on this area as a key audit matter due to the significant judgement and estimates uncertainty involved in the impairment assessment.

###### How our audit addressed the area of focus

In obtaining sufficient audit evidence, the following procedures were carried out:

- Assessed the appropriateness of management's identification of the relevant CGUs for the purposes of impairment assessment;
- Obtained an understanding of the process and evaluated the appropriateness of management's basis and key inputs and assumptions used in the preparation of the impairment assessment;
- Together with our internal valuation specialist, reviewed the VIU model used by management and assessed the discount rate used in the impairment assessment;
- Evaluated the reasonableness of key inputs used by management in the VIUs calculation to compute the recoverable amount of the respective CGU, including budgeted gross margins, revenue growth rate and terminal growth rates;
- Performed sensitivity analysis on key inputs to determine the potential impact of the variations in the amount and timing of the future cash flows; and
- Assessed the adequacy of the related disclosures in the consolidated financial statements.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LY CORPORATION LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Key Audit Matters (Continued)

#### Valuation of non-financial assets (Continued)

- b) Valuation of property, plant and equipment and right-of-use assets  
(Refer to Notes 2.5, 2.8(b), 2.11, 3.1(b), 12 and 23 to the financial statements)

#### Area of focus

As at 31 December 2025, the Group's property, plant and equipment and right-of-use assets amounted to RM133,126,000 and RM19,044,000, representing 58% and 8% of the Group's total assets, respectively.

In accordance with SFRS(I) 1-36 *Impairment of Assets*, management is required to assess at each reporting date, for indicators of impairment in its property, plant and equipment and right-of-use assets. During the financial year, management has identified indicators of impairment in certain CGUs within the Group, namely LY Furniture Sdn. Bhd. ("LYFSB") and Leyo Manufacturing Sdn. Bhd. ("LEM"). Accordingly, management performed impairment assessments of these CGUs to determine the recoverable amounts.

Management applied the VIU method to determine the recoverable amount of the respective CGUs. In preparing the cash flow projections for the VIU calculations, the determination of the recoverable amounts of the CGUs involved significant management judgements and estimates, including, budgeted gross margins, revenue growth rate, discount rate and terminal growth rate. No impairment loss was recognised for the Group's property, plant and equipment and right-of-use assets for the financial year ended 31 December 2025 as the recoverable amounts exceeded the carrying amounts of the respective CGUs.

We focused on this area as a key audit matter due to the significance of the Group's property, plant and equipment and right-of-use assets in relation to the total assets, as well as the significant judgement and estimates uncertainty involved in the impairment assessment.

#### How our audit addressed the area of focus

In obtaining sufficient audit evidence, the following procedures were carried out:

- Evaluated management's assessment ascertaining the existence of indicators of impairment of the assets with reference to SFRS(I) 1-36 *Impairment of Assets*;
- Assessed the appropriateness of management's identification of the relevant CGUs for the purposes of impairment assessment;
- Obtained an understanding of the process and evaluated the appropriateness of management's basis and key inputs and assumptions used in the preparation of the impairment assessment;
- Together with our internal valuation specialist, reviewed the VIU model used by management and assessed the pre-tax discount rate used in the impairment assessment;
- Evaluated the reasonableness of key inputs used by management in the VIUs calculation to compute the recoverable amount of the respective CGU, including budgeted gross margins, revenue growth rate and terminal growth rates;
- Performed sensitivity analysis on key inputs to determine the potential impact of the variations in the amount and timing of the future cash flows; and
- Assessed the adequacy of the related disclosures in the consolidated financial statements.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LY CORPORATION LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of Management and Directors for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We have also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LY CORPORATION LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### *Auditor's Responsibilities for the Audit of the Financial Statements (Continued)*

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We have also: (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Lim Hui Ki.

**CLA Global TS Public Accounting Corporation**  
**Public Accountants and Chartered Accountants**

**Singapore**

**6 April 2026**

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000 (Restated)
Revenue	4	<b>196,644</b>	222,372
Cost of sales		<b>(197,660)</b>	(208,957)
Gross (loss)/profit		<b>(1,016)</b>	13,415
Other (losses)/gains - net	5	<b>(2,531)</b>	872
OTHER ITEMS OF INCOME			
- Interest income from short-term deposits		<b>341</b>	1,097
- Distributions from short-term investment security		-	104
- Other income	6	<b>4,089</b>	4,370
		<b>4,430</b>	5,571
OTHER ITEMS OF EXPENSE			
- Selling and administrative		<b>(28,638)</b>	(23,176)
- Finance	7	<b>(1,339)</b>	(2,248)
- Others		-	(7)
Loss before tax		<b>(29,094)</b>	(5,573)
Income tax credit/(expense)	10	<b>9,683</b>	(238)
Loss for the year, representing total comprehensive loss for the year		<b>(19,411)</b>	(5,811)
(Loss)/profit for the year, representing total comprehensive (loss)/income for the year attributable to:			
- Owners of the Company		<b>(18,693)</b>	(6,983)
- Non-controlling interests		<b>(718)</b>	1,172
		<b>(19,411)</b>	(5,811)
Loss per share attributable to owners of the Company (sen per share)			
- Basic and diluted	11	<b>(3.82)</b>	(1.43)

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

Note	Group			Company	
	As at 31 December 2025 RM'000	As at 31 December 2024 RM'000	As at 1 January 2024 RM'000	As at 31 December 2025 RM'000	As at 31 December 2024 RM'000
	(Restated)				
<b>Non-current assets</b>					
Property, plant and equipment	12	133,126	140,363	143,875	-
Right-of-use assets	23	19,044	21,971	22,743	-
Investment in subsidiaries	13	-	-	-	54,247
Intangible assets	14	10,371	11,514	2,821	-
Amount due from subsidiaries	15	-	-	-	4,430
		<b>162,541</b>	173,848	169,439	<b>58,677</b>
					60,277
<b>Current assets</b>					
Inventories	16	34,901	54,495	49,884	-
Trade and other receivables	17	15,617	25,889	19,892	8
Amount due from subsidiaries	15	-	-	-	4,342
Prepaid operating expense		2,049	2,413	2,091	15
Tax recoverable		1,667	1,411	2,157	-
Deposit with bank	18	1,033	1,000	-	1,033
Cash and cash equivalents	19	13,212	17,671	54,215	376
		<b>68,479</b>	102,879	128,239	<b>5,774</b>
					4,868
Assets classified as held-for-sale		130	130	130	-
		<b>68,609</b>	103,009	128,369	<b>5,774</b>
					4,868
<b>Total assets</b>		<b>231,150</b>	276,857	297,808	<b>64,451</b>
					65,145
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Loans and borrowings	20	12,401	26,076	16,693	-
Trade and other payables	21	14,814	19,422	36,664	-
Amount due to a subsidiary	15	-	-	-	3,600
Contract liabilities	4(b)	1,059	428	-	-
Accrued operating expenses		1,902	1,328	1,113	799
Lease liabilities	23	1,528	2,449	1,785	-
		<b>31,704</b>	49,703	56,255	<b>4,399</b>
					637
<b>Net current assets</b>		<b>36,905</b>	53,306	72,114	<b>1,375</b>
					4,231

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

Note	Group			Company	
	As at 31 December 2025 RM'000	As at 31 December 2024 RM'000	As at 1 January 2024 RM'000	As at 31 December 2025 RM'000	As at 31 December 2024 RM'000
	(Restated)				
<b>Non-current liabilities</b>					
Trade and other payables	21	1,040	-	1,040	1,000
Loans and borrowings	20	3,877	9,541	-	-
Lease liabilities	23	903	3,821	-	-
Deferred tax liabilities	22	4,863	14,604	-	-
		<b>10,683</b>	<b>27,966</b>	<b>1,040</b>	<b>1,000</b>
<b>Total liabilities</b>		<b>42,387</b>	<b>84,221</b>	<b>5,439</b>	<b>1,637</b>
<b>Net assets</b>		<b>188,763</b>	<b>213,587</b>	<b>59,012</b>	<b>63,508</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	24	66,135	66,135	66,135	66,135
Treasury shares	25	(183)	(173)	(183)	(183)
Merger reserve	26	(15,234)	(15,234)	-	-
Other reserve	27	(3,322)	(3,322)	-	-
Retained earnings/(accumulated losses)		143,873	169,519	(6,940)	(2,444)
		<b>191,269</b>	<b>216,925</b>	<b>59,012</b>	<b>63,508</b>
Non-controlling interests	13(c)	(2,506)	(3,338)	-	-
<b>Net assets</b>		<b>188,763</b>	<b>213,587</b>	<b>59,012</b>	<b>63,508</b>
<b>Total equity and liabilities</b>		<b>231,150</b>	<b>297,808</b>	<b>64,451</b>	<b>65,145</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of the Company							Total equity RM'000
	Share capital (Note 24) RM'000	Treasury shares (Note 25) RM'000	Merger reserve (Note 26) RM'000	Other reserve (Note 27) RM'000	Retained earnings RM'000	Equity attributable to owner RM'000	Non- controlling interests RM'000	
<u>Group</u>								
At 1 January 2025								
- As previously reported	66,135	(183)	(15,234)	(3,322)	162,566	209,962	(2,825)	207,137
- Prior year adjustments (Note 36)	-	-	-	-	(30)	(30)	1,067	1,037
At 1 January 2025 (as restated)	66,135	(183)	(15,234)	(3,322)	162,536	209,932	(1,758)	208,174
Loss for the year, representing total comprehensive loss for the year	-	-	-	-	(18,693)	(18,693)	(718)	(19,411)
Accretion of interest in a subsidiary (Note 13(d))	-	-	-	-	30	30	(30)	-
At 31 December 2025	66,135	(183)	(15,234)	(3,322)	143,873	191,269	(2,506)	188,763
At 1 January 2024	66,135	(173)	(15,234)	(3,322)	169,519	216,925	(3,338)	213,587
Acquisition of subsidiaries								
- As previously reported	-	-	-	-	-	-	(689)	(689)
- Prior year adjustments (Note 36)	-	-	-	-	-	-	1,097	1,097
Acquisition of subsidiaries (as restated) (Note 13(b))	-	-	-	-	-	-	408	408
Purchase of treasury shares (Note 25)	-	(10)	-	-	-	(10)	-	(10)
Loss for the year, representing total comprehensive loss for the year								
- As previously reported	-	-	-	-	(6,953)	(6,953)	1,202	(5,751)
- Prior year adjustments (Note 36)	-	-	-	-	(30)	(30)	(30)	(60)
Loss for the year, representing total comprehensive loss for the year (as restated)	-	-	-	-	(6,983)	(6,983)	1,172	(5,811)
At 31 December 2024 (as restated)	66,135	(183)	(15,234)	(3,322)	162,536	209,932	(1,758)	208,174

The accompanying notes form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Share capital (Note 24) RM'000	Treasury shares (Note 25) RM'000	Accumulated losses RM'000	Total equity RM'000
<u>Company</u>				
At 1 January 2025	66,135	(183)	(2,444)	63,508
Loss for the year, representing total comprehensive loss for the year	-	-	(4,496)	(4,496)
At 31 December 2025	<b>66,135</b>	<b>(183)</b>	<b>(6,940)</b>	<b>59,012</b>
At 1 January 2024	66,135	(173)	(1,154)	64,808
Loss for the year, representing total comprehensive loss for the year	-	-	(1,290)	(1,290)
Purchase of treasury shares (Note 25)	-	(10)	-	(10)
At 31 December 2024	66,135	(183)	(2,444)	63,508

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000 (Restated)
<b>Cash flows from operating activities</b>			
Loss before tax		(29,094)	(5,573)
Adjustments for:			
Adjustment on lease modification		(83)	(228)
Amortisation of trademarks	8	200	111
Depreciation of property, plant and equipment	8	11,452	11,712
Depreciation of right-of-use assets	8	2,853	2,803
Distributions from short-term investment security		-	(104)
Forfeiture of deposits for lease agreements due to early termination	5	31	-
Gain on disposal of short-term investment security	5	-	(76)
Impairment of goodwill	5	943	-
Interest expense	7	1,339	2,248
Interest income from short-term deposits		(341)	(1,097)
Loss on disposal of property, plant and equipment	5	141	671
Non-trade receivables written off	5	12	-
(Reversal)/allowance for inventories written down	8	(322)	4,698
(Reversal)/allowance for slow moving inventories	8	(1,864)	2,003
Trade payables written off	5	(147)	-
Trade receivables written off	5	28	25
Unrealised exchange gain		(786)	(3,458)
Write-off of property, plant and equipment	5	66	339
Operating (loss)/profit before working capital changes		(15,572)	14,074
Changes in working capital:			
Inventories		21,780	(10,741)
Trade and other receivables		10,199	(4,253)
Prepaid operating expense		364	(282)
Trade and other payables		(4,455)	(18,975)
Contract liabilities		631	(1,465)
Accrued operating expenses		574	162
Cash flows generated from/(used in) operations		13,521	(21,480)
Net income taxes paid		(301)	(168)
Net cash flows generated from/(used in) operating activities		13,220	(21,648)
<b>Cash flows from investing activities</b>			
Interest income from short term deposits		341	1,097
Distributions from short-term investment security		-	104
Proceeds from disposal of short-term investment security		-	15,680
Placement of short-term investment security		-	(15,603)
Restricted bank deposit	13(b)	(33)	(1,000)
Acquisition of subsidiaries, net of cash acquired	13(b)	-	(4,275)
Purchase of property, plant and equipment	(a)	(4,584)	(6,107)
Proceeds from disposal of property plant and equipment		162	154
Net cash flows used in investing activities		(4,114)	(9,950)

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
			(Restated)
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings	(b)	79,168	50,272
Repayment under financing arrangements	(b)	(757)	(905)
Repayment of loans and borrowings	(b)	(87,932)	(50,281)
Prepayment for right-of-use assets		(178)	-
Principal repayment of lease liabilities	(b)	(2,355)	(2,288)
Interest paid	(b)	(1,339)	(2,248)
Purchase of treasury shares		-	(10)
<b>Net cash flows used in financing activities</b>		<b>(13,393)</b>	<b>(5,460)</b>
<b>Net change in cash and cash equivalents</b>		<b>(4,287)</b>	<b>(37,058)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>(172)</b>	<b>514</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>17,671</b>	<b>54,215</b>
<b>Cash and cash equivalents at end of year</b>	19	<b>13,212</b>	<b>17,671</b>

## Notes to the consolidated statement of cash flows

(a) The net cash outflow for the acquisition of property, plant and equipment are as follows:

	Note	2025 RM'000	2024 RM'000
Current year additions	12	4,584	6,437
Less: Obligation under financing arrangements		-	(330)
<b>Net cash outflow for the purchase of property, plant and equipment</b>		<b>4,584</b>	<b>6,107</b>

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Notes to the consolidated statement of cash flows (Continued)

(b) Changes in Liabilities Arising from Financing Activities

The analysis of movements in liabilities arising from financing activities are as follows:

	Cash movements				Non-cash movements				As at 31.12.2025 RM'000
	As at 1.1.2025 RM'000	Principal paid RM'000	Interest paid RM'000	Drawdown RM'000	Interest expense RM'000	Addition RM'000	Currency translation difference RM'000	Modification RM'000	
Loans and borrowings	25,320	(87,932)	(1,079)	79,168	1,079	-	(995)	-	15,561
Financing arrangements	1,474	(757)	(64)	-	64	-	-	-	717
Lease liabilities	5,121	(2,355)	(196)	-	196	878	-	(1,213)	2,431
	<b>31,915</b>	<b>(91,044)</b>	<b>(1,339)</b>	<b>79,168</b>	<b>1,339</b>	<b>878</b>	<b>(995)</b>	<b>(1,213)</b>	<b>18,709</b>

	Cash movements				Non-cash movements				As at 31.12.2024 RM'000
	As at 1.1.2024 RM'000	Principal paid RM'000	Interest paid RM'000	Drawdown RM'000	Interest expense RM'000	Addition RM'000	Currency translation difference RM'000	Modification RM'000	
Loans and borrowings	24,393	(50,281)	(1,835)	50,272	1,835	2,251	(1,315)	-	25,320
Financing arrangements	1,841	(905)	(109)	-	109	538	-	-	1,474
Lease liabilities	5,606	(2,288)	(304)	-	304	5,415	-	(3,612)	5,121
	<b>31,840</b>	<b>(53,474)</b>	<b>(2,248)</b>	<b>50,272</b>	<b>2,248</b>	<b>8,204</b>	<b>(1,315)</b>	<b>(3,612)</b>	<b>31,915</b>

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. GENERAL INFORMATION

LY Corporation Limited (the “**Company**”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The immediate and ultimate holding company is Lian Yu Holdings Pte. Ltd., which is incorporated in Singapore.

