

For Immediate Release

Ley Choon achieves seven consecutive quarters of profitability; Group's unfulfilled order book stood at approximately S\$155 million

- Revenue edged down from S\$27.6 million in the previous corresponding quarter (“**Q3FY2017**”) to S\$26.4 million in this quarter (“**Q3FY2018**”)
- Gross profit, however, improved on from S\$4.4 million in Q3FY2017 to S\$4.5 million in Q3FY2018
- Net profit of S\$0.34 million in Q3FY2018 represents Ley Choon's seventh consecutive quarter of profitability
- Group made further milestone repayment of S\$3.9 million to certain eligible lenders under the cash sweep mechanism
- Total unfulfilled order book of approximately S\$155 million in secured contracts in line with the Group's long term objective of achieving sustainable growth

Financial Highlights

S\$'000	Q3FY2018 ended 31 Dec 2017	Q3FY2017 ended 31 Dec 2016	Change (%)	9M FY2018 ended 31 Dec 2017	9M FY2017 ended 31 Dec 2016	Change (%)
Revenue	26,415	27,635	(4.4)	78,525	86,199	(8.9)
Gross profit	4,532	4,388	3.3	12,218	18,070	(32.4)
Other income	337	9,054	(96.3)	1,972	13,974	(85.9)
Profit for the period	335	8,756	(96.2)	1,343	14,054	(90.4)

Singapore, 12 February 2018 – Catalyst-listed Ley Choon Group Holdings Limited (“**Ley Choon**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) reported its seventh sequential quarter of profitability for the three months ended 31 December 2017 (“**Q3FY2018**”) with a net profit of S\$0.34 million.

The Group recorded a slight decrease in revenue of 4.4% to S\$26.4 million, the figure from a year ago, due mainly to lower revenue contribution from oil and gas and roadwork projects,

which was partially offset by higher revenue from small pipe diversion and distribution cable projects.

Gross profit stood at S\$4.5 million with a gross profit margin of 17.2% for Q3FY2018 compared to S\$4.4 million with a gross profit margin of 15.9% for Q2FY2017. Improved gross profit and gross profit margins were attributed to lower material costs.

As Ley Choon remains committed to cost efficiency, the Group's administrative expenses declined by approximately S\$0.6 million or 13.8% to S\$3.4 million compared to the expenses in Q3FY2017. Both professional fees and rental expenses came down by S\$0.3 million and S\$0.2 million respectively during this period.

Other income for Q3FY2018 decreased by approximately S\$8.7 million or 96.3% to S\$0.3 million compared to the figure in Q3FY2017, due mainly to the absence of a gain on disposal of office building at No.55 Kranji Crescent in the current period.

In the absence of one-off gain as mentioned above, Ley Choon reported a net profit after tax of S\$0.34 million for Q3FY2018 compared to S\$8.8 million for Q3FY2017.

On the Group's third quarter performance, Ley Choon's Executive Chairman and Chief Executive Officer, Mr Toh Choo Huat said, "**We are pleased with another sequential quarter of profitability as we paid close attention to managing our projects in a viable and sustainable manner. Overall, we maintain careful cost control especially in fixed overhead expenses while continuing to bid for more contracts. Project execution track record and financial stability remains a key competitive platform for Ley Choon. Our current unfulfilled order book is sustained at a positive level and is in line with our long term objective of achieving steady growth.**

As part of our earlier Debt Restructuring Agreement with creditors in 2016, we have been taking active steps to improve our cash position every quarter. This quarter, we made a further milestone repayment of S\$3.9 million to certain eligible lenders under the cash sweep mechanism." Mr Toh added.

From December 2017 to January 2018, the Group announced it had secured three contracts worth approximately S\$36.0 million for the replacement of water mains for network renewal and for supplying and laying of NEWater mains. Together with earlier contracts secured, the Group's unfulfilled order books based on secured contracts stood at approximately S\$155.0 million.

In terms of outlook for the next 12 months, the Building and Construction Authority (“**BCA**”) vide its recent news on 11 January 2018, projects the total construction demand or the value of construction contracts to be awarded this year will range between \$26.0 billion and \$31.0 billion, compared to the preliminary estimate of \$24.5 billion last year. The public sector construction demand is expected to grow from \$15.5 billion last year to between \$16.0 billion and \$19.0 billion this year, contributing to about 60% of total projected demand. BCA also expects the public sector construction demand to contribute \$16.0 billion to \$20.0 billion per annum from 2019 to 2022. This demand will be supported by major infrastructure projects which include various developments for Changi Airport Terminal 5 and land transport projects such as Cross Island Line, Jurong Regional Line, Rapid Transit System and High Speed Rail.

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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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