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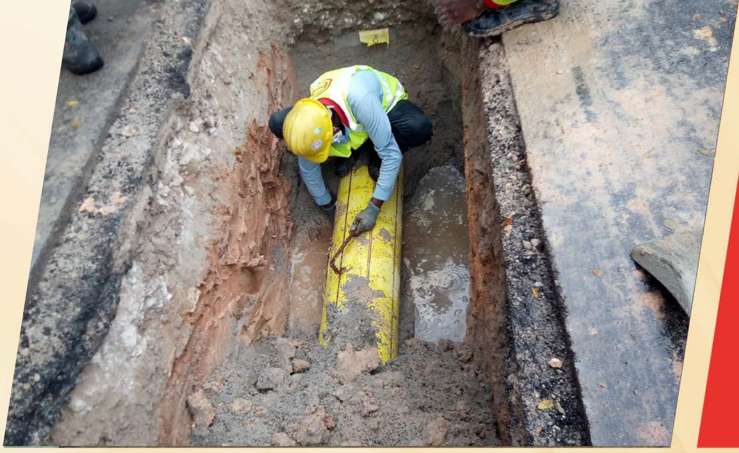
LEY CHOON



PROGRESSING WITH STRENGTH

ANNUAL REPORT 2022

VISION

TO BE A LEADING ONE-STOP REGIONAL SERVICE PROVIDER OF UNDERGROUND INFRASTRUCTURE CONSTRUCTION, ROAD AND AIRFIELD CONSTRUCTION AND MAINTENANCE, ASPHALT PREMIX PRODUCTION AND CONSTRUCTION WASTE RECYCLING.

MISSION

WE AIM TO PROVIDE TIMELY AND RELIABLE INTEGRATED SOLUTIONS WHILE BUILDING A STRONG TEAM OF IN-HOUSE EXPERTISE AND DEVELOPING ADVANCED MACHINERY AND TECHNOLOGY TO BEST SERVE THE INDIVIDUAL NEEDS OF OUR CUSTOMERS.

CONTENTS

CORPORATE PROFILE

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:

(1) 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;

(2) Road and airfield pavement construction and maintenance services, which include the supplying and laying of graded stones, cement treated base and milling and laying of asphalt premix; and

(3) Construction materials supply services, which include production of asphalt premix and recycled aggregates from construction and demolition waste and production of ready mix concrete and cement bricks.

ASPHALT PLANT

As a one-stop underground utilities infrastructure construction service provider, our core strengths reside with our technical expertise in underground utilities infrastructure and the inhouse supply of construction materials such as asphalt premix and recycled aggregates.

Ley Choon is one of the few asphalt plant operators in Singapore. Our 400 tonnes per hour asphalt plant is one of the largest in terms of production capacity in Singapore. The built-in recycling feature and the offering of various asphalt premix formulations to meet customer requirements provide us with a competitive advantage.

Our customers include Singapore government agencies such as Public Utilities Board ("**PUB**") and Land Transport Authority ("**LTA**"), as well as reputable companies such as Changi Airport Group and SP Group.

As a L6-registered contractor (the highest grade) with the Building and Construction Authority ("**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, essential construction materials and other basic construction materials. The Group is also an A1-registered contractor in the category of civil engineering (CW02).

Leveraging on our expertise, the Group has been expanding overseas. The Group has ventured overseas to undertake civil engineering projects. The Group has had 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 headcount of around 900, we build our technology capabilities by investing in people, process and system optimization, such as the application of Enterprise Resource Planning ("**ERP**") system and mobile CCTV monitoring system.

As a testament to our technological advantage and service quality, Ley Choon has been accredited with IMS-ISO 9001, BS-OHSAS 18001, ISO 14001 and Green And Gracious Builder Award.

Ley Choon was listed on the Mainboard of Singapore Exchange Securities Trading Limited ("**SGX-ST**") in August 2012 via a reverse takeover of Ultro Technologies Limited and transferred to Catalist on 22 February 2017.

CHAIRMAN'S STATEMENT

"With new challenges come new opportunities, the Group remains positive in our outlook in achieving our long-term business sustainability and value creation for our stakeholders."

TOH CHOO HUAT
Executive Chairman and Chief Executive Officer.

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Ley Choon Group Holdings Limited (the "**Company**", and together with all its subsidiaries, collectively "the **Group**"), I am pleased to present to you the Annual Report for the financial year ended 31 March 2022 ("**FY2022**").

It has been a challenging journey since the COVID-19 pandemic emerged and the economy has faced enormous uncertainties during this period. It has been a tough two years, but we have managed to improve and grow as a Group by overcoming the odds. The year in review had been a journey of recovery and seizing opportunity. With new challenges comes new opportunities, the Group remains positive in our outlook in achieving our long-term business sustainability and value creation for our stakeholders.

FINANCIAL PERFORMANCE

The Group recorded a considerable increase in net profit after tax of S$4.8 million for FY2022 as compared to S$0.9 million for the previous year ended 31 March 2021 ("**FY2021**"). Revenue increased by 22.9% to S$92.9 million year-on-year ("**y-o-y**") from FY2021's S$75.6 million. This increase can be attributed to the rebound of construction activities that were affected by the COVID-19 pandemic since 2020 as well as a favourable project mix. Shareholders' equity doubled to S$40.5 million as at 31 March 2022 as compared to S$20.0 million as at 31 March 2021 mainly resulting from a conversion of S$18.2 million of Murabaha facilities into shares. Notably, borrowings of the Group reduced by 48.6% to S$27.9 million as at 31 March 2022 as compared to S$54.3 million as at 31 March 2021 mainly attributed to the repayment of borrowings and the above conversion into shares.

Further, the Group generated an Operating Cash Flow of S$13.0 million for FY2022 compared to S$7.9 million for FY2021 due to higher operating profit and prudent management of working capital. The cash and cash equivalent stood at S$4.3 million as at 31 March 2022.

BUSINESS OUTLOOK

The Building and Construction Authority ("**BCA**"), in their announcement dated 26 January 2022[(1)], projected that the total construction demand in 2022 (i.e. the value of construction contracts to be awarded) would range between S$27 billion and S$32 billion. The public sector is expected to contribute about 60 per cent of the total construction demand, between S$16 billion and S$19 billion. This is supported by the strong pipeline of public housing projects including those under the Home Improvement Programme, as well as healthcare developments and infrastructure works such as the Cross Island MRT Line (Phase 1). In the longer term, the public sector is expected to lead the demand and contribute S$14 billion to S$18 billion per year from 2023 to 2026. About half of the demand will come from building projects and the other half from civil engineering works.

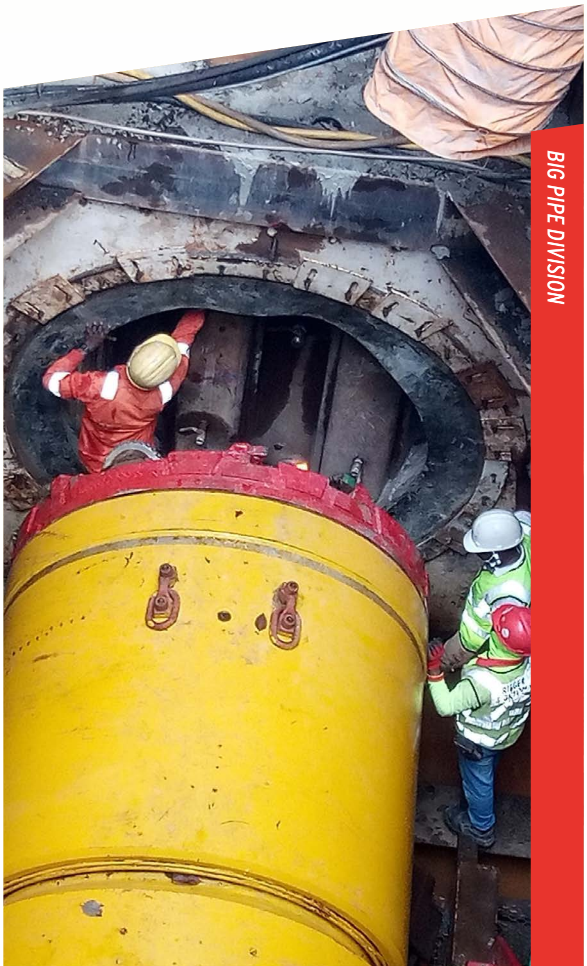
Despite the easing of measures worldwide, the construction sector is expected to remain challenging due to manpower crunch, higher cost of construction materials and global supply chain disruptions partly because of geopolitical issues. However, the Group will continue to leverage on its strong track record and expertise to prudently tender for more underground utility projects to maintain a healthy order book.

(1) https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2022/01/26/sustainedconstruction-demand-in-2022-supported-by-public-sector-projects

COVID-19

As we enter another year of the COVID-19 pandemic, the Group continues to adhere strictly to Government advisories. The Group administered periodical supervised ART test as well as team splitting arrangements for employees as required. In addition, the Group constantly prioritizes the emotional wellbeing of employees. Over the past year, the Group has had several activities to show appreciation to our employees. As they have been away from their families since lockdown started, we worked with Telco companies to enable better connectivity with their loved ones. To foster our inclusiveness with the staff, we celebrated cultural festivities and gave heartfelt gifts to acknowledge the immense support that our staff had given to the Group. With a 100% vaccination rate achieved, the Group had no major operational disruption and has maintained clear communications on safe management measures that minimized transmission. Our operational areas including the factory-converted dormitory were also periodically disinfected.

In December 2021, the BCA supported the industry by distributing Antigen Rapid Test kits and the Group is thankful for the support. The Group will continue to ensure that the Group's business continuity plans are executed whenever necessary.



PROJECT MANAGEMENT

Together with the fast-evolving nature of IT, our digitalisation plan has also been improved. On top of using IT to monitor project performances and costs, the management, staff and workers are also well versed in taking advantage of IT by incorporating more digital tools for efficiency, communication, convenience and credibility. Support units were able to resolve quantitatively derived inefficiencies more quickly in all aspects and were making timely decisions with the greater breadth and speed of information. In terms of safety, the Group's dedicated team ran initiatives to better educate and create awareness on incident prevention and procedures. Project management has been the Group's constant aim to improve, so as to identify inefficiencies as well as to ensure smooth and safe work execution.

SUSTAINABILITY FOR GROWTH

Sustainability is a vital part of our corporate strategy for achieving long-term growth. Our teams are dedicated and committed, incorporating sustainability considerations in our decision-making processes. In FY2022, the Group has achieved 89% for customer satisfaction in project management and improvements in all areas. The Group aims to always improve and achieve a favourable sustainability result.

NOTE OF THANKS

On behalf of the Board, I would like to express my deepest appreciation to the Management Team for their remarkable leadership and to the employees for their swift response and loyal support throughout the COVID-19 pandemic. I would also like to thank our shareholders and all stakeholders for their continued confidence and unwavering support. My sincere gratitude goes to our Board members for their guidance, valuable advice and commitment.

TOH CHOO HUAT
Executive Chairman and Chief Executive Officer

OPERATIONS REVIEW

SEGMENTAL OVERVIEW

Pipes and Roads

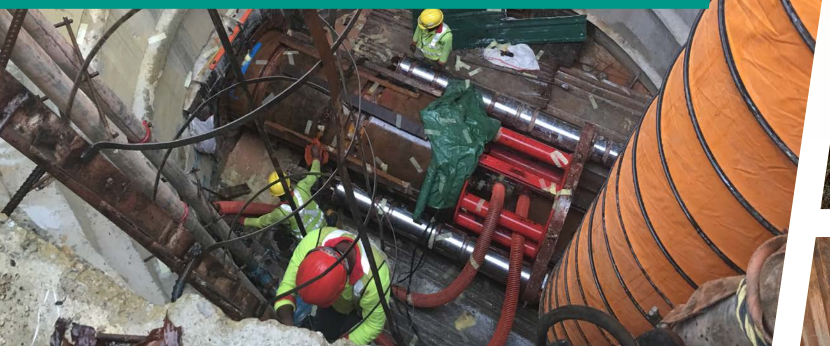
Revenue from Pipes and Roads segment increased by 23.9% to S$89.3 million for the year ended 31 March 2022 ("**FY2022**") compared to S$72.0 million for the corresponding period ended 31 March 2021 ("**FY2021**"). Revenue from Pipes & Roads segment represents 96.1% of the overall revenue of the Group for FY2022. The growth in revenue is primarily attributed to higher construction activities and favourable project mix in pipe laying, maintenance and cable laying projects. The higher construction activities can also be attributed to the rebound of construction demand that had been affected by the COVID-19 pandemic since 2020. The increase in overall gross profit and gross profit margin, mainly from the increase of revenue, were predominantly contributed by Pipes and Roads segment. Despite the overall increase in revenue and gross profit, certain pipe laying and airport projects contributed lower revenue for FY2022 compared to FY2021, due to their completion.

The nature of works of the ongoing projects under the Pipes & Roads segment is generally the supply and laying of pipelines required for underground utilities services, repairs and maintenance of pipelines, laying of cables and construction/ resurfacing works of aircraft parking, airside fence and cargo stands. The contractual duration of most of the ongoing projects is approximately 24 to 36 months with multiple recurring works.

The outlook for the public sector construction is expected to be optimistic particularly in underground utilities infrastructure construction works where the Group has a strong track record and expertise. However, the operating environment is expected to be challenging due to the manpower crunch, potential higher cost of construction materials and global supply chain disruptions. Nonetheless, the Group is prudent in the execution of the ongoing projects as well as the bidding for projects in order to maintain a healthy order book.

GAS PIPE DIVISION

PIPE JACKING



OIL & GAS

MILLING PATCHING

AIRPORT DIVISION

Construction Materials

Revenue from the Construction Materials segment increased marginally by 2.5% to S$3.6 million in FY2022 compared to S$3.5 million in FY2021. Revenue under this segment contributed 3.9% to the overall revenue of the Group. The revenue under this segment is mainly from sale of asphalt premix to external customers during the year. The margin from the segment also decreased mainly due to the increase in cost of raw material which led to the increase of cost of production.

Although market conditions remain challenging primarily due to the COVID-19 pandemic, the Group is positive on keeping up with competitive pricing and also managing the credit risk from the external customers under this segment on top of maximizing the utilisation of the Group's plant capacity.

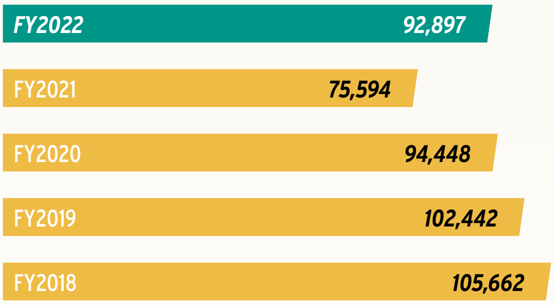
ASPHALT PLANT

ASPHALT PLANT

FINANCIAL *HIGHLIGHTS*

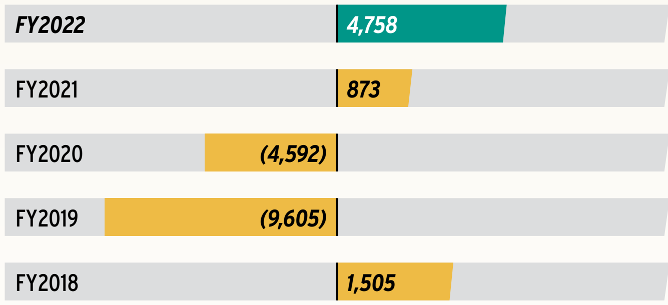
REVENUE
(S$'000)

92,897



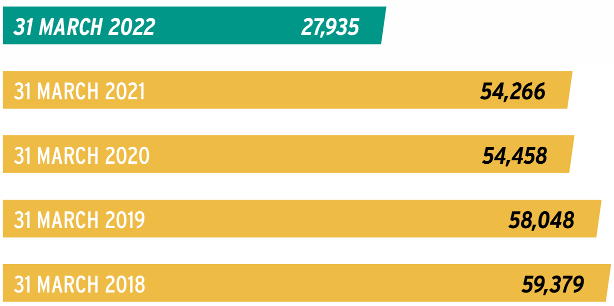
PROFIT/(LOSS) AFTER TAXATION
(S$'000)

4,758



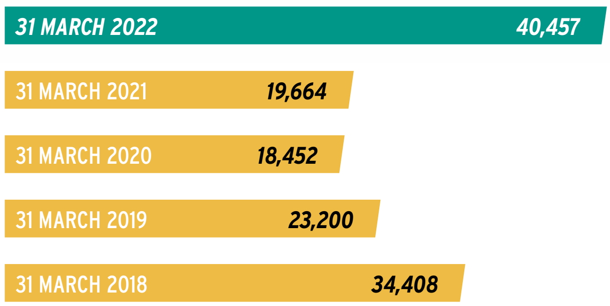
TOTAL BORROWINGS
(S$'000)

27,935



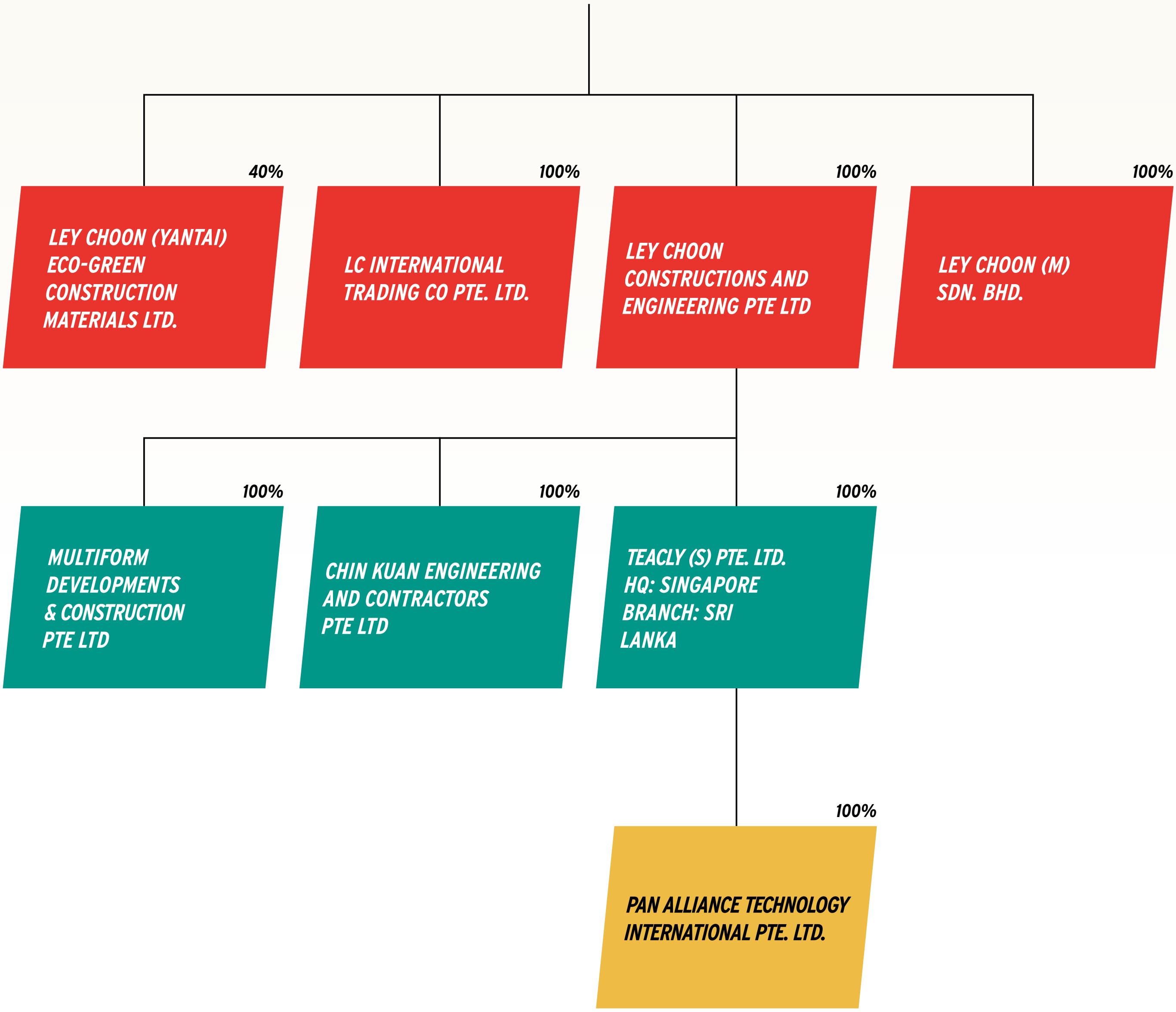
TOTAL EQUITY
(S$'000)

40,457



GROUP STRUCTURE

LEY CHOON



BOARD OF DIRECTORS

TOH CHOO HUAT
Executive Chairman and Chief Executive Officer

Mr Toh Choo Huat is the Executive Chairman and Chief Executive Officer of Ley Choon Group Holdings Limited. As one of the Group's founders, Mr Toh has played a pivotal role in the growth and development of the Group. He is responsible for the overall business development and general management of the Group. He also oversees the overall strategic direction and expansion plans for the growth and development of the Group.

Mr Toh has more than 30 years of experience in the business of underground utilities infrastructure construction and maintenance, sewer pipeline rehabilitation, road and airfield construction and maintenance. Prior to the establishment of Ley Choon, Mr Toh worked as a maintenance technician in Fairchild Semiconductor Pte Ltd. In 1990, Mr Toh and his brothers incorporated Ley Choon Constructions and Engineering Pte Ltd.

Mr Toh holds a Diploma in Electrical & Electronic Engineering from Ngee Ann Technical College (in association with Central Polytechnic London).

PROF. LING CHUNG YEE
Lead Independent Director

Professor Ling was appointed as Lead Independent Director on 28 September 2015. He is also the Chairman of the Audit Committee and a Member of the Remuneration Committee and Nominating Committee. Prof. Ling is currently the CEO and Founder of FollowTrade Pte Ltd, an Adjunct Professor in Finance at the SKEMA Business School, and an Academic Program Director at SMU Academy. Concurrently, he also serves as an Independent Director on several public listed companies across Asia – United Food Holdings Ltd, Debao Property Development Ltd and Amplefield Ltd.

Prof. Ling is a seasoned veteran with more than 20 years in investment banking with JPMorgan, Lehman Brothers, Goldman Sachs and Salomon Smith Barney. His expertise is in digital finance, sustainability investing and Asia real estate, and he had completed some of the highest-profile advisory and capital market transactions in the region. Prof. Ling is also a distinguished board director with more than 16 years of corporate governance experience across Asia. He was honored as the Real Estate Executive of the Year 2016 by Singapore Business Review, and as one of 20 Rising Stars in Real Estate 2008 by Institutional Investor.

Prof. Ling graduated from INSEAD with a Global EMBA and from the National University of Singapore with a BBA (Hons).

CHIA SOON HIN WILLIAM
Independent Director

Mr Chia Soon Hin William was appointed as Independent Director of the Company on 28 September 2015. He is also the Chairman of the Remuneration Committee and a Member of the Audit Committee and Nominating Committee.

Mr Chia, besides serving as Independent Board Director of other two listed companies, provides training for financial institutions and business advisory to corporations through his company, Xie Capital Pte Ltd and has more than 35 years of retail and commercial banking experience with Overseas Union Bank, Standard Chartered Finance, DBS Bank, Malayan Banking Berhad and United Overseas Bank. Prior to his retirement from United Overseas Bank in October 2014, he was Executive Director with the bank's Group Commercial Banking.

Mr Chia is a Chartered Secretary and Associate of the Governance Institute of Australia, Fellow with the Chartered Institute of Marketing (UK) and Associate with the Chartered Institute of Bankers UK. He was conferred IBF Fellow by the Institute of Banking and Finance Singapore in November 2014.

CHUA HOCK THAK
Independent Director

Mr Chua Hock Thak was appointed as Independent Director of the Company on 29 March 2018. He is also the Chairman of the Nominating Committee and a Member of the Audit Committee and Remuneration Committee.

Mr Chua has some 40 years of experience in the development of water infrastructure projects. He was with PUB, Singapore's National Water Agency, for 34 years holding various positions and was involved in the development of water infrastructures such as water and NEWater treatment works, water transmission and distribution pipelines, raw water and treated water reservoirs and barrage structures for raw water intakes. Prior to that, he was with JKR Kelantan for 2 years and contractors for 4 years, during which he was involved in the development of rural water supply scheme in Kelantan.

TEO HO BENG
Non-Executive Director

Mr Teo Ho Beng was appointed as Non-Executive Director of the Company on 28 September 2015. He is also a Member of the Audit Committee, Remuneration Committee and Nominating Committee.

Mr Teo is presently the Chief Executive Officer of Hiap Hoe Group. Mr Teo has more than 39 years of experience in the construction and property industries, and over 25 years of experience in the leisure industry.

Mr Teo is responsible for the formulation of corporate strategies and policies for Hiap Hoe Group, and ensures their implementation by senior management at the operations level. Mr Teo also chairs the senior management meetings to monitor Hiap Hoe Group's performance, and oversees management, budgeting and forecasting procedures to ensure there is prudent financial management.

EXECUTIVE OFFICERS

TOH CHEW LEONG
Deputy Chief Executive Officer

Mr Toh Chew Leong is the Deputy Chief Executive Officer of Ley Choon and is one of the founders of the Group. Mr Toh oversees the Group's underground utilities infrastructure construction and assists in the day to day operations of the Group's business. Mr Toh has an extensive experience of about 30 years in the Group's pipe and cable laying as well as asphalt premix businesses.

TOH CHEW CHAI
Deputy Chief Operating Officer

Mr Toh Chew Chai joined Ley Choon since its establishment. As the Group's Deputy Chief Operating Officer, he oversees all operations for underground utilities infrastructure construction, deployment of resources and operations management of the Group.

Mr Toh has extensive experience of about 30 years in the Group's pipe and cable laying business. In 1990, Mr Toh joined the Group as an operations manager.

SMALL PIPE DIVISION

TOH SWEE KIM
Chief Operating Officer

Mr Toh Swee Kim is the Chief Operating Officer ("**COO**") of Ley Choon. He oversees all operations for underground utilities infrastructure construction and maintenance business, including deployment of resources, manpower and operations management of the Group.

Mr Toh has extensive experience of about 30 years in the Group's pipe and cable laying business. In 1990, Mr Toh joined the Group as an operations manager.

R.SRINIVASAN
Chief Financial Officer

Mr R.Srinivasan has been appointed as Chief Financial Officer in January 2021, responsible for accounting, financial reporting, treasury, management accounting, corporate compliance, taxation and other related matters of the Group.

Mr R.Srinivasan joined the Group in 2012 as Senior Assistant Financial Controller and he was subsequently promoted to Group Financial Controller in 2016. Prior to joining the Group, he was the Group Finance Manager of Ultro Technologies Ltd, which was taken over by Ley Choon Group in 2012 through Reverse Take Over, since 1997. He has more than 25 years of diverse experience in accounting & finance which includes 15 years of experience in managerial and controller roles in financial reporting, corporate affairs & compliance, management accounting and tax planning in electronics components distribution, manufacturing, coal mining and construction industries.

Mr R.Srinivasan graduated with a Bachelor of Commerce degree and is a Chartered Accountant of Singapore with the Institute of Singapore Chartered Accountants. He is also a Fellow of the Association of Chartered Certified Accountants, UK.

TOH KAI HOCK

IT Director

Mr Toh Kai Hock joined the Group as IT Manager in 2011. His areas of responsibilities include all informational technology related matters and project management of the organisation.

Mr Toh graduated with a Bachelor of Engineering (Electrical Engineering) First Class Honours from National University of Singapore (NUS).

TOH KAI SHENG ADAM

Director, Operations & HR

Mr Toh Kai Sheng Adam joined the Group in 2009 as management executive, and has since worked under various departments within the Group, including operations, finance, logistics, training centre and property development. He oversees Group HR and Administration, and assists the COO in managing the operations of the Group.

Mr Toh graduated from the Nanyang Technological University of Singapore with a Bachelor of Accountancy with First Class Honours and second specialisation in Banking and Finance. He also holds a Diploma in Management Accounting from Chartered Institute of Management Accountants, and is a Chartered Accountant of Singapore.

