

# LEY CHOON GROUP HOLDINGS LIMITED

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

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- (1) MATERIAL VARIANCES BETWEEN AUDITED FINANCIAL STATEMENTS AND THE UNAUDITED FULL-YEAR RESULTS ANNOUNCEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014
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## **MATERIAL VARIANCES BETWEEN AUDITED FINANCIAL STATEMENTS AND THE UNAUDITED FULL-YEAR RESULTS ANNOUNCEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

The Board of Directors of (the “**Board**”) Ley Choon Group Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement released by the Company on 28 February 2015 (the “**Unaudited Announcement**”) in relation to the unaudited financial statements for financial year ended 31 December 2014 (“**FY2014**”) (the “**Unaudited Results**”) and the announcement released by the Company on 9 April 2015 in relation to the Company’s application for the extension of time to hold its annual general meeting and announcement of the Company’s audited financial statements for the financial period ended 31 March 2015 (the “**Application Announcement**”).

Unless otherwise defined, capitalised terms used herein shall bear the same meaning ascribed to them in the Unaudited Announcement and/or the Application Announcement.

Further reference is made to the Audited Financial Statements of the Company for FY2014 (“**Audited Accounts**”).

The Board also refers to the Application Announcement where the Company informed the Shareholders that the Company had applied to SGX-ST for the Waivers as the Company, had, for prudence, appointed an Independent Valuer to conduct a valuation on the Group’s Assets to validate the conclusion of the earlier impairment review done in February 2015 whether there had been any impairment of the Group’s Assets (the “**Independent Valuation**”).

In compliance with Rule 704(5) of the Listing Manual of Singapore Exchange Securities Limited (the “**Listing Manual**”), the Board noted that following the Independent Valuation, there were variances between its Audited Accounts and Unaudited Results that arose mainly from impairment loss with respect to Property, Plant & Equipment and reversal of over provision of income tax in the prior years and recognition of deferred tax expense (asset) with respect to the net loss reported.

**Material variances are set out below:**

### **Consolidated Statement of Comprehensive Income for FY2014**

	<b>As set out in the Unaudited Announcement (S\$’000)</b>	<b>As set out in the Audited Accounts (S\$’000)</b>	<b>Variance (S\$’000)</b>	<b>Reasons for the variance</b>
Other operating expenses	(1,228)	(10,127)	(8,899)	Pursuant to the Independent Valuation of the Group’s assets, the Group incurred an impairment loss of S\$8.5 million in relation to Property, Plant & Equipment, based on the lower of carrying value and fair value less costs of disposal.

Tax credit/(expense)	1,000)	6,443	5,443	Due to reversal of over-provision of tax in prior years and recognition of deferred tax expense (credit) with respect to the losses reported for the current year.
(Loss)/Profit for the year	(32,824)	(35,888)	(3,064)	As explained above.

#### Statement of financial position as at 31 December 2014

##### (a) Group

	As set out in the Unaudited Announcement (S\$'000)	As set out in the Audited Accounts (S\$'000)	Variance (S\$'000)	Reasons for the variance
<b>Assets</b>				
Property, plant and equipment	98,123	89,616	(8,507)	Due to the impairment loss as explained above.
Retained (losses)/earnings	716	(2,348)	(3,064)	Due to knock-on effect of impairment loss and reversal of over provision of tax as explained above.
<b>Total equity</b>	<b>73,988</b>	<b>70,924</b>	<b>(3,064)</b>	As explained above.
<b>Liabilities</b>				
Loans and borrowings (Non Current)	29,731	43,313	(13,582)	Reclassification of certain loans & borrowings from Current to Non-Current Liabilities as a result of rectification of classification errors.
Loans & borrowings (Current)	110,074	96,492	13,582	
Deferred tax liabilities	3,093	–	3,093	Reversal of deferred tax liabilities as a result of increase in recognition of deferred tax asset in relation to the unutilized tax losses and capital allowances.
Trade and other payables	52,402	46,301	6,101	Provision for liquidated damages has been reclassified as a separate line item below due to the nature of the expense being significant and one-off item.
Provisions	106	6,207	(6,101)	
Current tax payable	1,236	–	1,236	The over provision of tax liabilities in the prior years has been reversed.

**(b) the Company**

	<b>As set out in the Unaudited Announcement  (S\$'000)</b>	<b>As set out in the Audited Accounts (S\$'000)</b>	<b>Variance (S\$'000)</b>	<b>Reasons for the variance</b>
<b>Assets</b>				
Subsidiaries	110,000	70,464	(39,536)	Due to allowance for impairment in relation to the investments in subsidiaries, based on the fair value less costs of disposal approach.
<b>Total assets</b>	<b>152,314</b>	<b>112,941</b>	<b>(39,373)</b>	Mainly due to the allowance for impairment for investments, as explained above.
<b>Equity</b>				
Retained (losses)/earnings	892	(38,481)	(39,373)	Due to the allowance for impairment loss, as explained above.
<b>Total equity</b>	<b>137,247</b>	<b>97,874</b>	<b>(39,373)</b>	As explained above.

**Cash flow statement**

There is no material variances between the Announcement and the Audited Accounts in the sub-total of Net Cash generated from/(used in) operating activities, Net cash used in investing activities and Net cash (used in)/generated from financing activities in the Cash Flow Statement except for variances in certain line items under Cash flows from operating activities due to:

- (a) the reasons explained in the Comprehensive Income Statement and Statement of Financial Position; and
- (b) reclassification of line items within cash flow from operating activities.

Further, there is no change in the cash and cash equivalent at the beginning and at the end of the year in the Cash Flow Statement.

**EMPHASIS OF MATTER BY AUDITORS ON THE FINANCIAL STATEMENT**

In compliance with Rule 704(5) of the Listing Manual, the Board also wishes to announce that its Independent Auditor, KPMG LLP, has issued its Independent Auditor's Report for the Group's Audited Accounts and this Independent Auditors' Report contains an emphasis of matter.

A copy of the Independent Auditors' Report and the extract of the relevant note of the Group's Audited Accounts is attached to this Announcement for the Shareholders' reference.

The Independent Auditors' Report and the Audited Accounts will be found in the Company's FY2014 Annual Report which will be issued to Shareholders and released on SGXNET in due course.

### **Events subsequent to the Independent Auditors Report**

The Board is pleased to inform the Shareholders that subsequent to the issue of Independent Auditors' Report from KPMG LLP, the Company has received a letter from one of the financial institutions acknowledging and consenting to the Company's non-compliance of a particular bank covenant.

In addition, another financial institution (the "**Lender**") has also agreed to make available a construction loan and land loan of up to an aggregate amount of S\$12,275,000.00 (the "**Loans**") to the Company's wholly owned subsidiary, Ley Choon Development Pte Ltd. ("**LC Development**"), subject to the terms and conditions as set out in the Lender's letter of offer dated 8 May 2015.

The Loans will be secured by, *inter alia*, a corporate guarantee to be granted by the Company. The proceeds from the Loans will be used by the Company for, amongst others, refinancing of the carrying amount of a secured bank loan of S\$9,300,000 (as at 31 December 2014) and financing a property development project undertaken by LC Development.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Loans.

### **BY ORDER OF THE BOARD**

Toh Choo Huat

Executive Chairman and Chief Executive Officer

11 May 2015