

FOR IMMEDIATE RELEASE

## Ley Choon's 1HFY23 net profit surpasses FY22's record high

- 1HFY23 net profit from continuing operations increased 31.7% y-o-y to S\$4.7 million, attributable to the resumption of construction activities amid the post-COVID recovery
- The Group continues to repay borrowings and lease liabilities to mitigate the effects of multiple interest rate hikes
- Year-to-date, the Group's outstanding orderbook increased to S\$220.2 million, extending revenue visibility to 2025

Singapore, 11 November 2022 – SGX Catalist-listed **Ley Choon Group Holdings Limited** (立堉集团控股有限公司) (“**Ley Choon**” or the “**Group**”), a leading one-stop service provider for underground utilities infrastructure construction and road works, is pleased to announce the financial results for the first half year ended 30 September 2022 (“**1HFY23**”)

Ley Choon delivered strong results in 1HFY23, buoyed by the recovery of infrastructure led construction activities. The Group's revenue for the period increased by S\$14.3 million or 30.4% year-on-year (“**y-o-y**”) to S\$61.3 million, mainly contributed by good progress in pipe laying, airport and sewer rehab projects. In line with the revenue growth, the gross profit increased by 27.0% y-o-y to S\$8.5 million with a gross margin of 13.9%.

During 1HFY23, Ley Choon continued to pay down borrowings and lease liabilities to reduce the Finance costs by some S\$0.5 million or 43.2% y-o-y to S\$0.7 million despite rising interest rates.

Coupled with tight control of expenditures, the Group reported 1HFY23 net profit of S\$4.7 million, a 31.7% y-o-y increase compared to 1HFY22.

S\$'000	1HFY23	1HFY22	Change (%)
Revenue	61,265	46,992	30.4
Gross Profit	8,498	6,689	27.0
<i>Gross Profit Margin</i>	13.9%	14.2%	-0.3 p.p.
Net Profit after Tax	4,676	3,550	31.7%
<i>Net Profit Margin</i>	7.6%	7.6%	+0.1 p.p.

### Outlook

In a snapshot, the construction sector in Singapore experienced a few positive notes in the third quarter of 2022. Growth in Singapore's construction sector increased to 7.8% y-o-y for

3Q 2022 from an increase of 4.8% for 2Q 2022.<sup>1</sup> Construction also posted the highest employment growth in 2Q2022 with 25,200<sup>2</sup> additional workers, signifying the opening of the labour market which could bring various construction projects up to speed.

Construction demand however, fell by 45.7%<sup>2</sup> y-o-y for 2Q 2022 on account of a fall in demand and contracts awarded. Earlier in 2022, BCA projected the total construction demand in 2022 to be between S\$27 billion and S\$32 billion<sup>3</sup>. This projection exceeds 2021's projection of between S\$23 billion to S\$28 billion as both the private and public sectors are expected to contribute to the demand with strong pipeline of projects in response to a recovering economy stepping past the pandemic.

As announced in August 2022, an additional of S\$66 million will be allocated to the Cities of Tomorrow research and development programme.<sup>4</sup> Research is conducted to develop solutions that would support sustainability and effective usage of space, and a portion of the funds are dedicated to explore ways to create underground spaces in order to free up land space. These underlines the continued focus on Singapore's underground infrastructure and urban challenges.

Mr Toh Choo Huat (卓沅撥), Executive Chairman and CEO of Ley Choon, commented, **“Our growth momentum continues in 1HFY23. With the further easing of COVID-19 restrictions, our construction activities are gradually back to normal. Infrastructure construction demand is ramping up and we, as one of the key players in the local market, won a few contracts recently. The new orders help further extend our revenue visibility to 2025.**

**Despite the supply chain disruptions and inflationary pressures, we are cautiously optimistic of the prospect in construction industries as infrastructure development remains as the indispensable pillar for economic recovery. The Group will continue to leverage on its rich experience and track record to clinch more contracts in underground infrastructure utilities construction.**

- End -

## About Ley Choon Group Holdings Limited

Ley Choon Group Holdings Limited (“**Ley Choon**”) is an established one-stop Underground Utilities Infrastructure construction and road works service provider, which started operations as Ley Choon Constructions and Engineering Pte Ltd in 1990.

Our core businesses comprise i) Pipes and Roads Segment, consisting of Underground Utilities Infrastructure construction and maintenance which includes laying of water pipes,

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<sup>1</sup> [https://www.mti.gov.sg/Newsroom/Press-Releases/2022/10/Singapore-Economy-Expanded-by-4\\_4-Per-Cent-in-the-Third-Quarter-of-2022](https://www.mti.gov.sg/Newsroom/Press-Releases/2022/10/Singapore-Economy-Expanded-by-4_4-Per-Cent-in-the-Third-Quarter-of-2022)

<sup>2</sup> <https://www.mti.gov.sg/Resources/Economic-Survey-of-Singapore/2022/Economic-Survey-of-Singapore-Second-Quarter-2022>

<sup>3</sup> <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2022/01/26/sustained-construction-demand-in-2022-supported-by-public-sector-projects>

<sup>4</sup> <https://www.channelnewsasia.com/singapore/research-development-cities-tomorrow-urban-challenges-2849061>

high-pressure gas pipes and high-voltage power cables, rehabilitation of sewer pipeline, construction and maintenance of road and airfield pavement; and ii) Construction Materials Segment, comprising asphalt premix production and construction waste recycling. Our customers include government bodies such as Public Utilities Board, Land Transport Authority, Housing and Development Board, Urban Redevelopment Authority, Building and Construction Authority, Jurong Town Corporation and companies such as Changi Airport Group and PowerGas.

We are a BCA L6 registered contractor (the highest grade) which allows us to tender for Singapore public sector contracts of unlimited value in the categories of cable/pipe-laying and road reinstatement, pipes, and other basic construction materials. We are also an A1 registered contractor in the category of civil engineering (CW02).

As one of only four asphalt premix plant operators in Singapore, our plant is one of the largest in Singapore in terms of production capacity, capable of producing up to 400 tons of asphalt premix per hour.

The Group has ventured overseas to undertake civil engineering projects. The Group has a presence in Sri Lanka since 2014 through the undertaking of a sewer pipeline rehabilitation project funded by Asian Development Bank.

Headquartered in Singapore with total staff strength of about 900, we build our capabilities by investing in our people and equipment and upgrading our systems and processes to be more efficient, productive and competitive. We have invested in productivity tools such as an Enterprise Resource Planning system and an off-site sky CCTV monitoring system to integrate our operations and better manage our resources. To this end, we have been awarded ISO9001, ISO14001 and OHSAS 18001 certifications as well as an Enterprise 50 Award in 2010 in recognition for achieving quality standards and business excellence.

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

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Issued for and on behalf of Ley Choon Group Holdings Limited

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