The registered office of the Company is located at 120 Robinson Road, #06-01, Singapore 068913.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 13 to the financial statements.

## 2. MATERIAL ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”) under the historical cost convention, except as disclosed in the accounting policies below.

The consolidated financial statements are presented in Ringgit Malaysia (“**RM**”) and all values are rounded to the nearest thousand (RM’000), except when otherwise indicated.

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

#### *Interpretations and amendments to published standards effective in 2025*

On 1 January 2025, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“**INT SFRS(I)**”) that are mandatory for application for the financial year. Changes to the Company’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

### 2.2 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised net of taxes when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at that point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### (a) Sale of goods

##### (i) Furniture

##### • Original design manufacturer and original equipment manufacturer

Revenue from the sales of custom wooden furniture (original design manufacturer basis) and revenue from the sales of made-to-order wooden furniture based on customised specifications from customers (original equipment manufacturer basis) are recognised at the point in time when the manufacturing process is completed with the customers’ acceptance and customers have obtained control of the goods.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.2 Revenue recognition (Continued)

#### (a) Sale of goods (Continued)

##### (i) Furniture (Continued)

- *Original brand manufacturer*

Revenue from sale of self-assembled wooden furniture is recognised at the point in time upon delivery and when the customer obtained control of the goods.

- *Supply and installation of customised carpentry products*

Revenue from the supply and installation of customised carpentry products is recognised over time by reference to the Group's progress towards complete satisfaction of the performance obligations. The products are highly customised and have no alternative use for the Group, and the Group has enforceable rights to payment for performance completed to date.

The Group derives the revenue from both end customers and developers. Progress towards completion is measured using an output method, based on milestones achieved, which reflects the value of goods and services transferred to the customer relative to the remaining performance obligations under the contract.

For contracts with end customers, payments are typically received in advance of the performance of installation services. Such advance receipts are recognised as contract liabilities and are recognised as revenue as the Group satisfies its performance obligations over time.

For contracts with property developers, the Group generally bills customers based on agreed milestones, with payment subject to stipulated credit terms. These credit terms are generally less than one year.

The Group applies the practical expedient in SFRS(I) 15 and does not adjust the transaction price for the effects of a significant financing component, as the period between receipt of payment and the transfer of goods and services to the customer is generally one year or less.

##### (ii) Millwork

Revenue from woodwork or building product is recognised at the point in time upon delivery and when customers have obtained control of the goods.

#### (b) Others

The revenue from licensing of brand names and intellectual property and usage of mould is recognised based on the usage by the customers.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.3 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant. Where the grants relate to income, government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss under "Other income".

### 2.4 Group accounting

#### (a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, other than those under common control (Note 2.4(c)) being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

#### (b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (Continued)

#### (b) *Business combinations and goodwill* (Continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

#### (c) *Corporate reorganisation*

On 18 December 2017, the Group underwent a corporate reorganisation in preparation for its listing on the SGX-ST (the "**Restructuring Exercise**"). The Company subscribed for 4,500,000 shares in LY Furniture Sdn. Bhd. ("**LYFSB**"), amounting to 90% of the enlarged issued and paid-up share capital of LYFSB, for a consideration of RM4,500,000 which was based on RM1 for each share in LYFSB.

Concurrently, the Company entered into a sale and purchase agreement to acquire the remaining 10% of the issued and paid-up share capital in LYFSB for a consideration of RM15,995,500. The consideration was based on the unaudited net asset value of LYFSB as at 30 June 2017. The consideration was satisfied by the allotment and issue of 20,000,000 shares in the Company. Upon completion of the acquisition of shares in LYFSB, LYFSB became a wholly-owned subsidiary of the Company.

The above Restructuring Exercise is considered to be a reorganisation without a change in beneficial shareholders. Accordingly, the Company recognises the difference between the deemed cost of acquiring LYFSB and the share capital of the subsidiary pursuant to the Restructuring Exercise as merger reserve. Although the Restructuring Exercise occurred on 18 December 2017, the consolidated financial statements present the financial position and financial performance as if the businesses have always been consolidated since the beginning of the earliest period presented. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidary relationship was not established until after the Restructuring Exercise. Comparatives are presented as if the entities or businesses had always been combined since the date of incorporation of the entities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (Continued)

#### (c) Corporate reorganisation (Continued)

Pursuant to this:

- The assets and liabilities of the consolidated entities are reflected at their carrying amounts recorded in their respective financial statements.
- No adjustments are made to reflect the fair values on the date of consolidation or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the consolidation.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.
- The statement of comprehensive income reflects the results of the consolidated entities for the full year, irrespective of when the consolidation took place.

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

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

### 2.5 Property, plant and equipment

#### (a) Measurement

##### (i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

##### (ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.5 Property, plant and equipment (Continued)

#### (b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>Useful lives</u>
Leasehold buildings	27 to 58 years
Freehold buildings	50 years
Machinery and equipment	10 years
Office equipment, furniture and fittings	10 years
Computer equipment and computer software	5 to 10 years
Motor vehicles	8 to 10 years
Renovation	10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Assets under construction-in-progress are not depreciated as these assets are not available for use.

#### (c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

#### (d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other (losses)/gains - net".

### 2.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6 Intangible assets (Continued)

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement comprehensive income.

#### Trademarks

The trademarks allocated to the cash-generating units of Leyo Holdings Sdn. Bhd. and LY Unity Sdn. Bhd. were acquired through business combinations and are amortised on a straight-line basis over its estimated useful lives of 8.5 years and 15 years respectively. The useful lives of the trademarks are determined to be finite because based on the current assessment, management believes there is no affirmative decision to renew the trademarks as at acquisition date and after considering the legal tenure of the trademarks and the brand's operating history. The estimated useful lives and amortisation method of the trademarks are reviewed at each financial year end.

### 2.7 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 2.8 Impairment of non-financial assets

#### (a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.8 Impairment of non-financial assets (Continued)

(b) *Intangible assets, property, plant and equipment, right-of-use assets and investments in subsidiaries*

Intangible assets, property, plant and equipment, right-of-use assets and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

### 2.9 Investment in subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

On disposal of such investments, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial assets

#### (a) *Classification and measurement*

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification of debt instruments depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

#### At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of the financial assets not a fair value through profit or loss, transactions cost that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### At subsequent measurement

#### (i) *Debt instrument*

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **FVOCI:** Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "Other (losses)/gains - net". Interest income from these financial assets is recognised using the effective interest rate method and presented in "Other items of income".
- **FVPL:** Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "Other (losses)/gains - net".

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial assets (Continued)

#### (a) *Classification and measurement* (Continued)

##### At subsequent measurement (Continued)

#### (ii) *Equity investments*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in “Other (losses)/gains – net”, except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as “fair value gains/losses” in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as “dividend income”.

#### (b) *Impairment*

The Group recognises an allowance for expected credit losses (“**ECL**”) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a “**12-month ECL**”). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a “**lifetime ECL**”).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtor’s ability to pay.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial assets (Continued)

#### (c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

### 2.11 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *When the Group is the lessee:*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	<u>Useful lives</u>
Land use rights (expiring from 2053 to 2069)	35 to 68 years
Buildings	1 to 6 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.8 to the financial statements.

- Lease liabilities

The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.11 Leases (Continued)

*When the Group is the lessee: (Continued)*

#### • *Lease liabilities (Continued)*

Lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise the option;
- Lease payments to be made under an extension option if the Group is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For a contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone prices of the lease and non-lease components.

The Group has elected to not separate lease and non-lease components for property leases and account these as one single lease component.

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### • Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

*When the Group is the lessor:*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.11 Leases (Continued)

*When the Group is the lessor: (Continued)*

The Group leases their owned properties, machineries, equipment and factory building under operating leases to non-related parties.

- Subleases

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "Trade and other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. The lease liability relating to the head lease is retained in the consolidated statement of financial position, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognise lease income from the sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

### 2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Work-in-progress and finished goods: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.13 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.13 Income taxes (Continued)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits similar to accounting for other tax credits where a deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised.

### 2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.15 Employees' compensation

Employees' benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### (a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company's subsidiaries incorporated in Malaysia make contributions to the Employees' Provident Fund in Malaysia which is a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.15 Employees' compensation (Continued)

#### (b) *Employees' leave entitlement*

Employees' entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted estimated liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

### 2.16 Foreign currency transactions and translation

The financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

### 2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

### 2.18 Offsetting of financial instrument

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.19 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### 2.20 Treasury shares

The Group's own equity instrument, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

### 2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed and reviewed by the Chief Executive Officer in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements.

### 3.1 Impairment assessment of non-financial assets of the Group

As at 31 December 2025, management performed impairment assessment on the following non-financial assets of the Group:

- Goodwill and trademarks; and
- Property, plant and equipment and right-of-use assets

#### (a) *Goodwill and trademarks*

The carrying amounts of the Group's goodwill and trademarks as at 31 December 2025 were approximately RM8,285,000 and RM2,086,000 respectively as disclosed in Note 14 to the financial statements.

The Group's goodwill is allocated to two (2) CGUs, namely, Leyo Holdings Sdn. Bhd. ("LEHSB") and LY Unity Sdn. Bhd. ("LYUG").

Goodwill is subject to annual impairment testing at each reporting date, whenever there is indication that the goodwill may be impaired. The impairment assessment of goodwill is determined at the CGU level of LEHSB and LYUG. As the Group's trademarks do not generate cash inflows independently, they are tested for impairment together with the goodwill and other assets of the respective CGUs to which they relate, as part of the annual goodwill impairment assessment.

The recoverable amounts for the CGU of LEHSB and LYUG have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. Significant judgements are used to estimate the budgeted gross margin, revenue growth rate, pre-tax discount rates and terminal growth rates used in the computation. In making these estimates, management has relied on past performance, its expectations of market developments and the anticipated future demands for exploitation of its trademarks and furniture installation.

#### (b) *Property, plant and equipment and right-of-use assets*

The carrying amounts of the Group's property, plant and equipment and right-of-use assets as at 31 December 2025 were approximately RM133,126,000 and RM19,044,000 respectively as disclosed in Note 12 and Note 23 to the financial statements.

In assessing the recoverability of the Group's property, plant and equipment and right-of-use assets, management first applies significant judgement in determining whether indicators of impairment exist. Indicators of impairment would include, but not limited to, the profitability of the respective CGU and the loss of major customers among others. During the current financial year, management has identified indicators of impairment in certain CGUs within the Group, namely at the CGU level of LY Furniture Sdn. Bhd. ("LYFSB") and Leyo Manufacturing Sdn. Bhd. ("LEM"). Accordingly, impairment assessments were performed in accordance with SFRS(I) 1-36 *Impairment of Assets*.

The recoverable amounts of the respective CGU have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. Significant judgements are used to estimate the budgeted gross margin, revenue growth rate, pre-tax discount rates and terminal growth rates used in the computation. In making these estimates, management has relied on past performance, its expectations of market development and the anticipated future demands for wooden furniture.

Based on the above, impairment assessments were performed at the CGU level of LEHSB, LYUG, LYFSB and LEM, which represents all the Group's CGUs.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

### 3.1 Impairment assessment of non-financial assets of the Group (Continued)

#### 3.1.1 Key assumptions used in the value-in-use calculations

The key inputs used in the calculations of value-in-use for the CGUs are as follows:

- *Budgeted gross margins*

Gross margins are based on average values achieved since the Group acquired the respective businesses. Gross profit margins are forecasted based on past performance and management's expectation on market developments and industry trends for wooden furniture and furniture installation and cost saving measures through leveraging on Group synergies.

- *Revenue growth rate*

Revenue growth rate is forecasted based on the historical growth rate and the contractual price negotiated with the customers and expected sales volume to be achieved by the customers of the Group.

- *Royalty income growth rate*

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

- *Pre-tax discount rates*

Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

- *Terminal growth rates*

The forecasted terminal growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGU.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

### 3.1 Impairment assessment of non-financial assets of the Group (Continued)

#### 3.1.1 Key assumptions used in the value-in-use calculations (Continued)

The key assumptions applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period of each CGU are as follows:

##### (a) CGU of LEHSB

	2025 %	2024 %
Average royalty income growth rate	7.8	5.0
Pre-tax discount rate	17.1	17.1
Terminal growth rates	2.0	2.0

Based on the cash flow projections using the key assumptions listed above, the recoverable amount for the CGU of LEHSB is lower than its carrying amount and an impairment charge of RM943,000 to the goodwill allocated to the CGU of LEHSB was recognised by the Group for the current financial year ended 31 December 2025, as disclosed in Notes 5 and 14 to the financial statements. No impairment charge was required to be recognised to trademarks associated with the CGU of LEHSB for the financial year ended 31 December 2025.

##### (b) CGU of LYUG

	2025 %	2024 %
Average budgeted gross margins	40.7	50.4
Average revenue growth rate	8.4	6.4
Pre-tax discount rate	14.5	15.8
Terminal growth rates	2.0	2.0

Based on the cash flow projections using the key assumptions listed above, the recoverable amount for the CGU of LYUG exceeded its carrying amount. Consequently, no impairment charge is required for the goodwill and trademarks associated with the CGU of LYUG for the current financial year ended 31 December 2025.

##### (c) CGU of LYFSB

	2025 %	2024 %
Average budgeted gross margins	13.0	12.8
Average revenue growth rate	11.6	12.2
Pre-tax discount rate	14.5	14.5
Terminal growth rates	2.0	2.0

Based on the cash flow projections using the key assumptions listed above, the recoverable amount for the CGU of LYFSB exceeded its carrying amount. Consequently, no impairment charge is required for the property, plant and equipment and right-of-use assets associated with the CGU of LYFSB for the current financial year ended 31 December 2025.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

### 3.1 Impairment assessment of non-financial assets of the Group (Continued)

#### 3.1.1 Key assumptions used in the value-in-use calculations (Continued)

The key assumptions applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period of each CGU are as follows: (Continued)

#### (d) CGU of LEM

	2025 %	*2024 %
Average budgeted gross margins	6.8	N/A
Average revenue growth rate	19.0	N/A
Pre-tax discount rate	15.8	N/A
Terminal growth rates	2.0	N/A

Based on the cash flow projections using the key assumptions listed above, the recoverable amount for the CGU of LEM exceeded its carrying amount. Consequently, no impairment charge is required for the property, plant and equipment and right-of-use assets associated with the CGU of LEM for the current financial year ended 31 December 2025.

