

For Immediate Release

Ley Choon achieves S\$0.5 million net profit in second quarter; as unfulfilled order book remained robust at S\$139 million

- Revenue grew from S\$24.3 million in the previous quarter (“Q1FY2018”) to S\$27.8 million in this quarter (“Q2FY2018”), in line with the strong growth trend of the company.
- Gross profit also improved on a sequential basis from S\$3.1 million in Q1FY2018 to S\$4.6 million in Q2FY2018.
- Earnings recovery continues with sixth straight quarter of profitability since Q1FY2017.
- The Group recorded lower net profit due to the absence of other income for this quarter.
- Total unfulfilled order book of approximately S\$139 million in secured contracts to sustain business performance.

Financial Highlights

S\$'000	Q2FY2018 ended 30 Sep 2017	Q2FY2017 ended 30 Sep 2016	Change (%)	6M FY2018 ended 30 Sep 2017	6M FY2017 ended 30 Sep 2016	Change (%)
Revenue	27,774	29,495	(5.8)	52,110	58,564	(11.0)
Gross profit	4,590	6,825	(32.7)	7,686	13,682	(43.8)
Other income	491	4,348	(88.7)	1,635	5,120	(68.1)
Profit for the period	527	4,669	(88.7)	1,008	5,298	(81.0)

Singapore, 13 November 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 three months ended 30 September 2017 (“Q2FY2018”) with a net profit of S\$0.5 million, marking the Group’s sixth sequential quarter of profit since Q1FY2017.

Q2FY2018's revenue was a slight 5.8% decrease to S\$27.8 million due mainly to timing difference in revenue recognition according to project milestones. Additionally, the decrease in top-line was also attributable to lower revenue contribution of S\$0.9 million and S\$0.6 million respectively, due to completion of small diameter pipe projects and decrease in sale of construction materials.

Gross profit was S\$4.6 million with a gross profit margin of 16.5% for Q2FY2018 compared to S\$6.8 million with a gross profit margin of 23.1% for Q2FY2017. The decrease in gross profit and gross profit margin were mainly attributable to higher operational cost and change in project mix.

Nonetheless, on a sequential basis, revenue grew from S\$24.3 million in the previous quarter ("Q1FY2018") to S\$27.8 million in this quarter while gross profit also improved on a sequential basis from S\$3.1 million in Q1FY2018 to S\$4.6 million this quarter.

Ley Choon remained committed to achieving cost efficiency. During the quarter, the Group reduced its administrative expenses by 32.4% to S\$3.5 million as compared to Q2FY2017. These were due mainly to decrease in professional fees, decrease in depreciation expense for an office building and decrease in rental expense. This reduction in administrative expenses was offset by a decrease in other income to S\$0.5 million in Q2FY2018 compared to S\$4.3 million in Q2FY2017. The decrease is due mainly to absence of gain on disposal of office building at No.4 Sungei Kadut Street 2 in current period.

As a result of these preceding factors, Ley Choon reported a net profit after tax of S\$0.5 million for Q2FY2018 compared to S\$4.7 million for Q2FY2017.

On the Group's second quarter performance, Ley Choon's Executive Chairman and Chief Executive Officer, Mr Toh Choo Huat said, **"Second quarter for the construction industry in Singapore continued to be challenging due to rising operational cost and strong competition for projects. Nonetheless, we managed to overcome the challenging business conditions and achieved another profitable quarter. We will continue our efforts in cost control especially in terms of fixed overhead expenses. Our project**

execution track record and financial strength will provide us a competitive platform to successfully bid for new projects.”

“In addition, we are pleased to achieve a significant milestone principal repayment of approximately S\$3.9 million under the cash sweep mechanism in Q3FY2018, representing a full repayment of Super Senior Creditors,” Mr Toh added.

In August and October 2017, the Group has secured two contracts worth approximately S\$5.25 million for water repairs and other contract work for network services. Subsequently on 26 October 2017, the Group also secured contracts worth approximately S\$2.6 million in aggregate for closed-circuit television survey of sewers and resurfacing of roadworks.

The public sector construction demand will continue to see strong growth in 2017 with more infrastructure projects in the pipeline. This can boost the growth of the construction industry and Ley Choon can leverage on its vast expertise and experience in the construction industry as a competitive advantage while bidding for potential infrastructure construction contracts. To date, the Group has a total unfulfilled order book of S\$139 million, which serves to sustain the Group’s business performance.

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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

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