TOH KOK HEAN BRAYDEN

Director

Mr Toh Kok Hean Brayden joined Ley Choon as Plant Manager since the inception of its asphalt plant in 2007. As the Group expanded into construction waste recycling in 2010, he was also tasked to be responsible for the overall procurement, production, quality and maintenance of the asphalt plant, construction waste recycling plant and other related machineries.

Mr Toh graduated with a Bachelor of Engineering (Honours) degree in Mechanical Engineering from Nanyang Technological University (NTU) in 2004.

CABLE DIVISION

SUSTAINABILITY REPORT

1 HIGHLIGHTS

1.1 Board Statement

Innovate for Sustainability

At Ley Choon Group Holdings Limited ("**Ley Choon**", and together with all its subsidiaries, collectively the "**Group**"), we are united in upholding the highest standards of Environmental, Social and Governance ("**ESG**") practices within our organisation. Since we embarked on the sustainability journey, we have tackled the challenge of driving corporate sustainability with conviction and fervour.

Embracing sustainability reporting has challenged the Ley Choon management team to be introspective and to re-calibrate the business modus operandi under which we have operated.

We have broadened our financial-centric business approach to incorporate non-financial parameters which has since sparked off a more effective management of a new spectrum of ESG parameters.

We believe our sustainable growth and success is only possible with the sustainable development of the communities we operate in, be it social, business or national communities.

While the Group continues to seek breakthroughs for new growth, we recognise the increasing importance of strengthening the sustainability and resilience of our current business operations.

We will continue to explore and evaluate business opportunities (including but not limited to strategic investments, partnerships, or mergers and acquisitions) that have potential to generate value for the shareholders.

EHS Excellence

In FY2022, we have continued our Environmental, Health & Safety ("**EHS**") Monitoring Plan for the Ley Choon Group. This programme aims to increase EHS ownership among employees in daily operations as well as to empower all employees to meet high EHS standards.

As we endeavour to enhance our EHS management system and processes to the highest standards, we aim to review and revise our existing Safety Management System vigilantly. Apart from implementing quarterly internal and external audits, we have also introduced a Competency Skill Test for our site supervisors in order to maintain a balance between Productivity and Safety in our operation.

We continued in our pursuit of safety awareness through our Safety Enhancement Programme ("**SEP**") which uses technology-based analytic tools to analyse the root causes of past incidents/ accidents to determine preventive solutions and specific training needed for employees.

In addition, we also successfully achieved zero environmental violation incidents for 2 consecutive years.

Human Capital and Innovation

Driving innovation is one of the key goals of our human capital development. Our commitment towards investing in human capital is reflected in our continued efforts in employee training.

The Group has performed necessary actions ensuring the wellbeing of all employees, staying in the pink of health.

For social impact, the Group plans to increase our contribution to business and community initiatives in the next 3 years.

We remain optimistic in driving the virtuous cycle of innovation and change management to drive greater financial and ESG returns for the Group.

Business Resilience

FY2022 marked the continuation of a 'new normal' as global economies, businesses and communities adapted to a vastly different environment, while traversing the continued and ever-evolving disruption from the COVID-19 pandemic.

Embracing resilience, agility, adaptability and an innovative spirit that is the core to our DNA, we navigated the headwinds decisively and made a return to profitability. Today, backed by strong fundamentals, we are well-positioned for a full business recovery.

In the past two years, we have gained new perspectives and insights. These, together with the many lessons learnt from the pandemic, will shape our growth story – and pave the way for greater business sustainability.

We have taken all necessary measures to ensure the safety and well-being of our personnel and to mitigate the economic fallout of this existential health treat, travel curbs, quarantines, and lockdowns. This includes the implementation of business continuity plans, enhancement of online activities and austerity measures.

In demonstrating our solidarity to join the authorities' efforts to control the pace of the spread of COVID-19, we vigilantly complied with the government's measures for the construction sector. As far as practicable, we have fully complied with national requirements regarding COVID-19.

Lastly, we wish to confirm that the Board has considered sustainability issues as part of its strategic formulation. The Board has determined the material ESG factors and overseen the management in monitoring these material ESG factors.

On behalf of the Board of Directors

TOH CHOO HUAT
Executive Chairman and Chief Executive Officer

SUSTAINABILITY REPORT

1.2 ESG Performance FY2022 Highlights

SOCIAL

- Average training hours per employee of 15.8 hours
- Increased total training hours by 71.4%
- Awarded with Successful NS Mark (Gold) and Total Defence Award

GOVERNANCE

- Full adherence to Code of Corporate Governance and maintained zero whistleblowing incidents
- Achieved zero environmental violation incidents for 2 consecutive years

ENVIRONMENTAL

- Continued with the Environmental, Health & Safety ("**EHS**") Monitoring Plan to increase EHS ownership among employees in daily operations requirement as well as to empower all employees to meet high EHS standards
- Continued with the Safety Enhancement Programme ("**SEP**") which leveraged technology-based analytic tools to analyse the root causes of past incidents/ accidents technology analytic tool to derive preventive solutions and specific training needed for employees
- Continued with the Competency Skill Test for our site supervisors to strive for a balance between Productivity and Safety in operations

1.3 Scope of Sustainability Report

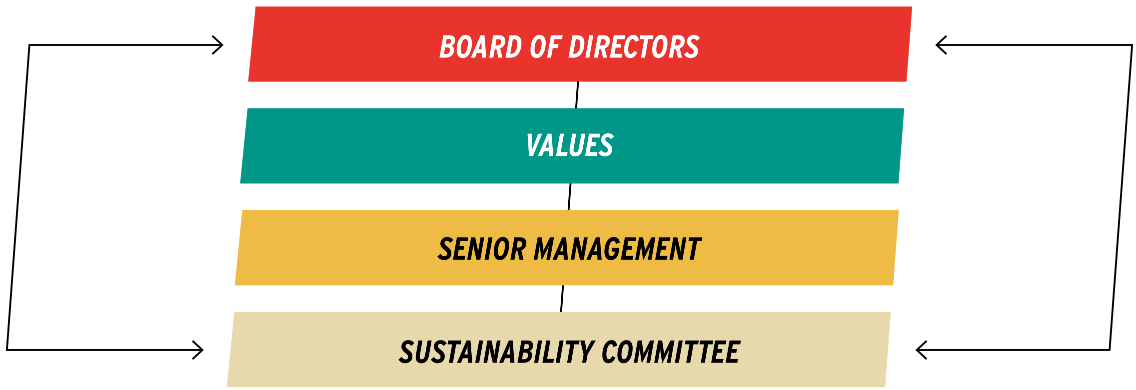
Reporting Period	The scope of the report covers data and information on material sustainability aspects of Ley Choon from 1 April 2021 to 31 March 2022 unless otherwise specified, and discusses the Group's achievements and performance towards Environmental, Social and Governance ("**ESG**") issues. We believe that the report should sufficiently address stakeholders' concerns in relation to sustainability issues arising from the Group's major business operations.
Reporting Standards	This report is prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards: Core Option as it provides a set of an extensive framework that is widely accepted as a global standard for sustainability reporting. We defined the report content in accordance with GRI Principles including: • *Materiality*: Focusing on issues that impact business growth and are of utmost importance to our stakeholders; • *Stakeholder Inclusiveness*: Responding to stakeholder expectations and interests; • *Sustainability Context*: Presenting performance in the wider context of sustainability; and • *Completeness*: Including all information that is of significant economic, environmental and social impact to enable stakeholders to assess the Group's performance. It also considers the Sustainability Reporting Guide in Practice Note 7F of the Catalist Rules. In preparing our report, we applied the GRI's principles for defining report content and report quality by considering the Group's activities, impacts and substantive expectations and interests of its stakeholders. We are currently in the process of implementing mandatory climate reporting based on the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**"), and will report on our progress in FY24/25.
Reporting Boundaries	The aspect boundaries 'within' the organisation are limited to Ley Choon and our subsidiaries. The aspect boundaries 'outside' the organisation include customers, employees, governments and regulatory agencies, local community, shareholders and financial community, and suppliers.
Independent Verification	The data and information provided within the report have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy.
Restatements	No restatements were made from the previous report.
Accessibility	As part of our environmental conservation efforts, a current electronic edition of the report is prepared and available at www.leychoon.com.
Sustainability Contact	We welcome your views and feedback on our sustainability practices and reporting by filling up our feedback form which can be accessed by scanning the QR code on the right.

SUSTAINABILITY REPORT

2 OUR APPROACH TO SUSTAINABILITY

2.1 Sustainability governance structure

Sustainability is a vital part of our corporate strategy for achieving long-term growth. The values we create for our people, the environment and society at large very much determine our financial performance. We developed a sustainability organisational structure to below:



2.2 Sustainability Strategy

With our vision and corporate values in mind, we are making an effort to integrate sustainability into the businesses of Ley Choon Group, so that it is systematic and seamless. Where possible, we incorporate sustainability considerations in our decision-making processes.

Our sustainability efforts are led by our senior management who ensures that the Group's business objectives are in line with our commitments to sustainable development. Senior management is responsible for on-going communication to the Board of Directors.

Ley Choon's senior management determined focus areas where Ley Choon can have the greatest economic, environmental and social impact, as well as the areas that are most important to our stakeholders.

Ley Choon has taken efforts to seek the opinion of internal and external stakeholders either formally or informally. We aspire to understand the needs and expectations of our key stakeholders and strive to build mutual beneficial relationships.

2.3 Consulting our stakeholders

We recognise the need to continuously develop our responsible business approach in order to address growing stakeholder expectations around our impact on the economy, environment and society. As such, we periodically consult with our stakeholders to determine the issues that are most relevant to them and Ley Choon.

An overview of our approach and rationale is set out below (with stakeholders listed in alphabetical order), together with the feedback we have received.

STAKEHOLDERS	HOW WE ENGAGE THEM	KEY TOPICS
Customers	• Formal meetings • Informal feedback • Company's website	• Project timelines, requirements and specifications • Work-in-progress and status • Feedback on completed projects
Employees	• Performance appraisals • Team bonding and company events • Internal communication (emails and intranet) • Annual appreciation dinner	• Performance and skills • Health and safety issues and necessary precautions to note • New contract wins • Project timelines and status updates
Governments and regulatory agencies	• Regular updates and communication • Reports and compliance • Periodical meetings / discussion with government bodies	• Regulatory and industry standards and guidelines
Local community	• Community outreach activities (such as community event sponsorships) • Charity events • Sponsor technical seminars	• Partner with local not-for-profit charitable organisations to identify the target beneficiaries
Shareholders and Financial Community	• Annual General Meeting • SGX Announcements • Annual reports • Company's website • Regular updates and communication	• Financial results • Key developments such as contract wins, corporate action, etc. • Long-term profitability and sustainability • Compliance with all relevant requirements
Suppliers	• Regular meetings • Emails • Periodic evaluations on suppliers' performance	• Feedback on their products and services • Information of their new products or services

SUSTAINABILITY REPORT

2.4 Sustainability materiality

From the results of our stakeholders' engagement, the Group has adopted a materiality analysis to identify challenges and issues that are important to our stakeholders and which are relevant to our Group.

Our material issues are identified as those that are ranked as high and critical by both our internal and external stakeholders on the materiality matrix. We therefore focus our sustainability efforts and reporting on these issues.

We have identified and compiled 15 relevant sustainability issues for developing this report. These issues were further deliberated and narrowed down through our engagement process with stakeholders. The senior management then reviewed the list of issues and determined the material issues based on importance to our stakeholders and the sustainability impact to our businesses.

The importance of the material issues is ranked based on our meetings and interviews with our stakeholders.

ECONOMIC
1. Economic contribution to society
2. Wage and local hiring environment

ENVIRONMENT
3. Energy management
4. Environmental impact assessment and mitigation
5. Water conservation
6. Waste management
7. Climate change and emission

SOCIAL
8. Diversity and equal opportunity
9. Training and staff development
10. Business partners engagement
11. Labour management relations
12. Supply chain and procurement practices

GOVERNANCE
13. Legal compliance and corporate governance
14. Anti-Corruption and Anti-Fraud
15. Health and safety

SUSTAINABILITY REPORT

3 OUR PERFORMANCE

3.1 How we measure our performance

Our **sustainability strategy** is embedded into the appropriate parts of our business, with dedicated teams for each focus area, and coordination by our relevant departmental managers.

Progress will be tracked in two key ways: measuring performance against metrics, and evaluating how well the programs have advanced, through a series of 'commitments'.

Metrics and targets

We have established key performance indicators for each area outlined in our **sustainability materiality matrix**. Periodically, we plan to introduce new metrics and update targets to ensure alignment with our strategy.

Commitments

To ensure we have a robust sustainability programme in place, we have included the key commitments for each area above. The progress we have made against each key commitment is indicated using the symbols shown in the table below.

We track and review our sustainability programme with the Board of Directors at least once a year.

Symbols used to indicate progress against commitments

SYMBOL	MEANING
Ⓝ	New commitment this year
◉	Not started
◐	In progress
●	Complete
Ⓒ	Continuing commitment

3.2 Economic

Economic contribution to society

The Group operates our businesses across two business segments in Singapore and in another two overseas markets in China and Sri Lanka. We manage our one-stop underground utilities infrastructure construction and roadworks service in accordance with sustainability principles. We work closely with our business partners to identify and consider any sustainability opportunities and risks that may arise.

More importantly, we strive to contribute positively to society through our economic presence by contributing to the efficient management of the public infrastructure, namely underground utilities infrastructure, roadworks and maintaining good stewardship of the resources.

In FY2022, we have achieved S$93 million revenue and generated new business opportunities within our organisation in the markets we operate in. Despite our business challenges, we still seek to demonstrate our commitment to actively contribute to the communities and the charitable organisations in Singapore through a formal corporate philanthropy policy which is pegged to our annual contract wins.

For details of our financial performance, please refer to page 93 onwards of this report.

3.3 Governance

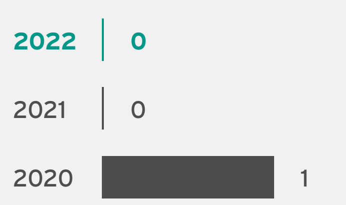
Legal compliance and corporate governance

Corporate governance and legal compliance have always been one of the top priorities for the Group. The decision-making process in the Group is strictly in compliance with legal and regulatory requirements, including but not limited to, the Code of Corporate Governance issued by Monetary Authority of Singapore ("**MAS**"), the guidelines of the Building and Construction Authority ("**BCA**"), Land Transport Authority ("**LTA**"), National Environmental Agency ("**NEA**") and Ministry of Manpower ("**MOM**").

In FY2022, the Company has not received any correspondences or notifications in relation to any material non-compliance of regulatory requirements. In addition, the Audit Committee also received no whistle-blowing letters during the year. We also achieved zero incidents of environmental violation in FY2021 and FY2022, which reflected our success in achieving a marked reduction in these cases since we commenced sustainability reporting in FY2018.

For details of our performance on Corporate Governance, please refer to pages 41-74 of the Annual Report.

Environmental Violations



Ethics & Integrity

We manage a demerit framework for all workers, which is aimed to reduce misconduct rate among employees and encourage good performance through a fair and systematic framework to govern all disciplinary action.

Our management framework centers on achieving a balance in deterrence for undesirable offences or misconduct versus the reward programme under PPS to reward good and outstanding performance among employees.

Customer Privacy & Data Protection

The nature of our business warrants a high-level of security and confidentiality of our clients' personal data as well as the business transactions they have undertaken.

We adhere strictly to the guidelines set by the Personal Data Protection Act ("**PDPA**"). We have invested to ensure our proprietary IT system meets the highest standards for IT security. Our confidential documents are disposed by waste disposal firms to ensure maximum security.

There is no incident of substantiated complaints concerning breaches of customer privacy and losses of customer data.

3.4 Environment

Environmental Health & Safety ("EHS")

The Group recognises that the promotion of quality, environmental, safety and health of its employees and the prevention of pollution as an important part of its operations and in meeting the requirements of customers, business partners, employees and the general public.

Guided by our Group's policy that "**Safety is everybody's responsibility**", we are driven by the steadfast commitment to our employees for a safe working environment in which one can work and excel with full confidence.

In support of our integrated management system policy, the Group commits itself to the provision of workplace, health and safety, prevention of damages to property, the promotion of pollution-free environment and noise reduction to the general public through:

- Reducing environmental impact through "Reduce, Reuse and Recycle".
- Prevention of environmental pollution, injury, ill health and accident that potentially affect our employees, stakeholders, contractors, suppliers, and the general public.
- Continuously improving our management system, process and performance.
- Ensuring compliance to applicable legal legislation and other requirements.
- Green and Gracious practices/code approaches to protect our mother earth and be gracious and considerate to general public.

Occupational Health & Safety

Currently, we have three existing programmes in place, comprising the daily toolbox meeting, monthly safety training, and Safe Management Measures training to manage COVID-19. A new worker induction programme is also in place to provide a comprehensive training for all aspects of safety in different work environments for all new employees.

For risk management training, we have built in a tie-in with the national SGSECURE Anti-Terrorism programme whereby our workers are instilled with the importance of protecting our worksite against terrorist sabotage. Workplace fire safety drills are also organised to ensure that our employees are trained to respond effectively during emergencies.

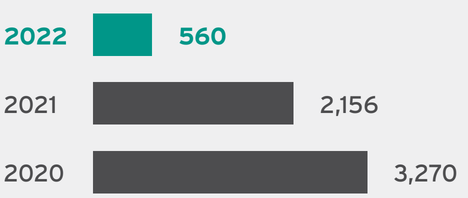
We continued to implement our Environmental, Health & Safety Monitoring Plan for the Group. This programme aims to increase EHS ownership among employees in daily operations requirement as well as to empower all employees to meet higher EHS standards.

SUSTAINABILITY REPORT

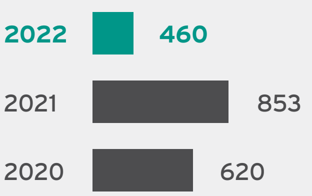
As we endeavour to elevate our EHS management system and processes to the highest standards, we review and revise our existing Safety Management System vigilantly. Other than implementing quarterly internal and external audits every year, we have also introduced a Competency Skill Test for our site supervisors. We strive to maintain a balance between Productivity and Safety in operation sites.

We also continued in our pursuit of safety awareness through our Safety Enhancement Programme (“**SEP**”) which aims to enhance our Safety Standards and to lower the Accident Rate (**AFR** & **ASR**) within the Group. SEP uses technology-based analytic tools to analyse the root causes of past incidents/accidents to determine preventive solutions and specific training needed for employees.

EHS Training Hours



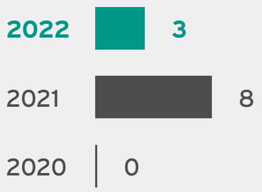
Safety Training Hours



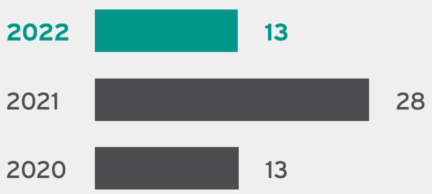
In FY2022, safety training hours in relation to in-house training have decreased to 460 hours from 853 hours in FY2021, representing an decrease of 46.1%. At the same time, EHS training hours in relation to external training have decreased from 2,156 hours in FY2021 to 560 hours in FY2022. The decrease in EHS training hours in FY2022 is because most workers had already attended the required external training courses in previous years to comply with the applicable laws and regulations.

In the current year, we focused on ensuring Safe Management Measures are put in place to prevent the spread of COVID-19 in the workplace, achieving Zero Covid Status for the year.

Reportable Incidents



Non-Reportable Incidents



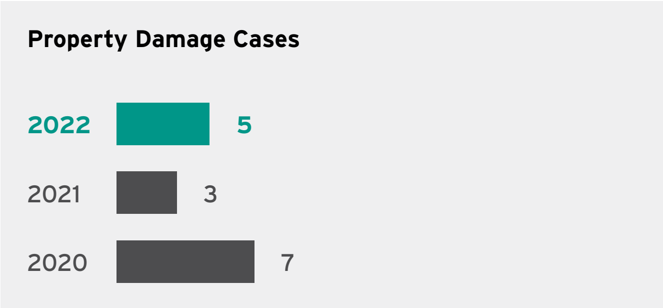
In FY2022, we had 3 reportable incidents and 13 non-reportable incidents. This is a marked improvement from previous years, and evidence that our effort on safe operations has paid off. As operations are slowly getting back to normal post pandemic, our hiring process is back to normal, and we have allocated more manpower for each project to reduce the burden of the construction workers. This has helped to reduce the incident rates caused by overworked workers. Going forward, we will continue to focus on safety in our operations and seek to reduce our incident rates further.

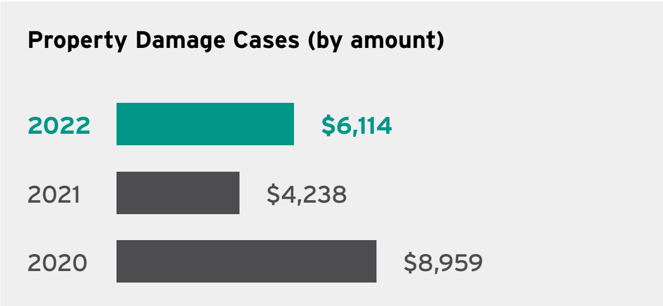
To improve staff morale amongst our workers, we have empowered team leaders to counsel and comfort their team mates when required, and have allowed our foreign workforce to go on home leave from March 2021 onwards. We have also improved our staff welfare through the setting up of a gym room and beer garden at our Factory Converted Dormitory (“**FCD**”), to increase their morale.

We will continue to emphasize safety in our operations and instill a high-level of discipline and vigilance in our workers. We aim to maintain our average EHS training hours consistently despite the fluctuation in the volume of projects and staff strength every year.

In FY2022 property damage cases have increased to 5 cases from 3 cases in FY2021, representing an increase of 66.7%. The repair costs have increased to S$6,114 in FY2022 from S$4,238 in FY2021, representing an increase of 44.3%. We will continue to maintain the quality of works to reduce and minimise the repair cost and reduce damages to property within our target.

SUSTAINABILITY REPORT





Safe Management Measures to Manage COVID-19

Since March 2020, the Group fulfilled all the restart criteria for construction workplace, including:

- COVID-Safe Workplace
- COVID-Safe Worksite
- COVID-Safe Worker accommodation and transport

For workers returning to the office, we will monitor whether the correct number of boosters have been injected before they can return to office to work. Some workers will still be remotely working if is permitted by Head of Department even though they have been fully vaccinated.

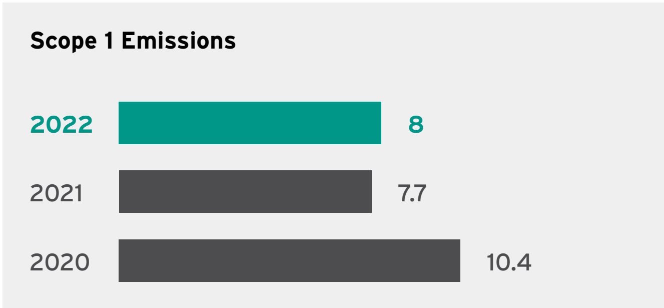
With Management's commitment to ensure Safe Management Measures are carried out strictly, the team works hard to adapt to changes fast and comply with rules and regulations. With much effort throughout FY2020 to FY2022, we have achieved Zero Covid-19 cases. As we conduct regular inspections with the MOM team, Speaker of the Parliament, Mr. Tan Chuan Jin visited our premises and commended our efforts to maintain Zero Covid-19 cases. As such, Ley Choon Group Holdings Ltd was selected as one of the best managed dormitories and Minister for Manpower at that time, Mdm. Josephine Teo, and Dr. Tan See Leng graced the Deepavali event held at our premise to show gratitude to the team and workers.

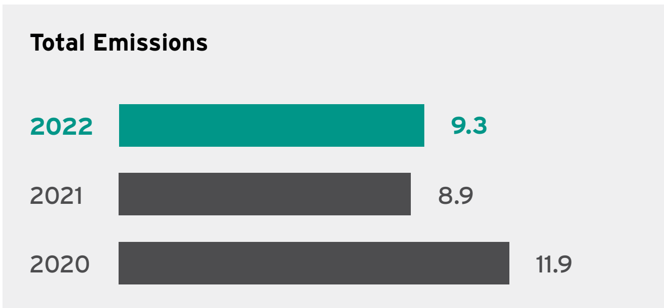
Climate Change and Emissions

We are committed to positive action on climate change and dedicated to reducing the carbon emission in our daily operations. To determine the carbon footprint, we collect energy usage data from each of our businesses to derive our total annual greenhouse gas emissions.

We follow the Greenhouse Gas Protocol established by the World Resources Institute and the World Business Council for Sustainable Development, the standard manual for measuring corporate greenhouse gas emissions. Using the "control method", we include 100% of the emissions associated with businesses which we directly control. Our carbon footprint includes:

- All fuels used directly by our companies (Scope 1 emissions)
- All purchased electricity used in our properties (Scope 2 emissions)





In FY2022, the Group generated a carbon footprint of 9,326 tonnes of carbon dioxide emission (**tCO_2e**). The emission mainly arises from diesel used in transportation of workers and materials required for the site works, accounting for 83.8% of the total carbon emission of the Group. The rest of the emissions are due to purchased electricity used in our operations and activities. Our carbon footprint increased to 5.19% from the

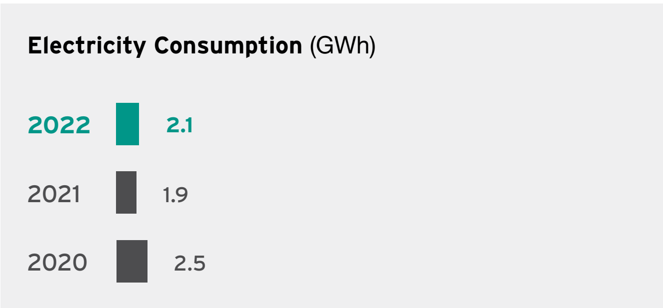
SUSTAINABILITY REPORT

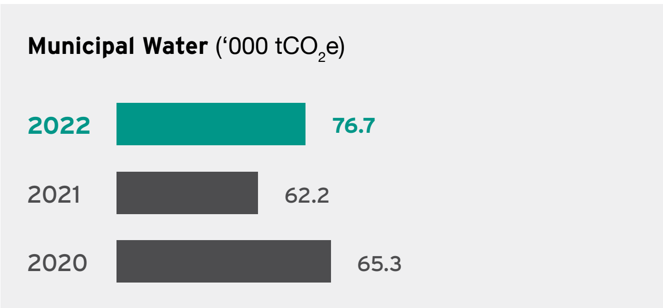
previous year mainly due to majority of our staff returning to the office for work as work from home requirements were lifted by the government in FY2022.

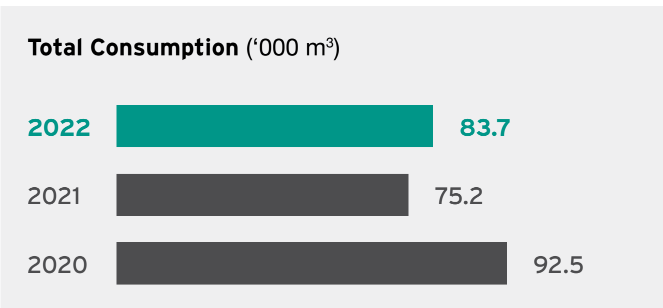
We will monitor our performance on carbon footprint reduction and report our progress every year.

Energy Management & Water Conservation

As we are in the underground utilities infrastructure business, electricity and water consumption increases correspondingly with increase in our business activities.







We have been actively monitoring our water and electricity consumption to control consumption levels, so as to maintain cost efficiencies. By investing in energy efficiency and reducing water consumption, we not only help protect the environment but can also lower our financial costs.

In FY2022, we continue to take active steps to reduce energy and water consumption within our organisation over the past year through installation of NEWater waterpoints and installation of solar panel street lights. However, electricity consumption increased by 9.3% and total water consumption increased by 11.4% respectively from the previous year mainly due to majority of our staff returning to the office for work as work from home requirements were lifted by the government, and a significant increase in worker recruitment where our dormitory headcount increased by almost 100 workers.

