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**For Immediate Release**

**Ley Choon reports S\$0.5 million in first quarter net profit, as strong order book continues to provide revenue visibility**

- Revenue decreased slightly by S\$4.7 million to S\$24.3 million for Q1FY2018
- Pre-tax profit margin was at a more modest 2.0% during the first quarter compared to 2.2% a year ago
- Total unfulfilled order book of about S\$156 million in secured contracts provides revenue visibility

**Financial Highlights**

<b>S\$'000</b>	<b>Q1FY2018 ended 30 June 2017</b>	<b>Q1FY2017 ended 30 June 2016</b>	<b>Change (%)</b>
Revenue	24,336	29,069	(16.3)
Gross profit	3,096	6,857	(54.8)
Other income	1,144	772	48.2
Profit for the period	481	629	(23.5)

**Singapore, 14 August 2017** – Catalyst-listed Ley Choon Group Holdings Limited (“Ley Choon” or the “Company”, and together with its subsidiaries, the “Group”) has continued to report profitability into the first three months ended 30 June 2017 (“Q1FY2018”) with a net profit of S\$0.5 million, marking the Group’s fifth sequential quarter of profit since Q1FY2017.

The Group’s profitability for Q1FY2018 was achieved on the back of S\$24.3 million in revenue, which was 16.3% lower than the S\$29.1 million reported in Q1FY2017 due mainly to the volatility of revenue recognition according to project milestones. Additionally, the decrease in top-line was also attributable to lower revenue contribution of S\$2.9 million and S\$3.3 million respectively from roadwork and airport projects as they approached completion. This was

however partially offset by higher revenue recorded from the big diameter pipe projects undertaken by the Group.

Ley Choon remained focused on prudent cost management. During the quarter, the Group reduced its administrative expenses and finance costs by 30.5% and 97.3% to S\$3.2 million and S\$0.05 million respectively as compared to Q1FY2017. These were due mainly to a decrease in depreciation expense for an office building, the decrease in professional fees, the reversal of overaccrued finance costs and a reduction in borrowings. The lower costs helped to slightly offset the Group's weaker gross profit margins, with pre-tax profit margin standing at 2.0% in Q1FY2018 compared to 2.2% previously.

On the Group's first quarter performance, Ley Choon's Executive Chairman and Chief Executive Officer, Mr Toh Choo Huat said, **“Despite a challenging first quarter for the construction industry in Singapore, where costs are escalating amid intensifying competition for projects, I am encouraged that Ley Choon has weathered the difficult operating conditions well to achieve a commendable first quarter performance. Our focus on prudent cost management has continued to serve us well. As we work hard to deliver our projects to our customers' satisfaction, our project execution track record will position us strongly to garner market confidence and win new projects.”**

During the first quarter, the Group secured from various parties five new contracts worth approximately S\$51.4 million for the execution of underground utility infrastructure and construction works. Among the new projects secured include a major contract related to the installation and maintenance of underground utility services. The award of the contracts reflects the Group's proven capabilities in undertaking underground utilities infrastructure construction projects.

The construction industry in Singapore is expected to see a total value of between S\$28 billion and S\$35 billion in contracts awarded in 2017<sup>1</sup>. Public sector construction demand is expected to account for about 70% of the overall construction demand, with mega public sector infrastructure projects lined up in the pipeline. This bodes well for the construction industry and Ley Choon's proven track record well-positions it to compete for potential infrastructure construction contracts. At the end of the first quarter, the Group has a total unfulfilled order book of S\$156 million, which greatly enhances its revenue visibility.

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<sup>1</sup> *Building and Construction Authority, Media Release “Public sector construction demand is expected to increase this year”, 6 January 2017*

## **About Ley Choon Group Holdings Limited**

Ley Choon Group Holdings Limited (“Ley Choon” or the “Group”) is an established one-stop underground utilities infrastructure construction and road works service provider. Since our inception as Ley Choon Constructions and Engineering Pte Ltd in 1990, we have grown our spectrum of services to encompass:

- Underground utilities infrastructure construction and maintenance services, which include water pipes, NEWater pipes, high-pressure gas pipes, high-voltage power cables, fibre optic cables and sewer pipeline rehabilitation;
- Road and airfield pavement construction and maintenance services, which include supply and laying of graded stone, cement treated base, milling and laying of asphalt premix;
- Construction materials supply services, which include production of asphalt premix and recycled aggregates from construction and demolition waste, production of ready mix concrete and cement bricks.

Our customers include the Singapore government agencies such as Public Utilities Board, Land Transport Authority, SP Group, Housing and Development Board, Urban Redevelopment Authority, Building and Construction Authority (“BCA”), Jurong Town Corporation, as well as the reputable companies such as Changi Airport Group and PowerGas.

As a L6-registered contractor (the highest grade) with the BCA, Ley Choon is able to tender for Singapore’s public sector contracts of unlimited value in the categories of cable/pipe-laying and road reinstatement, pipes and other basic construction materials. The Group is also an A1-registered contractor in the category of civil engineering (CW02).

The Group has expanded overseas. The Group has set up a plant in China, engaging in construction waste recycling and the development, production and sale of eco-green construction materials. It has also undertaken a sewer pipe rehabilitation project in Sri Lanka.

For more information, please visit [www.leychoon.com](http://www.leychoon.com)

### **Issued on behalf of Ley Choon Group Holdings Limited By RHT Communications and Investor Relations Pte Ltd**

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