\* Not applicable. In the previous financial year ended 31 December 2024, the CGU of LEM was combined with LYFSB as a single CGU. However, in the current financial year ended 31 December 2025, changes in LEM's business operations have enabled it to generate cash flows independently. Consequently, LEM is assessed as a separate CGU as at 31 December 2025.

#### 3.1.2 Sensitivity to changes in assumptions

The sensitivity of the cash flow projections for the respective CGU to changes in assumptions is as follows:

#### (a) CGU of LEHSB

The carrying amount for the CGU of LEHSB has been reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of the recoverable amount would result in further impairment losses.

#### (b) CGU of LYUG

Management believes that no reasonably possible changes in any of the key assumptions used in the cash flow projection for the CGU of LYUG would cause the carrying value of the CGU to materially exceed its recoverable amount.

#### (c) CGU of LYFSB

With regards to the impairment assessment for the CGU of LYFSB, the sensitivity of the impairment assessment to a reasonably possible change in each of the key inputs is as follows:

	Change in assumption, holding other inputs constant	Impairment charge in the Group's goodwill RM'000
Budgeted gross margin	Reduce by 1%	20,264
Revenue growth rate	Reduce by 2%	38,043
Discount rate	Increase by 1%	13,211
Terminal growth rate	Reduce by 0.5%	2,472

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

### 3.1 Impairment assessment of non-financial assets of the Group (Continued)

#### 3.1.2 Sensitivity to changes in assumptions (Continued)

##### (d) CGU of LEM

Management believes that no reasonably possible changes in any of the key assumptions used in the cash flow projection for the CGU of LEM would cause the carrying value of the CGU to materially exceed its recoverable amount.

### 3.2 Valuation of the Company's investments in subsidiaries

The Company has investments in three subsidiaries, namely LYFSB, LEHSB and LYUG, which amounts to a total of RM54,247,000 and is disclosed in Note 13 to the financial statements.

In assessing the recoverability of the Company's investments in subsidiaries, management evaluates whether any indicators of impairment exist. Indicators of impairment would include, but not limited to, the profitability of the subsidiary and/or the loss of major customers among others. Based on management's assessment, no indicators of impairment were noted in the investments, save for the Company's investments in LYFSB and LEHSB.

#### LYFSB

Impairment assessment was performed on the Company's investment in LYFSB in accordance with SFRS(I) 1-36 *Impairment of Assets* as at 31 December 2025. In assessing the recoverability of the Company's investment in LYFSB, management has considered the VIU calculations prepared at the CGU level of LYFSB, as disclosed in Note 3.1.1(c) to the financial statements.

Based on this impairment assessment of the Company's investment in LYFSB, no impairment loss was recognised and management is of the view that no reasonably possible changes in any of the key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

#### LEHSB

The Company's investment in LEHSB was fully impaired since the previous financial year ended 31 December 2024.

As at 31 December 2025, management has assessed whether there is any indication that the accumulated impairment losses recognised in prior financial years may no longer exist or may have decreased. Based on this assessment, management concluded that there were no changes in circumstances that would warrant a reversal of the impairment losses previously recognised.

### 3.3 Expected credit loss ("ECL") on trade and other receivables

ECL on trade and other receivables are probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group had used simplified approach (lifetime expected credit loss) for its trade receivables and general approach (12 months expected credit losses or lifetime expected credit loss) for its other receivables.

In determining the ECL, the Group uses the relevant historical information to determine the probability of default of the instruments and incorporated forward-looking information. Notwithstanding the above, the Group evaluates the ECL on trade and other receivables in financial difficulties separately.

The carrying amounts of trade and other receivables and details of ECL allowance are disclosed in Notes 17 and 33(b) to the financial statements, respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

### 3.4 Net realisable value (“NRV”) of inventories

Inventories are stated at lower of cost and NRV. The NRV of the Group’s inventories is assessed based on the best available facts and circumstances at the end of each reporting period, including but not limited to, the inventories’ own physical conditions at year end and the age of the respective inventory. There is estimation uncertainty involved in the determination of the net realisable value as the saleability is affected by factors such as changing consumer demand and economic uncertainties. The value is re-evaluated, and a write-down might be recorded, if additional information received affects the amount initially assessed. The carrying amount of the inventories as at the end of the reporting period is disclosed in Note 16 to the financial statements.

## 4. REVENUE

### (a) Disaggregation of revenue

	Furniture RM’000	Millwork RM’000	Total RM’000
<b>2025</b>			
<u>Primary geographical markets based on geographical location of customers</u>			
United States of America	81,473	18,576	100,049
Malaysia	43,148	6	43,154
United Arab Emirates	1,066	-	1,066
Hong Kong	-	52,375	52,375
	<b>125,687</b>	<b>70,957</b>	<b>196,644</b>
<u>Major product or service lines</u>			
Sale of goods	125,076	70,957	196,033
Others	611	-	611
	<b>125,687</b>	<b>70,957</b>	<b>196,644</b>
<u>Timing of transfer of goods or services</u>			
At that point in time	103,714	70,957	174,671
Over time	21,973	-	21,973
	<b>125,687</b>	<b>70,957</b>	<b>196,644</b>
<b>2024</b>			
<u>Primary geographical markets based on geographical location of customers</u>			
United States of America	95,490	19,585	115,075
Malaysia	43,170	907	44,077
United Arab Emirates	2,813	-	2,813
Hong Kong	-	58,952	58,952
Others	1,455	-	1,455
	142,928	79,444	222,372
<u>Major product or service lines</u>			
Sale of goods	139,572	79,444	219,016
Others	3,356	-	3,356
	142,928	79,444	222,372
<u>Timing of transfer of goods or services</u>			
At that point in time	133,202	79,444	212,646
Over time	9,726	-	9,726
	142,928	79,444	222,372

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 4. REVENUE (CONTINUED)

### (b) Contract liabilities

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

	Group	
	2025 RM'000	2024 RM'000
Contract liabilities - furniture installation	1,059	428
Movement in contract liabilities is as follows:		
At beginning of the financial year	428	-
Acquisition of subsidiaries (Note 13(b))	-	1,893
Advances received during the year	11,273	428
Revenue recognised in current period that was included in the contract liability balance as at the beginning of the year/acquisition of subsidiaries	(428)	(1,893)
Revenue recognised from advances received during the financial year	(10,214)	-
	<b>1,059</b>	<b>428</b>

Contract liabilities primarily relate to advances received from customers and the Group's obligation to transfer the goods that are delivered to the specific location for which the Group has billed for receivables ahead of completion of the performance obligation. Management expects that the transaction price allocated to unsatisfied performance obligations as at 31 December 2025 will be recognised as revenue during the financial year ending 31 December 2026.

### (c) Trade receivables from contracts with customers

	Group		
	31 December 2025 RM'000	31 December 2024 RM'000	1 January 2024 RM'000
<u>Current</u>			
Trade receivables from contracts with customers	13,720	16,112	10,889
Less: ECL allowance for trade receivables	(50)	(73)	(50)
	<b>13,670</b>	<b>16,039</b>	<b>10,839</b>

## 5. OTHER (LOSSES)/GAINS - NET

	2025 RM'000	2024 RM'000
		(Restated)
Currency exchange (losses)/gains - net	(1,457)	1,831
Forfeiture of deposits for lease agreements due to early termination	(31)	-
Gain on disposal of short-term investment security	-	76
Impairment on goodwill (Note 14)	(943)	-
Loss on disposal of property, plant and equipment	(141)	(671)
Non-trade receivables written off	(12)	-
Trade payables written off	147	-
Trade receivables written off	(28)	(25)
Write-off of property, plant and equipment	(66)	(339)
	<b>(2,531)</b>	<b>872</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 6. OTHER INCOME

	2025 RM'000	2024 RM'000
		(Restated)
Sale of materials	465	87
Sale of scrap materials	186	273
Rental income	1,599	1,640
Government grants	496	1,327
Processing fee income	336	155
Dealership fee income	281	245
Insurance claims	6	53
Others	720	590
	<b>4,089</b>	<b>4,370</b>

## 7. FINANCE EXPENSES

	2025 RM'000	2024 RM'000
Interest expense on:		
- Loans and borrowings	1,079	1,835
- Financing arrangements	64	109
- Lease liabilities (Note 23(b))	196	304
	<b>1,339</b>	<b>2,248</b>

## 8. LOSS BEFORE TAX

The following amounts have been included in arriving at loss before tax:

	2025 RM'000	2024 RM'000
		(Restated)
Audit fees paid/payable to:		
- Independent auditor of the Company	272	412
- Other auditors	240	336
Non-audit fees paid/payable to:		
- Other audit firms	389	350
Amortisation of trademarks (Note 14)	200	111
Depreciation expenses:		
- property, plant and equipment (Note 12)	11,452	11,712
- right-of-use assets (Note 23)	2,853	2,803
Employees' benefits expense (Note 9)	46,159	41,393
Sub-contractor costs	14,356	13,114
Freight cost and handling charges	4,952	4,234
Utilities	4,394	4,523
(Reversal)/allowance for slow moving inventories	(1,864)	2,003
(Reversal)/allowance for inventories written down	(322)	4,698
Inventories recognised as an expense in cost of sales (Note 16)	116,946	129,578

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 9. EMPLOYEES' BENEFITS EXPENSE

	2025 RM'000	2024 RM'000
Employees benefits expense (including directors):		
- Salaries and bonuses	40,756	37,618
- Directors' fees	369	348
- Directors' allowances	69	60
- Employer's contribution to defined contribution plans such as Employees' Provident Fund in Malaysia	2,666	2,060
- Commission	1,031	477
- Other short-term benefits	1,268	830
	<b>46,159</b>	<b>41,393</b>

## 10. INCOME TAX (CREDIT)/EXPENSE

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

The major components of income tax (credit)/expense:

	2025 RM'000	2024 RM'000
		(Restated)
Current income tax		
- Current income taxation	203	1,020
- Over provision in respect of previous years	(198)	(117)
- Withholding tax expense	39	41
Deferred income tax		
- Origination and reversal of temporary differences	(5,175)	(1,028)
- (Over)/under provision in respect of previous years	(4,552)	322
Income tax (credit)/expense recognised in profit or loss	<b>(9,683)</b>	<b>238</b>

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

The reconciliation between income tax (credit)/expense and the product of accounting loss multiplied by the applicable corporate tax rate are as follows:

	2025 RM'000	2024 RM'000
		(Restated)
Loss before tax	<b>(29,094)</b>	<b>(5,573)</b>
Tax calculated at domestic rate applicable to profits in the respective countries	<b>(6,982)</b>	<b>(1,338)</b>
Adjustments:		
- Tax rate differential from other tax jurisdiction	312	88
- Non-deductible expenses	1,389	569
- Income not subject to tax	-	(3)
- Utilisation of previously unrecognised deferred tax assets	-	(221)
- Deferred tax asset not recognised	309	897
- (Over)/under provision in respect of previous years	(4,750)	205
- Withholding tax expense	39	41
Income tax (credit)/expense recognised in profit or loss	<b>(9,683)</b>	<b>238</b>

The Group's tax jurisdictions are in Singapore and Malaysia, with headline corporate tax rates of 17% and 24% (2024: 17% and 24%), respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 11. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share is calculated by adjusting the loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

The following table reflects the loss and share data used in the basic and diluted loss per share calculations:

	2025 RM'000	2024 RM'000
		<b>(Restated)</b>
Loss attributable to ordinary equity holders of the parent for basic earnings	<b>(18,693)</b>	(6,983)
Weighted average number of ordinary shares for basic loss per share ('000)	<b>488,799</b>	488,812
Basic and diluted loss per share (sen per share)	<b>(3.82)</b>	(1.43)

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares existing during the financial years ended 31 December 2025 and 2024.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Building RM'000	Machinery and equipment RM'000	Office equipment, furniture and fittings RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Renovation RM'000	Construction-in-progress RM'000	Total RM'000
<b>Group</b>									
<u>Cost</u>									
At 1 January 2025 (Restated)	443	117,999	86,706	10,659	4,082	6,681	1,334	2,510	230,414
Additions	-	1,035	275	162	81	18	424	2,589	4,584
Disposals	-	-	(997)	-	-	(50)	(130)	-	(1,177)
Written off	-	-	(3)	(68)	(35)	-	(77)	-	(183)
Reclassification	-	-	3,067	-	-	-	-	(3,067)	-
At 31 December 2025	443	119,034	89,048	10,753	4,128	6,649	1,551	2,032	233,638
<u>Accumulated depreciation</u>									
At 1 January 2025 (Restated)	-	26,565	50,099	4,101	3,518	5,274	494	-	90,051
Depreciation charge for the year (Note 8)	-	2,591	7,276	999	193	260	133	-	11,452
Disposals	-	-	(778)	-	-	(50)	(46)	-	(874)
Written off	-	-	(3)	(58)	(34)	-	(22)	-	(117)
At 31 December 2025	-	29,156	56,594	5,042	3,677	5,484	559	-	100,512
<u>Net carrying amount</u>									
At 31 December 2025	443	89,878	32,454	5,711	451	1,165	992	2,032	133,126
<u>Cost</u>									
At 1 January 2024	95	116,764	85,703	10,382	3,950	6,012	1,435	538	224,879
Acquisition of subsidiaries (Note 13(b))	348	1,152	590	317	55	309	156	-	2,927
Additions	-	83	372	39	85	456	63	5,339	6,437
Disposals	-	-	(2,902)	-	(19)	(96)	-	-	(3,017)
Written off	-	-	(273)	(79)	(140)	-	(320)	-	(812)
Reclassification	-	-	3,216	-	151	-	-	(3,367)	-
At 31 December 2024 (Restated)	443	117,999	86,706	10,659	4,082	6,681	1,334	2,510	230,414
<u>Accumulated depreciation</u>									
At 1 January 2024	-	24,006	44,927	3,142	3,473	4,993	463	-	81,004
Depreciation charge for the year (Note 8)	-	2,559	7,452	988	196	377	140	-	11,712
Disposals	-	-	(2,077)	-	(19)	(96)	-	-	(2,192)
Written off	-	-	(203)	(29)	(132)	-	(109)	-	(473)
At 31 December 2024 (Restated)	-	26,565	50,099	4,101	3,518	5,274	494	-	90,051
<u>Net carrying amount</u>									
At 31 December 2024 (Restated)	443	91,434	36,607	6,558	564	1,407	840	2,510	140,363

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Assets held under financing arrangements

During the financial year, the Group acquired motor vehicles with an aggregate cost of Nil (2024: RM330,000) by means of financing arrangements. The carrying amount of motor vehicles and machineries and equipment held under financing arrangements at the end of the year ended 31 December 2025 were RM597,000 (2024: RM809,000) and RM649,000 (2024: RM1,653,000) respectively. The assets are pledged as security under the financing arrangements.

Included in the depreciation for the year is depreciation of RM410,000 (2024: RM382,000) relating to assets acquired under the financing arrangements.

The cash outflow in relation to these financing arrangements during the year was RM757,000 (2024: RM905,000).