Biodiversity Conservation

We practice environmental monitoring and mitigation by incorporating biodiversity conservation within our worksites. Our biodiversity conservation programme is centred on the review of the conditions of the vegetation around the circumference of applicable projects. Any environmental issues will be reported and rectified immediately to ensure biodiversity is protected.

In FY2022, no significant issues concerning biodiversity conservation have been identified.

Waste Management

In line with our corporate motto of "Build, Renew, Recycle", proactive mitigation of the environmental impact and protection is deeply embedded within our business model. As aptly demonstrated by the built-in recycling feature of our asphalt premix plant, up to 70% of recycled components can be used.

As a strong green advocate of the use of recycled aggregates and asphalt, we promote having a green environment and are also committed to comply with all applicable environmental regulations set by the BCA, NEA as well as building and construction industry locally and internationally. We also labelled all the recycling containers with enhanced visibility for each category of recycled products, so that our staff and customers can have greater ease in their waste recycling management process.

We have set for ourselves the mission to (1) review and implement waste management systems and processes to minimise wastage; and (2) to protect water bodies from being affected by contaminated water and waste discharge.

In FY2022, usage of recycled material in Operation Works reduced 34.2% compared with previous year due to efficient use of material and reduced wastage.

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Pursuing EHS Excellence

We strive to attain EHS excellence through meeting the stringent requirements of BCA, Green and Gracious Builder Award and bizSAFE STAR annually for the following subsidiaries:

BIZSAFE STAR	BCA GREEN & GRACIOUS AWARDS
• Ley Choon Constructions and Engineering Pte Ltd • Teacly (S) Pte. Ltd. • Chin Kuan Engineering and Contractors Pte Ltd • Multiform Developments & • Construction Pte Ltd • Pan Alliance Technology International Pte. Ltd.	• Ley Choon Constructions and Engineering Pte Ltd • Teacly (S) Pte. Ltd. • Chin Kuan Engineering and Contractors Pte Ltd

In addition, we have been awarded the following awards

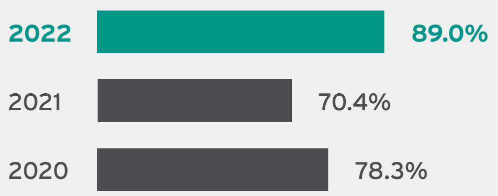
AWARDS	CUSTOMER	PROJECT
• Contractor Safety Recognition Award (Construction)	• Public Utilities Board	• Proposed 2200mm Diameter Water Pipeline from MNSR - Package 1
• Safety Recognition Award	• Changi Airport Group	• ZERO Safety infringement for works at Changi Airport in 2018
• Safety Accomplishment Award	• Samsung Engineering & Construction	• T313 Project 2018 for achieving 5.0 million accident-free man-hours

Customer Satisfaction Index

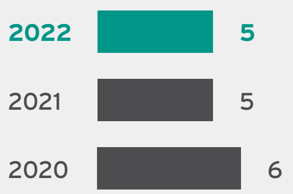
In FY2022, we have achieved 89.0% for the Customer Satisfaction Index FY2022 based on the survey results that were collected from 4 key clients in the private sector, which was above our target of 85.0%. The number of customer surveys conducted had been reduced from 8 key customers to 4 key customers in the current year as some customers not wish to participate in the survey. We have taken note of the customers' feedback and will continue to improve our quality of works to meet customer requirement.

In this year, there were 5 rework cases, which is same as compared to the previous year. We will continue our efforts to meet our target in the coming year.

Customer Satisfaction Index



Rework Cases



SUSTAINABILITY REPORT

Targets & Performance

We have charted for ourselves an Environmental, Health and Safety roadmap which we have embarked on since FY2018.

ASPECTS	OBJECTIVE	TARGETS	PROGRESS	POLICY
Quality				
Meet and Exceed All Customer's Requirement	• Benchmark customer satisfaction using Customer Satisfaction Index	• Meet the average target score of 85% for Customer Satisfaction Index		• We aim for 100% on time, on budget completion rate for all our projects. • We strive to achieve 100% customer satisfaction rating by our customers. • We deliver the highest quality standards in accordance to the project specifications set by our clients.
Performance of Services and Products	• Reduce the number of rework cases per year	• Reduce and minimise major rework cases by 20%		• We aim for zero defects for the performance of services and products delivered to our clients. • We will reduce major reworks and related repair by 1%.
Occupational Health and Safety				
Prevention/ Reduction of Accident or Incident	• Provide safe working environment	• Aim for zero accident rate at workplace		• We aim for zero accident rate at workplace. • We provide for a safe and well-designed workplace to ensure our employees are safeguarded against any foreseeable accidents.
Occupational Health	• Provide a healthy environment and protection for employees at workplace	• Aim for zero occupational health incident at workplace		• We aim for zero occupational health incident rate at workplace.
Prevention of Damages to Property	• Prevent damages to property	• Reduce and minimise the repair cost and reduce damages to property by 20%		• Our target is to reduce and minimise the repair cost and reduce damages to property by 20%.
Comply with Legal and Other Requirements	• Comply with legal requirements	• Reduce the cases of legal non-compliance by 20%		• We comply with all national and international legal regulations to uphold the highest level of health and safety standards at our worksites. • We target to achieve zero non-compliance with any environmental regulations.

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ASPECTS	OBJECTIVE	TARGETS	PROGRESS	POLICY
Occupational Health and Safety				
Material (Recycling)	• Protect natural resources by maximising the usage of recycled materials in daily operation works.	• Increase the usage of recycled material by 1% in Operation Works compared with previous year		• We embrace green principles of using more recycled materials in our daily operations.
Energy Conservation	• Preserve our environment by reducing energy consumption and avoiding pollution	• Reduce the total energy consumption by 2% per headcount in HQ building		• We implement energy efficient practices, technology and equipment to reduce energy consumption within our premises. • We target to reduce the pollution caused by our construction activities.
Water Conservation	• Preserve our environment by reducing the use of water for our activities	• Reduce the total water consumption by 2% per headcount in HQ building		• We implement efficient practices, technology and equipment to reduce water consumption.
Biodiversity	• Deploy the necessary resources to preserve biodiversity and ensuring the sustainability of ecosystems	• Engage specialist/ experts to set up the environmental programme for protected area prior to the commencement of works		• We implement environmentally-friendly practices, technology and equipment to preserve biodiversity.
Effluent and Waste	• Protect water bodies from being affected by contaminated water and waste discharge • Ensure all the contaminated waste are sent for proper disposal by NEA approved General Disposal Facilities	• Employ Environmental Control Office/ Specialist for Environment Control Measure implementation		• We target to treat contaminated waste water before discharging all our projects. • We implement effective waste management measures and technology to ensure we maximise the materials we use and the waste disposal/discharge is responsibly managed.
Environment Compliance	• To ensure we conform to environmental laws, regulations, standards and other industry requirements	• Reduce the number of environmental related cases brought by external authorities		• We comply with all national and international legal regulations to uphold the highest level of environmental standards at our worksites.

3.5 Social

Compliance with Labour Regulations

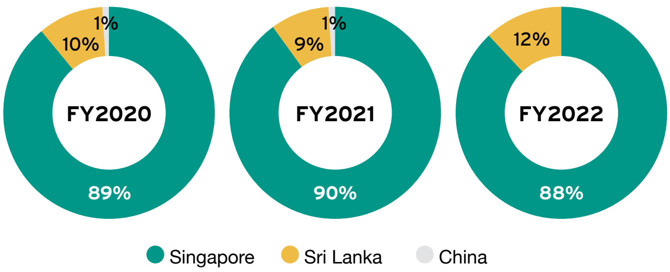
To underscore our care and commitment towards our employees, the Group adopts a holistic Human Resource ("**HR**") strategy focused on fair remuneration and equal opportunities, training and development, employee wellness and engagement, and work-life harmony.

We are fully committed to complying with all applicable labour laws where we operate as well as all mandatory legal regulations and training requirements stipulated by BCA and MOM in Singapore.

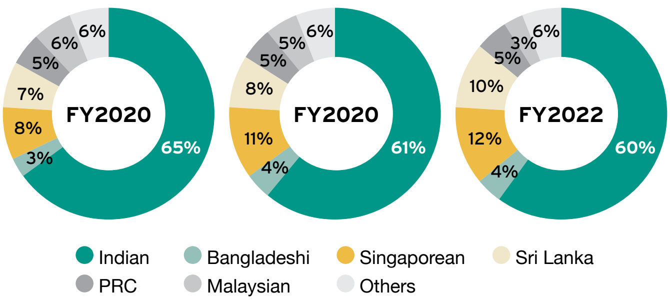
Diversity and Equal Opportunity

The Group currently has a headcount of about 900 employees, which is around the same level as the previous year. We provide fair employment opportunities to all, regardless of age, gender, race or nationality. Our Group advocates a policy of harnessing diversity in human resource as evidenced by a fair distribution of employees from varied nationalities and age groups to support our key markets in Singapore, China and Sri Lanka.

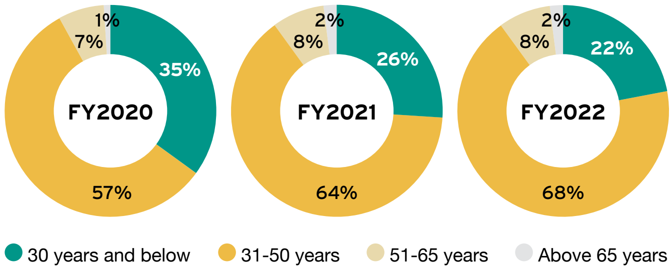
Our employees are distributed across the following locations:



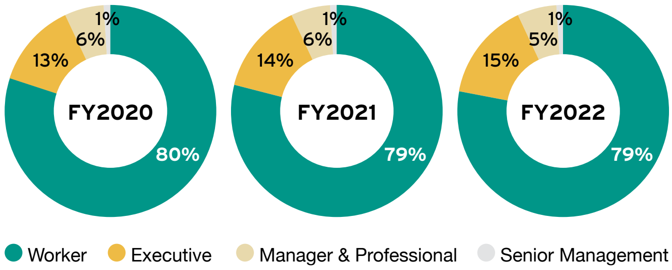
Our employees comprise of the following nationalities:



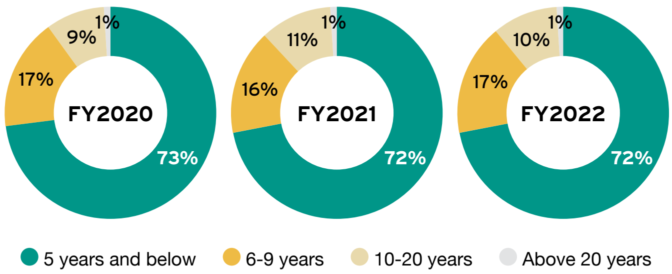
We employ both younger and older workers beyond the official retirement age of 65:



In terms of employee skills profile, we have maintained a fair proportion of professional and management team to lead and drive the business growth in our business segments:



Slightly more than 70% of our workforce are made up of employees with 5 years of service and below. However, they are led by a stable pool of more senior staff who will be around to provide guidance and training where necessary:



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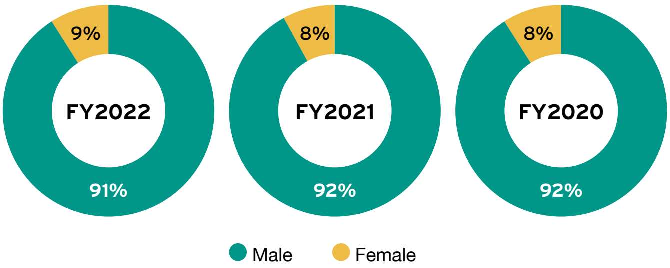
Whilst the Group advocates gender diversity and equal opportunities in our organisation, however, given the nature of our business is in the underground utilities infrastructure construction and roadworks services, it is inevitable that over 90% of our employees are male whilst the female employees are mainly engaged in the support functions at all levels:



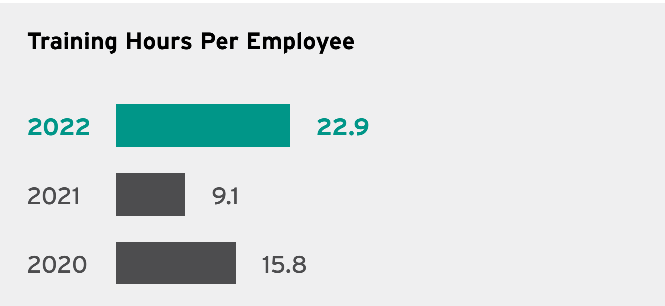
Fair work practices and remuneration are ascertained based on individual work performance and not on any gender consideration at Ley Choon. No form of discrimination is tolerated within our organisation.

In FY2022, there is no incident of discrimination and corrective actions taken.

Training & Development

We are committed to investing in the training and further education of our employees. In FY2022, the average training hours per employee was 15.8 hours, representing a large increase from FY2021. The increase in training hours is due to relaxation of COVID-19 restrictions, hence we arranged more training and classes for our workers.

In FY2022, other than EHS and Safety Training, we have also organised an internal training on “Project Planning”, which enables our project staff to have insight into network diagram and analysis.



Embracing Technology Innovation

As our first step to digitise our employee records, we have adopted Fareclock which is a complete time attendance system using facial recognition technology. Through this implementation, we have enhanced the accuracy of our employee records and attendance system.

The employee self-service electronic system which allows our employees to access their leave records, check and apply for their leave as well as to file transportation claims on or offsite, was well-received. This has greatly enhanced the productivity and data analytics for our leave management system.

E-pay slips generated for all employees have translated into higher productivity and convenience for employees through the paperless and electronic mechanism.

We have extended the connotation of green properties, and followed the idea of environmental protection throughout the whole process of construction. Together with our partners, we have made in-depth research over a rational construction site layout, and continuously enhanced on-site management to create a clean, tidy, comfortable and safe environment during construction or asset enhancement in property management.

Employee Engagement and Wellness

In appreciation of our employees’ invaluable contribution to the organisation, the Group continued its annual appreciation events organised for employees, including giving out Long Service Awards and monetary payouts to the awardees in the current year.

In FY2022, we had organised an event by distributing gifts to workers as welcoming them back to office, and Christmas goodies to all workers as during Christmas.

In December 2021, we have been awarded with Successful NS Mark (Gold) by Ministry of Defence due to advocacy efforts to promote understanding and support for National Service.

In March 2022, we have been awarded with Total Defence Award by National Service Directorate in recognition of their exemplary support towards Total Defence and National Service.

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Ms. Lim and Mr. Puni Long Service Awards

Christmas goodies distributed to all workers.

Social Investment

In September 2021, we have participated in Changi Airport community's donation of medical equipment and supplies to Indonesia. In total, the community contributed 1,380 oxygen concentrators and other medical supplies to help save people in Indonesia suffering from COVID-19.

In October 2021, we have supported the Singapore Pools x Metta Virtual Race 2021 event by providing monetary donation to the Metta Walfare Association.

Business Partner & Stakeholder Engagement

We actively engage our business partners and stakeholders regularly to keep them abreast of the developments of our businesses.

Please see the section on Consulting our Stakeholders on Page 16 for more information.

Labour-Management Relations

It is important to have effective communication between management and employees, so that employees are more engaged with the organisation and have a more positive attitude towards their work and loyalty to the Group. They are provided with frequent management updates and adequate notice period regarding operational changes.

We often engage our employees in the following ways:

- Bi-monthly management meeting primarily to review the physical & financial progress of the projects.
- Regular dialogue session between CEO & operation staff to understand their practical challenges in the operations and the impediments to improve the productivity, so as to modify the workflow and business processes appropriately.
- Weekly/Monthly Meetings: Team Managers have weekly and monthly meetings with the management team to discuss about operations review and project progress.
- Quarterly Meetings: Management conducts quarterly meetings for Board of Directors to discuss business development and finance.
- Informal Small Group Meetings: Meetings are often held by management to listen to and understand our employees' concerns and grievances.

Targets & Performance

We strive for excellence to raise our investments and standards for our human capital. We have set a three-year roadmap along 6 key pillars of:

(1) Employee Engagement and Excellence

(2) Fair Remuneration

(3) Diversity and Equal Opportunities

(4) Training and Development

(5) Talent Performance Management

(6) Corporate Social Responsibility

We are systematically reviewing and setting the key performance metrics for our human resource management system in 1 to 5 years' time.

SUSTAINABILITY REPORT

ASPECTS	OBJECTIVE	TARGETS	PROGRESS	POLICY
Employee Engagement and Excellence				
Employee Wellness	• Enhance employee wellness in both physical and mental state of well-being	• Target employees' well-being by bringing in complimentary basic health screening services through appropriate medical intervention including medication and lifestyle modification		• We aspire to position Ley Choon as the employer-of-choice for existing and potential employees.
		• Support mental wellness through the promotion of work-life balance among the employees		• We strive to provide a healthy workplace as healthy employees contribute to the Company's growth and corporate culture such as productivity, energy, engagement and morale.
Employee Engagement	• Achieve employee engagement through well-designed employee engagement strategy & programmes	• Increase employee engagement to enhance the communication and cohesion of the organisation		• We strive to achieve 20% more employee engagement to enhance the communication and cohesion of the organisation.
				• We promote greater social interaction among employees via company-wide programmes and both external and internal communications channels.
Employee Loyalty	• Achieve employee loyalty through well-designed employee loyalty strategy & programmes	• Attain employee loyalty to enhance employee morale, motivation and cohesion of the organisation		• We strive to attain 80% employee loyalty to enhance the employee morale, motivation and cohesion of the organisation.
Compensation and Benefits	• Provide fair and competitive remuneration and staff benefits which meets the Company's goals of attracting and retaining good talents	• Achieve fair and competitive remuneration packages for staff which commensurate with their work experience and skillset		• We aspire to position Ley Choon as the employer-of-choice for existing and potential employees.
				• We strive to achieve fair, non-discriminatory and competitive remuneration packages for staff which commensurate with their work experience and skillset.
Diversity and Equal Opportunities				
Recruitment	• Embrace open recruitment approach to attract the best talent to serve in the Group	• Effectively recruit good employees with the right profile and required skillsets for the Group		• We embrace an open recruitment policy to uphold the principle of fairness and meritocracy in our recruitment and selection process.

SUSTAINABILITY REPORT

ASPECTS	OBJECTIVE	TARGETS	PROGRESS	POLICY
Diversity and Equal Opportunities				
Diversity	• Attain the strength in diversity in terms of gender, age and nationality	• Achieve a fair proportion of diversity in terms of gender, age and nationality in our workforce		• We strive to achieve a fair proportion of diversity in terms of gender, age and nationality in our workforce.
Training and Development				
Training	• Implement training programmes which will upgrade and enhance the technical skillsets and professional competencies of our employees in order for them to excel in their current position	• Support our employees to upgrade and enhance their professional competencies and technical skillset to meet the required scope of work		• We are committed to training and encouraging skills upgrading for all our employees. • We provide training to our employees to upgrade and enhance their professional competencies and technical skillset to meet the required scope of work.
Employee Development	• Implement training programmes which will upgrade and enhance the individual skillsets and interpersonal competencies of our employees for future career advancement	• Support our employees to upgrade and enhance their individual skillsets and interpersonal competencies		• We provide training to our employees to upgrade and enhance their individual skillsets and interpersonal competencies.
Talent Performance Management				
Recruitment & Workforce Planning	• Attract and recruit good talents which can meet the need of the Company's workforce planning	• Recruit effectively good talents who can contribute to the talent mix and skillsets requirements of our workforce planning		• We aim to recruit employees who possess the professional skillset and interpersonal skills that meet our workforce planning.
Employee Performance	• Motivate high employee performance through well-designed employee performance strategy & programmes	• Develop an employee performance system which will provide a fair evaluation and high motivation system for employees		• We adopt a fair employee performance system which provides a fair evaluation and high motivation system for employees.
Corporate Social Responsibility				
Corporate Philanthropy and Sponsorship	• Position Ley Choon as an employer with strong Corporate Social Responsibility	• Achieve 10% increase in our staff volunteering hours		• We strive to improve the welfare of the communities while we endeavour towards our business goals. • We set a corporate philanthropy policy which is pegged to our annual contract wins.

SUSTAINABILITY REPORT

APPENDIX A: GRI CONTENT INDEX

GRI Standards Content Index

The GRI Content Index references the Ley Choon Group Holdings Limited Annual Report 2022 ("AR") and Sustainability Report 2022 ("SR").

DISCLOSURE NUMBER		DISCLOSURE TITLE	PAGE REFERENCE AND REMARKS
GRI 102: General disclosures			
Organisational profile	102-1	Name of organisation	• AR: Corporate Profile
	102-2	Activities, brands, products, and services	• AR: Corporate Profile
	102-3	Location of headquarters	• AR: Corporate Profile
	102-4	Location of operations	• AR: Corporate Profile • AR: Subsidiaries – Note 5 to the Financial Statements
	102-5	Ownership and legal form	• AR: General Information – Note 1 to the Financial Statements
	102-6	Markets served	• AR: Operating Segments – Note 31 to the Financial Statements
	102-7	Scale of organisation	• AR: Corporate Profile • AR: Operating Segments – Note 31 to the Financial Statements
	102-8	Information on employees and other workers	• SR: Social
	102-9	Supply chain	• SR: Consulting Our Stakeholders
	102-10	Significant changes to the organisation and its supply chain	• AR: Corporate Profile • AR: Operations Review
	102-11	Precautionary Principle or approach	• AR: Report on Corporate Governance
	102-12	External initiatives	• Not applicable
	102-13	Membership of associations	• Not applicable
Strategy	102-14	Statement from senior decision-maker	• SR: Board Statement
	102-15	Key impacts, risks, and opportunities	• SR: Board Statement
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	• SR: Sustainability Strategy
	102-17	Mechanisms for advice and concerns about ethics	• AR: Report on Corporate Governance

DISCLOSURE NUMBER		DISCLOSURE TITLE	PAGE REFERENCE AND REMARKS
Governance	102-18	Governance structure	• AR: Report on Corporate Governance
	102-19	Delegating authority	• AR: Report on Corporate Governance
	102-20	Executive-level responsibility for economic, environmental, and social topics	• SR: Sustainability Governance Structure
	102-21	Consulting stakeholders on economic, environmental, and social topics	• SR: Consulting Our Stakeholders
	102-22	Composition of the highest governance body and its committees	• AR: Report on Corporate Governance
	102-23	Chair of the highest governance body	• AR: Report on Corporate Governance
	102-24	Nominating and selecting the highest governance body	• AR: Report on Corporate Governance
	102-25	Conflicts of interest	• AR: Report on Corporate Governance • AR: Directors' Statement • SR: Sustainability Strategy
	102-26	Role of highest governance body in setting purpose, values, and strategy	• AR: Report on Corporate Governance
	102-27	Collective knowledge of highest governance body	• AR: Report on Corporate Governance
	102-28	Evaluating the highest governance body's performance	• AR: Report on Corporate Governance
	102-29	Identifying and managing economic, environmental, and social impacts	• SR: Sustainability Materiality
	102-30	Effectiveness of risk management processes	• AR: Report on Corporate Governance
	102-31	Review of economic, environmental, and social topics	• SR: Sustainability Report
	102-32	Highest governance body's role in sustainability reporting	• SR: Sustainability Governance Structure
	102-33	Communicating critical concerns	• SR: Sustainability Materiality
	102-34	Nature and total number of critical concerns	• SR: Sustainability Materiality
	102-35	Remuneration policies	• AR: Report on Corporate Governance
	102-36	Process for determining remuneration	• AR: Report on Corporate Governance
	102-37	Stakeholders' involvement in remuneration	• AR: Report on Corporate Governance
	102-38	Annual total compensation ratio	• AR: Report on Corporate Governance
	102-39	Percentage increase in annual total compensation ratio	• AR: Report on Corporate Governance

DISCLOSURE NUMBER		DISCLOSURE TITLE	PAGE REFERENCE AND REMARKS
Stakeholder engagement	102-40	List of stakeholder groups	• SR: Consulting Our Stakeholders
	102-41	Collective bargaining agreements	• Not applicable
	102-42	Identifying and selecting stakeholders	• SR: Consulting Our Stakeholders
	102-43	Approach to stakeholder engagement	• SR: Sustainability Strategy
	102-44	Key topics and concerns raised	• SR: Consulting Our Stakeholders
Reporting practice	102-45	Entities included in the consolidated financial statements	• AR: Subsidiaries – Note 5 to the Financial Statements
	102-46	Defining report content and topic Boundaries	• SR: Sustainability Materiality
	102-47	List of material topics	• SR: Sustainability Materiality
	102-48	Restatements of information	• SR: Scope of Sustainability Report
	102-49	Changes in reporting	• Not applicable
	102-50	Reporting period	• SR: Scope of Sustainability Report
	102-51	Date of most recent report	• SR: Scope of Sustainability Report
	102-52	Reporting cycle	• Annual
	102-53	Contact point for questions regarding the report	• SR: Scope of Sustainability Report
	102-54	Claims of reporting in accordance with the GRI Standards	• SR: Scope of Sustainability Report
	102-55	GRI content index	• SR: GRI Content Index
	102-56	External assurance	• No external assurance
GRI 200: Economic disclosures (applicable sections only)			
Economic performance	201-1	Direct economic value generated and distributed	• AR: Financial Highlights
Market presence	202-2	Proportion of senior management hired from local community	• Our senior management is 100% hired from the local community
Procurement practices	204-1	Proportion of spending on local suppliers	• Majority of our business expenditure in Singapore is on locally-registered companies.
Anti-corruption	205-1	Operations assessed for risks related to corruption	• AR: Report on Corporate Governance • SR: Governance
	205-2	Communication and training about anti-corruption policies and procedures	• AR: Report on Corporate Governance • SR: Governance
	205-3	Confirmed incidents of corruption and actions taken	• There is no incidences of corruption.
Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	• There is no legal actions for anti-competition.

