



LY CORPORATION LIMITED

(the "Company")

Company Registration no. 201629154K

(Incorporated in the Republic of Singapore)

EXERCISE OF CALL OPTION FOR THE ACQUISITION OF OPTION ASSETS

1. INTRODUCTION

The Board of Directors of LY Corporation Limited, (the "**Company**" and together with its subsidiaries, the "**Group**") is pleased to announce that the Company has today exercised the call option pursuant to the Call Option and Rights of First Refusal Agreement dated 21 December 2017 entered into between the Company and Lian Yu Furniture Corporation Sdn Bhd (f.k.a. LY Furniture Corporation Sdn. Bhd.) ("**LYFC**") ("**Call Option and ROFR Agreement**") which has been disclosed in the Offer Document dated 18 January 2018. Such exercise of option entails LYFC procuring its subsidiary, LP Global Resources Sdn Bhd ("**LP Global**"), to sell its assets to the Company or its nominees, with the assets comprising of plants & machineries, the land with factory which it is currently operating on and is located at No. 3, Jalan Wawasan 12, Kawasan Perindustrian Sri Gading, 83000 Batu Pahat, Johor, Malaysia as well as other assets such as furniture, fixtures & fittings, office equipment, tools & utensils and computers ("**Option Assets**") ("**Exercise of Option**").

2. DETAILS OF THE EXERCISE OF OPTION

2.1 Background of LYFC

LYFC was incorporated in Malaysia on 28 June 2003 and is an investment holding company.

As at to-date, Mr Tan Kwee Chai, Mr Tan Yong Chuan (son of Mr Tan Kwee Chai), Mr Tan Kwee Lim (brother of Mr Tan Kwee Chai), Mdm Cha Geek Ngo (spouse of Mr Tan Kwee Chai) and Mr Tan Yong Siang (son of Mr Tan Kwee Chai) owns 37.13%, 9.23%, 19.24%, 4.40% and 6.00% of the issued and paid-up share capital of LYFC respectively. The remaining shares are held by Mr Boo Ngek Hee and Lead Chance Ltd, a company controlled by Mr Shen Min-Hui.

The directors of LYFC are Mr Tan Kwee Chai, Mr Tan Yong Chuan, Mr Tan Kwee Lim and Mr Boo Ngek Hee.

2.2 Background of LP Global

LP Global was incorporated in Malaysia on 5 January 2004. It is a wholly-owned subsidiary of LYFC with Mr Tan Kwee Chai and Mr Tan Kwee Lim as Directors. It is engaged in the business of veneer lamination on wooden boards and is also the key suppliers of veneer products and veneer lamination services to the Group.

2.3 Exercise Price

As stated in the Offer Document, the exercise price of the call option (i.e. acquisition price) for the Option Assets shall be the fair market value of the Option Assets as determined by an independent appraiser. However, other minor assets such as furniture, fixtures & fittings, office equipment, tools & utensils and computers will be based on their net book value and will not be appraised by an independent appraiser.



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VPC Alliance (Johor) Sdn. Bhd. ("**VPC**") (via its affiliated company in Singapore, Asian Appraisal Co. Pte. Ltd. in respect of the plants and machineries only) will be jointly appointed by the Company and LYFC to express their opinion relating to the fair market value of the Option Assets. The costs of the independent appraiser shall be borne by both parties equally.

Accordingly, the acquisition consideration will be subject to the independent valuation to be conducted by VPC and its affiliated company.

2.4 Interested Person Transaction

In view that LP Global and LYFC are companies that the controlling shareholders/directors of the Company are interested in and to clear potential conflict of interests pursuant to the initial public offering of the Company previously, the Call Option and ROFR Agreement has been entered and disclosed in the Offer Document.

The Exercise of Option would constitute an interested person transaction under Chapter 9 of the Catalist Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). However, as disclosed in section 2.3 above, the exercise price for the Option Assets is subject to a valuation to be conducted by an independent appraiser. Accordingly, the relevant percentage ratios as provided under Chapter 9 of the Catalist Rules of SGX-ST can only be determined at a later date. The applicable requirements whether to seek shareholders' approval will be ascertained in due course.

2.5 Review by and approval of the Audit Committee

As disclosed in the requirement of Offer Document, the Audit Committee has reviewed and approved the decision to exercise the option and acquire the Option Assets as it does not pose any conflict of interest by any controlling shareholders/directors of the Company. Based on the rationale for and benefits of the Exercise of Option and taking into account of the consideration of the Option Assets based on independent valuation, the Audit Committee is of the view that the Exercise of Option is based on normal commercial terms and would not be prejudicial to the interests of the Company or its minority shareholders.

3. Rationale for and Benefit of the Exercise of Option

As LP Global is identified as a company with implication of potential conflict of interest to the controlling shareholders/directors of the Company, LYFC consented that it is in the best interest of the Group to enter into the Call Option and ROFR Agreement during the initial public offering of the Company so as to eliminate the potential conflict of interest.

It is also considered the best commercial interest of the Group to take over the assets of LP Global now given that about 70% supplies of veneer related products/ services are from LP Global to the Group.



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4. Financial Effect

The Exercise of Option is funded internally and is not expected to have any material impact on the net tangible assets or earnings per share of the Group for the current financial year ending 31 December 2018.

5. Interest of Directors or Controlling Shareholders or Substantial Shareholders

Save for their respective shareholdings in the Company, none of the directors, controlling shareholders or substantial shareholders of the Company, has any interest, whether directly or indirectly, in these transactions contemplated herein.

6. Documents for Inspection

A copy of the Call Option and ROFR Agreement is available for inspection during normal business hours at the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898 from the date of this announcement up to and including the date falling three months after the date of this announcement. A copy of the valuation report will also be available for inspection during normal business hours once it is issued by VPC.

In addition, pursuant to the Exercise of Option, a Sale & Purchase Agreement will be entered into upon the issue of valuation report by VPC.

BY ORDER OF THE BOARD

Tan Ai Luang
Executive Director

6 December 2018

LY Corporation Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 31 January 2018. The initial public offering of the Company was sponsored by UOB Kay Hian Private Limited (the "Sponsor").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

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

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