### Assets pledged as security

In addition to assets held under financing arrangements, the Group's buildings and machineries and equipment with a carrying amount of RM32,874,000 (2024: RM28,599,000) were pledged to secure the Group's bank borrowings (Note 20) as at 31 December 2025.

### Assets held-for-sales

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

	Group	
	2025 RM'000	2024 RM'000
Machinery and equipment	130	130

## 13. INVESTMENT IN SUBSIDIARIES

	Company	
	2025 RM'000	2024 RM'000
<u>Unquoted equity shares, at carrying value</u>		
At 1 January	54,247	47,612
Acquisition of subsidiary	-	7,013
	54,247	54,625
Less: Impairment loss on investment in a subsidiary	-	(378)
At 31 December	54,247	54,247

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### Composition of the Group

The Group has the following investments in subsidiaries as at the reporting periods:

Name of subsidiaries	Principal place of business	Principal activities	Proportion of ownership interest of the immediate holding corporation		Proportion of ownership interest of the Group		Proportion of ownership interest of non-controlling interest	
			2025 %	2024 %	2025 %	2024 %	2025 %	2024 %
<b>Held by the Company:</b> LY Furniture Sdn. Bhd. <sup>(a)</sup>	Malaysia	Manufacturing of all kinds of furniture and any type of woodwork or building product	100	100	100	100	-	-
Leyo Holdings Sdn. Bhd. <sup>(a)</sup>	Malaysia	Investment holding, conducting research in designing any furniture under the Company's patents and carry on all or any of the business of general merchants	51	51	51	51	49	49
LY Unity Sdn. Bhd. <sup>(a)</sup>	Malaysia	Investment holding	51	51	51	51	49	49
<b>Held through LY Furniture Sdn. Bhd.</b> Leyo Manufacturing Sdn. Bhd. <sup>(a)</sup>	Malaysia	Manufacturing of all kinds of furniture	100	100	100	100	-	-
LY Hostel Management Sdn Bhd. <sup>(a)</sup>	Malaysia	Inactive	100	100	100	100	-	-
<b>Held through Leyo Holdings Sdn. Bhd.</b> Titan Hardware Sdn. Bhd. <sup>(a)</sup>	Malaysia	Inactive	100	100	51	51	49	49
<b>Held through LY Unity Sdn. Bhd.</b> Unity Kitchen (KL) Sdn. Bhd. <sup>(a)</sup>	Malaysia	Retail sale of household furniture and installation	100	100	51	51	49	49
Unity Manufacturing Sdn. Bhd. <sup>(a)</sup>	Malaysia	Manufacturing of all kinds of furniture	100	100	51	51	49	49
Unity Kitchen Design Sdn. Bhd. <sup>(a)(b)</sup>	Malaysia	Dealership in household furniture	100	70	51	35.7	49	64.3

(a) Audited by Baker Tilly Monteiro Heng PLT. Reviewed by CLA Global TS Public Accounting Corporation for consolidation purpose.

(b) On 13 December 2025, the Group through its subsidiary, LY Unity Sdn. Bhd. acquired the remaining 30% equity interest in the issued share capital of Unity Kitchen Design Sdn. Bhd. for a purchase consideration of RM30. As a result, as at 31 December 2025, the Group and the Company effectively holds 51% of the equity interests of Unity Kitchen Design Sdn. Bhd. Details of the acquisition are disclosed in Note 13(d) to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (a) Impairment assessment on cost of investments

#### (i) LY Furniture Sdn. Bhd. ("LYFSB")

As disclosed in Note 3 to the financial statements, management has identified indicators of impairment in the investment in LYFSB and accordingly, an impairment assessment was performed on the Company's investment in LYFSB. Based on the impairment assessment performed by management, no impairment charge is required to be recognised with respect to the Company's investment in LYFSB for the current financial year ended 31 December 2025.

Please refer to Note 3 to the financial statements for the key assumptions used by management in the cash flows projections prepared for the purposes of impairment assessment and the sensitivity of the cash flows projections to changes in the key assumptions.

#### (ii) Leyo Holdings Sdn. Bhd. ("LEHSB")

As at 31 December 2024, the Company reviews the investment in LEHSB for impairment as management has identified that there are changes in circumstances which indicate that the carrying amount of the investment exceeds its recoverable amount.

The recoverable amount of LEHSB as at 31 December 2024 have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. Please refer to Note 3 to the financial statements for the key assumptions used by management in the cash flow projection prepared for the computation of the recoverable amount of LEHSB.

Based on management's assessment, an impairment of RM378,000 was recorded for the previous financial year ended 31 December 2024. As a result, the Company's investment in LEHSB was fully impaired as at 31 December 2024.

As at 31 December 2025, management has assessed whether there was any indication that the accumulated impairment losses recognised in prior financial years may no longer exist or may have decreased. Based on this assessment, management concluded that there were no changes in circumstances that would warrant a reversal of the impairment losses previously recognised.

The carrying amounts of cost of investment in LEHSB are as follows:

	2025 RM'000	2024 RM'000
Cost of investment in LEHSB	1,235	1,235
Less: Accumulated impairment loss	(1,235)	(1,235)
	-	-

#### (iii) LY Unity Sdn. Bhd. ("LYUG")

As at 31 December 2025, management has assessed whether there were any indicators of impairment in respect of the Company's investment in LYUG and concluded that no such indicators were identified. As such, no impairment assessment was performed on the Company's investment in LYUG.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (b) Acquisition of subsidiaries

On 1 August 2024, the Group completed the acquisition of 510,000 ordinary shares, representing 51% equity interest in LY Unity Sdn. Bhd. and its subsidiaries collectively, (“LYUG”) for RM7,012,500 (“Acquisition of LYUG”), a strategic move to expand into a new retail market in Malaysia, which it has not previously explored.

#### Purchase consideration

	<b>2024</b> <b>RM'000</b> <b>(Restated)</b>
Cash consideration	6,013
Contingent consideration (Note 18 and Note 21)	1,000
	<b>7,013</b>

The purchase price allocation (“PPA”) exercise has been completed in the financial year ended 31 December 2025.

#### Assets and liabilities recognised as a result of the acquisition

	<b>2024</b> <b>Fair value</b> <b>RM'000</b> <b>(Restated)</b>
Cash and cash equivalents	1,738
Property, plant and equipment	2,927
Right-of-use assets	1,332
Intangible asset - Trademark	2,215
Inventories	571
Trade and other receivables	246
Trade and other payables	(1,822)
Lease liabilities	(1,331)
Contract liabilities	(1,893)
Borrowings	(2,459)
Deferred tax liabilities	(692)
Net identifiable assets acquired	832
Less: Non-controlling interests' proportion (49%) of the net fair value of identifiable net assets	(408)
Add: Goodwill (Note 14)	6,589
Total purchase consideration	<b>7,013</b>
	<b>2024</b> <b>RM'000</b> <b>(Restated)</b>
Total fair value of net assets acquired attributable to:	
- Owners of the Company	424
- Non-controlling interests	408
	<b>832</b>
Cash consideration (as above)	(6,013)
Less: cash and cash equivalents of subsidiaries acquired	1,738
Net cash outflow for the acquisition of subsidiaries	<b>(4,275)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (b) Acquisition of subsidiaries (Continued)

#### (i) Goodwill

The acquisition of LYUG was completed on 1 August 2024 and the initial PPA exercise was not completed as at 31 December 2024. The PPA exercise was subsequently completed during the financial year ended 31 December 2025 and accordingly, the goodwill amount was adjusted retrospectively. Consequently, goodwill has been restated from RM7,731,000 to RM6,589,000 and is allocated to the CGU of LYUSB. The details of retrospective adjustment arising from completion of PPA are disclosed in Note 36 to the financial statements.

#### (ii) Acquisition-related costs

Acquisition-related costs of RM234,000 are included in "Selling and administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

#### (iii) Fair values

The fair value of the acquired identifiable trademarks of RM2,215,000 was finalised during the financial year ended 31 December 2025 and included within "Intangible assets". Consequently, intangible assets have been restated from RM2,000 to RM2,215,000 and is allocated to the CGU of LYUSB.

#### (iv) Non-controlling interests

The Group has recognised the 49% non-controlling interest at its proportion of the net fair value of LYUG's identifiable net assets.

#### (v) Revenue and profit contribution

LYUG contributed revenue of RM9,726,000 and net profit of RM1,072,000 to the Group from the period from 1 August 2024 to 31 December 2024.

The effect of the revenue and net profit of LYUG to the Group for the previous financial year ended 31 December 2024 if LYUG had been acquired on 1 January 2024 are RM20,710,000 and RM491,000 respectively.

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

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

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI %	Profit/(loss) allocated to NCI RM'000	Retained earnings/(accumulated deficit) of NCI RM'000	Dividends paid to NCI RM'000
<b>31 December 2025</b>					
Leyo Holdings Group ("LHG")	Malaysia	49	(771)	(3,469)	-
LYUG	Malaysia	49	53	963	-
<b>31 December 2024 (Restated)</b>					
LHG	Malaysia	49	640	(2,698)	-
LYUG	Malaysia	49	532	940	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (c) Interest in subsidiary with material NCI (Continued)

There is no restriction on the Group's ability to use or access assets and settle liabilities of the subsidiaries with material NCI.

	2025 RM'000	2024 RM'000
		<b>(Restated)</b>
Carrying value of NCI:		
LHG	<b>(3,469)</b>	(2,698)
LYUG	<b>963</b>	940
	<b>(2,506)</b>	(1,758)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations:

#### Summarised statement of financial position - LHG

	LHG	
	2025 RM'000	2024 RM'000
<u>Current</u>		
Assets	<b>1,629</b>	1,833
Liabilities	<b>(10,658)</b>	(10,293)
Net current liabilities	<b>(9,029)</b>	(8,460)
<u>Non-current</u>		
Assets	<b>2,059</b>	3,100
Liabilities	<b>(59)</b>	(147)
Net non-current assets	<b>2,000</b>	2,953
Net liabilities	<b>(7,029)</b>	(5,507)
<u>Summarised statement of comprehensive income</u>		
Revenue	<b>611</b>	3,549
(Loss)/profit before income tax	<b>(1,610)</b>	1,675
Income tax credit/(expense)	<b>88</b>	(368)
(Loss)/profit after tax, representing total comprehensive (loss)/income	<b>(1,522)</b>	1,307
<u>Other summarised information</u>		
Net cash flows (used in)/generated from operating activities	<b>(387)</b>	628

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (c) Interest in subsidiary with material NCI (Continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations: (continued)

#### Summarised statement of financial position – LYUG

	LYUG	
	2025 RM'000	2024 RM'000
<u>Current</u>		
Assets	5,935	3,248
Liabilities	(9,225)	(6,440)
Net current liabilities	(3,290)	(3,192)
<u>Non-current</u>		
Assets	3,875	3,264
Liabilities	(608)	(407)
Net non-current assets	3,267	2,857
Net liabilities	(23)	(335)
<u>Summarised statement of comprehensive income since acquisition</u>		
Revenue	21,974	9,726
Profit before income tax	457	1,580
Income tax expense	(144)	(508)
Profit after tax from continuing operations, representing total comprehensive income	313	1,072
<u>Other summarised information</u>		
Net cash flows generated from/(used in) operating activities	2,274	(293)

### (d) Transactions with non-controlling interests

On 13 December 2025, the Group through its subsidiary, LY Unity Sdn. Bhd. acquired the remaining 30% equity interest in the issued share capital of Unity Kitchen Design Sdn. Bhd. for a purchase consideration of RM30. The purchase consideration was satisfied by way of cash.

The following summarise the effect of the changes in the Group's ownership interest in Unity Kitchen Design Sdn. Bhd. on the equity attributable to owners of the Company:

	2025 RM'000
Consideration paid to non-controlling interests	*
Carrying amount of non-controlling interests acquired	30
Excess of consideration paid recognised in parent's equity	30

\* Denotes to RM30.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 14. INTANGIBLE ASSETS

	Goodwill RM'000	Trademarks RM'000	Total RM'000
<u>Group</u>			
<u>Cost</u>			
At 1 January 2025 and 31 December 2025	9,228	2,647	11,875
<u>Accumulated amortisation</u>			
At 1 January 2025	-	361	361
Amortisation (Note 8)	-	200	200
At 31 December 2025	-	561	561
<u>Accumulated impairment</u>			
At 1 January 2025	-	-	-
Impairment (Note 5)	943	-	943
At 31 December 2025	943	-	943
<u>Net carrying amount</u>			
At 31 December 2025	8,285	2,086	10,371
<u>Cost</u>			
At 1 January 2024	2,639	432	3,071
Acquisition of subsidiaries (Note 13(b))	6,589	2,215	8,804
31 December 2024 (Restated)	9,228	2,647	11,875
<u>Accumulated amortisation</u>			
At 1 January 2024	-	250	250
Amortisation (Note 8)	-	111	111
At 31 December 2024 (Restated)	-	361	361
<u>Net carrying amount</u>			
At 31 December 2024 (Restated)	9,228	2,286	11,514

Goodwill allocated to the CGU of LEHSB and LYUG as at 31 December 2025 amounted to RM1,696,000 and RM6,589,000 (2024 (Restated): RM2,639,000 and RM6,589,000) respectively.

### Amortisation expense

The trademarks allocated to the cash-generating units of LEHSB and LYUG were acquired through business combinations and have a useful life of 8.5 and 15 years respectively based on legal tenure of the trademarks and the brand's operating history.

The amortisation of trademarks is included in "Selling and administrative expenses" line items in consolidated statement of comprehensive income.

### Goodwill arising from acquisition

The goodwill of RM6,589,000 allocated to the CGU of LYUG comprises the value of the Group's expansion into the retail market in Malaysia as to successfully penetrate the Malaysian retail market which may otherwise require a significant learning curve spanning several years with substantial investments. It also includes the previous owners' expertise and experience in the Malaysian retail market when they joined the Group, which has not been recognised separately and does not meet the criteria for recognition as an intangible asset under SFRS(I) 1-38. The goodwill recognised is not deductible for income tax purposes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 15. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company	
	2025 RM'000	2024 RM'000
Amounts due from subsidiaries	14,685	12,636
Less: Allowance for expected credit losses	(5,913)	(3,622)
	<b>8,772</b>	9,014
Non-current	4,430	6,030
Current	4,342	2,984
Total	<b>8,772</b>	9,014

The amount due from subsidiaries are non-trade, unsecured and interest bearing at prevailing fixed deposit rate. The weighted average effective interest rate as at 31 December 2025 was 2.30% per annum (2024: 2.63% per annum). The Company entered into a debt settlement agreement on 2 January 2024 with one of its subsidiaries. The non-current amounts due from subsidiaries are repayable when cash flows of the subsidiaries permit. The current amounts are expected to be repaid in the next financial year.

The expected credit losses are in respect of the discounting effect of the long-term amount due from a subsidiary.

	Company	
	2025 RM'000	2024 RM'000
<u>Current</u>		
Amounts due to a subsidiary	3,600	-

The amount due to a subsidiary is non-trade, unsecured and interest bearing at prevailing fixed deposit rate. The weighted average effective interest rate as at 31 December 2025 was 2.30% per annum.