DISCLOSURE NUMBER		DISCLOSURE TITLE	PAGE REFERENCE AND REMARKS
GRI 300: Environment disclosures (applicable sections only)			
Energy	302-1	Energy consumption within the organisation	• SR: Environment
	302-4	Reduction of energy consumption	• SR: Environment
Water	303-1	Water withdrawal by source	• SR: Environment
	303-3	Water recycled and reused	• SR: Environment
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	• SR: Environment
	304-2	Significant impacts of activities, products, and services on biodiversity	• SR: Environment
	304-3	Habitats protected or restored	• SR: Environment
Emissions	305-1	Direct (Scope 1) GHG emissions	• SR: Environment
	305-2	Energy indirect (Scope 2) GHG emissions	• SR: Environment
Effluents and waste	306-1	Water discharge by quality and destination	• SR: Environment
	306-2	Waste by type and disposal method	• SR: Environment
Laws and regulations	307-1	Non-compliance with environmental laws and regulations	• There is no non-compliance with environmental laws and regulations.
GRI 400: Social disclosures (applicable sections only)			
Employment	401-1	New employee hires and employee turnover	• SR: Social
	401-3	Parental leave	• SR: Social
Labor / management relations	402-1	Minimum notice periods regarding operational changes	• SR: Social
Occupational health and safety	403-1	Workers representation in formal joint management–worker health and safety committees	• SR: Environment
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	• SR: Environment
Training and education	404-1	Average hours of training per year per employee	• SR: Environment • SR: Social
	404-2	Programs for upgrading employee skills and transition assistance programs	• SR: Environment • SR: Social
	404-3	Percentage of employees receiving regular performance and career development reviews	• SR: Social

DISCLOSURE NUMBER		DISCLOSURE TITLE	PAGE REFERENCE AND REMARKS
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	• SR: Social
	405-2	Ratio of basic salary and remuneration of women to men	• Workers' remuneration are ascertained based on work experience and academic qualifications. Individual work performance and not on any gender consideration.
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	• There is no incidents of discrimination.
Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	• Child labour is strictly prohibited.
Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	• Forced and compulsory labour is strictly prohibited.
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	• SR: Governance

CORPORATE INFORMATION

BOARD OF DIRECTORS

TOH CHOO HUAT
Executive Chairman and Chief Executive Officer

PROF. LING CHUNG YEE
Lead Independent Director

CHIA SOON HIN WILLIAM
Independent Director

CHUA HOCK THAK
Independent Director

TEO HO BENG
Non-Executive Director

AUDIT COMMITTEE

Prof. Ling Chung Yee (Chairman)
Chia Soon Hin William
Chua Hock Thak
Teo Ho Beng

REMUNERATION COMMITTEE

Chia Soon Hin William (Chairman)
Prof. Ling Chung Yee
Chua Hock Thak
Teo Ho Beng

NOMINATING COMMITTEE

Chua Hock Thak (Chairman)
Prof. Ling Chung Yee
Chia Soon Hin William
Teo Ho Beng

COMPANY SECRETARIES

Ong Beng Hong
Tan Swee Gek

REGISTERED OFFICE

No. 3 Sungei Kadut Drive
Singapore 729556
Tel: (65) 6757 0900
Fax: (65) 6757 0100
Website: www.leychoon.com

SHARE REGISTRAR

In.Corp Corporate Services Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

CATALIST SPONSOR

RHT CAPITAL PTE. LTD.
6 Raffles Quay #24-02
Singapore 048580

INDEPENDENT AUDITORS

FOO KON TAN LLP PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS
24 Raffles Place #07-03
Clifford Centre
Singapore 048621
Partner-in-charge: Cheong Wenjie
(with effect from 1 January 2022)

PRINCIPAL BANKERS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
10 Collyer Quay #30-00
Ocean Financial Centre
Singapore 049315

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
6 Raffles Quay #23-01
Singapore 048580

RHB BANK BERHAD, SINGAPORE BRANCH
90 Cecil Street #03-00
RHB Bank Building
Singapore 069531

STANDARD CHARTERED BANK
Marina Bay Financial Centre (Tower 1)
8 Marina Boulevard
Singapore 018981

SUSTAINABILITY

For enquiries, please contact
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Email: ir@leychoon.com

RISK ASSESSMENT AND MANAGEMENT

The Group has identified and listed below certain key business risks that could adversely affect the Group. The possible measures to mitigate such risks are also briefly described. Risks are inherent in all business enterprises and therefore the Group monitors and manage our exposure to risks relating to its business and industry.

1 PANDEMIC RISKS

The COVID-19 pandemic has caused severe disruption to the global economic activities across the world. Although active vaccination programmes are in place, the pandemic is expected to continue to evolve and is not going to disappear in the near future. The construction sector in Singapore has been one of the hardest hit sectors. Supply chains across the world have been disrupted due to measures implemented by various countries to fight the virus. This has resulted in a shortage of construction materials, which in turn caused a delay in the completion of construction projects. In addition, foreign worker dormitories in Singapore were earlier significantly affected by COVID-19, leading to a shortage of manpower. The Singapore government has also implemented tighter restrictions on the manpower flow which further impacts the availability of manpower.

The Group has been trying its best to adopt to the new normal and embrace new ways of working, accelerating digital transformation and rethinking of project management strategy. The Group had taken timely action to switch the sources for required construction materials from the less affected regions from time to time. The Group has implemented the various health and safety measures recommended by the Ministry of Health to ensure the well-being of its employees and workers during the COVID-19 pandemic. All employees are required to strictly adhere to the stipulated policies and procedures to prevent health and safety incidents from occurring.

2 POTENTIAL SHORTAGE OF LABOUR AND INCREASE IN LABOUR COST

Ley Choon, like many construction companies in Singapore, relies heavily on foreign labour. Our foreign workers mostly come from India, China, Malaysia, Thailand, Myanmar and Bangladesh. The employment of foreign workers is subject to foreign workers' levy. We are thus vulnerable to any shortage in the supply of foreign workers or any increase in the cost of foreign labour. Any changes in the policies and regulations imposed by the authorities may potentially affect the supply and cost of labour for Ley Choon.

Ley Choon constantly seeks ways to automate processes to increase productivity. We devised the Intelligent Stop & Go signaling, off-site CCTV monitoring, and deployed the suction excavation machine, amongst others, to minimise the use of labour.

RISK ASSESSMENT AND MANAGEMENT

3 DOWNGRADE OR LOSS OF THE BUILDING CONSTRUCTION AUTHORITY ("BCA") GRADES OR BUILDER'S LICENCES

We are required to register ourselves as licensed contractors and/or builders with the BCA for our business. Based on the grades conferred to us as registered contractors, Ley Choon is allowed to tender for public sector projects, subject to the stipulated limit. To maintain the existing contractor grades for our subsidiaries, there are certain requirements stipulated by the BCA, including but not limited to the following:

a) each registered company must meet the stipulated requirements with regards to the value of contracts undertaken by that company in the past three financial years;

b) each registered company must meet the minimum paid-up share capital and the minimum net worth requirement; and

c) each registered company must employ the required number of professionals or technical personnel and these professionals or technical personnel must have the minimum professional qualifications stipulated by BCA, being a recognised degree in Architecture, Building, Civil/Structural Engineering or the equivalent qualifications approved by the BCA and have the stipulated number of years of relevant experience.

If these requirements are not complied, it is possible that Ley Choon loses its BCA grades and/or builder's licences. If this happens, our ability to tender for projects, and thus our business operations, will be affected.

To ensure business sustainability, we are careful to ensure that our subsidiaries comply with the BCA requirements and our BCA grades and builder's licenses are upheld.

4 DEPENDENCY ON PUBLIC SECTOR DEMAND IN SINGAPORE

As Ley Choon is mainly engaged in the (i) underground utilities infrastructure construction and maintenance; (ii) sewer pipeline rehabilitation; and (iii) road and airfield construction and maintenance in Singapore, our business is vulnerable to the cyclical fluctuations of the construction industry in Singapore and is dependent on the general health of the Singapore economy as well as the availability of the government's civil engineering projects in Singapore.

To ensure business sustainability, we have diversified our revenue sources. We are also into the business of asphalt premix recycling and production and have taken on overseas projects.

5 DEPENDENCY ON PROJECT TENDER SUCCESS

All our businesses, except asphalt premix production and construction waste recycling, are mostly undertaken on a project basis and are non-recurring. Our income is therefore subject to the number, value and duration of projects successfully tendered.

We must therefore tender competitively to ensure a steady stream of projects coming on-board while at the same time be mindful about maintaining healthy margins for each project.

RISK ASSESSMENT AND MANAGEMENT

6 INABILITY TO ATTRACT AND RETAIN KEY PERSONNEL

Ley Choon's success depends to a significant extent upon a number of key employees and senior management. Our continued success and growth are therefore dependent on the retention of our key personnel as well as our ability to continue to attract, retain and motivate other qualified personnel. Consequently, the loss of the services of one or more of these individuals without suitable and timely replacement or the inability to attract new qualified personnel could have an adverse impact on our operations.

To attract and retain talent Ley Choon puts in place talent development initiative to improve employee loyalty and staff cohesiveness.

7 SUBJECT TO REGULATIONS AND GUIDELINES IMPOSED BY VARIOUS GOVERNMENT AND REGULATORY AUTHORITIES

We are subject to regulations and guidelines, including safety regulations, imposed by various government and regulatory authorities in Singapore.

In the event of an inadvertent breach of certain regulatory guidelines and regulations imposed by the regulatory authorities such as the NEA, PUB and LTA, we may be subject to administrative proceedings and unfavourable decrees that result in pecuniary liabilities and cause delays to our projects. In such instances, our financial performance might be affected. In addition, judgements and decrees awarded that are unfavourable to us would have a negative effect on our reputation.

Regulations and regulatory guidelines are subject to amendments from time to time. Any changes in government legislation, regulations or policies affecting our industry could adversely affect our business operations and/or have a negative effect on the demand for our services. There is also no assurance that we will be able to comply with any changes. There is also a possibility that such amendments to regulations could increase our operating costs.

Ley Choon adopts a prudent approach and strives to adapt to the changes in the operating environment to stay relevant.

8 POSSIBILITY OF COST OVERRUNS

Our quotes are determined after careful evaluation of all related costs pertaining to subcontractors, labour cost, materials cost and other overheads. However, unforeseen circumstances such as pandemic situations like COVID-19, adverse weather conditions and unanticipated construction constraints at the worksites may arise during the course of the project resulting in increase in the costs of labour, raw materials, equipment, rental and sub-contracting services, or other costs not previously anticipated and thus leading to cost overruns.

Ley Choon has been going through extensive organisational restructuring in the areas of human resource management, strengthening accountability, optimising asset utilisation, enhancing management oversight and monitoring of project progress through regular and systematic project review and control using digital platforms. All these measures have been helping the senior management to mitigate the above risks.

FINANCIAL CONTENTS

REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") of Ley Choon Group Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**"), is committed to high standards of corporate governance and adopting the corporate governance practices contained in the Code of Corporate Governance issued on 6 August 2018 (the "**Code**") by the Corporate Governance Committee, so as to ensure greater transparency and protection of shareholders' interests. The Board recognises the need for accountability, creating and preserving shareholder value and achieving its corporate vision for the Group. This report describes the Group's corporate governance practices and activities, with specific reference to the Code, during the financial year ended 31 March 2022 ("**FY2022**"), and is presented in a tabular form, stipulating each principle and provision, and explaining any variation from any provisions of the Code (together with an explanation on how the practices it had adopted are consistent with the intent of the relevant principle). The Company has also adopted, where appropriate, best practices set out in the Practice Guidance issued on 6 August 2018 (the "**Practice Guidance**"), which complements the Code by providing guidance on the application of the principles and provisions of the Code and setting out best practices for companies.

(A) BOARD MATTERS

The Board's Conduct of Affairs

Principle 1 – The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

As at the date of this Annual Report, the Board comprises one (1) Executive Director, three (3) Independent Directors and one (1) Non-Executive Director. The contribution, experience and competency of each Director helps in the overall effective management of the Company and the Group.

The Board's principal duties include the following:

Provision 1.1 of the Code: The Board's role

(i) protecting and enhancing long-term value and return to the Company's shareholders ("**Shareholders**");

(ii) establishing, reviewing and approving the annual budget, corporate policies, strategies and objectives for the Group;

(iii) ensuring the effectiveness and integrity of the Management;

(iv) chartering the corporate strategy and direction of the Group and setting goals for the Management;

(v) supervising and monitoring the Management's achievement of these goals;

(vi) conducting periodic reviews of the Group's financial performance, internal controls and reporting compliance;

(vii) approving nominations to the Board and the appointment of key personnel;

(viii) ensuring the Group's compliance with all relevant and applicable laws and regulations;

(ix) assuming responsibility for the corporate governance of the Group;

(x) setting the values and standards for the Group (including ethical standards), and ensuring that obligations to Shareholders and other stakeholders are understood and met; and

(xi) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of Shareholders' interests and the Company's assets.

All Directors are expected to objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company and hold Management accountable for performance.

Provision 1.1 of the Code: Directors to act in the interests of the Company

To assist in the execution of its responsibilities, the Board has established an Audit Committee, a Nominating Committee and a Remuneration Committee (collectively referred herein as "**Board Committees**"). The Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each Board Committee is also monitored.

Provision 1.4 of the Code: Disclosure on delegation of authority by Board to board committees

Board meetings are conducted regularly at least once every quarter/half-year to review the business affairs of the Group and approve the announcement of the quarterly/half-yearly financial results. When necessary, additional Board meetings will be held to deliberate on other substantive matters. Teleconferencing at meetings of the Board is allowed under the Company's Constitution. In addition to holding meetings, significant matters concerning the Group are also put to the Board for its decision by way of written resolutions.

Provision 1.5 of the Code: Board to meet regularly

In the financial year under review[1], the attendance of the existing Directors at the scheduled meetings of the Board and Board Committees and general meetings held during FY2022 were as follows:

	BOARD OF DIRECTORS	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE	GENERAL MEETINGS
No. of Meetings	5	4	1	1	2
Director					
Toh Choo Huat	5/5	4/4	1/1	1/1	2/2
Ling Chung Yee	5/5	4/4	1/1	1/1	2/2
Chia Soon Hin William	5/5	4/4	1/1	1/1	2/2
Chua Hock Thak	5/5	4/4	1/1	1/1	2/2
Teo Ho Beng	5/5	4/4	1/1	1/1	2/2

Note:

(1) The attendance of the Directors, including those also acting as the members of the respective Board Committees, at the meetings of the Board and the Board Committees was recorded in the relevant attendance lists prepared and circulated by the Company Secretaries prior to the commencement of such meetings and these attendance lists are kept in the statutory records of the Company. If the Company Secretaries were not present at the meetings, the attendance of the Directors was recorded by the Management in the minutes of the meetings.

REPORT ON CORPORATE GOVERNANCE

Provision 1.3 of the Code: Matters requiring Board approval

The Executive Director supervises the management of the business and affairs of the Group. However, meetings of the Board are still held and/or resolutions in writing of the Board are circulated for matters which require the Board's approval, including the following, but are not limited to:

(i) review of the annual budget and the performance of the Group;

(ii) review of the key activities and business strategies;

(iii) approval of the corporate strategy and direction of the Group;

(iv) approval of transactions involving a conflict of interest for a substantial shareholder or a Director or interested person transactions;

(v) material acquisitions and disposals;

(vi) corporate or financial restructuring and share issuances;

(vii) declaration of dividends and other returns to Shareholders; and

(viii) appointments of new Directors or key personnel.

A formal document setting out the following guidelines has been adopted by the Board:

(i) the matters reserved for the Board's decision; and

(ii) clear directions to Management on matters that must be approved by the Board.

The Company has adopted internal guidelines setting forth matters that require the Board's approval. The types of material transactions that require the Board's approval under such guidelines are listed below:

(i) major capital expenditure;

(ii) capital management;

(iii) banking facilities;

(iv) acquisition and disposal of entities/business;

(v) diversifying into new business; and

(vi) any other significant material transaction.

Provision 1.1 of the Code: Directors facing conflicts of interest

In the event that a Director is involved in an interested person transaction with the Group, he shall inform the Board accordingly and abstain from making any recommendation or decision with regards to the transaction.

The Company has a formal training program for new Directors. The Board ensures that all the newly appointed Directors will be given a detailed introduction on the Company's history and development and an orientation on the operational procedures of the Company to familiarise them with the Group's business and governance practices. When necessary, the Company will provide training for first-time directors in areas such as accounting, legal and industry-specific knowledge as appropriate. Any Director who has had no prior experience as a director of a listed company will be required to undergo training in the roles and responsibilities of a listed company director.

Provision 1.2 of the Code: Directors to receive appropriate training

The Directors are updated, from time to time, when new laws or regulations affecting the Group are introduced. The Directors are encouraged to attend seminars and training courses at the Company's expense that will assist them in executing their obligations and responsibilities as directors to the Company. During FY2022, Ling Chung Yee attended Asia's Renaissance – The New Era of Recovery and Reopening by the Singapore Institute of Directors, 1st Half 2022 Market Outlook – Into the Metaverse by DBS Bank, and Year Ahead 2022 – The Game Changers by UBS. During FY2022, Chua Hock Thak attended DFF – Director Financial Reporting Fundamentals by the Singapore Institute of Directors.

Access to Information

To ensure that the Directors are able to effectively discharge their duties and are fully aware of the decisions and actions of the Management, the Directors are given detailed information concerning the Group's business operations periodically. The Management maintains close contact and communication with the Board by various means, including but not limited to holding meetings with the Board or via electronic means by which documents are circulated to the Board for their review or for their information. In particular, financial statements of the Group are also prepared on a quarterly/half-yearly basis and circulated to all Directors for their review, allowing the Directors to have timely access to the Group's financial position. In addition, monthly summary management accounts and corporate updates are circulated to the Board for their review and for their information. When required, board papers are also prepared for meetings of the Board to provide information on financial, business and any other corporate issues to the Board. The Management also prepares and updates the Company's budget and tables the same to the Board for their review. The abovementioned arrangement allows the Directors to monitor the Group's performance as well as the Management's achievements of the goals and objectives determined and set by the Board.

Provision 1.6 of the Code: Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

The Company recognises that information should be supplied to the Board in a timely manner and as far as possible, Board papers and agenda items are circulated or dispatched to the Directors before scheduled meetings. This is to give Directors sufficient time to review and consider the matters being tabled and/or discussed so that discussions can be more meaningful and productive.

In addition, the Directors have, at all times:

(i) unrestricted access to the Company's records and information; and

(ii) separate and independent unlimited access to the Management, the Company Secretaries and external advisers (where necessary).

Provision 1.7 of the Code: Directors should have separate and independent access to the Management, the Company Secretaries and external advisers (where necessary)

The Board supports the taking of independent professional advice, at the Company's expense, if necessary in order for it or an individual Director to effectively discharge his duties and responsibilities.

At least one (1) of the Company Secretaries and/or her representatives attends all of the formal meetings held by the Board and/or the Board Committees and her responsibilities include ensuring that procedures for these meetings (including those stipulated in the Constitution) are followed and that applicable rules and regulations, including the requirements of the Singapore Companies Act 1967 (the "**Companies Act**") and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), are complied with.

The decision for the appointment and the removal of the Company Secretaries rests with the Board as a whole.

Provision 1.7 of the Code: Appointment and removal of Company Secretary

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board comprises five (5) Directors, of which three (3) are Independent Directors. As at the date of this Annual Report, the composition of the Board is as follows:

<u>Executive Director</u>

Toh Choo Huat (Executive Chairman and Chief Executive Officer)

<u>Independent Directors</u>

Ling Chung Yee (Lead Independent Director)
Chia Soon Hin William (Independent Director)
Chua Hock Thak (Independent Director)

<u>Non-Executive Director</u>

Teo Ho Beng (Non-Executive Director)

The Board considers a director's independence in accordance with the guidance set out in the Code as well as Rule 406(3)(d) of the Listing Manual – Section B: Rules of Catalist (the "**Catalist Rules**"). An Independent Director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its Shareholders who have an interest or interests in not less than 5% of the total votes attached to all the voting shares in the Company or the officers that could interfere, or be reasonably perceived to interfere, with the exercise of that director's independent business judgement in the best interests of the Company. Under the Catalist Rules, a Director will not be deemed independent if he is employed by the Company or its related corporations for the current or any of the past three (3) financial years, or if he has an immediate family member who is employed or has been employed by the Company or its related corporations for the past three (3) financial years, and whose remuneration is determined by the Company's Remuneration Committee. A Director would also not be independent if he has been a director for an aggregate period of more than nine (9) years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the listing applicant, and associates of such directors and chief executive officer. There are no Directors who have served on the Board beyond nine (9) years from the date of his first appointment.

Provision 2.1 of the Code: Disclosure of directors considered to be independent

Rule 406(3)(d)(iii) of the Catalist Rules: a director for an aggregate period of more than 9 years must seek shareholder approvals for their continued appointment as an independent director

As the majority of the Board comprises Independent Directors, the Company believes the Board is able to exercise independent judgment on corporate affairs and ensures that no one individual or group of individuals dominates any decision-making process and the Board is satisfied that there is a strong and independent element on the Board. Non-Executive Directors, which include the Independent Directors, make up a majority of the Board.

Provisions 2.2 and 2.3 of the Code: Independent directors make up a majority of the Board where the Chairman is not independent[(1)]; non-executive directors make up a majority of the Board

Provision 2.2 of the Code requires that independent directors make up a majority of the Board where the Chairman is not independent. The Chairman is not independent when (i) he or she is not an independent director, (ii) he or she is also the CEO, (iii) he or she and the CEO are immediate family members as defined in Catalist Rules (i.e. the person's spouse, child, adopted child, step-child, brother, sister and parent), (iv) he or she and the CEO have close family ties with each other (i.e. a familial relationship between two parties which extends beyond immediate family members and could influence the impartiality of the Chairman) as determined by the Nominating Committee, or (v) he or she is part of the Management team. Under the present board composition, Provision 2.2 of the Code has been met.

(1) Rule 406(3)(c) of the Catalist Rules requires independent directors to make up at least one-third of the Board. This rule came into effect on 1 January 2022. Prior to 1 January 2022, the corresponding Guideline 2.1 in the 2012 Code applied.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender, age and tenure. The Board has considered the present Board size and each Board Committee's size, and is satisfied that the current size facilitates effective decision-making and is appropriate for the nature and scope of the Group's operations.

Provision 2.4 of the Code: Board and board committees are of an appropriate size and Board to comprise directors with appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity

To maintain or enhance the Board's balance and diversity, consistent with the intent of Principle 2 of the Code, the Nominating Committee conducts an annual assessment of the existing attributes and core competencies of the Board to ensure that the Board has the appropriate mix of diversity, expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making, taking into account the nature and scope of the Group's operations. The Nominating Committee is of the view that the Board has a good balance of Directors who come from diverse backgrounds and have extensive business, financial, accounting and management experience. Their combined wealth and diversity of experience enable them to contribute effectively to the strategic growth and governance of the Group. Details on the experiences, professional qualifications and responsibilities of the Directors are set out in pages 8 and 9 of this Annual Report.

The Non-Executive Directors (including the Independent Directors) will constructively challenge and assist in the development of proposals on strategy, assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. The Non-Executive Directors have engaged in regular discussions amongst themselves without the presence of the Management and the Executive Director throughout the year. In FY2022, the Independent Directors and Non-Executive Director met several times in the absence of key management personnel and the Lead Independent Director provided feedback to the Executive Chairman after such meetings.

Provision 2.5 of the Code: Regular meetings of non-executive directors and/or independent directors without the presence of Management

Executive Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Executive Chairman and Chief Executive Officer, Toh Choo Huat, sets the tone for the conduct of the Board and leads the Board to ensure the effectiveness of the Board. He also ensures the Group's adherence to the best corporate governance practices prescribed by the Code.

As Executive Chairman, Toh Choo Huat is also responsible for, amongst other things, the proper functioning of the Board. He ensures that the Board holds regular meetings and oversees the proper dissemination of corporate information to the relevant parties (including but not limited to the Directors and Shareholders). He sets the agenda for each meeting and ensures that adequate time is available for discussion and debate of all agenda items, and in particular, strategic issues. He also encourages constructive relations between the Board and the Management, facilitates the effective contribution of Independent Directors, and encourages constructive discussion and debate amongst the Directors, hence promoting high standards of corporate governance.

Provision 3.2 of the Code: Chairman and CEO's role

All major decisions made by the Executive Chairman and the Chief Executive Officer are under the purview of review by the Audit Committee. His performance and appointment to the Board are also reviewed periodically by the Nominating Committee while his remuneration package is reviewed periodically by the Remuneration Committee. As such, whilst the Executive Chairman and the Chief Executive Officer are the same person, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

Provision 3.1 of the Code: Chairman and CEO should in principle be separate persons

The Board is of the view that power is not unduly concentrated in the hands of one (1) individual nor is there any compromised accountability and independent decision-making as all major decisions and policy changes are conducted through the respective Board Committees, all of which are chaired by Independent Directors.

In addition, the Board also believes that notwithstanding the Executive Chairman and the Chief Executive Officer being the same person, the Group's interest is well served by:

(i) the benefit of an Executive Chairman and Chief Executive Officer who is very experienced and knowledgeable about the Group's businesses, thereby ensuring the smooth and efficient implementation of decisions on policy issues;

(ii) the good balance of power and authority on the Board as all the Board Committees of the Board are chaired by the Independent Directors;

(iii) the majority of the Board being made up of Independent Directors to ensure independent review of the Management's performance; and

(iv) the benefit of the objective and independent views that the Group receives from the Independent Directors and the contributions of the Non-Executive Directors.

In view that the Executive Chairman and the Chief Executive Officer are the same person, the Company had appointed Ling Chung Yee as the Lead Independent Director to adhere to the principles set out in the Code and to provide leadership in situations where the Executive Chairman is conflicted. As the Lead Independent Director, Ling Chung Yee acts as the contact person for the Shareholders in the event that the Shareholders have concerns or issues for which communication with the Executive Chairman and Chief Executive Officer or the Chief Financial Officer is inappropriate, inadequate or where such communication has failed to resolve the concerns or issues raised.

Provision 3.3 of the Code: Appointment of lead independent director

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

As at the date of this Annual Report, the Nominating Committee comprises the Company's three (3) Independent Directors, namely Chua Hock Thak (Chairman of the Nominating Committee), Ling Chung Yee (Member of the Nominating Committee), Chia Soon Hin William (Member of the Nominating Committee) and one (1) Non-Executive Director, Teo Ho Beng (Member of the Nominating Committee). The Nominating Committee meets at least once annually. The Lead Independent Director is a member of the Nominating Committee.

Provision 4.2 of the Code: Nominating Committee ("NC") comprises at least three directors, the majority of whom, including the Chairman, are independent

The Nominating Committee is responsible for:

(i) re-nominating the Directors, having regard to the Directors' contribution and performance;

(ii) determining annually whether or not an Independent Director is independent; and

(iii) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director, taking into consideration the Director's number of listed company board representations and other principal commitments.

The Nominating Committee also makes recommendations to the Board relating to:

Provision 4.1 of the Code: NC to make recommendations to the Board on certain relevant matters

(i) the review of board succession plans for the Directors, in particular, the Executive Chairman, the Chief Executive Officer and key management personnel;

(ii) the development of a process for evaluation of the performance of the Board, its board committees and the Directors;

(iii) the review of the training and professional development programs for the Board and the Directors;

(iv) the appointment and re-appointment of the Directors (including alternate directors, if applicable); and

(v) the appointment and re-appointment of the Chief Executive Officer, the Chief Financial Officer or any other person who holds a similar position to the Chief Executive Officer or the Chief Financial Officer by any name.

The Nominating Committee will decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which addresses how the Board is to enhance long-term Shareholders' value. As part of its review, the Nominating Committee will recommend to the Board a process to assess the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board.

Each member of the Nominating Committee abstains from voting on any resolutions and making recommendations and/or participating in any deliberations in respect of the assessment of his own performance or re-nomination as a director.

Provision 4.4 of the Code: NC to determine directors' independence annually

Further to the above, the Nominating Committee reviews the independence of each of the Independent Directors annually, having considered the circumstances set out in Provision 2 of the Code and Catalist Rule 406(3)(d). As part of their review process, the Nominating Committee requires the Independent Directors to complete and execute declaration forms in relation to their independence. These declaration forms are drawn up based on the requirements in the Code and the Catalist Rules. The Nominating Committee reviews declaration forms executed by the Independent Directors as well as any declaration which they may make to determine their respective independence (including their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any). Pursuant to its review, the Nominating Committee is of the view that Ling Chung Yee, Chia Soon Hin William and Chua Hock Thak do not have any relationships with the Company, its related corporations, its substantial shareholders or its officers which may affect their independence and accordingly are independent of the Group and the Management.

The Nominating Committee also reviews the performance of the Directors as well as their contribution to the Board.

The Nominating Committee has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and have other principal commitments. The Board, with the concurrence of the Nominating Committee, has agreed that the Company shall not impose a maximum number of listed board representations on the Directors as the Board is of the opinion that setting a fixed number would not adequately take into account the varied circumstances of each Director and the Nominating Committee will instead focus on whether a Director has sufficient time to adequately discharge his duties to the Company.

