

LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198700318G)

RESPONSE TO SGX-ST'S QUERIES ON Q1FY17 FINANCIAL STATEMENTS

The Board of Directors of Ley Choon Group Holdings Limited (the "**Company**") wishes to announce the following in response to the SGX-ST's queries regarding the Company's Financial Statements and Related Announcement: First Quarter Results" dated 12 August 2016 (the "**Q1FY17 Results**"):

SGX-ST's Query 1

In Q1FY16 ended 30 June 2015, revenue was S\$28.8 million (excluding revenue adjustments), while cost of sales was S\$29.8 million. However, in Q1FY17 ended 30 June 2016, revenue increased to S\$29.1 million, while cost of sales declined to S\$22.2 million. Please disclose the reasons for the significant 25.4% decline in "Cost of sales", providing a breakdown of the material items where appropriate.

Company's response

Referring to the Q1FY17 Results announcement dated 12 August 2016 (page 11), revenue for the first quarter ended 30 June 2016 was \$29.1 million with gross profit of \$6.9 million representing gross profit margin of 23.6%.

Referring to the results announcement for the second quarter ended 30 June 2015 dated 11 August 2015 (page 12), revenue for the quarter ended 30 June 2015 (excluding adjustment) was \$28.8 million, with normalised gross profit of \$1.4 million representing gross profit margin of 4.9%.

Amid a relatively stable revenue on a year-on year basis of \$29.1 million in the current period versus \$28.8 million (normalised) for the prior period, the 25.4% year on year reduction on cost of sales was a result of improvement in gross profit margin of 23.6% in the current period versus 4.9% in the prior period, particularly attributable to projects from the Pipes and Road segment.

SGX-ST's Query 2

Please compare the Q1FY17 Results to paragraph 10 of the previous results announcement and comment on any deviation of performance by the Company.

Company's response

Referring to the full year results announcement dated 30 May 2016 and the Chairman's statement from the annual report for financial period ended 31 March 2016, the Group has been continuously tendering for projects and improving operational efficiency and this has led to profitable results in Q1FY17.

BY ORDER OF THE BOARD

Toh Choo Huat
Executive Chairman and Chief Executive Officer

26 August 2016