## 16. INVENTORIES

	Group	
	2025 RM'000	2024 RM'000
Raw materials	22,348	34,622
Work-in-progress	10,705	15,254
Finished goods	5,693	10,771
Consumables	78	93
	<b>38,824</b>	60,740
Less: Allowance for slow moving inventories	(2,071)	(3,935)
Less: Allowance for inventories written down	(1,852)	(2,310)
	<b>34,901</b>	54,495
Consolidated statement of comprehensive income: Inventories recognised as an expense in cost of sales	<b>116,946</b>	129,578

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<u>Current</u>				
Trade receivables - non-related parties	13,720	16,112	-	-
Deposits	898	1,046	8	8
Other receivables - non-related parties	646	3,597	-	-
Advance payment to suppliers	555	5,359	-	-
	15,819	26,114	8	8
Less: Allowance for expected credit loss on trade receivables and deposits paid	(202)	(225)	-	-
Total trade and other receivables	15,617	25,889	8	8
Add: Cash and cash equivalents (Note 19)	13,212	17,671	376	851
Add: Deposits with bank (Note 18)	1,033	1,000	1,033	1,000
Less: Advance payment to suppliers	(555)	(5,359)	-	-
Total financial assets carried at amortised cost	29,307	39,201	1,417	1,859

### Trade receivables

Trade receivables are non-interest bearing and are generally on 5 to 90 days (2024: 5 to 45 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Group	
	2025 RM'000	2024 RM'000
United States Dollar	11,575	13,883

## 18. DEPOSITS WITH BANK

The deposits with bank relate to the contingent consideration for the acquisition of LYUG as disclosed in Note 13(b) to the financial statements. These amounts are payable by the Group upon the achievement of specified profitability targets by LYUG. In the event that LYUG does not achieve the stipulated profitability targets, the deposits will be utilised to offset any shortfall in the guaranteed profit, as further disclosed in Note 21 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash at banks and on hand	<b>13,212</b>	17,671	<b>376</b>	851

Cash at banks earn interest at floating rates based on daily bank deposits rates ranging from 0.20% to 3.10% per annum (2024: 0.10% to 3.45% per annum).

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

	Group	
	2025 RM'000	2024 RM'000
United States Dollar	<b>4,598</b>	13,114
Singapore Dollar	<b>544</b>	382
Chinese Renminbi	<b>2</b>	6

## 20. LOANS AND BORROWINGS

	Group	
	2025 RM'000	2024 RM'000
Current:		
Bankers' acceptances	<b>8,123</b>	12,692
Financing arrangements	<b>421</b>	756
Term loan	<b>3,857</b>	12,628
	<b>12,401</b>	26,076
Non-current:		
Financing arrangements	<b>296</b>	718
Term loan	<b>3,581</b>	-
	<b>3,877</b>	718
Total loans and borrowings	<b>16,278</b>	26,794

Bankers' acceptances, financing arrangements and term loan

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

	Group	
	2025 %	2024 %
Floating rates:		
Bankers' acceptances	<b>3.59 to 3.88</b>	3.62 to 4.40
Term loan	<b>4.54 to 6.63</b>	4.70 to 7.36
Fixed rates:		
Financing arrangements	<b>2.50 to 3.95</b>	2.50 to 3.95

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 20. LOANS AND BORROWINGS (CONTINUED)

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

Loans and borrowings denominated in currency other than functional currency are as follows:

	Group	
	2025 RM'000	2024 RM'000
United States Dollar	<b>2,908</b>	11,251

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

- (i) A loan as of 31 December 2025 of Nil (2024: RM1,377,000). The loan was drawn down in November 2020 and March 2021. Monthly repayment commenced in January 2021 and has been fully repaid during the current financial year ended 31 December 2025. The loan carries an effective interest rate at 4.44% (2024: 4.70%) per annum.
- (ii) A loan as of 31 December 2025 of Nil (2024: RM4,463,000). The loan was drawn down in December 2020. Quarterly repayment commenced in March 2021 and has been fully repaid during the current financial year ended 31 December 2025. The loan carries an effective interest rate at 6.40% (2024: 7.32%) per annum.
- (iii) A loan as of 31 December 2025 of RM2,908,152 (2024: RM6,788,223). The loan was drawn down in May 2021. Monthly repayment commenced in December 2021 and will continue until November 2026. The loan carries an effective interest rate at 6.63% (2024: 7.36%) per annum.
- (iv) A loan as of 31 December 2025 of RM4,529,599 (2024: Nil). The loan was drawn down in July 2025. Monthly repayment commenced in July 2025 and will continue until June 2030. The loan carries an effective interest rate at 4.54% (2024: Nil) per annum.

The bankers' acceptances and short-term financing are secured by corporate guarantee provided by the Company. The term loans are secured by mortgage over certain buildings, leasehold land, machineries and equipment and corporate guarantee provided by the Company.

As at 31 December 2024, one of the subsidiaries breached its covenants with banks that granted short-term financing and term loan to the said subsidiary. Subsequent to 31 December 2024, the subsidiary has obtained waivers from banks in respect of the breaches of its covenants. Nevertheless, as required under SFRS(I) 1-1 *Presentation of Financial Statements*, in the event of a breach of loan covenant on or before the end of reporting date, an entity is required to classify a liability as current as it no longer has the unconditional right to defer its settlement for at least twelve months after that date. Accordingly, the non-current portion of the term loan amounting to RM3.2 million has been reclassified as current liabilities as at 31 December 2024 to comply with SFRS(I) 1-1.

Under the terms of non-current loans and borrowings of the Group as at 31 December 2025, which has a carrying amount of RM7,438,000 (2024: RM12,628,000), the Group is required to comply with the following financial covenants at the end of each yearly period:

- The Group's external gearing ratio must not exceed 1 time;
- LYFSB's external gearing ratio must not exceed 1 time; and
- LYFSB is not allowed to declare or pay dividends exceeding its yearly net profit after tax.

As at 31 December 2025, the external gearing ratio of the Group and LYFSB was 0.09 times (2024: 0.15 times) and 0.09 times (2024: 0.15 times) respectively, and no dividends were declared or paid by LYFSB during the current financial year ended 31 December 2025.

The Group complied with all the loan covenants as at 31 December 2025.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 20. LOANS AND BORROWINGS (CONTINUED)

### Financing arrangements

The financing arrangements are secured by a charge over the respective assets (Note 12) and bear interest at rates ranging from 2.50% to 3.95% (2024: 2.50% to 3.95%) per annum.

The Group has the following financing arrangements:

- (i) Multiple financing arrangements totalling RM435,000 (2024: RM632,000) in relation to purchase of motor vehicles. The financing arrangements commenced in years between 2022 to 2024. Monthly repayments usually commenced in the following months and will be fully repaid between 2027 to 2029.
- (ii) Financing arrangements of RM282,000 (2024: RM842,000) in relation to purchase of machineries and equipment. The financing arrangement commenced in year 2022. Monthly repayments commenced in the following months and will be fully repaid until 2026 to 2027.

## 21. TRADE AND OTHER PAYABLES

	Group			Company	
	31 December 2025 RM'000	31 December 2024 RM'000	1 January 2024 RM'000	2025 RM'000	2024 RM'000
	(Restated)				
<u>Non-current</u>					
Other payables	1,040	1,000	-	1,040	1,000
<u>Current</u>					
Trade payables	8,514	10,804	12,028	-	-
Other payables	6,163	8,024	22,246	-	-
Amount due to related parties (trade)	137	594	2,390	-	-
	14,814	19,422	36,664	-	-
Total trade and other payables	15,854	20,422	36,664	1,040	1,000
Add: Accrued operating expense	1,902	1,328	1,113	799	637
Add: Loans and borrowings (Note 20)	16,278	26,794	26,234	-	-
Add: Lease liabilities (Note 23)	2,431	5,121	5,606	-	-
Total financial liabilities carried at amortised cost	36,465	53,665	69,617	1,839	1,637

### Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 7 to 90 days (2024: 5 to 90 days).

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

	Group	
	2025 RM'000	2024 RM'000
United States Dollar	805	1,456

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 21. TRADE AND OTHER PAYABLES (CONTINUED)

### Other payables (Group and Company)

Included within the "Trade and other payables" of the Group and Company is an amount of RM1,000,000 (2024: RM1,000,000) which relates to the contingent consideration for the acquisition of LYUG as disclosed in Notes 13(b) and 18 to the financial statements. This contingent consideration is due and payable on 1 January 2026 and 1 August 2026, subject to the fulfilment of a certain profit guarantee condition. This contingent consideration has not been discounted, as management assessed that the impact of discounting would not be material to the consolidated financial statements.

The amount is interest bearing and is to be settled in cash by 31 December 2026.

### Related parties balances

Amounts due to related parties are unsecured, non-interest bearing, the normal trade credit terms granted is 14 days (2024: 14 days) and are to be settled in cash.

## 22. DEFERRED TAX

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

	At 1.1.2024 RM'000	Acquisition of subsidiaries (Note 13(b)) RM'000	Recognised in profit or loss (Note 10) RM'000	At 31.12.2024 (Restated) RM'000	Recognised in profit or loss (Note 10) RM'000	At 31.12.2025 RM'000
<u>Deferred tax assets:</u>						
Lease liabilities	503	-	417	920	(336)	<b>584</b>
Tax losses and allowances	4,302	-	436	4,738	4,990	<b>9,728</b>
Provisions	290	-	968	1,258	(1,248)	<b>10</b>
Foreign exchange differences	-	-	-	-	641	<b>641</b>
Others	244	-	(244)	-	-	-
<u>Deferred tax liabilities:</u>						
Differences in depreciation for tax purposes	(19,417)	-	370	(19,047)	4,950	<b>(14,097)</b>
Property, plant and equipment	-	(161)	4	(157)	-	<b>(157)</b>
Right-of-use assets	(458)	-	(428)	(886)	320	<b>(566)</b>
Intangible assets	(68)	(531)	15	(584)	-	<b>(584)</b>
Provisions	-	-	-	-	(422)	<b>(422)</b>
Foreign exchange differences	-	-	(832)	(832)	832	-
Deferred tax liabilities, net	(14,604)	(692)	706	(14,590)	9,727	<b>(4,863)</b>

Deferred tax assets not recognised by the Group consists of unrecognised tax losses, unrecognised capital allowances, unrecognised investment tax allowances and effect of temporary differences in property, plant and equipment, right-of-use assets, provision for slow-moving inventories and allowances for expected credit loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 22. DEFERRED TAX (CONTINUED)

### (a) Unrecognised tax losses

As at 31 December 2025, two (2024: one) of the subsidiaries in the Group had unabsorbed tax losses of approximately RM10,574,000 (2024: RM9,451,000) that are available for offset against future taxable profit of the subsidiary for which no deferred tax is recognised. The unrecognised deferred tax assets in relation to unabsorbed tax losses at the tax rate of 24% is approximately RM2,538,000 (2024: RM2,268,000). The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses will be available for carry forward for a period of 10 consecutive years up to 2029 to 2035. Upon expiry of the 10 years, the unabsorbed tax losses will be disregarded.

### (b) Unrecognised capital allowances

As at 31 December 2025, one (2024: one) of the subsidiaries in the Group had unutilised capital allowances of approximately RM3,646,000 (2024: RM3,493,000) for which no deferred tax is recognised. The unutilised capital allowances do not expire under current tax legislation.

### (c) Unrecognised investment tax allowance

As at 31 December 2025, one (2024: one) of the subsidiaries in the Group had unabsorbed investment tax allowance of approximately RM7,524,000 (2024: RM7,524,000) that are available for offset against future taxable profit of the subsidiary for which no deferred tax is recognised. The unrecognised deferred tax assets at the tax rate of 24% is approximately RM1,806,000 (2024: RM1,806,000). The use of this allowance is subject to the terms and conditions of the regulatory authority.

## 23. LEASES

### **Group as a lessee**

The Group has lease contracts for land use rights, factory buildings, shoplots and residential units for manufacturing operations, warehousing, showrooms and as staff quarters. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets. The contract includes extension option which are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Leasehold land with aggregate carrying amount of RM1,660,000 (2024: RM1,707,010) were pledged to secure the Group's bank borrowings (Note 20) as at 31 December 2025.

The Group also has certain leases of office equipment with lease terms of 12 months or less and leases of office equipment with low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 23. LEASES (CONTINUED)

### Group as a lessee (Continued)

#### (a) Carrying amount of right-of-use assets

	Land use rights RM'000	Buildings RM'000	Total RM'000
<u>Cost</u>			
As at 1 January 2025	21,610	9,312	30,922
Additions for the year	-	1,056	1,056
Lease modification	-	(2,418)	(2,418)
As at 31 December 2025	21,610	7,950	29,560
<u>Accumulated depreciation</u>			
As at 1 January 2025	4,580	4,371	8,951
Depreciation (Note 8)	519	2,334	2,853
Lease modification	-	(1,288)	(1,288)
As at 31 December 2025	5,099	5,417	10,516
<u>Net book value</u>			
As at 31 December 2025	16,511	2,533	19,044
<u>Cost</u>			
As at 1 January 2024	21,610	9,776	31,386
Acquisition of subsidiaries (Note 13(b))	-	1,332	1,332
Additions for the year	-	4,083	4,083
Lease modification	-	(5,879)	(5,879)
As at 31 December 2024	21,610	9,312	30,922
<u>Accumulated depreciation</u>			
As at 1 January 2024	4,060	4,583	8,643
Depreciation (Note 8)	520	2,283	2,803
Lease modification	-	(2,495)	(2,495)
As at 31 December 2024	4,580	4,371	8,951
<u>Net book value</u>			
As at 31 December 2024	17,030	4,941	21,971

#### (b) Amounts recognised in profit or loss

	Group	
	2025 RM'000	2024 RM'000
Depreciation of right-of-use assets (Note 8)	2,853	2,803
Interest expense on lease liabilities (Note 7)	196	304
Short-term leases and leases of low value assets	426	768
Total amount recognised in profit or loss	3,457	3,875

#### (c) Total cash outflow

The Group had total cash outflow for leases of RM2,977,000 and RM3,360,000 in the financial years ended 31 December 2025 and 2024 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 23. LEASES (CONTINUED)

### Group as a lessor

#### (a) Nature of the Group's leasing activities – Group as a lessor

The Group has leased out their owned properties as well as machineries and equipment to third parties for monthly lease payments. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income is disclosed in Note 6 to the financial statements.

The cash inflow from the lease of these properties as well as machineries and equipment for the financial year was RM1,475,000 (2024: RM1,192,000).

#### (b) Nature of the Group's leasing activities – Group as an intermediate lessor

##### Sub-leases – classified as operating leases

The Group acts as an intermediate lessor under arrangements in which it sub-leases out factory building to third party for monthly lease payments. The sub-lease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as operating leases.

Income from sub-leasing the factory building recognised during the year ended 31 December 2025 was RM124,000 (2024: RM448,000).

#### (c) Maturity analysis of lease payments – Group as a lessor

The table below discloses the undiscounted lease payments to be received by the Group for its leases and sub-leases after the reporting date as follows:

	2025 RM'000	2024 RM'000
Less than one year	888	1,544
One to two years	411	998
Two to five years	14	451
Total undiscounted lease payments	<b>1,313</b>	<b>2,993</b>

## 24. SHARE CAPITAL

	Group and Company			
	2025		2024	
	Number of shares	Amount RM'000	Number of shares	Amount RM'000
<u>Issued and fully paid ordinary shares</u>				
At 1 January and 31 December	489,144,200	66,135	489,144,200	66,135

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary share has no par value.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 25. TREASURY SHARES

	Group and Company			
	2025		2024	
	Number of shares	Amount RM'000	Number of shares	Amount RM'000
At 1 January	345,000	183	310,400	173
Purchase during the year	-	-	34,600	10
At 31 December	345,000	183	345,000	183

Treasury shares relate to ordinary shares of the Company that are held by the Company. The Company purchased Nil (2024: 34,600) of its shares in the open market during the financial year for total consideration of Nil (2024: RM10,000).