Provision 4.5 of the Code: NC to decide if a director is able to and has been adequately carrying out his or her duties

The present and past directorships (held in the last three (3) years) of the Directors with other public listed companies and their other present principal commitments are set out in the following tables:

TOH CHOO HUAT

Other existing directorships with public listed companies:

COMPANY	POSITION
Nil	–

Other past directorships with public listed companies (held in the last three (3) years):

COMPANY	POSITION
Nil	–

Other present principal commitments:

COMPANY	POSITION
LC International Trading Co Pte. Ltd.	Director
Ley Choon Constructions and Engineering Pte Ltd	Director
Li Chun Dragon Fish Industry Pte. Ltd.	Director
Zheng Choon Holding Pte. Ltd.	Director
Ley Choon (M) Sdn Bhd	Director
Ley Choon (Yantai) Eco-Green Constructions Materials Ltd	Director
Teacly (S) Pte. Ltd.	Director

REPORT ON CORPORATE GOVERNANCE

LING CHUNG YEE

Other existing directorships with public listed companies:

COMPANY	POSITION
Amplefield Ltd	Independent Director
Debao Property Development Ltd	Lead Independent Director
United Food Holdings Ltd	Lead Independent Director

Other past directorships with public listed companies (held in the last three (3) years):

COMPANY	POSITION
Vingroup JSC (listed on Ho Chih Minh Stock Exchange)	Independent Director
Ace Achieve Infocom Ltd	Independent Director
Pine Capital Group Ltd	Lead Independent Director
Sino Grandness Food Industry Group Ltd	Lead Independent Director

Other present principal commitments:

COMPANY/ORGANISATION	POSITION
FollowTrade Pte. Ltd.	Director
Vinfast Trading & Investment Pte. Ltd.	Director
Derong Real Estate Holdings Pte Ltd	Director
Dynamic Real Estate Holdings Pte Ltd	Director

CHIA SOON HIN WILLIAM

Other existing directorships with public listed companies:

COMPANY	POSITION
Asiatic Group (Holdings) Ltd	Independent Director
P5 Capital Holdings Ltd	Independent Director

Other past directorships with public listed companies (held in the last three (3) years):

COMPANY	POSITION
Sincap Group Limited	Independent Director

Other present principal commitments:

COMPANY/ORGANISATION	POSITION
Xie Capital Pte Ltd	Managing Director
Mitsuba Japanese Restaurant Pte Ltd	Managing Director

CHUA HOCK THAK

Other existing directorships with public listed companies:

COMPANY	POSITION
Nil	–

Other past directorships with public listed companies (held in the last three (3) years):

COMPANY	POSITION
Nil	–

Other present principal commitments:

COMPANY/ORGANISATION	POSITION
Nil	–

TEO HO BENG

Other existing directorships with public listed companies:

COMPANY	POSITION
Hiap Hoe Limited	Executive Director (Chief Executive Officer)

Other past directorships with public listed companies (held in the last three (3) years):

COMPANY	POSITION
Nil	–

Other present principal commitments:

COMPANY/ORGANISATION	POSITION
Nil	–

After conducting its reviews, the Nominating Committee is satisfied that the Directors have been able to devote adequate time and attention to the affairs of the Company and they are able to fulfil their duties as Directors of the Company.

The Company does not have any alternate Directors. The Board will generally avoid approving the appointment of alternate Directors unless alternate directors are appointed for limited periods in exceptional cases such as when a director has a medical emergency.

Provision 4.3 of the Code: Disclosure of process for selection, appointment and re-appointment of directors

For appointment of new Directors to the Board, the Nominating Committee would, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the then existing Board. The Nominating Committee receives recommendations from existing Directors and the Company's professional advisors. The Nominating Committee may, if necessary, interview potential candidates and make recommendations to the Board for approval. The Board will then consider the potential candidates and Directors newly appointed by the Board are appointed by way of board resolution, following which they are subject to election by Shareholders at the next annual general meeting immediately following their appointment and thereafter, they are subject to the one-third rotation rule as prescribed by the Company's Constitution. For re-appointment of existing Directors to the Board, the Nominating Committee makes its decision based on its annual review of the performance of the relevant Directors as well as their contribution to the Board.

Provision 4.5 of the Code: New directors are aware of their duties and obligations

All Directors are appointed to the Board by way of a formal letter of appointment or service agreement setting out the scope of their duties and obligations.

The dates of initial appointment of each Director are set out as follows:

NAME OF DIRECTORS	DATE OF INITIAL APPOINTMENT	DATE OF LAST RE-ELECTION
Toh Choo Huat	25 July 2012	30 July 2019
Ling Chung Yee	28 September 2015	27 November 2020
Chia Soon Hin William	28 September 2015	27 November 2020
Chua Hock Thak	29 March 2018	29 September 2021
Teo Ho Beng	28 September 2015	29 September 2021

Under Regulation 107 of the Company's Constitution, at least one-third of the Directors (or if their number is not three (3) or a multiple of three (3), then the number nearest to but not less than one-third) is required to retire from the office of Director and stand for re-election at the Company's Annual General Meeting. Generally, the retiring Directors are Directors who have been the longest in office since their last election (unless otherwise nominated by the Nominating Committee). Accordingly, pursuant to Regulation 107 of the Constitution, Toh Choo Huat and Ling Chung Yee will be due for retirement and re-election at the forthcoming Annual General Meeting.

Under Regulation 117 of the Constitution, any newly appointed Director shall hold office only until the next Annual General Meeting of the Company, and shall be eligible for re-election.

REPORT ON CORPORATE GOVERNANCE

Details on the experiences, professional qualifications and responsibilities of the Directors are set out in pages 8 and 9 of this Annual Report. In addition, information on shareholdings in the Company and its related companies held by each Director is set out in the "Directors' Statement" section of this Annual Report. Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F of the Catalist Rules relating to Toh Choo Huat and Ling Chung Yee, who are the Directors seeking re-election at the forthcoming Annual General Meeting, is set out in pages 75 to 81 of this Annual Report.

Further to the above, it should also be noted that the Nominating Committee also reviews the appointment of any manager of the Company or any of its principal subsidiaries who is a relative of a Director or Chief Executive Officer or substantial shareholder. Pursuant to Rule 704(8) of the Catalist Rules, the Company confirms that, as far as the Company is aware and save as set out below, there are no other persons occupying managerial positions in the Company or any of its principal subsidiaries who are related to a director or chief executive officer or substantial shareholder of the Company or its principal subsidiaries:

	NAME	CURRENT POSITION IN THE COMPANY	FAMILY RELATIONSHIP WITH ANY DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS OF THE COMPANY
1.	Toh Chew Leong	Deputy Chief Executive Officer	Brother of Toh Choo Huat ("**TCH**") who is the Executive Chairman and Chief Executive Officer
2.	Toh Swee Kim	Chief Operating Officer	Brother of TCH
3.	Toh Chew Chai	Deputy Chief Operating Officer	Brother of TCH
4.	Toh Chiew Boon	Senior Construction Manager	Brother of TCH
5.	Toh Kai Sheng	Director, Operations & HR	Nephew of TCH
6.	Toh Kai Hock	Information Technology ("**IT**") Director & Head of Fleet Department	Nephew of TCH
7.	Toh Ting Xuan	Deputy Director	Daughter of TCH
8.	Toh Wei Jie	Senior Project Manager	Nephew of TCH
9.	Toh Qiu Ling	Procurement cum Sales Manager	Niece of TCH
10.	Toh Wanni	Assistant IT Manager	Daughter of TCH

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Nominating Committee has established a process for assessing the effectiveness of the Board as a whole and each of its Board Committees and for assessing the contribution of each individual Director to the effectiveness of the Board. This assessment is conducted by the Nominating Committee at least once a year. The Nominating Committee assesses the Board's effectiveness as a whole and the effectiveness of each of its Board Committees through the completion of a questionnaire by each member of the Nominating Committee which includes questions covering the above-mentioned areas of assessment. The Nominating Committee collates the results of these questionnaires and discusses the results collectively with other Board members to address any areas for improvement.

Provisions 5.1 and 5.2 of the Code: Board to implement criteria and process for evaluation of the Board's performance and disclose the process in Annual Report

Each member of the Nominating Committee abstains from voting on any resolutions in respect of the assessment of his own performance or re-nomination as a Director.

To assess the effectiveness of the Board as a whole, the factors evaluated by the Nominating Committee include but are not limited to:

(i) the size and composition of the Board;

(ii) the discussion and decision-making processes of the Board (including the conduct of meetings by the Board);

(iii) the Board's access to information;

(iv) the accountability of the Board to the Shareholders;

(v) the observation of risk management and internal control policies by the Board; and

(vi) the performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in terms of the financial indicators set out in the Code).

To assess the effectiveness of each Board Committee, the factors evaluated by the Nominating Committee include but are not limited to:

(i) the size and composition of the relevant Board Committee; and

(ii) the performance of the relevant Board Committee in relation to the discharge of its duties set out in its terms of reference.

To assess the contribution of each individual Director, the factors evaluated by the Nominating Committee include but are not limited to:

(i) his participation at the meetings of the Board;

(ii) his ability to contribute to the discussion conducted by the Board;

(iii) his ability to evaluate the Company's strengths and weaknesses and make informed business decisions;

(iv) his ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy;

(v) his compliance with the policies and procedures of the Group;

(vi) his performance of specific tasks delegated to him;

(vii) his disclosure of any related person transactions or conflicts of interest; and

(viii) for Independent Directors, his independence from the Group and the Management.

The performance criteria include financial targets, contributions by the Board members as well as expertise, sense of independence and industry knowledge. This encourages feedback from the Board members and leads to an enhancement of the Board's performance over time. The performance criteria are not usually changed from year to year. However, where circumstances deem it necessary for any of the criteria to be changed, the onus will be on the Board to justify this decision.

The Chairman of the Nominating Committee will act on the results of the performance evaluation, and in consultation with the Nominating Committee, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Directors.

The Board and the Nominating Committee have ensured that the Directors possess the experience, knowledge and expertise critical to the Group's business.

Based on the Nominating Committee's review, the Nominating Committee considered the performance and effectiveness of each individual current Director, the Board as a whole and each Board Committee, to be satisfactory and is of the view that the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

No external facilitators were used in the assessment of the Board, its Board Committees and the individual directors for FY2022.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

As at the date of this Annual Report, the Remuneration Committee comprises the Company's three (3) Independent Directors, namely Chia Soon Hin William (Chairman of the Remuneration Committee), Ling Chung Yee (Member of the Remuneration Committee), Chua Hock Thak (Member of the Remuneration Committee) and one (1) Non-Executive Director, Teo Ho Beng (Member of the Remuneration Committee). The Remuneration Committee meets at least once annually.

*Provision 6.2 of the Code: Remuneration Committee (“**RC**”) comprises at least three directors, all of whom are non-executive and the majority of whom, including the Chairman, are independent*

The Remuneration Committee is principally responsible for:

Provision 6.1 of the Code: RC to make recommendations to the Board on certain relevant matters

(i) overseeing the general compensation of employees of the Group with a goal to motivate, recruit and retain our employees and the Board through competitive compensation and progressive policies;

(ii) reviewing all aspects of remuneration including the Board's and Executive Officers' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits in kind as well as the remuneration of persons related to the Company's Board and Substantial Shareholders;

(iii) implementing and administering any share option scheme, share performance scheme and other performance bonus scheme(s) that the Group may set up in the future; and

(iv) reviewing the Group's obligations arising in the event of the termination of the Executive Director(s) and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Pursuant to its review, the Remuneration Committee will submit its recommendations to the entire Board for endorsement.

Each member of the Remuneration Committee abstains from the decision-making process and from voting on any resolutions in respect to his remuneration package.

Provision 6.4 of the Code: Disclosure of engagement of any remuneration consultants and their independence

The Remuneration Committee will be provided with access to expert professional advice on remuneration matters, as and when necessary. The expenses of such services shall be borne by the Company. If so required, it may seek expert advice in the field of executive compensation outside the Company upon approval by the Board. The Remuneration Committee ensures that in the event of such advice being sought, existing relationships if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultants for FY2022.

Provision 6.3 of the Code: RC to consider all aspects of remuneration, including termination terms, to ensure they are fair

The Remuneration Committee reviews all aspects of remuneration to ensure they are fair. In particular, the Remuneration Committee reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Director and key management executives to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The Remuneration Committee carries out annual reviews of the remuneration packages of the Directors and the Management, having due regard to their contributions as well as the financial and commercial needs of the Group. The Remuneration Committee takes into account the industry norms/standards by considering, *inter alia*, the remuneration packages and employment conditions within the industry, the Group's performance as well as the contribution and performance of each Director when determining the remuneration packages of the Directors. The Directors' fees are compared against industry standards to ensure that they are in line with industry norms.

Provision 8.1 of the Code: Disclosure of the policy and criteria for setting remuneration

The remuneration for the Executive Director and the Management comprise a basic salary component and a variable component, namely, the annual bonus. The latter is based on the performance of the Group as a whole, giving due regard to the profitability of the Group, its financial performance as well as general economic conditions under which the Group operates and their individual performance.

Provision 7.1 of the Code: A significant and appropriate proportion remuneration is structured so as to link rewards to corporate and individual performance

The Remuneration Committee also considers whether remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

Provision 7.3 of the Code: Remuneration is appropriate to attract, retain and motivate the directors and key management personnel

The Remuneration Committee administers the Company's performance share plan (the "**Ley Choon Performance Share Plan 2018**"), which was approved by the Shareholders at the Annual General Meeting held on 30 July 2018. Please refer to page 62 of this Annual Report for more details. Save for the Ley Choon Performance Share Plan 2018, the Company currently does not have any long-term incentive scheme.

The Independent Directors and Non-Executive Director receive directors' fees in accordance with their contributions, taking into account factors such as effort and/or time spent, the responsibilities of the Independent Directors and Non-Executive Director and the need to pay competitive fees to attract, retain and motivate the Independent Directors and Non-Executive Director. The Independent Directors and Non-Executive Director are not over-compensated to the extent where their independence may be compromised. The Directors' fees are recommended by the Remuneration Committee and endorsed by the Board for approval by the Shareholders of the Company at annual general meetings.

Provision 7.2 of the Code: Remuneration of non-executive directors is appropriate to the level of contribution

The Company had entered into a service agreement with Toh Choo Huat which sets out the framework of his remuneration. This service agreement provides, *inter alia*, that the Executive Director or the Company may terminate the service agreement upon giving written notice of not less than six (6) months.

REPORT ON CORPORATE GOVERNANCE

In addition, the Board is of the view that there is no need to institute contractual provisions to allow the Company to reclaim incentive components of the Executive Director's remuneration paid in prior years in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss, as he owes a fiduciary duty to the Company and the Company should be able to avail itself of remedies against the Executive Director in the event of such a breach of fiduciary duties.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

In addition to its strict policies on bribery and money-laundering, the Group also maintains, under its code of ethics, strict policies on gifts and entertainment which apply to all employees (including Directors). In the event that gifts, entertainment or other benefits are offered to employees, they must be properly declined if there is a risk of there being an appearance of impropriety. Similarly, all employees must also not offer any gifts, entertainment or other benefits to others if it creates an appearance of impropriety.

The breakdown of remuneration (in percentage terms) of the Directors of the Company paid and payable for FY2022 is set out below:

Provisions 8.1 and 8.3 of the Code: Remuneration of directors, CEO and top five key management personnel; details of employee share schemes

REMUNERATION BAND AND NAME OF DIRECTORS	FEES (%)	SALARY (%)	AWS (%)	BONUS (%)	EMPLOYER CPF + SDL (%)	ALLOWANCES (%)	TOTAL (%)
Directors who receive S$0 to S$99,999							
Ling Chung Yee	100%	–	–	–	–	–	100%
Chia Soon Hin William	100%	–	–	–	–	–	100%
Chua Hock Thak	100%	–	–	–	–	–	100%
Teo Ho Beng	100%	–	–	–	–	–	100%
Directors who received S$100,000 to S$249,999							
–	–	–	–	–	–	–	–
Directors who receive S$250,000 to S$499,999							
Toh Choo Huat	–	77%	6%	6%	3%	8%	100%

The breakdown of remuneration of the top seven (7) Key Management (Executive Officers) for FY2022 is set out below:

REMUNERATION BAND AND NAME OF EXECUTIVE OFFICER	SALARY	AWS	BONUS	EMPLOYER CPF + SDL	ALLOWANCES	TOTAL
Executive Officers who received S$0 to S$99,000						
–						
Executive Officers who received S$100,000 to S$249,999						
Toh Kai Sheng	69%	–	7%	14%	10%	100%
Toh Kok Hean, Brayden	72%	–	6%	10%	12%	100%
Toh Kai Hock	74%	–	10%	12%	4%	100%
Ragavendran Srinivasan	64%	–	19%	9%	8%	100%
Executive Officers who received S$250,000 to S$499,9999						
Toh Chew Chai	81%	–	7%	4%	8%	100%
Toh Swee Kim	73%	6%	6%	5%	10%	100%
Toh Chew Leong	75%	6%	6%	3%	10%	100%

Provisions 8.1 and 8.3 of the Code: Remuneration of directors, CEO and top five key management personnel; details of employee share schemes

In aggregate, the total remuneration paid to the top five (5) key management personnel (who are not Directors or the Chief Executive Officer) in FY2022 is approximately S$1.5 million.

The Board is of the view that given the sensitive, private and confidential nature of the Directors' and employees' remuneration, detailed disclosure on the remuneration of the Directors and key management personnel is not in the best interests of the Company and the Group. Such disclosure would disadvantage the Group in relation to its competitors and may adversely affect the cohesion and spirit of team work prevailing among the Directors and the employees of the Group. The Board is also of the view that it is not necessary to present detailed disclosure on the Company's remuneration policy as the remuneration policy for executives is a management decision that the Board is generally entitled to make.

In view of the aforementioned reasons, the Company believes that its current disclosure is consistent with the intent of Principle 8 of the Code as Shareholders are still given information on the level and mix of remuneration in percentage terms and that the interests of Shareholders will not be prejudiced as a result of such non-disclosure of the total remuneration in dollar terms for the Directors as well as for key management personnel.

There are no termination, retirement and post-employment benefits granted to Directors or the key management personnel.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Rule 704(10) of the Catalist Rules, the Company has disclosed in its full year results announcement released via SGXNET on 30 May 2022, a list of persons occupying managerial positions who are related to a Director, Chief Executive Officer or Substantial Shareholder of the Group ("**Related Employees**"). The breakdown of Related Employees for FY2022 is set out below:

Provision 8.2 of the Code: Disclosure of remuneration of employees who are substantial shareholders or family members of directors, CEO or substantial shareholder and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.

REMUNERATION BAND AND NAME OF RELATIVE	FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR SUBSTANTIAL SHAREHOLDER	SALARY (%)	AWS (%)	BONUS (%)	AWARD/ REWARD/ INCENTIVE (%)	EMPLOYER CPF + SDL (%)	ALLOWANCES (%)	TOTAL (%)
S$0 to S$100,000								
Toh Wanni	Daughter of Toh Choo Huat ("**TCH**") (the Executive Chairman and Chief Executive Officer of the Company) and niece of Toh Chew Leong ("**TCL**"), Toh Swee Kim ("**TSK**") and Toh Chew Chai ("**TCC**") (substantial shareholders of the Company)	75%	–	9%	–	16%	–	100%
Toh Wei Dong	Son of TSK and nephew of TCH, TCL and TCC	64%	–	9%	–	16%	11%	100%
Toh Qiu Ling	Daughter of TSK and niece of TCH, TCL and TCC	62%	–	8%	–	16%	14%	100%
S$100,001 to S$200,000								
Reanne Toh Ting Xuan	Daughter of TCH and niece of TCL, TSK and TCC	62%	–	8%	9%	15%	6%	100%
Toh Kai Sheng	Son of TCC and nephew of TCH, TCL and TSK	69%	–	7%	–	14%	10%	100%
Toh Wei Jie	Son of TCL and nephew of TCH, TSK and TCC	53%	–	16%	4%	15%	12%	100%
Toh Chiew Boon	Brother of TCH, TCL, TSK and TCC	55%	–	5%	–	10%	30%	100%
Toh Kai Hock	Son of TCC and nephew of TCH, TCL and TSK	74%	–	10%	–	12%	4%	100%
S$200,001 to S$300,000								
Toh Chew Chai	Substantial shareholder and brother of TCH, TCL and TSK	81%	–	7%	–	4%	8%	100%
S$300,001 to S$400,000								
Toh Swee Kim	Substantial shareholder and brother of TCH, TCL and TCC	73%	6%	6%	–	5%	10%	100%
S$400,001 to S$500,000								
Toh Chew Leong	Substantial shareholder and brother of TCH, TSK and TCC	75%	6%	6%	–	3%	10%	100%

Provision 8.3 of the Code: Details of employee share schemes

The Ley Choon Performance Share Plan 2018 was approved by the Shareholders at the Annual General Meeting held on 30 July 2018.

The objectives of the Ley Choon Performance Share Plan 2018 are as follows:

(a) to give the Company the option and flexibility to pay eligible employees' bonuses in the form of cash, shares or a combination of cash and shares, resulting in a better and more flexible salary and cash-flow management for the Company;

(b) to give the Company the flexibility to impose specific or medium-term performance targets or to impose time-based service conditions, or a combination of both, as a means to reward and steer its executives to better performance and to retain employees with suitable skill sets and talents to drive the growth of the Group;

(c) to incentivise participants of the Ley Choon Performance Share Plan 2018 to excel in their performance and encourage greater dedication and loyalty to the Company;

(d) to recognise and reward past contributions and services and motivate participants of the Ley Choon Performance Share Plan 2018 to continue to strive for the Company's long-term prosperity;

(e) to further strengthen and enhance the Company's competitiveness in attracting and retaining employees with suitable talents; and

(f) to foster an ownership culture within the Company, and align the interests of participants of the Ley Choon Performance Share Plan 2018 with the interests of the Shareholders.

The Ley Choon Performance Share Plan 2018 shall be administered by the Remuneration Committee with such discretion, powers and duties as are conferred on it by the Board of Directors. A member of the Remuneration Committee shall not be involved in the deliberations or decisions of the Committee in respect of the grant of Awards to him or his associate. Shareholders who are eligible to participate in the Ley Choon Performance Share Plan 2018 shall abstain from voting on any resolution relating to the Ley Choon Performance Share Plan 2018.

The Ley Choon Performance Share Plan 2018 shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of ten (10) years from the date on which the Ley Choon Performance Share Plan 2018 was adopted by Shareholders, provided always that the Ley Choon Performance Share Plan 2018 may continue beyond the above stipulated period with the approval of the Company's Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

No performance shares have been allotted and issued to any employees or Directors of the Company since the Ley Choon Performance Share Plan 2018's commencement.

Save for the Ley Choon Performance Share Plan 2018, the Company currently does not have any long-term incentive scheme for its Directors and key management personnel.

(C) ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

In line with the Singapore Standards on Auditing and the Committee of Sponsoring Organisations of the Treadway Commission Internal Controls-Integrated Framework, "internal controls" is broadly defined as "a process effected by an entity's board of directors and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

Provision 9.1 of the Code: Board to determine nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation

(i) effectiveness and efficiency of operations;

(ii) reliability of financial reporting; and

(iii) compliance with applicable laws and regulations."

The first category addresses an entity's basic business objectives, including performance and profitability goals and safeguarding of assets. The second category relates to the preparation of reliable published financial statements, including interim and condensed financial statements and selected financial data derived from such statements, such as earning releases, reported publicly. The third category deals with complying with those laws and regulations to which the entity is subject.

The Audit Committee, as well as the Board, conducts regular reviews of the effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems.

During FY2022, Crowe Horwath First Trust Risk Advisory Pte Ltd (the "**Internal Auditors**") conducted an independent review of the effectiveness and adequacy of the Group's internal controls and risk management policies and processes. Subsequent to the internal audit fieldwork and the detailed review of internal controls in specific identified areas with respect to FY2022, the Internal Auditors submitted a report to the Audit Committee covering their findings and recommendations to improve the internal controls in the respective identified areas. The Internal Auditors' recommendations were accepted and implementation of the recommendations is in progress. The Audit Committee and the Board monitors the Management's implementation of such recommendations.

Adequacy of Internal Controls (Catalist Rule 1204(10))

Based on the internal controls established and maintained by the Group, work performed by Messrs Foo Kon Tan LLP (the "**External Auditors**") and Internal Auditors and reviews performed by Management, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective as at 31 March 2022.

Provision 9.2 of the Code: Board to receive assurance on financial records, financial statements and management and internal control systems

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) regarding the adequacy and the effectiveness of the Company's risk management and internal control systems.

The Board acknowledges that it is responsible for the overall internal control and risk management framework, but recognises that all internal control and risk management systems contain inherent limitations and that no internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives. The Board notes that all internal control systems can provide only reasonable and not absolute assurance against the occurrence of material misstatement or loss, poor judgement in decision making, human error, fraud or other irregularities.

Risk Management (Catalist Rule 1204(4)(b) (iv))

The Board of Directors oversees the Group's financial risk management policies. Where there are significant risks in respect of the Group's operations, risk management practices will be put in place to address these risks. The Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to manage and mitigate these risks. The Management reviews all the significant control policies and procedures and highlights all significant findings to the Directors and the Audit Committee.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

*Provision 10.2 of the Code: Audit Committee ("**AC**") comprises at least three directors, all of whom are non-executive and the majority of whom, including the Chairman, are independent; Board to ensure AC members are qualified*

As at the date of this Annual Report, the Audit Committee comprises the Company's three (3) Independent Directors, namely, Ling Chung Yee (Chairman of the Audit Committee), Chia Soon Hin William (Member of the Audit Committee), Chua Hock Thak (Member of the Audit Committee) and one (1) Non-Executive Director, Teo Ho Beng (Member of the Audit Committee), who collectively bring with them invaluable managerial and professional expertise in the financial, accounting and business management spheres. The Board ensures that the Audit Committee's members have the appropriate qualifications to provide independent, objective and effective supervision. At least two (2) members, including the Chairman of the Audit Committee, have recent and relevant accounting or related financial management expertise or experience.

The Company has appointed Ling Chung Yee as the Chairman of the Audit Committee as he has strong financial management expertise, having held senior investment banking positions with JPMorgan, Lehman Brothers, Goldman Sachs and Salomon Smith Barney. Ling Chung Yee was a former Board Director of the CFA Society of Japan. Further, he also serves on the board of directors of other listed companies.

Provision 10.3 of the Code: Former partners or directors of Company's existing auditing firm should not act as member of the AC

The Audit Committee does not comprise any former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The Audit Committee meets at least once every half-yearly to review the accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained within the Group.

Provision 10.1 of the Code: Duties of AC

The Audit Committee's duties include, amongst others, the review of:

(i) the financial and operating results and accounting policies of the Group;

(ii) the co-operation given by the Group's officers to the External Auditors;

(iii) the quarterly/half-yearly and annual financial statements of the Group and the results announcements before the submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;

(iv) the Group's administrative, operating and internal accounting and financial control procedures;

(v) the nomination of External Auditors and Internal Auditors for appointment or re-appointment and matters relating to the resignation or dismissal of the External Auditors and Internal Auditors before making recommendations to the Board;

(vi) interested person transactions falling within Chapter 9 of the Catalist Rules, if any;

(vii) any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Group's management's response;

(viii) any potential conflicts of interest;

(ix) the Group's key financial risk areas, with a view to providing independent oversight on the Group's financial reporting. The outcome of such review will be disclosed in the annual reports or if the findings are material, immediately announced via SGXNET;

(x) the Group's significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any announcements relating o the Group's financial performance;

(xi) hedging policies and instruments, if any, to be implemented by the Group before recommending the same to the Board;

(xii) review the proposals to the Shareholders on the appointment, re-appointment and removal of the External Auditors, and approval of the remuneration and terms of engagement of the External Auditors;

(xiii) the adequacy, effectiveness, independence, scope and results of the Group's internal audit function;

(xiv) the adequacy, effectiveness, independence scope and results of the Group's External Auditors;

(xv) the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters; and

(xvi) the suitability of the Group's Chief Financial Officer/Financial Controller.

As part of its review, the Audit Committee shall also:

(i) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position;

(ii) ensure that all future transactions with related parties shall comply with the requirements of the Catalist Rules;

(iii) evaluate and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, ensure co-ordination between the External Auditors, the Internal Auditors and the Group's management, review the assistance given by the Group's management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Group's management, where necessary); and

(iv) review the assurance from the Chief Executive Officer and the Chief Financial Officer on the financial records and financial statements.

Under its terms of reference, the Audit Committee is entitled to obtain independent professional advice to execute its duties.

For FY2022, the Audit Committee has reviewed the Company's financial reporting function, internal controls and processes and is satisfied with the effectiveness and adequacy of the same.

In the event that a member of the Audit Committee is interested in any matter being considered by the Audit Committee, he will abstain from reviewing that particular transaction or voting on that particular resolution.

The Audit Committee reviewed the adequacy of the audit plans, with particular emphasis on the observations of the External Auditors, the scope and the results of their audits and the independence and objectivity of the External Auditors.