## 26. MERGER RESERVE

This represents the difference between the deemed cost of acquiring the subsidiary and the share capital of the subsidiary pursuant to the Restructuring Exercise as described in Note 2.4(c) to the financial statements.

## 27. OTHER RESERVE

This represents the difference between the consideration paid/transferred and the equity acquired is reflected within the equity as described in Note 2.4(d) to the financial statements.

## 28. RELATED PARTY DISCLOSURES

### (a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2025 RM'000	2024 RM'000
<u>Related companies via common directors*:</u>		
Rental received	4	7
Rental paid	(732)	(526)
Purchase of property, plant and equipment	-	(16)
Sub-contractor costs	(4,467)	(5,293)
Purchased of finished goods	(63)	-
<u>Director of the Company:</u>		
Rental paid	(32)	(31)

\* Related companies comprise mainly companies which are controlled by the Group's key management personnel and their close family members.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 28. RELATED PARTY DISCLOSURES (CONTINUED)

### (b) Compensation of key management personnel

	Group	
	2025 RM'000	2024 RM'000
Salaries and bonuses	3,264	3,207
Employer's contribution to defined contribution plans such as Employees' Provident Fund in Malaysia	171	168
	<b>3,435</b>	<b>3,375</b>
Comprise amounts paid to:		
Directors of the Company	2,410	2,379
Other key management personnel	1,025	996
	<b>3,435</b>	<b>3,375</b>

### (c) Commitments with related parties

On 14 March 2024, LYFSB entered into a 33-month agreement commencing on 1 April 2024 and ending 31 December 2026 with Lian Yu Asset Management Sdn. Bhd. ("LYAM"), a company with common director, for the lease of building. The Group expects the rental payable to LYAM to be RM156,000 in 2026 (2025: RM156,000).

On 6 April 2024, LYFSB entered into a 30-month agreement commencing on 1 July 2024 and ending 31 December 2026 with LYAM, a company with common director, for the lease of building. The Group expects the rental paid to LYAM to be RM14,000 in 2026 due to early termination, with the maturity date being revised from 31 December 2026 to 31 January 2026. (2025: RM168,000).

On 30 October 2024, LYFSB entered into a 36-month agreement commencing on 1 November 2024 and ending 31 October 2027 with Lian Yu Furniture Industries ("LYFI"), a company with common director, for the lease of building. The Group expects the rental payable to LYFI to be RM408,000 in 2026 (2025: RM408,000).

## 29. COMMITMENTS

### Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2025 RM'000	2024 RM'000
Capital commitments in respect of property, plant and equipment	90	203

## 30. GUARANTEES

As at 31 December 2025 and 2024, the Company has provided corporate guarantees for bank facilities taken by subsidiaries amounting to RM81,278,000 and RM102,203,000 respectively. The Company has evaluated the fair values of the corporate guarantees issued to its subsidiaries and the consequential liabilities derived from its guarantees to the bank with regards to the subsidiaries are minimal, with no default in the payment of borrowings and credit facilities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 31. CONTINGENT LIABILITIES

The Company's 51%-owned subsidiary, LEHSB, had on 13 November 2024, received a letter of demand from the solicitors representing Synergy House Furniture Sdn Bhd ("**Synergy**") in relation to the royalty payment made to LEHSB by Synergy up to the date of the letter, amounted to RM823,395.61. An announcement was made on 13 October 2025 whereby LEHSB had commenced legal proceedings against Synergy and its manufacturers/contractors, namely Piau Chez Sdn Bhd ("**PCSB**") and Thong Ler Trading Sdn Bhd ("**TLSB**") at the Kuala Lumpur High Court for the breach of respective agreements entered into by LEHSB with Synergy, PCSB and TLSB, and for intellectual property right infringement ("**Lawsuit**"). In the Lawsuit, LEHSB is also seeking full repayment of outstanding royalty fees which, based on available information, amount to approximately RM2.9 million.

The Company's subsidiary, LYFSB, has initiated a claim against Xin Hwa Trading & Transport Sdn Bhd ("**Xin Hwa**") ("**Claim by LYFSB**") for a sum of USD78,889.53 comprises the value of missing inventories that were stored in one of the warehouses of Xin Hwa. In response to the Claim by LYFSB, Xin Hwa has filed a counter claim against LYFSB for an amount of RM311,501.12 in relation to the outstanding fees for warehousing services provided by Xin Hwa to LYFSB.

No provision has been made for the above contingent liabilities in the financial years ended 31 December 2025 and 2024 on as the directors are of the opinion that, based on legal advice obtained, the Group has a good chance of defending the claims.

## 32. FAIR VALUE OF ASSETS AND LIABILITIES

### *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Unobservable inputs for the asset or the liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

## 33. FINANCIAL RISK MANAGEMENT

### *Financial risk factors*

The carrying amount of financial assets and liabilities are reasonable approximation of fair values.

Fair value of trade and other receivables, payables and accrued operating expenses are not materially different from their carrying amounts. The Group does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The directors review and agree on policies and procedures for the management of these risks, which are executed by the management team. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 33. FINANCIAL RISK MANAGEMENT (CONTINUED)

### *Financial risk factors (Continued)*

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Market risk

##### (i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily through sales that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily United States Dollars ("USD"). Approximately 88% (2024: 80%) of the Group's sales are denominated in foreign currencies whilst almost 86% (2024: 74%) of the costs are denominated in the respective functional currencies of the Group's entities. The Group's trade receivables and trade payables at the end of the reporting period have similar exposure.

The Group also holds cash, short-term deposits and short-term trade financing denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD and Singapore Dollars ("SGD").

##### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD and SGD against the functional currency of the Group, with all other variables held constant.

	2025 RM'000	2024 RM'000
USD/RM		
- strengthen by 10% (2024: 9%)	933	1,331
- weaken by 10% (2024: 9%)	(933)	(1,331)
SGD/RM		
- strengthen by 4% (2024: 9%)	17	27
- weaken by 4% (2024: 9%)	(17)	(27)

##### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its borrowings.

##### Sensitivity analysis for interest rate risk

During the financial year, if interest rates had been 25 basis points (2024: 25 basis points) lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM31,000 (2024: RM51,000) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the current observable market environment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 33. FINANCIAL RISK MANAGEMENT (CONTINUED)

### *Financial risk factors (Continued)*

#### (b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For cash and bank balances, the Group recognise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while recognised losses due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal and external credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 180 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 33. FINANCIAL RISK MANAGEMENT (CONTINUED)

### *Financial risk factors (Continued)*

#### (b) Credit risk (Continued)

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

##### (i) Trade receivables

The Group has applied the simplified approach to measure the lifetime expected credit losses for trade receivables.

Trade receivables are subject to immaterial credit losses except for those individually determined to be impaired. To measure the expected credit losses, trade receivables have been individually assessed upon credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts for forward-looking macroeconomics factors.

At each reporting date, the Group assesses whether trade receivables are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group considered that there was evidence if any of the following indicators were present:

- There is significant difficulty of debtor.
- Breach of contractual credit term, such as default or past due event.
- It is probable that the debtor will enter bankruptcy or other financial reorganisation.
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation.

The Group categorises trade receivables for write off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

As at 31 December 2025, management has identified debtors to be credit impaired as they experienced significant financial difficulties. Hence, management has assessed the recoverability of the outstanding balances separately from the provision matrix.

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Gross amount	<b>50</b>	73
Less: Allowance for expected credit loss	<b>(50)</b>	(73)
	<b>-</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 33. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (i) Trade receivables (Continued)

The following table provides information about the Group's credit risk exposure and ECLs in relation to its trade receivables as at 31 December 2025 and 2024:

	Weighted average loss rate %	United States of America				Hong Kong	Other countries	Gross carrying amount RM'000	ECL allowance RM'000	Net carrying amount RM'000
		Malaysia	RM'000	RM'000	RM'000					
<b>31 December 2025</b>										
<u>Group</u>										
Current	-	1,604	7,143	1,153	-	-	9,900	-	9,900	
More than 30 days past due	-	104	2,061	-	-	-	2,165	-	2,165	
More than 60 days past due	-	18	2	4	-	-	24	-	24	
More than 90 days past due	-	71	4	-	-	-	75	-	75	
More than 120 days past due	3	1,498	58	-	-	-	1,556	(50)	1,506	
		3,295	9,218	1,207	-	-	13,720	(50)	13,670	
<b>31 December 2024</b>										
<u>Group</u>										
Current	-	3,128	8,115	3,134	-	-	14,377	-	14,377	
More than 30 days past due	-	382	752	-	-	-	1,134	-	1,134	
More than 60 days past due	-	497	-	-	-	-	497	-	497	
More than 90 days past due	-	-	-	-	-	-	-	-	-	
More than 120 days past due	70	28	53	-	23	-	104	(73)	31	
		4,035	8,920	3,134	23	-	16,112	(73)	16,039	

As at 31 December 2025, the Group had recognised an allowance for ECL in respect of its trade receivables amounting to RM50,000 (2024: RM73,000). The Group has credit insurance policies in place whereby it can seek compensation to prevent a significant loss in the event of non-payment by certain debtors.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 33. FINANCIAL RISK MANAGEMENT (CONTINUED)

### *Financial risk factors (Continued)*

#### (b) Credit risk (Continued)

##### (ii) Excessive credit risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of credit risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels. The Group does not apply hedge accounting.

##### (iii) Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables (net of allowance for expected credit loss) on an ongoing basis. The credit risk concentration profile of the Group's trade receivables (net of allowance for expected credit loss) at the end of the reporting period is as follows:

	RM'000	%
<b>2025</b>		
By country:		
United States of America	9,218	67.4
Malaysia	3,295	24.1
Hong Kong	1,157	8.5
	<b>13,670</b>	<b>100.0</b>
<b>2024</b>		
By country:		
United States of America	8,870	55.3
Malaysia	4,035	25.2
Hong Kong	3,134	19.5
	<b>16,039</b>	<b>100.0</b>

At the end of the reporting period, approximately 79% (2024: 74%) of the Group's trade receivables were due from the 5 (2024: 5) major customers located in United States of America, Hong Kong and Malaysia.

The Group and the Company held deposit, cash and bank balances of RM14,245,000 and RM1,409,000, respectively (2024: RM18,671,000 and RM1,851,000 respectively) with banks that are considered to have low credit risk. The cash balances are measured on 12-month ECL and subject to immaterial credit loss.

Other receivables are creditworthy debtors with good payment record with the Group are measured on 12-month ECL and subject to immaterial credit loss.

For amount due from a subsidiary, the Company monitors the credit risk based on past due information to assess if there is any significant increase in credit risk. As at 31 December 2025, the ECL was measured based on the repayment plan of the subsidiary. Accordingly, an ECL of RM2,291,000 (2024: RM1,235,000) was recognised based on discounting time value of money.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 33. FINANCIAL RISK MANAGEMENT (CONTINUED)

### *Financial risk factors (Continued)*

#### (c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with three different banks to meet its short-term working capital requirements. At the end of the reporting period, approximately 76.2% (2024: 97.3%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group has access to its undrawn banking facilities amounting to RM10,390,000 as at 31 December 2025 to meet its liquidity needs. The banking facilities are available at the Company's discretion since the facilities are pledged with the lands of the Group.

The Group assessed the concentration of risk with respect to refinancing its debt and breaches of debt covenants and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders, part of prior experience.

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	On demand or within one year RM'000	One to five years RM'000	More than 5 years RM'000	Total RM'000
<b>31 December 2025</b>				
<u>Financial assets</u>				
Trade and other receivables	15,062	-	-	15,062
Deposit with bank	1,033	-	-	1,033
Cash and cash equivalents	13,212	-	-	13,212
Total undiscounted financial assets	29,307	-	-	29,307
<u>Financial liabilities</u>				
Trade and other payables	14,814	1,040	-	15,854
Accrued operating expenses	1,902	-	-	1,902
Loans and borrowings	12,689	4,183	-	16,872
Lease liabilities	1,623	935	-	2,558
Total undiscounted financial liabilities	31,028	6,158	-	37,186
Excess of undiscounted financial liabilities over financial assets	(1,721)	(6,158)	-	(7,879)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 33. FINANCIAL RISK MANAGEMENT (CONTINUED)

### *Financial risk factors (Continued)*

#### (c) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

Group	On demand or within one year RM'000	One to five years RM'000	More than 5 years RM'000	Total RM'000
<b>31 December 2024</b>				
<u>Financial assets</u>				
Trade and other receivables	20,530	-	-	20,530
Deposit with bank	1,000	-	-	1,000
Cash and cash equivalents	17,671	-	-	17,671
Total undiscounted financial assets	39,201	-	-	39,201
<u>Financial liabilities</u>				
Trade and other payables	19,422	1,000	-	20,422
Accrued operating expenses	1,328	-	-	1,328
Loans and borrowings	26,863	761	-	27,624
Lease liabilities	2,656	2,784	-	5,440
Total undiscounted financial liabilities	50,269	4,545	-	54,814
Excess of undiscounted financial liabilities over financial assets	(11,068)	(4,545)	-	(15,613)
<b>Company</b>				
<b>31 December 2025</b>				
<u>Financial assets</u>				
Trade and other receivables	8	-	-	8
Deposit with bank	1,033	-	-	1,033
Cash and cash equivalents	376	-	-	376
Amount due from subsidiaries	4,342	1,820	2,610	8,772
Total undiscounted financial assets	5,759	1,820	2,610	10,189
<u>Financial liabilities</u>				
Trade and other payables	-	1,040	-	1,040
Accrued operating expenses	799	-	-	799
Amount due to a subsidiary	3,600	-	-	3,600
Total undiscounted financial liabilities	4,399	1,040	-	5,439
Excess of undiscounted financial assets over financial liabilities	1,360	780	2,610	4,750

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 33. FINANCIAL RISK MANAGEMENT (CONTINUED)

### *Financial risk factors (Continued)*

#### (c) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

Company	On demand or within one year RM'000	One to five years RM'000	More than 5 years RM'000	Total RM'000
<b>31 December 2024</b>				
<u>Financial assets</u>				
Trade and other receivables	8	-	-	8
Deposit with bank	1,000	-	-	1,000
Cash and cash equivalents	851	-	-	851
Amount due from subsidiaries	2,984	1,418	4,612	9,014
Total undiscounted financial assets	4,843	1,418	4,612	10,873
<u>Financial liabilities</u>				
Trade and other payables	-	1,000	-	1,000
Accrued operating expenses	637	-	-	637
Total undiscounted financial liabilities	637	1,000	-	1,637
Excess of undiscounted financial assets over financial liabilities	4,206	418	4,612	9,236

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 2024.

The Group monitors capital using a gearing ratio, which is total indebtedness divided by total capital. Total indebtedness comprises loans and borrowings whereas total capital comprises the equity attributable to owners of the Company.

The externally imposed financial covenant ratios on its debt service coverage ratio ("DSCR"), dividend payout and gearing ratio. These financial covenant ratios have been fully complied with by the Group as at 31 December 2025.

	Group	
	2025 RM'000	2024 RM'000
	(Restated)	
Loans and borrowings (Note 20)	16,278	26,794
Lease liabilities	2,431	5,121
	<b>18,709</b>	<b>31,915</b>
Equity attributable to the owners of the Company	<b>191,269</b>	209,932
Gearing ratio	<b>9.8%</b>	15.2%

There were no changes in the Group's approach to capital management during the financial year. Other than the securities on borrowings as disclosed in Note 20 to the financial statements, the Group is not subject to any other externally imposed capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 35. SEGMENT INFORMATION

### (a) Business segments

The Group is organised into the following main business segments:

- (i) Segment 1: Manufacturing and retailing of all kinds of furniture (“**Furniture**”)
- (ii) Segment 2: Manufacturing of any type of woodwork or building product (“**Millwork**”)

These operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments.

	Furniture RM'000	Millwork RM'000	Total RM'000
<b>2025</b>			
<u>Total segment revenue</u>			
Revenue	<b>125,687</b>	<b>70,957</b>	<b>196,644</b>
<u>Results</u>			
Segment loss	<b>(20,781)</b>	<b>(6,089)</b>	<b>(26,870)</b>
Interest income from short-term deposits			341
Other income			4,089
Finance cost			<b>(1,339)</b>
Unallocated expenses			<b>(5,315)</b>
Loss before tax			<b>(29,094)</b>
Income tax credit			<b>9,683</b>
Loss after tax			<b>(19,411)</b>
<u>Other items of expenses</u>			
Depreciation and amortisation	<b>11,579</b>	<b>2,926</b>	<b>14,505</b>
Inventories recognised as an expense in cost of sales	<b>62,758</b>	<b>54,188</b>	<b>116,946</b>
Employee benefits expense	<b>33,810</b>	<b>9,009</b>	<b>42,819</b>
Unallocated expenses			<b>3,340</b>
Total employee benefits expense			<b>46,159</b>
<u>Other segment information</u>			
Additions of non-current assets	<b>4,068</b>	<b>516</b>	<b>4,584</b>
Non-cash expense/(income) other than depreciation*	<b>547</b>	<b>(2,584)</b>	<b>(2,037)</b>
Unallocated expense			<b>(2)</b>
Total non-cash income other than depreciation			<b>(2,039)</b>

\* Non-cash expense other than depreciation comprises of forfeiture of deposits for lease agreements due to early termination, non-trade receivables written off, trade receivables written off, trade payables written off, currency exchange losses/(gains) - net, write-off of property, plant and equipment, (reversal)/allowance for slow moving inventories, (reversal)/allowance for inventories written down and impairment on goodwill.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 35. SEGMENT INFORMATION (CONTINUED)

(a) *Business segments* (Continued)

	Furniture RM'000	Millwork RM'000	Total RM'000
<b>2024 (Restated)</b>			
<u>Total segment revenue</u>			
Revenue	142,928	79,444	222,372
<b>Results</b>			
Segment loss	(420)	(3,065)	(3,485)
Interest income from short-term deposits			1,097
Distributions from short-term investment security			104
Other income			4,370
Finance cost			(2,248)
Unallocated expenses			(5,411)
Loss before tax			(5,573)
Income tax expense			(238)
Loss after tax			(5,811)
<u>Other items of expenses</u>			
Depreciation and amortisation	11,700	2,926	14,626
Inventories recognised as an expense in cost of sales	68,838	60,740	129,578
Employee benefits expense	28,507	9,578	38,085
Unallocated expenses			3,308
Total employee benefits expense			41,393
<u>Other segment information</u>			
Additions of non-current assets	4,945	1,063	6,008
Unallocated assets			429
Total additions of non-current assets			6,437
Non-cash expense other than depreciation*	280	3,325	3,605
Unallocated expense			2
Total non-cash expense other than depreciation			3,607

\* *Non-cash expense other than depreciation comprises of forfeiture of deposits for lease agreements due to early termination, non-trade receivables written off, trade receivables written off, trade payables written off, currency exchange losses/(gains) - net, write-off of property, plant and equipment, (reversal)/allowance for slow moving inventories, (reversal)/allowance for inventories written down and impairment on goodwill.*

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 35. SEGMENT INFORMATION (CONTINUED)

(a) *Business segments* (Continued)

	Furniture RM'000	Millwork RM'000	Total RM'000
<b>2025</b>			
<u>Assets</u>			
Segment assets	161,513	66,630	228,143
Unallocated assets			3,007
Total assets			<u>231,150</u>
<u>Liabilities</u>			
Segment liabilities	32,365	3,648	36,013
Unallocated liabilities			6,374
Total liabilities			<u>42,387</u>
<b>2024 (Restated)</b>			
<u>Assets</u>			
Segment assets	195,492	77,937	273,429
Unallocated assets			3,428
Total assets			<u>276,857</u>
<u>Liabilities</u>			
Segment liabilities	40,403	12,043	52,446
Unallocated liabilities			16,237
Total liabilities			<u>68,683</u>

(i) The following items are deducted from segment results to arrive at "Loss before tax" presented in the consolidated statement of comprehensive income:

	2025 RM'000	2024 RM'000 (Restated)
Other (losses)/gains - net	(10)	-
Selling and administrative expenses	(1,965)	(2,103)
Directors' remuneration	(3,340)	(3,308)
	<u>(5,315)</u>	<u>(5,411)</u>

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

(iii) Other segment information:

	2025 RM'000	2024 RM'000
Depreciation of motor vehicles	<u>205</u>	<u>343</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 35. SEGMENT INFORMATION (CONTINUED)

### (a) Business segments (Continued)

- (iv) The following items are added to segment assets to arrive at total assets reported in the statement of financial position:

	2025 RM'000	2024 RM'000
		(Restated)
Motor vehicles	779	984
Trade and other receivables	(129)	(92)
Prepaid operating expense	160	145
Tax recoverable	1,666	1,412
Cash and cash equivalents	531	979
	<b>3,007</b>	<b>3,428</b>

- (v) The following items are added to segment liabilities to arrive at total liabilities reported in the statement of financial position:

	2025 RM'000	2024 RM'000
		(Restated)
Loans and borrowings	435	632
Trade and other payables	263	308
Accrued operating expenses	813	706
Deferred tax liabilities	4,863	14,591
	<b>6,374</b>	<b>16,237</b>

### (b) Geographical segments

Information on the primary geographical location of revenue based on the location of customers are disclosed in Note 4(a) to the financial statements.

Information about the geographical location of non-current assets are as follows:

	Total RM'000
<b>2025</b>	
<u>Non-current assets</u>	
Malaysia	<b>162,541</b>
<b>2024</b>	
<u>Non-current assets</u>	
Malaysia	<b>173,848</b>

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets and intangible assets as presented in the statement of financial position.

#### Information about major customers

Revenue from three (2024: three) major customers amount to RM113,610,000 (2024: RM135,607,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 36. COMPARATIVE FIGURES

Certain comparative figures have been adjusted retrospectively as a result of the following events:

- (a) Completion of purchase price allocation (“PPA”) exercise in current financial year in respect of the acquisition of LYUG, which was completed in prior financial year. The restatement reflects the finalised fair values of identifiable assets and liabilities as at acquisition date.
- (b) Reclassification for certain class of transactions to conform to current year’s presentation. The reclassification has no impact on the Group’s net profit or net assets for the financial year.

The effects of the adjustments are as follows:

	As previously reported RM’000	(a) Prior year adjustments RM’000	(b) Reclassification RM’000	As restated RM’000
<b><u>Consolidated statement of comprehensive income</u></b>				
<b>For the financial year ended 31 December 2024</b>				
<b>Other (losses)/gains - net</b>	-	-	872	872
<b>Other items of income</b>				
Other income	6,277	-	(1,907)	4,370
<b>Other items of expense</b>				
Selling and administrative expenses	(23,122)	(79)	25	(23,176)
Other expense	(1,017)	-	1,010	(7)
Loss before tax	(5,494)	(79)	-	(5,573)
Income tax expense	(257)	19	-	(238)
Loss for the year, representing total comprehensive loss for the year	(5,751)	(60)	-	(5,811)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 36. COMPARATIVE FIGURES (CONTINUED)

The effects of the adjustments are as follows: (Continued)

	As previously reported RM'000	(a) Prior year adjustments RM'000	(b) Reclassification RM'000	As restated RM'000
<b>Statements of financial position</b>				
<b>Group</b>				
<b>As at 31 December 2024</b>				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	139,663	700	-	140,363
Intangible assets	10,504	1,010	-	11,514
<b>ASSETS</b>				
<b>Current assets</b>				
Tax recoverable	1,381	-	30	1,411
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	19,392	-	30	19,422
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities	13,917	673	-	14,590
<b>Equity attributable to owners of the Company</b>				
Retained earnings	162,566	(30)	-	162,536
Non-controlling interest	(2,825)	1,067	-	(1,758)
<b>Consolidated statement of cash flows</b>				
<b>For the financial year ended 31 December 2024</b>				
<b>OPERATING ACTIVITIES</b>				
Loss before tax	(5,494)	(79)	-	(5,573)
Amortisation of trademarks	50	61	-	111
Depreciation of property, plant and equipment	11,694	18	-	11,712

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 37. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATION

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2026 and which the Group has not early adopted.

- (a) **Amendments to SFRS(I) 9 and SFRS(I) 7** – Amendments to the Classification and Measurement of Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2026)

SFRS(I) 9 and SFRS(I) 7 are amended to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- Clarify the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group does not expect these amendments to have a material impact on its operations or financial statements.

- (b) **SFRS(I) 18** – Presentation and Disclosure in Financial Statements (effective for annual reporting periods beginning on or after 1 January 2027)

SFRS(I) 18 replaces SFRS(I) 1-1 *Presentation of Financial Statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance (comprising of the statement of profit or loss and other comprehensive income) and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of SFRS(I) 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, foreign exchange differences currently aggregated in the line item "Other (losses)/gains – net" in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 37. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATION (CONTINUED)

- (b) **SFRS(I) 18** – Presentation and Disclosure in Financial Statements (effective for annual reporting periods beginning on or after 1 January 2027) (Continued)

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified: (continued)

- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the Group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position.
- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
  - (i) Management-defined performance measures;
  - (ii) A break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
  - (iii) For the first annual period of application of SFRS(I) 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying SFRS(I) 18 and the amounts previously presented applying SFRS(I) 1-1.
- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with SFRS(I) 18.

- (c) **SFRS(I) 19** – Subsidiaries without Public Accountability: Disclosures (effective for annual reporting periods beginning on or after 1 January 2027)

SFRS(I) 19 allows for certain eligible subsidiaries of parent entities that report under SFRS(I) Accounting Standards to apply reduced disclosure requirements. This new standard works alongside other SFRS(I). An eligible subsidiary applies the requirements in other SFRS(I) except for the disclosure requirements; and it applies instead the reduced disclosure requirements in SFRS(I) 19.

SFRS(I) 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:

- It does not have public accountability; and
- It has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with SFRS(I) Accounting Standards.

The Group does not expect this standard to have an impact on its operations or financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 38. SUBSEQUENT EVENTS

- (a) In February 2026, the United States of America's ("USA") Supreme Court ruled that certain tariffs imposed under the International Emergency Economic Powers Act are unconstitutional. Following this development, the USA authorities introduced a temporary tariff of 10% on most imports pursuant to Section 122 of the Trade Act of 1974. Public statements by the USA authorities have indicated that the tariff rate may be increased to 15% or higher for certain trading partners. The scope, applicability and duration of these measures remain subject to further developments.

Due to the significant uncertainty surrounding these developments, the Group is currently unable to reliably estimate the financial impact on its business, results of operations and cash flows for the next financial year ending 31 December 2026.

The Group will continue to monitor the situation closely and remain prudent in managing its expenditure and cash flow. The Group is also maintaining ongoing communication with its trading partners to support continuity of operations and supply chains.

- (b) Subsequent to 31 December 2025, geopolitical tensions and conflict in the Middle East have escalated, contributing to volatility in global energy prices, financial markets, and potential disruptions to trade and supply chains.

The Group has no direct exposure to the affected region. However, given the evolving nature of the situation, management is currently unable to reliably estimate the financial impact, if any, on the Group's operations and financial performance.

The Group will continue to monitor developments closely and remains prudent in managing its operations and financial resources.

## 39. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the directors on 6 April 2026.

# STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2026

Issued and fully paid-up capital	:	S\$22,985,000
Number of shares issued (including treasury shares)	:	489,144,200
Number and percentage of treasury shares	:	345,000 (0.07%)
Number of shares issued (excluding treasury shares)	:	488,799,200
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share. The Company cannot exercise any voting rights in respect of the shares held by it as treasury shares.
Subsidiary holdings	:	Nil

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 31 MARCH 2026

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	8	3.20	2,800	0.00
1,001 - 10,000	59	23.60	405,000	0.08
10,001 - 1,000,000	172	68.80	29,593,000	6.06
1,000,001 AND ABOVE	11	4.40	458,798,400	93.86
<b>TOTAL</b>	<b>250</b>	<b>100.00</b>	<b>488,799,200</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2026

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	LIAN YU HOLDINGS PTE LTD	355,159,700	72.66
2	CROWN LEAP LIMITED	59,740,800	12.22
3	UOB KAY HIAN PTE LTD	19,424,700	3.97
4	CITIBANK NOMINEES SINGAPORE PTE LTD	8,054,200	1.65
5	PHILLIP SECURITIES PTE LTD	6,982,300	1.43
6	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	2,681,900	0.55
7	TEE BOON HUAT	2,170,000	0.44
8	CHANG CHING CHAU @ TEW KING CHANG	1,294,000	0.26
9	OCBC SECURITIES PRIVATE LTD	1,242,600	0.25
10	TAN FIE PING	1,032,000	0.21
11	DBS NOMINEES PTE LTD	1,016,200	0.21
12	KHOR KENG SEAH	935,000	0.19
13	TANG HEE SUNG	860,000	0.18
14	TAN AI LUANG	800,000	0.16
15	LAU CHIA EN	788,462	0.16
16	TAN YI ZE	750,000	0.15
17	KHOR GUAN CHIANG	668,000	0.14
18	LIM POH HUNG	630,000	0.13
19	CHINK POH CHENG @ CHNG POH CHENG	625,000	0.13
20	KOH PI HWEE	620,000	0.13
	<b>TOTAL</b>	<b>465,474,862</b>	<b>95.22</b>

**NOTE:** PERCENTAGE COMPUTED IS BASED ON 488,799,200 SHARES IN ISSUE (EXCLUDING SHARES HELD AS TREASURY SHARES) AS AT 31 MARCH 2026. TREASURY SHARES AS AT 31 MARCH 2026 ARE 345,000 SHARES.

# STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2026

## SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Lian Yu Holdings Pte. Ltd.	355,159,700	72.66	-	-	355,159,700	72.66
Crown Leap Limited	59,740,800	12.22	-	-	59,740,800	12.22
Tan Kwee Chai <sup>(1)</sup>	4,061,500	0.83	355,159,700	72.66	359,221,200	73.49
Tan Kwee Lim <sup>(2)</sup>	2,303,300	0.47	355,159,700	72.66	357,463,000	73.13
Shen Min-Hui <sup>(3)</sup>	-	-	59,740,800	12.22	59,740,800	12.22

- (1) Mr Tan Kwee Chai is deemed to be interested in the shares held by Lian Yu Holdings Pte. Ltd. in the share capital of the Company through his 43.17% of interest held in Lian Yu Holdings Pte. Ltd.
- (2) Mr Tan Kwee Lim is deemed to be interested in the shares held by Lian Yu Holdings Pte. Ltd. in the share capital of the Company through his 22.37% of interest held in Lian Yu Holdings Pte. Ltd.
- (3) Mr Shen Min-Hui is the director and holds 100% of the issued shares of Crown Leap Limited. He is therefore deemed to be interested in all the shares held by Crown Leap Limited in the Company.