The Audit Committee has also reviewed the scope and quality of the External Auditors' work before recommending the External Auditors to the Board for re-appointment. The Company's External Auditors are Messrs Foo Kon Tan LLP. After taking into account the resources and experience of Messrs Foo Kon Tan LLP and the audit engagement partner assigned to the audit, Messrs Foo Kon Tan LLP's other audit engagements, any non-audit services provided by Messrs Foo Kon Tan LLP to the Group, the size and complexity of the audit for the Group as well as the number and experience of the staff assigned by Messrs Foo Kon Tan LLP for the audit, the Audit Committee is of the opinion that Messrs Foo Kon Tan LLP's independence has not been compromised and is able to meet its audit obligations. Together with the Board, the Audit Committee recommends the re-appointment of Messrs Foo Kon Tan LLP at the forthcoming Annual General Meeting. None of the members of the Audit Committee is a partner or director of Foo Kon Tan LLP.

Messrs Foo Kon Tan LLP is an audit firm registered with the Singapore Accounting & Corporate Regulatory Authority and was appointed on 22 January 2016. Messrs Foo Kon Tan LLP was also re-appointed to audit the accounts of the Company and its Singapore incorporated subsidiaries for FY2022. The fees paid/payable to the External Auditors for their audit and non-audit (taxation advice) services in FY2022 are S$225,000 (FY2021: S$225,000) and S$35,000 (FY2021: S$35,300), respectively. The Company is in compliance with Rule 712 and Rule 715 of the Catalist Rules.

The Audit Committee has reviewed the arrangements by which the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters within the Group, with the objectives of ensuring that arrangements are in place for independent investigations of such matters and for appropriate follow-up action as and when the need arises. As at the date of this Annual Report, the Company has put in place a whistle-blowing policy for this purpose. Under the Company's whistle-blowing policy, employees may submit a complaint (which may be on an anonymous basis) to the Independent Directors and Non-Executive Director, who also form the Audit Committee. The Audit Committee is obliged to review all reports received and take or approve the appropriate actions. There were no whistle blowing reports received during FY2022 and until the date of this report.

The Audit Committee is also briefed by the External Auditors on any change in the accounting standards which has a direct impact on the Company's financial statements.

Provision 10.5 of the Code: AC to meet external and Internal Auditors without the presence of management, annually

The Audit Committee and External Auditors have, at all times, unrestricted access to each other. The Audit Committee also meets annually with the External Auditors and the Internal Auditors, without the presence of the Management and is authorised to have full and unrestricted access to the Management and all personnel, records, operations, properties and other informational sources of the Company as required or desirable to properly discharge its responsibilities.

The Audit Committee has reviewed and discussed the following significant matters affecting the financial statements with the Management and the External Auditors:

SIGNIFICANT MATTERS	ACTION
Revenue recognition over time	The Audit Committee, with the assistance of the internal audit function, considered the internal controls established and maintained by the Management over project management, costing and revenue recognition. The Audit Committee noted the periodic reviews conducted by the Management in respect of long-term projects where the Group satisfies its performance obligations over time, which include the assessment of reasonableness of the estimated total budgeted costs of each project, and whether any provision for onerous contracts is required. Revenue recognition over time was also an area of focus for the External Auditors. The External Auditors had included this item as a key audit matter in their report for FY2022. Please refer to page 88 of this Annual Report.
Impairment testing of non-financial assets (the Group's property, plant and equipment and right-of-use assets, and the Company's investments in subsidiaries)	The Audit Committee considered the approach, methodology and inputs applied to the valuation model in assessing the impairment of non-financial assets (the Group's property, plant and equipment and right-of-use assets, and the Company's investments in subsidiaries). The Audit Committee concurred with the assessment of the Management and the valuers. The impairment of property, plant and equipment and right-of-use assets of the Group and investments in subsidiaries of the Company was also an area of focus for the External Auditors. The External Auditors had included this item as a key audit matter in their report for FY2022. Please refer to page 89 of this Annual Report.

Internal Audit

The Internal Auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the Audit Committee, and has appropriate standing within the Company. The Internal Auditors report directly to the Audit Committee and provide reports to the Audit Committee on a timely basis. The Audit Committee decides on the appointment, termination and remuneration of the Internal Auditors.

Provision 10.4 of the Code: Primary reporting line of the internal audit function is to the AC; internal audit function has unfettered access to documents, records, properties and personnel, and has appropriate standing

The Board acknowledges that it is responsible for maintaining an internal audit function independent of the activities it audits. The effectiveness of the internal control systems and procedures are monitored by the Management and also by the internal audit function. During FY2022, the Company had in place an internal audit function, whereby the Company's finance team supports the Audit Committee in ensuring that the Company maintains a sound system of internal controls by monitoring and assessing the adequacy and the effectiveness of the key controls and procedures.

As part of the Company's efforts to enhance the risk management process and internal control systems, the Audit Committee went through a due selection process and appointed Crowe Horwath First Trust Risk Advisory Pte Ltd, a suitably appointed qualified firm of accountants which meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors ("**IIA**"), for the enterprise risk management and internal audit functions of the Group and to perform internal audit review on the operations of the Group. The internal audit methodology of Crowe Horwath First Trust Risk Advisory Pte Ltd has been mapped to the IIA's International Professional Practice Framework.

The Audit Committee meets at least once annually to ensure the adequacy of the internal audit functions. The AC reviewed the independence, adequacy and effectiveness of the Internal Auditors as required under Rule 1204(10C) of the Catalist Rules and determined that the Internal Auditors are independent, effective and adequately resourced. The Audit Committee also believes that the system of internal controls and risk management maintained by the Company is adequate to safeguard the Shareholders' investment and the Company's assets.

Internal audit function is independent, effective and adequately resourced (Catalist Rule 1204(10C))

The findings from the reviews and checks on the adequacy of the internal control and risk management are rated and reported to the Audit Committee. In particular, high risk matters are highlighted to the Audit Committee and the Management to ensure that proper follow-up actions are undertaken to ensure proper internal control and risk management.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT AND MANAGING STAKEHOLDERS RELATIONSHIPS

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Written policies and procedures are implemented to ensure that there is adequate disclosure of developments in the Group in accordance with the Catalist Rules.

Provision 11.1 of the Code: Company to provide shareholders with the opportunity to participate effectively in and vote at general meetings and inform them of the rules governing general meetings

The Board supports the Code's principle to encourage shareholder participation at the general meetings. Any notice of a general meeting of Shareholders is issued at least 14 clear days before the scheduled date of such meeting, and Shareholders are informed of the rules governing general meetings. The Board regards the Annual General Meeting as an opportunity to communicate directly with the Shareholders and encourages attendance and participative dialogue during the Annual General Meeting. The notice of the Annual General Meeting is dispatched to the Shareholders with the Annual Report (together with explanatory notes or a circular/letter to Shareholders on items of special business, if applicable) at least 14 clear days before the Annual General Meeting if only ordinary resolutions are to be tabled at the meeting or at least 21 clear days before the meeting if any special resolutions are to be tabled at the meeting.

Provision 11.2 of the Code: Company should avoid "bundling" resolutions

The Board notes that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's principle regarding "bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will explain the reasons and material implications.

Provision 11.3 of the Code: All directors and External Auditors to be present at AGM

The Directors, Senior Management and the Company Secretary will be available to answer questions from the Shareholders present. The Chairmen of the Audit Committee, Remuneration Committee and Nominating Committee are normally available at the Annual General Meeting as well to answer questions relating to the work of the Board Committees. The External Auditors are also invited to attend the Annual General Meeting and will assist the Directors in addressing relevant queries by the Shareholders relating to the conduct of the audit and the preparation and content of the External Auditors' report. All Directors attended the last Annual General Meeting held on 29 September 2021.

Provision 11.4 of the Code: Company's Constitution allows for absentia voting at general meetings

The Company's Constitution allows a Shareholder to appoint one (1) or two (2) proxies to attend general meetings and vote in place of that Shareholder. A member of the Company who is a relevant intermediary may appoint more than two (2) proxies to attend and vote at general meetings, but such proxies must be appointed to exercise the rights attached to a specified number of shares. The term "relevant intermediary" for this purpose is defined under the Companies Act and includes the Central Provident Fund Board as well as banks and capital market services licence holders which provide custodial services. Allowing multiple proxies for such members will facilitate indirect investors attending and voting at shareholder meetings and encourages more active shareholder participation. The Board is of the view that voting in absentia can only be possible if there is absolute certainty that integrity of the information and authentication of the identity of such Shareholder are not compromised.

The Company also encourages all the Shareholders to attend the Annual General Meeting to grasp a better understanding of the Group's business and be informed of the strategic goals and objectives. The Board and Management are committed to an open dialogue with the Shareholders at the Annual General Meeting to address the Shareholders' issues, views and concerns.

In view of the COVID-19 situation, the forthcoming Annual General Meeting to be held in respect of FY2022 will also be convened and held via electronic means, similar to the previous Annual General Meeting that was held on 29 September 2021. Full information on the alternative arrangements to be made for Shareholders to participate in the Annual General Meeting (e.g. appoint the Chairman of the meeting as proxy to vote, submit questions relating to the meeting in advance) will be disclosed in the accompanying announcement and notice of the Annual General Meeting dated 14 July 2022.

REPORT ON CORPORATE GOVERNANCE

The Company Secretary and/or representatives from the Company Secretary's office prepares the minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and Management. The minutes of such meetings are then circulated to the Board for approval. Thereafter, the Company publishes the minutes on its corporate website as soon as practicable and on the SGX-ST within one (1) month after the annual general meeting.

Provision 11.5 of the Code: Minutes to be available to shareholders

In compliance with Rule 730A(2) of the Catalist Rules, resolutions tabled at general meetings of Shareholders will be put to vote by poll, via electronic polling, the procedures of which will be explained by the appointed scrutineer(s) at the general meetings of Shareholders. The results of the Annual General Meeting will be released as an announcement via SGXNET.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. The Board is not recommending any dividends for FY2022 due to the terms in the Debt Restructuring Agreement signed with all the Eligible Lenders (vide the announcements dated 26 September 2016 and 18 August 2021).

Provision 11.6 of the Code: Company to have a dividend policy and communicate it to shareholders

One of the Board's principal duties is to protect and enhance the long-term value and returns to the Shareholders. This accountability to the Shareholders is demonstrated through the presentation of its periodic financial statements as well as the timely announcements and press releases of significant corporate developments and activities so that the Shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

For further accountability, the announcements containing the quarterly/half-yearly interim financial statements in the course of FY2022 were signed jointly by the Executive Chairman and Chief Executive Officer, Toh Choo Huat and the Lead Independent Director, Ling Chung Yee for and on behalf of the Board, to confirm that it is to the best of the Board's knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results contained in the announcement to be false or misleading in any material aspects. As announced on SGXNET on 4 October 2021 and 7 October 2021, the Company's auditors gave a clean opinion in the Company's Annual Report for the financial year ended 31 March 2021 and Company's Sponsor was notified by SGX-ST on 6 October 2021 that SGX-ST had no objections to the Company's application to cease quarterly reporting. Accordingly, the Company has since ceased quarterly reporting.

The Directors' Statement to the audited financial statements of the Company is also signed by the Executive Chairman and Chief Executive Officer, Toh Choo Huat and the Lead Independent Director, Ling Chung Yee.

The Company also completes and submits compliance checklists to its Sponsor (if applicable and when required) to ensure that all announcements, circulars or letters to our Shareholders comply with the disclosure requirements set out in the Catalist Rules. For its annual reports, the Company also reviews the documents against the Governance and Transparency Index launched by The Business Times and the Singapore Corporate Governance & Financial Reporting Centre.

Engagement with Shareholders and Stakeholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company endeavours to maintain constant and effective communication with Shareholders through timely and comprehensive announcements. Price-sensitive information is released to all parties such as Shareholders, stakeholders and the public simultaneously to ensure a level playing field. Any material information or respective quarterly, half-yearly and full year results (all issued within the mandatory period) is disseminated through SGXNET.

Provision 12.1 of the Code: Company provides avenues for communication between the Board and all shareholders, and discloses the steps taken to solicit and understand the views of shareholders.

The Company communicates regularly through the following channels:

(i) SGXNET;

(ii) news and press releases; and

(iii) the annual report.

The Group's material development and information shall also be disclosed in:

(i) the Company's announcement of periodic financial results on SGXNET;

(ii) notices of and explanatory memoranda for Annual General Meetings and Extraordinary General Meetings;

(iii) press releases for the Group's quarterly/half-yearly and full-year results as well as other briefings, as appropriate;

(iv) press releases on major developments and corporate affairs of the Group (which the Company also releases as announcements via SGXNET and any supporting materials to these press releases such as PowerPoint slides are also attached to these announcements); and

(v) circulars or letters to shareholders to provide the Shareholders with more information on its major transactions.

In addition to the above, Shareholders and other stakeholders can access the Company's corporate website (http://www.leychoon.com) at their convenience to receive updates. The Company's corporate website also provides information about the Company, its products and its directors. In the investor relations section of the corporate website, the Company maintains announcements released on SGXNET, including its latest financial results and annual reports.

Provision 13.3 of the Code: Company maintains a current corporate website to communicate and engage with stakeholders

The Company has adopted an investor relations policy, which describes the principles and practices that the Company applies in order to provide current and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field, and sets out the mechanism through which Shareholders may contact the Company with questions and through which the Company may respond to such questions. The Company also considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to Shareholders.

Provisions 12.2 and 12.3 of the Code: Company has in place an investor relations policy

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. The Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2022 can be found on page 16 of this Annual Report in the Sustainability Report.

Provisions 13.1 and 13.2 of the Code: Management of stakeholder relationships

(E) DEALING IN SECURITIES

The Group has adopted and implemented the best practices guidelines advised by SGX-ST in relation to the dealing of shares of the Company through an internal compliance code to provide guidance to its officers with regard to dealing by the Company and its officers in its securities. The Group has in place procedures prohibiting the Directors and employees of the Group from dealing in the Company's shares: *(when the Company was required to do quarterly reporting)* two (2) weeks before the Company's quarterly or half-yearly results until after the announcement and one (1) month prior to the announcement of the Group's full year financial results and ending on the date of the announcement of the results; or *(after the Company has ceased quarterly reporting)* one (1) month before the announcement of the Group's half year and full year financial statements and ending on the date of the announcement of the results; or if they are in possession of unpublished material price-sensitive information of the Group.

The Directors and employees are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the Directors and employees are expected not to deal in the Company's securities on short term considerations.

The Board confirms that as at the date of this Annual Report, the Company has complied with Rule 1204(19) of the Catalist Rules.

(F) INTERESTED PERSON TRANSACTIONS

To ensure compliance with the relevant rules under Chapter 9 of the Catalist Rules on interested person transactions, the Board and Audit Committee regularly reviews if the Company enters into any interested person transaction and if it does, to ensure that the Company complies with the requisite rules under Chapter 9.

As set out in the Company's circular to the Shareholders dated 25 July 2012 (the "**Circular**"), the Company has implemented, *inter alia*, the following procedures to ensure that all Interested/Related Person Transactions are undertaken on normal commercial terms:

(a) in the case of a purchase from or procurement of services from an Interested Person or a Related Person, the Group shall require that quotations be obtained from such Interested Person or Related Person and at least two (2) other quotations from unrelated third parties; and

(b) in the case of a sale to or provision of services to an Interested Person or a Related Person, comparison will be made with reference to (i) at least two (2) latest similar transactions between the Group and unrelated third parties or (ii) if relevant market rates from independent sources are available, such market rates.

If the Company does enter into an Interested/Related Party Transaction, and a potential conflict of interest arises, the Director concerned will abstain from any discussions and decisions involving the issues of conflict and will also refrain from exercising any influence over other members of the Board. In addition, the Audit Committee will carry out quarterly/half-yearly reviews to ensure that the established guidelines and procedures for Interested/Related Party Transaction have been complied with and the relevant approvals are obtained.

Provision 1.1 of the Code: Directors facing conflicts of interest

No interested person transactions were entered into during FY2022.

(G) MATERIAL CONTRACTS

Save as disclosed under "Material Contracts" in the announcements made on SGXNET, in the audited financial statements of this Annual Report and the service agreements entered into between the Company and the Executive Director, there were no material contracts of the Company or its subsidiaries involving the interests of the Executive Chairman, Chief Executive Officer, any Director or Controlling Shareholder subsisting at the end of FY2022, or if not then subsisting, entered into since the end of the previous financial period.

(H) NON-SPONSOR FEES

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The current Continuing Sponsor of the Company is RHT Capital Pte. Ltd. ("**RHT Capital**"). RHT Capital was appointed as the Company's Continuing Sponsor with effect from 22 February 2017. No non-sponsor fees were paid to RHT Capital by the Company for FY2022.

(G) PROCEDURES FOR REPORTING IMPROPRIETIES (WHISTLE-BLOWING POLICY)

The Company has in place a whistle-blowing policy which sets out the procedures for a whistleblower to make a report to the Company on misconduct or wrongdoing relating to the Company and its officers. The policy is endorsed and overseen by the Audit Committee, pursuant to which employees of the Group have direct access to the Independent Directors of the Company, who also form the Audit Committee, to raise concerns about possible corporate improprieties in matters of financial reporting or other matters. The objective of such arrangements is to ensure both independent investigation of such matters and appropriate follow-up action are taken, and that employees making any reports in good faith will be able to do so with the confidence that they will be treated fairly and protected from reprisal, victimization, or detrimental or unfair treatment. The Audit Committee is responsible for the oversight and monitoring of whistleblowing matters. The Company will ensure the confidentiality of any whistle-blower as far as reasonably practical and allow disclosures to be made anonymously where requested by the complainant.

Provision 10.1(f) of the Code: The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns

There were no whistle-blowing reports received during FY2022 and as of the date of this Annual Report.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Toh Choo Huat and Mr Ling Chung Yee are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 29 July 2022 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**"). Pursuant to Rule 720(5) of the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), the information relating to the Retiring Directors as set out in Appendix 7F of the Catalist Rules is set out below:

	MR TOH CHOO HUAT	**MR LING CHUNG YEE**
Date of Appointment	25 July 2012	28 September 2015
Date of last re-appointment	30 July 2019	27 November 2020
Age	65	45
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experience and suitability of Mr Toh Choo Huat for re-appointment as an Executive Director of the Company. The Board has reviewed and concluded that Mr Toh Choo Huat possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experience and suitability of Mr Ling Chung Yee for re-appointment as an Independent Director of the Company. The Board has reviewed and concluded that Mr Ling Chung Yee possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Chief Executive Officer	Lead Independent Director, Chairman of the Audit Committee and member of the Remuneration Committee and Nominating Committee
Professional qualifications and working experience and occupation(s) during the past 10 years	Mr Toh Choo Huat is presently the Chief Executive Officer of the Company. Mr Toh has more than 27 years of experience in the business of underground utilities infrastructure construction and maintenance, sewer pipeline rehabilitation, road and airfield construction and maintenance.	Mr Ling Chung Yee is presently the CEO and Founder of Follow Trade Pte Ltd. Mr Ling is a seasoned veteran that held senior positions with RL Capital Management, JPMorgan, Lehman Brothers, Goldman Sachs and Salomon Smith Barney. Mr. Ling graduated from INSEAD with a Global EMBA and from the National University of Singapore with a Bachelors degree in Business Administration.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TOH CHOO HUAT	MR LING CHUNG YEE
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 794,000 shares Deemed interest: 909,272,580 shares	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes. Mr Toh Choo Huat is the brother of Mr Toh Chew Leong (Deputy Chief Executive Officer and a substantial shareholder of the Company), Mr Toh Swee Kim (Chief Operating Officer and a substantial shareholder of the Company), Mr Toh Chew Chai (Deputy Chief Operating Officer and a substantial shareholder of the Company) and Mr Toh Chiew Boon (Senior Construction Manager of the Company). Mr Toh Choo Huat is the father of Ms Reanne Toh Ting Xuan (a director of the Company's subsidiaries, Multiform Developments & Construction Pte Ltd and LC International Trading Co Pte. Ltd., and deputy director of the Group) and the uncle of Mr Toh Kai Sheng Adam (a director of the Company's subsidiaries, Ley Choon Constructions and Engineering Pte Ltd and Pan Alliance Technology International Pte. Ltd.), Mr Toh Kai Hock (a director of the Company's subsidiary, Teacly (S) Pte. Ltd., and IT Director and Head of Fleet Department of the Group) and Ms Toh Qiu Ling (a director of the Company's subsidiary, Pan Alliance Technology International Pte. Ltd., and Procurement cum Sales Manager of the Group).	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TOH CHOO HUAT	MR LING CHUNG YEE
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	**Past** (for the last 5 years): Nil **Present:** Director of LC International Trading Co Pte. Ltd. Director of Ley Choon Constructions and Engineering Pte Ltd Director of Li Chun Dragon Fish Industry Pte. Ltd. Director of Zheng Choon Holding Pte. Ltd. Director of Ley Choon (M) Sdn Bhd Director of Ley Choon (Yantai) Eco-Green Constructions Materials Ltd Director of Teacly (S) Pte. Ltd.	**Past** (for the last 5 years): Director of Vingroup JSC Director of Sino Grandness Food Industry Group Ltd Director of Ace Achieve Infocom Ltd Director of Pine Capital Group Ltd Director of Advance Capital Partners Asset Management Pte Ltd Director of BSDCN Pte Ltd Director of TAP Private Equity Pte Ltd Director of Tap Venture Fund I Pte. Ltd Director of Arion Entertainment Singapore Ltd Director of Chaswood Resources Holdings Ltd Director of China Flexible Packaging Holdings Ltd **Present:** Director of Vinfast Trading & Investment Pte. Ltd Director of FollowTrade Pte. Ltd Director of Derong Real Estate Holdings Pte Ltd Director of Dynamic Real Estate Holdings Pte Ltd Director of Amplefield Ltd Director of Debao Property Development Ltd Director of United Food Holdings Ltd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		MR TOH CHOO HUAT	MR LING CHUNG YEE
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		MR TOH CHOO HUAT	MR LING CHUNG YEE
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		MR TOH CHOO HUAT	MR LING CHUNG YEE
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TOH CHOO HUAT	MR LING CHUNG YEE
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A. This is a re-election of a director.	N.A. This is a re-election of a director.

DIRECTORS' STATEMENT

for the financial year ended 31 March 2022

The directors submit this annual report to the members together with the audited consolidated financial statements of Ley Choon Group Holdings Limited (the "Company") and its subsidiaries (the "Group") and statement of financial position of the Company for the financial year ended 31 March 2022.

In the opinion of the directors:

(a) the accompanying statements of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2022 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, as disclosed in Note 2(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

NAMES OF DIRECTORS

The directors of the Company in office at the date of this statement are:

Toh Choo Huat (Executive Chairman and Chief Executive Officer)
Ling Chung Yee Roy (Lead Independent Director)
Chia Soon Hin William (Independent Director)
Chua Hock Thak (Independent Director)
Teo Ho Beng (Non-Executive Director)

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares or debentures of the Company or any other corporate body, other than as disclosed in this statement.

DIRECTORS' STATEMENT

for the financial year ended 31 March 2022

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act 1967, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations except as follows:

	HOLDINGS REGISTERED IN THE NAME OF DIRECTOR		HOLDINGS IN WHICH DIRECTOR IS DEEMED TO HAVE AN INTEREST	
	AS AT 1.4.2021	AS AT 31.3.2022 AND 21.4.2022 #	AS AT 1.4.2021	AS AT 31.3.2022 AND 21.4.2022 #
The Company -				
Ley Choon Group Holdings Limited		Number of ordinary shares		
Toh Choo Huat	794,000	794,000	588,319,000	909,272,580
Holding company -				
Zheng Choon Holding Pte Ltd		Number of ordinary shares		
Toh Choo Huat	24,391,371	24,391,371	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2022.

Toh Choo Huat, by virtue of the provisions of Section 7 of the Companies Act 1967, is deemed to have an interest in all shares of the subsidiaries of the Company.

SHARE OPTIONS

No options were granted during the financial year to take up issued shares of the Company or its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

PERFORMANCE SHARE PLAN

The Ley Choon Performance Share Plan 2018 was approved by the shareholders at the Annual General Meeting held on 30 July 2018.

The objectives of the Ley Choon Performance Share Plan 2018 are as follows:

(a) to give the Company the option and flexibility to pay eligible employees' bonuses in the form of cash, shares or a combination of cash and shares, resulting in a better and more flexible salary and cash-flow management for the Company;

(b) to give the Company the flexibility to impose specific or medium-term performance targets or to impose time-based service conditions, or a combination of both, as a means to reward and steer its executives to better performance and to retain employees with suitable skill sets and talents to drive the growth of the Group;

(c) to incentivise participants of the Ley Choon Performance Share Plan 2018 to excel in their performance and encourage greater dedication and loyalty to the Company;

(d) to recognise and reward past contributions and services and motivate participants of the Ley Choon Performance Share Plan 2018 to continue to strive for the Company's long-term prosperity;

(e) to further strengthen and enhance the Company's competitiveness in attracting and retaining employees with suitable talents; and

(f) to foster an ownership culture within the Company and align the interests of participants of the Ley Choon Performance Share Plan 2018 with the interests of the shareholders.

The Ley Choon Performance Share Plan 2018 shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of ten years from the date on which the Ley Choon Performance Share Plan 2018 is adopted by shareholders, provided always that the Ley Choon Performance Share Plan 2018 may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

No performance shares have been allotted and issued to any employees or directors of the Company since the commencement of Ley Choon Performance Share Plan 2018.

AUDIT COMMITTEE

The Audit Committee at the date of this statement comprises the following members:

Ling Chung Yee Roy (Chairman)
Chia Soon Hin William
Chua Hock Thak
Teo Ho Beng

AUDIT COMMITTEE (CONT'D)

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act 1967, the Listing Manual - Section B: Rules of Catalist (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance. In performing those functions, the Audit Committee performed the following:

(i) reviewed the overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It also met with the Company's internal auditor to discuss the results of their examination and evaluation of the Group's system of internal accounting controls;

(ii) reviewed the audit plan of the Company's external auditor and any recommendations on the Group's internal accounting controls arising from the statutory audit;

(iii) reviewed the quarterly financial information, the statement of financial position of the Company as at 31 March 2022 and the consolidated financial statements of the Group for the financial year ended 31 March 2022, as well as the auditor's report thereon;

(iv) reviewed and discussed with management and the external auditor the key audit matters communicated in the auditor's report;

(v) reviewed the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditor;

(vi) met with the auditors, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

(vii) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(viii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(ix) reviewed the nature and extent of non-audit services provided by the external auditor;

(x) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

(xi) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and

(xii) reviewed interested person transactions (as defined in Chapter 9 of the Catalist Rules).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

AUDIT COMMITTEE (CONT'D)

Full details regarding the Audit Committee are provided in the Report on Corporate Governance.

In appointing the auditors for the Company and its subsidiaries, the Company has complied with Rules 712 and 715 of the Catalist Rules.

INDEPENDENT AUDITOR

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

....
TOH CHOO HUAT

....
LING CHUNG YEE ROY

Dated: 8 July 2022

INDEPENDENT AUDITOR'S REPORT

to the members of Ley Choon Group Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ley Choon Group Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

to the members of Ley Choon Group Holdings Limited

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	OUR RESPONSES AND WORK PERFORMED
Revenue recognition over time (refer to Notes 2(a), 2(d) and 21 to the financial statements)	
For the long-term projects where the Group satisfies its performance obligations over time, the Group has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred on the projects. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the projects. The level of total expected costs to be incurred on each contract is estimated by the Group and includes certain judgements as contracts may run over a number of accounting periods and include variations in contract work, claims and incentive payments, and forecasts in relation to future costs including labour and materials which are not yet contractually agreed. The nature of these judgements increases the risk of them being susceptible to management override.	Our audit procedures included testing the Group's internal controls over revenue. We assessed whether the revenue recognition policies adopted complied with SFRS(I) 15 as detailed in Note 2(d) to the financial statements. We inspected the terms of significant sales contracts to assess whether they were consistent with the detailed calculations being considered. We agreed amounts recognised to contract sums and variation orders. Our testing also included evaluating customer acceptance of the work done. When assessing the stage of completion on contracts, we agreed amounts recognised to documentary evidence on a sample basis. This included the agreement of actual costs incurred to invoices and other supporting documents, and the assessment of any judgements applied in the projection of total contract costs through consideration of the Group's historical experience of costs on similar contracts. Our audit procedures also included reviewing for variation orders and enquiring of key personnel regarding adjustments for job costing and expected losses from onerous contracts. We also considered the adequacy of disclosures in the financial statements, including management's sensitivity analysis to assess the impact from reasonably possible changes to estimates of expected costs of uncompleted contracts and revenue.

KEY AUDIT MATTERS (CONT'D)

KEY AUDIT MATTER	OUR RESPONSES AND WORK PERFORMED
Impairment testing of non-financial assets (the Group's property, plant and equipment and right-of-use assets and the Company's investments in subsidiaries) (refer to Notes 2(a), 2(d), 3, 4 and 5 to the financial statements)	
For the financial year ended 31 March 2022, management has assessed that there are indications of impairment or that impairment losses recognised in prior periods no longer exist or have decreased in respect of the property, plant and equipment and right-of-use assets of the Group and the investments in subsidiaries of the Company. Accordingly, these assets are tested for impairment. The impairment testing of the Group's property, plant and equipment and right-of-use assets and the Company's investments in subsidiaries is considered to be a significant risk area due to the judgemental nature of key assumptions and the significance of the carrying amounts of these assets in the statements of financial position of the Group and the Company. An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs of disposal. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised. Value in use involves estimating the expected future cash flows from the assets or cash-generating units, a suitable growth rate to extrapolate the future cash flows, and an appropriate discount rate in order to calculate the present value of the future cash flows. Fair value less costs of disposal encompasses estimating the expected selling prices of the underlying assets by identifying the comparable assets and determining the current market selling/purchase prices of these assets, and the estimated cash outflows to settle the obligations in respect of the underlying liabilities. Input inaccuracies or inappropriate bases used to determine the level of impairment, including the comparable assets used in the fair value measurements, could result in material misstatement in the financial statements. The valuation techniques and inputs to the impairment tests based on fair value less costs of disposal are disclosed in Note 3, 4 and 5 to the financial statements.	Our procedures in relation to management's testing of impairment and determination of the recoverable amount of the Group's property, plant and equipment and right-of-use assets and the Company's investments in subsidiaries included: • Considering the higher of value in use and fair value less costs of disposal; • Assessing the methodologies and appropriateness of the key assumptions used by the management's experts; • Understanding and reviewing the assumptions in the input data from management and the management's experts through discussions, comparisons to industry peers and independent external data sources, and agree to supporting documentation and historical trends; and • Evaluating the competence, capabilities and objectivity of the management's experts. We involved auditor's expert to assist us in the above. We evaluated the competence, capabilities and objectivity of the auditor's expert, and the adequacy of the work performed by the experts. We also considered the adequacy of disclosures in the financial statements, describing the methodologies used, degree of subjectivity and key assumptions used in the estimates.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

to the members of Ley Choon Group Holdings Limited

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Cheong Wenjie.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
Singapore

8 July 2022

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2022

		THE GROUP		THE COMPANY	
		2022	2021	2022	2021
	NOTE	S$'000	S$'000	S$'000	S$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	20,150	26,072	–	–
Right-of-use assets	4	8,717	8,304	–	–
Subsidiaries	5	–	–	47,147	42,042
Associate	6	–	3,281	–	3,281
Deferred tax assets	7	677	–	–	–
Club membership		229	229	–	–
		29,773	37,886	47,147	45,323
Current Assets					
Inventories	8	9,279	7,502	–	–
Contract assets	9	28,327	32,738	–	–
Trade and other receivables	10	15,328	16,095	2,886	368
Prepayments	11	3,666	3,191	25	25
Other investments	12	14	50	–	–
Cash and bank balances	13	4,334	7,009	5	2,874
Fixed deposits	13	573	162	–	–
		61,521	66,747	2,916	3,267
Non-current asset classified as held for sale	14	3,183	–	3,281	–
		64,704	66,747	6,197	3,267
Total assets		94,477	104,633	53,344	48,590
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	15	97,889	79,807	164,108	146,026
Accumulated losses		(56,323)	(61,081)	(142,902)	(146,173)
Other reserves	16	(1,109)	938	28,774	29,017
Total equity		40,457	19,664	49,980	28,870
Non-Current Liabilities					
Deferred tax liabilities	7	8	34	–	–
Borrowings	17	19,726	–	–	–
Lease liabilities	18	2,085	2,813	–	–
		21,819	2,847	–	–
Current Liabilities					
Borrowings	17	8,209	54,266	–	15,975
Lease liabilities	18	2,501	1,745	–	–
Trade and other payables	19	21,433	24,258	3,364	3,745
Provision	20	–	1,799	–	–
Current tax payable		58	54	–	–
		32,201	82,122	3,364	19,720
Total liabilities		54,020	84,969	3,364	19,720
Total equity and liabilities		94,477	104,633	53,344	48,590

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 March 2022

	NOTE	2022 S$'000	2021 S$'000
Continuing operations			
Revenue	21	92,897	75,594
Cost of sales		(81,986)	(69,655)
Gross profit		10,911	5,939
Other income	22	4,857	7,429
Selling and distribution expenses		(76)	(74)
Administrative expenses		(8,891)	(9,256)
Impairment losses on trade receivables reversed	10	217	59
Other operating expenses	23	(459)	(591)
Finance costs	24	(2,399)	(2,732)
Profit before taxation from continuing operations		4,160	774
Taxation	25	696	36
Profit for the year from continuing operations		4,856	810
Discontinued operation			
(Loss)/Profit for the year from discontinued operation	14	(98)	63
Profit for the year	26	4,758	873
Other comprehensive income after tax:			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences on consolidation		(1,807)	351
Foreign currency translation differences reclassified to profit or loss on disposal of a subsidiary		–	(3)
		(1,807)	348
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post-employment benefit obligations		3	(9)
Other comprehensive (loss)/income for the year, net of tax of nil		(1,804)	339
Total comprehensive income for the year attributable to owners of the Company		2,954	1,212
Profit/(Loss) attributable to owners of the Company			
- From continuing operations		4,856	810
- From discontinued operation		(98)	63
Profit for the year		4,758	873
Total comprehensive income/(loss) attributable to owners of the Company			
- From continuing operations		3,052	976
- From discontinued operation		(98)	236
Total comprehensive income for the year		2,954	1,212
Earnings/(Loss) per share attributable to owners of the Company (Singapore cent)			
Basic and diluted			
- From continuing and discontinued operations	27	0.401	0.074
- From continuing operations	27	0.409	0.069
- From discontinued operation	27	(0.008)	0.005

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2022

	SHARE CAPITAL S$'000	ACCUMULATED LOSSES S$'000	FOREIGN CURRENCY TRANSLATION RESERVE S$'000	RESERVE OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE S$'000	OTHER RESERVE S$'000	EQUITY COMPONENT OF CONVERTIBLE BONDS S$'000	TOTAL EQUITY S$'000
Balance at 1 April 2020	79,807	(61,954)	572	(173)	(43)	243	18,452
Profit for the year	–	873	–	–	–	–	873
Other comprehensive income/(loss) for the year							
- Foreign currency translation differences	–	–	175	176	–	–	351
- Realisation of reserve upon disposal of a subsidiary	–	–	–	(3)	–	–	(3)
- Remeasurement of post-employment benefit obligations	–	–	–	–	(9)	–	(9)
Other comprehensive income/(loss) for the year, net of tax of nil	–	–	175	173	(9)	–	339
Total comprehensive income/(loss) for the year	–	873	175	173	(9)	–	1,212
Balance at 31 March 2021	79,807	(61,081)	747	–	(52)	243	19,664
Balance at 1 April 2021	79,807	(61,081)	747	–	(52)	243	19,664
Profit for the year	–	4,758	–	–	–	–	4,758
Other comprehensive (loss)/income for the year							
- Foreign currency translation differences	–	–	(1,807)	–	–	–	(1,807)
- Remeasurement of post-employment benefit obligations	–	–	–	–	3	–	3
Other comprehensive (loss)/income for the year, net of tax of nil	–	–	(1,807)	–	3	–	(1,804)
Total comprehensive income/(loss) for the year	–	4,758	(1,807)	–	3	–	2,954
Contributions by and distributions to owners							
Conversion of convertible bonds (Note 15)	18,198	–	–	–	–	(243)	17,955
Share issuance costs (Note 15)	(116)	–	–	–	–	–	(116)
Transactions with owners in their capacity as owners	18,082	–	–	–	–	(243)	17,839
Balance at 31 March 2022	97,889	(56,323)	(1,060)	–	(49)	–	40,457

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2022

	NOTE	2022 S$'000	2021 S$'000
Cash Flows from Operating Activities			
Profit/(Loss) before taxation			
- Continuing operations		4,160	774
- Discontinued operation	14	(98)	67
Profit before taxation		4,062	841
Adjustments for:			
Depreciation of property, plant and equipment	3	5,812	6,053
Depreciation of right-of-use assets	4	2,451	2,277
Dividend income from other investments	22	–	(1)
Fair value loss/(gain) on other investments	23/22	36	(11)
Impairment losses on property, plant and equipment	3	391	107
Impairment losses (reversed)/made on right-of-use assets	4	(29)	137
Impairment losses on trade receivables reversed			
- Continuing operations	10	(217)	(59)
- Discontinued operation	14	–	(182)
		(217)	(241)
Interest expense	24	2,399	2,769
Interest income	22	(24)	(13)
(Gain)/Loss on disposal of property, plant and equipment	22/23	(323)	95
Loss on disposal of subsidiary	23	–	222
Provision for onerous contracts	26	–	10
Share of results of associate	14	98	–
Operating profit before working capital changes		14,656	12,245
Changes in inventories		(1,876)	(675)
Changes in contract assets		3,441	435
Changes in trade and other receivables		2,872	341
Changes in prepayments		(556)	(262)
Changes in provision		(1,799)	–
Changes in trade and other payables		(3,687)	(4,226)
Cash generated from operations		13,051	7,858
Income taxes (paid)/refunded		(3)	41
Net cash generated from operating activities		13,048	7,899
Cash Flows from Investing Activities			
Dividends received from other investments		–	1
Interest received		24	13
Proceeds from disposal of property, plant and equipment		367	204
Purchase of property, plant and equipment and right-of-use assets	A	(636)	(1,551)
Proceeds from disposal of subsidiary, net of cash disposed of	B	368	2,479
Net cash generated from investing activities		123	1,146
Cash Flows from Financing Activities			
Fixed deposits pledged with banks		(411)	(1)
Interest paid		(2,365)	(2,402)
Repayment of lease liabilities		(2,809)	(2,919)
Repayment of loans from financial institutions		(10,037)	(180)
Share issuance costs	15	(116)	–
Net cash used in financing activities		(15,738)	(5,502)
Net (decrease)/increase in cash and cash equivalents		(2,567)	3,543
Cash and cash equivalents at beginning of year		7,009	3,470
Exchange differences on translation of cash and cash equivalents		(108)	(4)
Cash and cash equivalents at end of year	13	4,334	7,009

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2022

Note A

During the financial year ended 31 March 2022, the Group made cash payments of S$605,000 (2021: S$1,349,000) and S$31,000 (2021: S$202,000) to acquire property, plant and equipment and right-of-use assets, respectively, amounting to S$636,000 (2021: S$1,551,000). There were non-cash additions to right-of-use assets of S$2,845,000 (2021: S$2,160,000).

Note B

On 17 March 2021, the Company completed the transfer of 60% equity interest in Ley Choon (Yantai) Eco-Green Construction Material Ltd. ("LCYT") to Yantai Chengtong Building Decoration Engineering Co., Ltd. and Yantai Lichun Construction Materials Ltd (the "Purchasers") for a cash consideration of RMB 24 million (S$4,921,000). The effects of the disposal on the cash flows of the Group were as follows:

	2021 S$'000
Property, plant and equipment	6,457
Right-of-use assets	2,915
Trade and other receivables	1,085
Prepayments	403
Cash and bank balances	392
Trade and other payables	(2,794)
Current tax payable	(31)
Net assets of LCYT	8,427
40% retained interest in LCYT (Note 6)	(3,281)
Net assets of LCYT disposed of	5,146
Foreign currency translation reserve	(3)
Loss on disposal of subsidiary (Note 14)	(222)
Total consideration, to be satisfied in cash	4,921
Less: Set-off against amounts owing to the Purchasers	(1,682)
Less: Cash and bank balances disposed of	(392)
Less: Consideration receivable from the Purchasers (Note 10)	(368)
Net cash inflow arising from disposal	2,479

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2022

Reconciliation of movements of (assets)/liabilities to cash flows arising from financing activities

	FIXED DEPOSITS PLEDGED (NOTE 13) S$'000	LOANS FROM FINANCIAL INSTITUTIONS (NOTE 17) S$'000	CONVERTIBLE BONDS (NOTE 17) S$'000	LEASE LIABILITIES (NOTE 18) S$'000	INTEREST PAYABLE (NOTE 19) S$'000	TOTAL S$'000
Balance at 1 April 2020	(161)	38,607	15,851	5,314	1,218	60,829
Changes from financing cash flows						
- Fixed deposits pledged with banks	(1)	–	–	–	–	(1)
- Interest paid	–	(1,505)	(629)	(268)	–	(2,402)
- Repayment of lease liabilities	–	–	–	(2,919)	–	(2,919)
- Repayment of loans from financial institutions	–	(180)	–	–	–	(180)
Total changes from financing cash flows	(1)	(1,685)	(629)	(3,187)	–	(5,502)
Effect of changes in foreign exchange rates		–	–	3	–	3
Other changes						
- Interest expense	–	1,369	686	268	409	2,732
- New leases	–	–	–	2,160	–	2,160
- Others	–	–	67	–	–	67
Total liability-related other changes	–	1,369	753	2,428	409	4,959
Balance at 31 March 2021	(162)	38,291	15,975	4,558	1,627	60,289
Balance at 1 April 2021	(162)	38,291	15,975	4,558	1,627	60,289
Changes from financing cash flows						
- Fixed deposits pledged with banks	(411)	–	–	–	–	(411)
- Interest paid	–	(1,413)	–	(267)	(685)	(2,365)
- Repayment of lease liabilities	–	–	–	(2,809)	–	(2,809)
- Repayment of loans from financial institutions	–	(10,037)	–	–	–	(10,037)
Total changes from financing cash flows	(411)	(11,450)	–	(3,076)	(685)	(15,622)
Effect of changes in foreign exchange rates	–	–	–	(8)	–	(8)
Other changes						
- Conversion of convertible bonds (Note 15)	–	–	(15,975)	–	(1,980)	(17,955)
- Interest expense	–	1,094	–	267	1,038	2,399
- New leases	–	–	–	2,845	–	2,845
Total liability-related other changes	–	1,094	(15,975)	3,112	(942)	(12,711)
Balance at 31 March 2022	(573)	27,935	–	4,586	–	31,948

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

1 GENERAL INFORMATION

The financial statements of Ley Choon Group Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated as a limited liability company and is domiciled in Singapore.

The Company is listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at No. 3 Sungei Kadut Drive, Singapore 729556.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries and associate are disclosed in Note 5 and Note 6, respectively, to the financial statements.

The immediate and ultimate holding company is Zheng Choon Holding Pte Ltd, a company incorporated in Singapore.

2(A) BASIS OF PREPARATION

The financial statements are prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)") promulgated by the Accounting Standards Council. The financial statements have been prepared under the historical cost convention except as otherwise described in the notes below.

The financial statements are presented in Singapore dollar which is the Company's functional currency. All financial information is presented in Singapore dollar and rounded to the nearest thousand, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

2(A) BASIS OF PREPARATION (CONT'D)

Significant judgements in applying accounting policies

Going concern

As disclosed in Note 17 to the financial statements, on 18 August 2021, the Group obtained approvals from the lenders on amendments to certain terms in the debt restructuring agreement ("DRA"), including the extension of repayment period from 31 March 2021 to 31 March 2024, fixed quarterly repayments of S$1,200,000 until the final repayment date, revision of financial covenants, and change in six-month testing period to 30 September and 31 March.

Under the DRA, the Group is required to comply with financial covenants for each six-month testing period as of 30 September 2021 to 31 March 2024, which include the periods ending 30 September 2022 and 31 March 2023 within 12 months from the end of the reporting period.

Notwithstanding this, the directors are of the view that the going concern assumption is appropriate for the preparation of the financial statements, due to the following:

(i) For the financial year ended 31 March 2022, the Group generated a net profit of S$4,758,000 (2021: S$873,000). In addition, the Group continues to generate significant net operating cash inflows of S$13,048,000 (2021: S$7,899,000). Having regard to measures to tighten controls over expenses and to better manage the Group's working capital, the directors believe that the Group is able to continue to generate sufficient cash flows from operations.

(ii) As at 31 March 2022, the Group had net current assets and net assets of S$32,503,000 (2021: net current liabilities of S$15,375,000) and S$40,457,000 (2021: S$19,664,000), respectively, which include cash and bank balances and fixed deposits amounting to S$4,907,000 (2021: S$7,171,000). As at 31 March 2022, the Company had net current assets and net assets of S$2,833,000 (2021: net current liabilities of S$16,453,000) and S$49,980,000 (2021: S$28,870,000), respectively.

    The net current liabilities of the Group and the Company as at 31 March 2021 were mainly due to classification of the borrowings under the DRA as current liabilities as a result of the bullet repayment date of 31 March 2021. As described above, the Group had obtained approvals form the lenders to extend the repayment period from 31 March 2021 to 31 March 2024.

(iii) In view of the continuing cash flows generated from operations, the Group has been able to make significant repayments and there has been no default on repayments in respect of the Group's and the Company's borrowings following the debt restructuring.

    Significant repayments amounting to more than S$10 million have been made by the Group in respect of its loans under the DRA during the financial year ended 31 March 2022. Notwithstanding this, the Group continues to hold cash and bank balances and fixed deposits amounting to S$4,907,000 (S$7,171,000) as at 31 March 2022. As disclosed in Note 33 to the financial statements, the Group's gearing ratio has improved and decreased from 79% to 55%.

(iv) At the end of the reporting period, the Group's unfulfilled order book based on secured contracts stood at S$118.9 million. In the press release dated 26 January 2022, Building and Construction Authority announced that it projects the total construction demand this year to range between S$27 billion and S$32 billion. The projection is mainly based on the sustained public sector construction demand, which is expected to reach between S$16 billion and S$19 billion and contribute to about 60% of the projected demand for this year.

2(A) BASIS OF PREPARATION (CONT'D)

Significant judgements in applying accounting policies (cont'd)

Going concern (cont'd)

In assessing whether the Group and the Company can meet their debt obligations for at least 12 months from the end of the reporting period, management has prepared cash flow forecast for the financial year ending 31 March 2023. Based on the forecast and having regard to the above, the directors believe that the Group and the Company have sufficient working capital and financial resources to enable them to meet their liabilities as and when they fall due, meet the financial covenants under the DRA, and continue as going concern for at least 12 months from the end of the reporting period. Accordingly, the directors are of the view that the going concern assumption is appropriate for the presentation of these financial statements.

Determination of functional currencies

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

Non-current asset classified as held for sale and discontinued operation

Non-current asset is classified as held for sale and carried at the lower of carrying amount and fair value less costs to sell if its carrying amount is recovered principally through a sale transaction rather than through continuing use. An impairment loss on initial classification and subsequent measurement is recognised as an expense.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and represents a separate major line of business or geographical area of operations; is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary required exclusively with a view to resale.

If the criteria are no longer met, the non-current asset shall cease to be classified as held for sale in the statements of financial position, and the attributable results shall cease to be classified as discontinued operation in the consolidated statement of profit or loss and other comprehensive income.

Further details of the non-current asset classified as held for sale as at 31 March 2022 and discontinued operation are disclosed in Note 14 to the financial statements.

Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement and estimates are involved in determining group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will affect the current tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's deferred taxation at the end of the reporting period and the Group's income taxes for the year are disclosed in Note 7 and Note 25, respectively, to the financial statements.

2(A) BASIS OF PREPARATION (CONT'D)

Significant assumptions used and accounting estimates in applying accounting policies

Depreciation of property, plant and equipment and right-of-use assets

The costs of property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over the estimated economic useful lives of the assets. The Group's business is capital intensive and the annual depreciation of property, plant and equipment and right-of-use assets form a significant component of total costs charged to profit or loss. Management estimates the useful lives of property, plant and equipment and right-of-use assets to be within 2 to 20 years. The carrying amount of the Group's property, plant and equipment and right-of-use assets at the end of the reporting period is disclosed in Note 3 and Note 4, respectively, to the financial statements. The estimation of useful lives is based on assumptions about wear and tear, ageing, changes in demand and the Group's historical experience with similar assets. The Group performs annual reviews on whether the assumptions made on useful lives continue to be valid. As changes in the expected level of usage, maintenance programmes and technological developments could affect the economic useful lives and the residual values of these assets, future depreciation charges could be revised. If depreciation on the Group's property, plant and equipment and right-of-use assets increases/decreases by 10% from management's estimates, the Group's profit for the year will decrease/increase by S$581,000 (2021: S$605,000) and S$245,000 (2021: S$228,000), respectively.

Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are assessed at the end of each reporting period whether there is any indication of impairment or that an impairment loss recognised in prior periods no longer exists or has decreased. If any such indication exists, the recoverable amounts of the assets are estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Such impairment loss is recognised in profit or loss.

Significant judgement and estimates by management are required in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying amount of an asset can be supported by its market value based on comparable assets or the net present value of future cash flows which are estimated based on the continued use of the asset in the business; and (iii) the appropriate valuation techniques and inputs used in fair value measurement and the key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are extrapolated using a suitable growth rate and then discounted using an appropriate discount rate. Changing the assumptions selected by management to determine the level of impairment could materially affect the recoverable amount determined in the impairment test and as a result may potentially affect the Group's results. The carrying amount of the Group's property, plant and equipment and right-of-use assets at the end of the reporting period and the basis used to determine fair value less costs of disposal are disclosed in Note 3 and Note 4, respectively, to the financial statements.

2(A) BASIS OF PREPARATION (CONT'D)

Significant assumptions used and accounting estimates in applying accounting policies (cont'd)

Impairment of investments in subsidiaries

The Company assesses at the end of each reporting period whether there is any indication that an investment in subsidiary is impaired or that an impairment loss recognised in prior periods no longer exists or has decreased. If any indication exists, the investment in subsidiary is tested for impairment. The determination of the recoverable amount requires an estimation of the fair value less costs of disposal of the underlying assets or the value in use of the cash-generating units. Estimating the fair value less costs of disposal requires the Company to make an estimate of the expected selling prices or realisable amounts of the underlying assets and the estimated cash outflows to settle the obligations in respect of the underlying liabilities. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating units, a suitable growth rate to extrapolate the future cash flows, and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amount of the Company's investments in subsidiaries at the end of the reporting period and the basis used to determine fair value less costs of disposal as the recoverable amount are disclosed in Note 5 to the financial statements. If the recoverable amount of the investment in subsidiaries decrease/increase by 10% from management's estimates, the Group's allowance for impairment of investment in subsidiaries will increase/decrease by S$4,715,000 (2021: S$4,204,000).

Fair value of retained investment in former subsidiary

Where the Group loses control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary from the consolidated statement of financial position, and recognises any investment retained in the former subsidiary at its fair value. If the market for the investment is not active or not available, the fair value is established by using valuation techniques, in which significant assumptions and estimates are applied. The carrying amount of the Group's and the Company's investment in associate as at 31 March 2021 and the basis and assumptions used to measure fair value are disclosed in Note 6 to the financial statements.

Allowance for inventory obsolescence

The Group reviews the ageing analysis of inventories at the end of each reporting period and applies judgement and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The net realisable values for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 8 to the financial statements. If the net realisable values of the inventories decrease by 10% below cost from management's estimates, the Group's profit for the year will decrease by S$928,000 (2021: S$750,000).

Revenue recognition over time

For the long-term projects where the Group satisfies its performance obligations over time, management has determined that the cost-based input method provides a faithful depiction of the Group's performance in transferring control to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred on the projects. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the projects. Significant judgement is required in determining the estimated total contract costs, as well as the recoverability of the contract costs incurred.

2(A) BASIS OF PREPARATION (CONT'D)

Significant assumptions used and accounting estimates in applying accounting policies (cont'd)

Revenue recognition over time (cont'd)

The estimation of total contract costs is based on historical experience and contractual arrangements with contractors/suppliers. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Where the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. The estimated total costs for each project are reviewed on a regular basis by the Group in order to determine the costs to be recognised in profit or loss at the end of each reporting period and to assess whether any provision for onerous contracts is required. Actual costs could differ from the estimates.

The carrying amount of the Group's contract assets at the end of the reporting period and the Group's contract revenue for the year are disclosed in Note 9 and Note 21, respectively, to the financial statements. If the contract costs of uncompleted contracts to be incurred had been higher/lower by 5% from management's estimates, the Group's profit for the year would have been lower/higher by S$885,000 (2021: S$848,000) and S$937,000 (2021: S$896,000), respectively.

Allowance for expected credit losses of trade and other receivables and contract assets

The Group uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar risk characteristics, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company apply the 3-stage general approach to determine ECLs for other receivables. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within 12 months after the reporting date.

The assessment of the correlation between historical observed default rates, forecast of economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information relating to ECLs on the Group's trade and other receivables and contract assets is disclosed in Note 32.1. If the loss rates on the respective ageing categories of trade receivables increase/decrease by 10% from management's estimates, the Group's allowance for impairment of trade receivables will increase/decrease by S$611,000 (2021: S$925,000).

Estimation of the incremental borrowing rate

For the purpose of calculating the right-of-use asset and lease liability, the Group applies the interest rate implicit in the lease ("IRIIL") and, if the IRIIL is not readily determinable, the Group uses its incremental borrowing rate ("IBR") applicable to the lease asset. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most of the leases whereby the Group is the lessee, the IRIIL is not readily determinable. Therefore, the Group estimates the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as a group entity's credit rating). The carrying amount of the Group's right-of-use assets and lease liabilities are disclosed in Note 4 and Note 18, respectively, to the financial statements. An increase/decrease of 50 basis points in the estimated IBR will decrease/increase the Group's right-of-use assets and lease liabilities by S$33,000 (2021: S$37,000) and S$14,000 (2021: S$15,000), respectively.

2(B) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2022

On 1 April 2021, the Group adopted the following SFRS(I) that are mandatory or relevant for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I).

REFERENCE	DESCRIPTION
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16	Interest Rate Benchmark Reform – Phase 2
Amendment to SFRS(I) 16	Covid-19-Related Rent Concessions
Amendment to SFRS(I) 16	Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of these new and amended SFRS(I) did not result in substantial changes to the Group's accounting policies nor any significant impact on these financial statements.

Amendment to SFRS(I) 16 *Covid-19-Related Rent Concessions*

The amendment provides relief to lessees from applying SFRS(I) 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19-related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19-related rent concession the same way it would account for the change under SFRS(I) 16 if the change were not a lease modification. The amendments are applicable on a modified retrospective basis for annual reporting periods beginning on or after 1 June 2020. Early application is permitted. There is a one-year extension to the practical expedient for Covid-19-related rent concessions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2(C) NEW STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE

The following are the new or amended SFRS(I) and SFRS(I) INT issued that are not yet effective but may be early adopted for the current financial year. However, the Group has not early adopted the new or amended SFRS(I) and SFRS(I) INT in preparing these financial statements:

REFERENCE	DESCRIPTION	EFFECTIVE DATE (ANNUAL PERIODS BEGINNING ON OR AFTER)
SFRS(I) 17	Insurance Contracts	1 January 2023
Amendments to SFRS(I) 3	Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to SFRS(I) 10 and SFRS(I) 1-28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet to be determined
Amendments to SFRS(I) 17	Insurance Contracts	1 January 2023
Amendments to SFRS(I) 4	Extension of the Temporary Exemption from Applying SFRS(I) 9	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8	Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendment to SFRS(I) 17	Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information	1 January 2023
Annual Improvements to SFRS(I)s 2018 - 2020		
- Amendments to SFRS(I) 1-41	Taxation in Fair Value Measurements	1 January 2022
- Amendments to SFRS(I) 1	Subsidiary as a First-time Adopter	1 January 2022
- Amendments to SFRS(I) 9	Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities	1 January 2022
- Amendments to Illustrative Examples accompanying SFRS(I) 16	Lease Incentives	1 January 2022

2(C) NEW STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE (CONT'D)

Management does not anticipate that the adoption of the above SFRS(I) in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on the rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise the right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-37 *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendment to SFRS(I) 1-12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations.