## SHAREHOLDING HELD IN PUBLIC HANDS

Approximately 12.93% of the shareholding of the Company is held in the hands of the public as at 31 March 2026 and Rule 723 of the Catalist Rules is complied with.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that Annual General Meeting of the Company will be convened and held at Room 330, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on Wednesday, 29 April 2026 at 2.30 p.m. for the purpose of transacting the following business:-

## AS ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2025 together with the Independent Auditors' Report thereon. **(Resolution 1)**
2. To approve the proposed Directors' fees of up to S\$150,000 for the financial year ending 31 December 2026, to be paid quarterly in arrears. **(Resolution 2)**
3. To re-elect Ms Tan Ai Luang, who is retiring pursuant to Regulation 98 of the Company's Constitution, as a Director of the Company. *[See Explanatory Note (a)]* **(Resolution 3)**
4. To re-elect Mr Yeo Kian Wee Andy, who is retiring pursuant to Regulation 98 of the Company's Constitution, as a Director of the Company. *[See Explanatory Note (b)]* **(Resolution 4)**
5. To re-appoint Messrs CLA Global TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

### 7. AUTHORITY TO ALLOT AND ISSUE SHARES

"That pursuant to Section 161 of the Companies Act 1967 of Singapore ("**Companies Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to:

- (a) (i) allot and issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant offers, agreements or options or convertible securities (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

# NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of the Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings and as calculated in accordance with sub-paragraph (2) below), and provided further that where shareholders of the Company (“**Shareholders**”) are not given the opportunity to participate in the same on a pro-rata basis, then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings and as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST from time to time) for the purpose of determining the aggregate number of the Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of passing this Resolution, after adjusting for:
  - (a) new Shares arising from the conversion or exercise of any convertible securities;
  - (b) new Shares arising from the exercising of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided that such share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules of the SGX-ST; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company for the time being; and
- (4) unless revoked or varied by the Company in a general meeting, such authority so conferred shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.”

*[See Explanatory Note (c)]*

**(Resolution 6)**

## 8. AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE LY PERFORMANCE SHARE PLAN

“That pursuant to Section 161 of the Companies Act and the provisions of the LY Performance Share Plan (“**LYPSP**”), authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of awards under the LYPSP, provided always that the aggregate number of additional ordinary Shares to be allotted and issued pursuant to LYPSP shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.”

*[See Explanatory Note (d)]*

**(Resolution 7)**

# NOTICE OF ANNUAL GENERAL MEETING

## 9. RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE

“That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Catalist Rules of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Catalist Rules of the SGX-ST), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to Annual Report dated 14 April 2026 (the “**Appendix**”) with the interested persons described in the Appendix, provided that such transactions are made on normal commercial terms and are not prejudicial to the interest of the Company or its minority shareholders, and in accordance with the review procedures for such interested person transactions as set out in the Appendix (the “**IPT General Mandate**”);
- (b) the IPT General Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the date that the next Annual General Meeting of the Company is held or required by law to be held; and
- (c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT General Mandate and/or this Resolution.”

*[See Explanatory Note (e)]*

**(Resolution 8)**

## 10. RENEWAL OF THE SHARE BUYBACK MANDATE

“That:

- (1) for the purposes of Section 76C and 76E of the Companies Act, and such other laws and regulations as may for the time being be applicable, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire Shares (excluding treasury shares) not exceeding in aggregate the Prescribed Limit (as defined herein), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein), whether by way of:
  - (a) on-market purchases transacted through the ready market of the SGX-ST, or through one or more duly licensed stockbrokers appointed by the Company for the purpose (“**Market Purchase**”); and/or
  - (b) off-market purchases otherwise than on a securities exchange, in accordance with an equal access scheme as defined in Section 76C of the Companies Act and as may be determined or formulated by the Directors as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act, the Constitution of the Company and the Catalist Rules of the SGX-ST (“**Off-Market Purchase**”),

be and is hereby authorised and approved generally and unconditionally (“**Share Buyback Mandate**”);

# NOTICE OF ANNUAL GENERAL MEETING

- (2) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors, either be cancelled or held as treasury shares and dealt with in accordance with the Companies Act;
- (3) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors to purchase Shares pursuant to the Share Buyback Mandate may be exercised by the Directors any time and from time to time, on and from the date of the passing of this resolution, up to the earliest of:
- (a) the date on which the next annual general meeting is held or is required by law to be held;
  - (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate have been carried out to the full extent mandated; or
  - (c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by Shareholders in a general meeting (“**Relevant Period**”);
- (4) in this resolution:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) market days on which transactions in the Shares were recorded, preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Catalist Rules of the SGX-ST, for any corporate action that occurs during the relevant five (5) day period and the day on which the purchases are made;

“**date of the making of the offer**” means the day on which the Company announces its intention to make an Off-Market Purchase from the Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid by the Company for the Shares as determined by the Directors must not exceed the maximum price as set out below:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares;

“**Prescribed Limit**” means such number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this resolution (excluding any treasury shares and subsidiary holdings as at that date), unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act. In which event, the total number of Shares of the Company shall be taken to be the total number of Shares altered; and

# NOTICE OF ANNUAL GENERAL MEETING

- (5) any Director be and is hereby authorised, in his absolute discretion, to do any and all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as he may consider necessary, desirable or expedient or in the interest of the Company to give effect to the matters referred to in this resolution and the taking of any and all actions whatsoever, by any Director on behalf of the Company in connection with the Share Buyback Mandate prior to the date of the Annual General Meeting be and are hereby approved, ratified and confirmed.”

*[See Explanatory Note (f)]*

**(Resolution 9)**

By Order of the Board

Chan Wan Mei  
Company Secretary

14 April 2026  
Singapore

**Explanatory Notes:**

- (a) If re-elected under Resolution 3, Ms Tan Ai Luang will remain as the Executive Director of the Company. Ms Tan Ai Luang holds 800,000 Shares and she is also the niece of Mr Tan Kwee Chai (the Executive Director) and cousin of Mr Tan Yong Chuan (the Executive Director and Chief Executive Officer). Key information of Ms Tan Ai Luang, who is seeking re-election as a Director of the Company, can be found under the “Board of Directors” and “Disclosure of information on Directors seeking re-election” sections of the Annual Report.
- (b) If re-elected under Resolution 4, Mr Yeo Kian Wee Andy will remain as the Independent Non-Executive Director, Chairman of the Board of Directors, Chairman of the Audit and Risk Committee, Chairman of the Remuneration Committee and Chairman of the Nominating Committee, and be considered independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. Mr Yeo Kian Wee Andy holds 115,000 Shares and has no relationships with the Company (other than his directorship in the Company and the 115,000 Shares), its related corporation, its substantial shareholders or its Directors. Key information on Mr Yeo Kian Wee Andy, who is seeking re-election as a Director of the Company, can be found under the “Board of Directors” and “Disclosure of information on Directors seeking re-election” sections of the Annual Report.
- (c) The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company from the date of the Annual General Meeting (“AGM”) until the date of the next AGM, to allot and issue Shares and/or instruments at any time. The aggregate number of Shares that the Directors may allot and issue under this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 100% of the issued Shares (excluding treasury shares and subsidiary holdings), of which the total number of Shares to be issued (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) other than on a pro rata basis to existing shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), at the time this Resolution is passed. The authority will, unless previously revoked or varied at a general meeting, expire at the next AGM of the Company or the date by which the AGM of the Company is required by law to be held, whichever is earlier.
- (d) The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to allot and issue Shares of up to a number not exceeding in total 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time pursuant to the grant of share awards under the LYPSA.
- (e) The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to do all acts necessary to give effect to the IPT General Mandate as described in the Appendix. The authority shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the date that the next AGM of the Company is held or required by law to be held.
- (f) The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company, to do all acts necessary to give effect to the Share Buyback Mandate as described in the Appendix and to repurchase Shares by way of Market Purchases or Off-Market Purchases of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the Maximum Price. The authority shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the date that the next AGM of the Company is held or required by law to be held.

# NOTICE OF ANNUAL GENERAL MEETING

## Important Notes:

1. The members of the Company are invited to attend physically the AGM. **There will be no option for shareholders to participate virtually.** Accordingly, this Notice will be sent to members by electronic means via publication on the Company's website at the URL <https://www.lycorp.co> and is also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. For convenience, printed copies of this Notice will also be sent by post to members.
2. Please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if feeling unwell. Members are strongly encouraged to exercise social responsibility to rest at home and consider appoint proxy(ies) to attend the AGM. We encourage members to mask up when attending the AGM.

## Voting by proxy

3. A member who is unable to attend the AGM and wishes to appoint proxy(ies) to attend, speak and vote on his/her/its behalf at the AGM should complete, sign and return the instrument of proxy in accordance with the instructions printed thereon. This proxy form may be accessed at the Company's website at the URL <https://www.lycorp.co>, and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. A proxy need not be a member of the Company.
4. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

Where such member appoints more than one (1) proxy, the proportion of his/her shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

5. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

6. A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

The Chairman of the Meeting, as proxy, need not be a member of the Company.

7. The instrument appointing a proxy must be submitted to the Company in the following manner:

- (a) if submitted by post, be lodged with the Company's Share Registrar address at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or
- (b) if submitted electronically, be submitted via email to the Company at [agm@lyfurniture.com](mailto:agm@lyfurniture.com),

in either case, by 2.30 p.m. on 26 April 2026, being at least 72 hours before the time appointed for holding the AGM.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

8. The Annual Report and the Appendix may be accessed at the Company's website at the URL <https://www.lycorp.co> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

# NOTICE OF ANNUAL GENERAL MEETING

## Submission of questions in advance of the AGM

9. Members can submit questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the Meeting in advance of the AGM and must be submitted in the following manner no later than 2.30 p.m. on 21 April 2026:

(a) by email to [agm@lyfurniture.com](mailto:agm@lyfurniture.com); or

(b) by post to the registered office of the Company's Share Registrar, 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619.

When sending in their questions by email or post, members are required to provide the Company with the following details to enable the Company to verify the shareholders' status:

- their full name;
- their address; and
- the manner in which they hold shares in the Company (e.g. via CDP or held in physical scrip(s)).

The Management and the Board of Directors of the Company will endeavour to address all substantial and relevant questions received from members prior to the AGM by publishing the responses to those questions on SGX website at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <https://www.lycorp.co> by 1:00 p.m. on 24 April 2026. Where substantial and relevant questions submitted by members are unable to be addressed prior to the AGM, the Company will address them at the AGM.

## PERSONAL DATA PRIVACY

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof and submit any question to the Company in advance of the Company in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy list, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

# LY CORPORATION LIMITED

Company Registration no. 201629154K  
(Incorporated in the Republic of Singapore)

## IMPORTANT

1. Pursuant to Section 181(1C) of the Companies Act 1967 of Singapore, Relevant Intermediary may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.

### Personal Data Privacy

2. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2026.

## PROXY FORM

### Annual General Meeting

I/We, \_\_\_\_\_ (name) \_\_\_\_\_ (NRIC/Passport No.)

of \_\_\_\_\_ (address)

being a member/members of LY Corporation Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding(s)	
		No. of Shares	%
Address			

\*and/or

Name	NRIC/Passport No.	Proportion of Shareholding(s)	
		No. of Shares	%
Address			

as \*my/our \*proxy/proxies to attend, speak and vote for \*me/us on \*my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at Room 330, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 on Monday, 29 April 2026 at 2.30 p.m. and at any adjournment thereof.

\*I/We direct \*my/our \*proxy/proxies to vote for or against or abstain from voting the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the \*proxy/proxies will vote or abstain from voting at \*his/their discretion, as \*he/they will on any other matter arising at the AGM and at any adjournment thereof. If no person is named in the above boxes, the Chairman of the AGM shall be \*my/our proxy to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder, for \*me/us and on \*my/our behalf at the AGM and at any adjournment thereof.

No.	Resolutions	Number of votes For	Number of votes Against	Abstain
<b>ORDINARY BUSINESS</b>				
1.	Adoption of the Directors' Statement, Audited Financial Statements and the Independent Auditors' Report for the financial year ended 31 December 2025.			
2.	Approval for payment of Directors' fees for the financial year ending 31 December 2026, payable quarterly in arrears.			
3.	Re-election of Ms Tan Ai Luang as a Director of the Company.			
4.	Re-election of Mr Yeo Kian Wee Andy as a Director of the Company.			
5.	Re-appointment of Messrs CLA Global TS Public Accounting Corporation as Auditors of the Company.			
<b>SPECIAL BUSINESS</b>				
6.	Authority to allot and issue shares.			
7.	Authority to allot and issue shares under the LY Performance Share Plan.			
8.	Renewal of the Interested Person Transactions Mandate.			
9.	Renewal of the Share BuyBack Mandate.			

\* Delete accordingly

The resolutions put to vote at the AGM shall be decided by poll.

If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick "✓" in the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you mark "✓" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2026

**Total Number of Shares Held  
(see note 1)**

Signature(s) of Member(s)/Common Seal

**IMPORTANT:** Please read notes overleaf

**Notes:**

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. A member who is unable to attend the AGM and wishes to appoint proxy(ies) to attend, speak and vote on his/her/its behalf at the AGM should complete, sign and return the instrument of proxy in accordance with the instructions printed thereon. This proxy form may be accessed at the Company's website at the URL <https://www.lycorp.co>, and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. A proxy need not be a member of the Company.
3. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. Where such member appoints more than one (1) proxy, the proportion of his/her shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.  
"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.
5. A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.
6. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
7. The Chairman of the Meeting, as proxy, need not be a member of the Company.

AFFIX  
POSTAGE  
STAMP

**LY CORPORATION LIMITED**  
c/o TRICOR BARBINDER SHARE REGISTRATION SERVICES  
9 Raffles Place, #26-01 Republic Plaza,  
Singapore 048619

8. The instrument appointing a proxy must be submitted to the Company in the following manner:
  - (a) if submitted by post, be lodged with the Company's Share Registrar address at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or
  - (b) if submitted electronically, be submitted via email to the Company at [agm@lyfurniture.com](mailto:agm@lyfurniture.com),in either case, at least 72 hours before the time appointed for holding the AGM.  
A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
9. Completion and return of the Proxy Form by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked.
10. The Proxy Form must be signed by the appointer or his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
11. If the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing proxy(ies) to the AGM. The Company shall be entitled to reject an instrument appointing a proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument appointing a proxy or proxies which has been lodged if such member, being the appointor, is not shown to have shares entered against his/her/their name(s) in the Depository Register at least 72 hours before the time appointed for the AGM, as certified by The Central Depository (Pte) Limited to the Company.





**LY CORPORATION LIMITED**

(Incorporated in the Republic of Singapore on 24 October 2016)

(Company Registration Number: 201629154K)

120 Robinson Road, #06-01,

Singapore 068913

Tel: +607 455 8828

Fax: +607 455 8853

Website: <https://www.lycorp.co>

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