SFRS(I) 1-12 *Income Taxes* specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future.

In specified circumstances, companies are exempted from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which companies recognise both an asset and a liability.

2(C) NEW STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE (CONT'D)

Amendment to SFRS(I) 1-12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (cont'd)*

The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's and the Company's financial statements in the period of initial application.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Group controls an investee if, and only if, the Group has all of the following:

(i) power over the investee;
(ii) exposure, or rights or variable returns from its involvement with the investee; and
(iii) the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)).

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Property on leasehold land	Over the lease term of 11 years
Plant and equipment	2 to 20 years
Office equipment, furniture and fittings	3 to 10 years
Motor vehicles	5 to 10 years

No depreciation is provided for construction in progress.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before the expenditure was made will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the period in which it is incurred.

For acquisitions and disposals during the period, depreciation is recognised in profit or loss from the month that the property, plant and equipment are installed and are available for use, and to the month of disposal, respectively. Fully depreciated property, plant and equipment are retained in the accounts until they are no longer in use.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

Subsidiaries

In the Company's separate statement of financial position, subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Associate

An associate is defined as a company, not being a subsidiary or jointly controlled entity, in which the Group has significant influence, but not control, over its financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

In the Company's separate statement of financial position, associate is stated at cost less allowance for any impairment loss.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Associate (cont'd)

In applying the equity method of accounting, the Group's share of the post-acquisition profit or loss of an associate, based on the associate's financial statements after adjustments to align the accounting policies with those of the Group, is included in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. Unrealised gain on transactions between the Group and its associate is eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Group's share of losses of an associate equals or exceeds the carrying amount of the investment, the Group ordinarily discontinues including its share of further losses. The investment is reported at nil value. Additional losses are provided for to the extent that the Group has incurred obligations or made payments on behalf of the associate to satisfy obligations of the associate that the Group has guaranteed or otherwise committed, for example, in the form of loans. When the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The Group's share of the net assets and post-acquisition retained earnings and reserves of an associate is reflected in the carrying amount of the investment in the consolidated statement of financial position.

Equity accounting of an associate ceases once it is classified as held for sale.

Club membership

Club membership represents transferable membership in recreational club. The club membership is assessed as having an indefinite useful life as it entitles the members to enjoy the club facilities for its lifetime, and there is no foreseeable limit to the period over which the membership is expected to be used by the Group. Since it is with an indefinite useful life, it is tested for impairment annually or more frequently if the events and circumstances indicate that its carrying amount may be impaired either individually or at the cash-generating unit level. The useful life of the club membership with an indefinite life is reviewed annually to determine whether the assessment of useful life continues to be supportable.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

<u>Initial recognition and measurement</u>

Financial assets are recognised when, and only when, the Group becomes party to the contractual provisions of the financial instruments. Financial assets are classified at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Initial recognition and measurement (cont'd)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at FVTPL, transaction costs. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition. Refer to the accounting policy on "Revenue from contracts with customers".

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Group does not hold any financial assets at FVOCI.

Financial assets at amortised cost (debt instruments)

Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

The Group's financial assets at amortised cost comprise trade and other receivables (excluding government grants receivable) and cash and bank balances and fixed deposits.

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets at FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instruments that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss statement in the period in which it arises. Interest income from these financial assets is included in the finance income.

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity instruments are also recognised as other income in profit or loss when the right of payment has been established.

Derecognition

A financial asset is derecognised when the contractual rights to receive cash flows from the asset expire. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("ECLs") associated with its debt instrument assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group measures the loss allowance at an amount equal to lifetime ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, loss allowance is measured at an amount equal to 12-month ECLs. The 12-month ECLs are estimated by reference to the track record of the counterparties and their business and financial conditions. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECLs).

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

At the end of each reporting period, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

The Group's financial liabilities comprise borrowings, lease liabilities and trade and other payables (excluding consideration received, deferred government grants income, net output taxes and provision for retirement benefits).

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVTPL, such as interest-bearing borrowings, are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities (cont'd)

Subsequent measurement (cont'd)

Borrowings

Borrowings which are due to be settled more than 12 months after the reporting period are included in current borrowings in the statements of financial position if the loan facility agreements include an overriding repayment on demand clause which gives the lender the right to demand repayment at any time at its sole discretion and irrespective of whether a default event has occurred, or when the Group has defaulted or breached a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the borrowings become payable on demand, even if the lender agreed after the reporting period and before the authorisation of the financial statements for issue not to demand payment as a consequence of the breach. These borrowings are classified as current because, at the end of the reporting period, the Group does not have an unconditional right to defer its settlement for at least 12 months after that date.

However, those borrowings with breaches or defaults of loan agreement terms are classified as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least 12 months after the reporting period, within which the Group can rectify the breach or during which the lender cannot demand immediate repayment. Other borrowings due to be settled more than 12 months after the reporting period are included in non-current borrowings in the statements of financial position.

Borrowing costs are recognised in profit or loss using the effective interest method.

Financial guarantees

The Company has issued corporate guarantees to financial institutions for the borrowings of its subsidiaries. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are recognised initially as liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantees. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of the loss allowance determined in accordance with the impairment model under SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Convertible bonds

When convertible bonds are issued at fair value, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option, which is recognised net of income tax effects and included in shareholders' equity. The carrying amount of the conversion option is not changed in subsequent periods. Any directly attributable transaction costs are allocated to the liability portion and conversion option in proportion to their initial carrying amounts.

Interest and gains and losses relating to the liability portion are recognised in profit or loss.

On conversion of the convertible bonds, the Group derecognises the liability portion and accrued interest and recognises them in equity. The equity component remains in equity, although it may be transferred from one line item within equity to another. There is no gain or loss on conversion at maturity.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from a customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liability is recognised as revenue when the Group performs under the contract.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity.

Allowance is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in banks.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude fixed deposits which are pledged or have maturity of more than three months.

Non-current asset classified as held for sale and discontinued operation

Non-current asset is classified as held for sale and carried at the lower of carrying amount and fair value less costs to sell if its carrying amount is recovered principally through a sales transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss. Any cumulative income or expense recognised directly in equity relating to the non-current asset classified as held for sale is presented separately as other reserve in the consolidated statement of changes in equity.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Non-current asset classified as held for sale and discontinued operation (cont'd)

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and:

(i) represents a separate major line of business or geographical area of operations;

(ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(iii) is a subsidiary acquired exclusively with a view to resale.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Provision

Provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Present obligations arising from onerous contracts are recognised as provision.

Provision is reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provision is discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

Leases

<u>The Group as a lessee</u>

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease (including extension option) unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (cont'd)

The Group as a lessee (cont'd)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liabilities are presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (cont'd)

The Group as a lessee (cont'd)

Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. It is subsequently measured at cost less accumulated depreciation and any impairment loss.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. Otherwise, depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Leasehold land	2 to 13 years
Plant and equipment	2 years
Motor vehicles	2 years

The right-of-use assets are presented as a separate line item in the consolidated statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities provided they intend to settle current tax liabilities and assets on a net basis or the assets will be realised and the liabilities will be settled simultaneously.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income taxes (cont'd)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associate, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity.

Valued-added taxes

Revenues, expenses and assets are recognised net of the amount of value-added tax ("VAT"), except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authorities, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and except that trade receivables and trade payables are recorded with the amount of VAT included. The net amount of VAT recoverable from or payable to the taxation authorities are included as part of other receivables or other payables in the statements of financial position.

Employee benefits

Defined contribution plans

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. The Company and its Singapore-incorporated subsidiaries make contributions to the Central Provident Fund, a defined contribution pension scheme regulated and managed by the Government of Singapore.

A defined contribution national pension scheme is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. The contributions to national pension schemes are charged to profit or loss in the period to which the contributions relate.

Defined benefit plan

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The Group's branch office in Sri Lanka operates an unfunded defined benefit plan. The liability in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period together with adjustments for actuarial gains/losses and past service cost. The Group determines the present value of the defined benefit obligation with sufficient regularity such that the amounts recognised in the consolidated financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee benefits (cont'd)

Defined benefit plan (cont'd)

The defined benefit obligation, calculated using the projected unit credit method, is determined by considering the estimated future cash outflows using market yields at the end of the reporting period of government securities which have currency and terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arise from experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and changes in actuarial assumptions. The amount of net actuarial gains and losses is charged or credited to profit or loss over the average remaining service lives of the related employees participating in the defined benefit plan.

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all expenses related to defined benefit plan in profit or loss.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Related parties

A related party is defined as follows:

a) A person or a close member of that person's family is related to the Group and the Company if that person:

   (i) has control or joint control over the Company;

   (ii) has significant influence over the Company; or

   (iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.

b) An entity is related to the Group and the Company if any of the following conditions applies:

   (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   (iii) both entities are joint ventures of the same third party.

   (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Related parties (cont'd)

A related party is defined as follows: (cont'd)

b) An entity is related to the Group and the Company if any of the following conditions applies: (cont'd)

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Directors and certain management executives are considered key management personnel.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal and value in use, based on an internal discounted cash flow evaluation. Impairment loss recognised for a cash-generating unit is charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised no longer exists or has decreased.

Any impairment loss is charged to profit or loss.

An impairment loss is reversed if there is an indication that the impairment loss recognised for the asset no longer exists or has decreased, and there has been a change in the estimates used to determine the asset's recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss is recognised as income in profit or loss.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue from contracts with customers

Revenue from sale of goods and rendering of services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

The Group performs laying of pipes and roads on long-term contracts. The Group has assessed that these construction contracts qualify for recognition of revenue over time as (i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; (ii) the Group's performance creates or enhances an asset (work in progress) that the customer controls as the asset is created or enhanced; and (iii) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The stage of completion is assessed by reference to the contract costs incurred till date in proportion to the total estimated contract costs of each contract.

For such construction contracts, the customer is invoiced on a milestone payment schedule. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date, the Group recognises a contract liability for the difference.

Revenue from short-term projects and maintenance services is recognised at a point in time when the services have been rendered.

Revenue from sale of construction materials is recognised by the Group at a point in time when the goods are delivered to the customer, all criteria for acceptance have been satisfied, and the customer obtains control of the goods.

Interest income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Dividend income

Dividend income is recognised on the date that the Group's right to receive payment is established.

Income from training services

Income from training services is recognised when the service is rendered.

Government grants

Government grants are recognised as a receivable at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.

Government grants received are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Singapore dollar, which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss.

Foreign currency gains and losses are reported on a net basis as either other income or other expenses depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Conversion of foreign currencies (cont'd)

Group entities

The results and financial positions of all the entities (none of which has the currency of a hyperinflationary economy) within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of each reporting period;

(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) are translated at exchange rates at the dates of the transactions; and

(iii) All resulting currency translation differences are recognised as other comprehensive income in the foreign currency translation reserve in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that is considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

On the disposal of a foreign operation (i.e. disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 31 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares which comprise convertible bonds.

3 PROPERTY, PLANT AND EQUIPMENT

THE GROUP	PROPERTY ON LEASEHOLD LAND S$'000	PLANT AND EQUIPMENT S$'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS S$'000	MOTOR VEHICLES S$'000	CONSTRUCTION IN PROGRESS S$'000	TOTAL S$'000
Cost						
At 1 April 2020	24,353	60,319	2,450	14,152	–	101,274
Additions	–	1,016	106	111	53	1,286
Disposals/Write-offs	–	(1,707)	(5)	(1,272)	–	(2,984)
Transfer from right-of-use assets (Note 4)	–	–	–	73	–	73
Transfer to right-of-use assets (Note 4)	–	–	–	(56)	–	(56)
Exchange difference on translation	–	(259)	(7)	(27)	–	(293)
At 31 March 2021	24,353	59,369	2,544	12,981	53	99,300
Additions	–	557	48	–	–	605
Disposals/Write-offs	–	(9,212)	(1,942)	(454)	–	(11,608)
Transfers	–	53	–	–	(53)	–
Transfer from right-of-use assets (Note 4)	–	–	–	19	–	19
Exchange difference on translation	–	(670)	(114)	(69)	–	(853)
At 31 March 2022	24,353	50,097	536	12,477	–	87,463
Accumulated depreciation and impairment losses						
At 1 April 2020	12,770	42,471	2,329	12,310	–	69,880
Depreciation (Note 26)	2,138	3,182	57	676	–	6,053
Disposals/Write-offs	–	(1,572)	(5)	(1,122)	–	(2,699)
Impairment losses recognised/(reversed) (Note 23)	–	257	1	(157)	6	107
Transfer from right-of-use assets (Note 4)	–	–	–	73	–	73
Transfer to right-of-use assets (Note 4)	–	–	–	(14)	–	(14)
Exchange difference on translation	–	(139)	(7)	(26)	–	(172)
At 31 March 2021	14,908	44,199	2,375	11,740	6	73,228
Depreciation (Note 26)	2,138	2,991	64	619	–	5,812
Disposals/Write-offs	–	(9,173)	(1,941)	(450)	–	(11,564)
Impairment losses recognised/(reversed) (Note 23)	–	442	13	(64)	–	391
Transfers	–	6	–	–	(6)	–
Transfer from right-of-use assets (Note 4)	–	–	–	19	–	19
Exchange difference on translation	–	(405)	(91)	(77)	–	(573)
At 31 March 2022	17,046	38,060	420	11,787	–	67,313
Carrying amount						
At 31 March 2022	7,307	12,037	116	690	–	20,150
At 31 March 2021	9,445	15,170	169	1,241	47	26,072

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group's property, plant and equipment, comprising property on leasehold land, plant and equipment, office equipment, furniture and fittings, motor vehicles and construction in progress, have all been mortgaged or pledged to financial institutions to secure loans under the debt restructuring agreement (Note 17).

Impairment testing of property, plant and equipment and right-of-use assets

In view of the profits and net operating cash inflows generated by the Group for the financial year ended 31 March 2022, management has assessed that there are indications that impairment losses recognised in prior years no longer exist or have decreased in respect of the Group's property, plant and equipment and right-of-use assets. Accordingly, the assets are tested for impairment.

In view of the losses incurred by the Group for the financial year ended 31 March 2021 excluding government grants which are non-recurring in nature, management has assessed that there are indications of impairment of the Group's property, plant and equipment and right-of-use assets. Accordingly, the assets are tested for impairment.

Management has engaged independent professional valuers to carry out valuations on the property, plant and equipment and right-of-use assets to determine their recoverable amount based on fair value less costs of disposal, having considered the appropriate professional qualifications and recent experience of the valuers in the location and category of the property, plant and equipment and right-of-use assets being valued. In determining the fair value of the property on leasehold land, the valuers used the income approach. In determining the fair values of the remaining assets, the valuers used the market approach and cost approach. Accordingly, net impairment losses of S$391,000 (2021: S$107,000) were recognised for property, plant and equipment, and net impairment losses of S$29,000 (2021: S$137,000) were reversed/recognised for right-of-use assets for the financial year ended 31 March 2022.

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the Level 3 fair value hierarchy, as well as the significant unobservable inputs used:

VALUATION METHOD	BASIS	KEY UNOBSERVABLE INPUTS	INTER-RELATIONSHIP BETWEEN KEY UNOBSERVABLE INPUTS AND FAIR VALUE MEASUREMENT
Property on leasehold land			
Income approach	Income capitalisation rate	Capitalisation rate of 12% (2021: 12%)	A significant increase in income capitalisation rate would result in a significantly lower fair value measurement, and vice versa.
Plant and equipment, office equipment, furniture and fittings and motor vehicles			
Market approach and cost approach	Current market selling/ purchase prices of comparable assets are available	Current market selling/purchase prices	A significant increase in market selling/purchase prices would result in a significantly higher fair value measurement, and vice versa.

4 RIGHT-OF-USE ASSETS

THE GROUP	LEASEHOLD LAND S$'000	PLANT AND EQUIPMENT S$'000	MOTOR VEHICLES S$'000	TOTAL S$'000
Cost				
At 1 April 2020	4,342	6,089	1,417	11,848
Additions	414	446	1,502	2,362
Derecognition	–	(209)	–	(209)
Transfer from property, plant and equipment (Note 3)	–	–	56	56
Transfer to property, plant and equipment (Note 3)	–	–	(73)	(73)
At 31 March 2021	4,756	6,326	2,902	13,984
Additions	2,007	637	232	2,876
Derecognition	(2,702)	–	–	(2,702)
Transfer to property, plant and equipment (Note 3)	–	–	(19)	(19)
Exchange difference on translation	(55)	–	–	(55)
At 31 March 2022	4,006	6,963	3,115	14,084
Accumulated depreciation and impairment losses				
At 1 April 2020	1,447	1,871	216	3,534
Depreciation (Note 26)	1,521	381	375	2,277
Impairment losses recognised (Note 23)	–	102	35	137
Derecognition	–	(209)	–	(209)
Transfer from property, plant and equipment (Note 3)	–	–	14	14
Transfer to property, plant and equipment (Note 3)	–	–	(73)	(73)
At 31 March 2021	2,968	2,145	567	5,680
Depreciation (Note 26)	1,496	529	426	2,451
Impairment losses reversed (Note 22)	–	(22)	(7)	(29)
Derecognition	(2,702)	–	–	(2,702)
Transfer to property, plant and equipment (Note 3)	–	–	(19)	(19)
Exchange difference on translation	(14)	–	–	(14)
At 31 March 2022	1,748	2,652	967	5,367
Carrying amount				
At 31 March 2022	2,258	4,311	2,148	8,717
At 31 March 2021	1,788	4,181	2,335	8,304

4 RIGHT-OF-USE ASSETS (CONT'D)

Leasehold land comprises eleven (2021: ten) parcels of land located in Singapore and Sri Lanka at which the Group's operation, office and storage premises are located. Details of the leasehold land are as follows:

LEASEHOLD LAND	GROSS LAND AREA (SQUARE METRE)	TENURE
Leasehold land I	9,370.0	Till 31 May 2022
Leasehold land II	4,006.1	Till 31 May 2024
Leasehold land III	15,000.0	Till 30 June 2023
Leasehold land IV	158.2	Till 31 August 2022
Leasehold land V	273.0	Till 30 June 2023
Leasehold land VI	5,437.9	Till 14 July 2023
Leasehold land VII	2,500.0	Till 31 December 2023
Leasehold land VIII	13,135.5	Till 8 September 2025
Leasehold land IX	4,161.1	Till 8 September 2025
Leasehold land X	15,884.0	Till 31 January 2023
Leasehold land XI	465.4	Till 30 November 2024

Details of the impairment testing performed in respect of the Group's property, plant and equipment and right-of-use assets are disclosed in Note 3 to the financial statements.

5 SUBSIDIARIES

THE COMPANY	2022 S$'000	2021 S$'000
Unquoted equity investments, at cost		
At beginning and end of year	160,100	160,100
Allowance for impairment losses		
At beginning of year	118,058	121,693
Allowance reversed	(5,105)	(3,635)
At end of year	112,953	118,058
Carrying amount		
At beginning of year	42,042	38,407
At end of year	47,147	42,042

Impairment testing of investments in subsidiaries

In view of the profits and net operating cash inflows generated by the subsidiaries in Singapore for the financial year ended 31 March 2022, management has assessed that there are indications that impairment losses recognised in prior years no longer exist or have decreased in respect of the Company's investments in subsidiaries. Accordingly, the assets are tested for impairment.

In view of the losses incurred by the subsidiaries in Singapore for the financial year ended 31 March 2021 excluding government grants which are non-recurring in nature, management has assessed that there are indications of impairment of the Company's investments in the subsidiaries. Accordingly, the assets are tested for impairment.

5 SUBSIDIARIES (CONT'D)

Impairment testing of investments in subsidiaries (cont'd)

The recoverable amount is determined based on fair value less costs of disposal, which is based on the revalued net assets of the subsidiaries. In deriving the revalued net assets of the subsidiaries, the fair values of the underlying assets are estimated based on their expected selling prices or realisable amounts, and the fair values of the underlying liabilities are based on the estimated cash outflows to settle the obligations. Based on management's assessment, the Company reversed impairment losses of S$5,105,000 (2021: S$3,635,000) for the financial year ended 31 March 2022.

The valuation techniques used in measuring the Level 3 fair value hierarchy of the property, plant and equipment and right-of-use assets of the subsidiaries, as well as the significant unobservable inputs used are disclosed in Note 3 to the financial statements.

Details of the subsidiaries are:

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION/ PRINCIPAL PLACE OF BUSINESS	PERCENTAGE OF EQUITY HELD 2022 %	2021 %
Held by the Company				
Ley Choon Constructions and Engineering Pte Ltd (1)	Non-building construction and manufacture of asphalt premix	Singapore	100	100
LC International Trading Co Pte. Ltd. (1)	Trading of building materials, consumable tools, machinery and equipment spare parts and accessories	Singapore	100	100
Ley Choon (M) Sdn. Bhd. (3)	Dormant	Malaysia	100	100
Held by Ley Choon Constructions and Engineering Pte Ltd				
Multiform Developments & Construction Pte Ltd (1)	Road construction and mixed construction activities	Singapore	100	100
Chin Kuan Engineering and Contractors Pte Ltd (1)	Mixed construction activities and civil engineering	Singapore	100	100
Teacly (S) Pte. Ltd. (2)	Non-building construction, building cleaning and maintenance services	Singapore	100	100
Held by Teacly (S) Pte. Ltd.				
Pan Alliance Technology International Pte. Ltd. (1)	Water and gas pipe-line and sewer construction	Singapore	100	100

(1) Audited by Foo Kon Tan LLP, principal member firm of HLB International in Singapore

(2) Audited by Foo Kon Tan LLP, with the branch office in Sri Lanka audited by Nihal Hettiarachchi & Company, a member firm of HLB International in Sri Lanka

(3) Audited by other auditor

6 ASSOCIATE

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	S$'000	S$'000	S$'000	S$'000
Unquoted equity investment	–	3,281	–	3,281

Details of the associate are:

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION/ PRINCIPAL PLACE OF BUSINESS	PERCENTAGE OF EQUITY HELD	
			2022	2021
			%	%
Held by the Company				
Ley Choon (Yantai) Eco-Green Construction Material Ltd. [(1),(2)]	Recycling of construction waste and development of eco-green construction products; and production and sale of asphalt concrete, dry mortar concrete, concrete block and sands	The People's Republic of China ("PRC")	40	40

(1) Audited by other auditor
(2) Reclassified to non-current asset held for sale (Note 14)

On 17 March 2021, the Group completed the transfer of 60% equity interest in LCYT for a cash consideration of RMB 24 million (S$4,921,000). The Group had accounted for the remaining 40% equity interest in LCYT as an investment in associate of which the fair value at the date of disposal was S$3,281,000. The fair value of the retained interest in LCYT was determined based on its revalued net assets. In deriving the revalued net assets of LCYT, the fair values of the underlying assets are estimated based on their expected selling prices or realisable amounts, and the fair values of the underlying liabilities are based on the estimated cash outflows to settle the obligations.

On 5 August 2021, the Company entered into an equity transfer agreement with Yantai Chengtong Building Decoration Engineering Co., Ltd. and Yantai Licun Construction Materials Ltd to dispose of its 40% equity interest in LCYT for a cash consideration of RMB 16 million (S$3,409,000). Accordingly, the Group and the Company classified the investment in LCYT as held for sale (Note 14). Share of results of the associate relates to the period until the associate is classified as held for sale.

The financial information of the associate is summarised below. There have been no dividends received from the associate.

6 ASSOCIATE (CONT'D)

Statement of financial position

	2021 S$'000
Assets and liabilities	
Current assets	1,880
Non-current assets	9,372
Total assets	11,252
Current liabilities	(2,825)
Net assets	8,427
Proportion of the Group's ownership	40%
Share of net assets	3,371

Statement of profit or loss and other comprehensive income

	2021 S$'000
Revenue	–
Cost of sales	–
Gross profit	–
Other income	568
Expenses	(279)
Profit before taxation	289
Taxation	(4)
Profit and total comprehensive income for the year	285

Statement of cash flows

	2021 S$'000
Operating cash outflows	(140)
Investing cash outflows	(119)
Financing cash outflows	(37)
Total net cash outflows	(296)

6 ASSOCIATE (CONT'D)

Reconciliation of summarised financial information presented to the carrying amount of the Group's investment in the associate is as follows:

	2021 S$'000
Share of net assets based on proportion of the Group's ownership	3,371
Fair value adjustment	(90)
Carrying amount of the Group's investment in associate	3,281

7 DEFERRED TAXATION

THE GROUP	2022 S$'000	2021 S$'000
At beginning of year	(34)	(31)
Recognised in profit or loss (Note 25)	703	(3)
At end of year	669	(34)

Deferred taxation comprises the following:

THE GROUP	2022 S$'000	2021 S$'000
Deferred tax assets	677	–
Deferred tax liabilities	(8)	(34)
	669	(34)

Deferred tax assets/(liabilities) are attributable to the following:

THE GROUP	PROPERTY, PLANT AND EQUIPMENT S$'000	TAX LOSSES S$'000	TOTAL S$'000
At 1 April 2020	(2,367)	2,336	(31)
Recognised in profit or loss	1,716	(1,719)	(3)
At 31 March 2021	(651)	617	(34)
Recognised in profit or loss	595	108	703
At 31 March 2022	(56)	725	669

7 DEFERRED TAXATION (CONT'D)

Unrecognised temporary differences

Deferred tax assets have not been recognised in respect of the following temporary differences:

THE GROUP	2022 S$'000	2021 S$'000
Unused tax losses	1,653	3,890
Unutilised capital allowances	1,322	1,058

The unused tax losses and unutilised capital allowances are allowed to be carried forward and used to offset against future taxable profits of the Company and its subsidiaries in which the items arose, subject to agreement by the relevant tax authorities and compliance with the applicable tax regulations in the respective countries in which the Company and its subsidiaries operate. Deferred tax assets have not been recognised in respect of these items due to the uncertainty whether future taxable profits will be available against which the Company and its subsidiaries can utilise the benefits. The unused tax losses and unutilised capital allowances have no expiry date, except for temporary differences of S$210,000 (2021: S$309,000) which expire in six years.

8 INVENTORIES

THE GROUP	2022 S$'000	2021 S$'000
Construction materials, at cost	9,279	7,502

The cost of inventories recognised in cost of sales amounted to S$16,104,000 (2021: S$15,352,000) for the financial year ended 31 March 2022 (Note 26).

9 CONTRACT ASSETS

THE GROUP	2022 S$'000	2021 S$'000
Contract assets	28,327	32,738

As at 1 April 2020, the Group's gross contract assets balance amounted to S$33,070,000.

The contract assets relate to the Group's rights to consideration for work completed but are not billed or are held by customers as retention at the end of the reporting period. The contract assets are transferred to trade receivables when the rights become unconditional. This occurs when the Group invoices the customers.

9 CONTRACT ASSETS (CONT'D)

THE GROUP	2022 S$'000	2021 S$'000
Contract assets		
Contract assets recognised during the year	83,714	68,231
Contract assets recognised in trade receivables upon invoicing	(87,146)	(67,885)

Contract assets include S$464,000 (2021: S$758,000) of retention monies at the end of the reporting period.

Significant judgements are used to estimate total contract costs to complete. In making these estimates, the Group has relied on historical experience and contractual arrangements with contractors/suppliers. The estimated total contract costs are reviewed every reporting period and adjusted where necessary, with the corresponding adjustment to the total contact costs being recognised prospectively from the date of change.

10 TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Trade receivables from third parties	6,106	9,252	–	–
Less: Allowance for impairment losses	(47)	(333)	–	–
	6,059	8,919	–	–
Amount due from an associate (non-trade)	2,344	–	2,344	–
Consideration receivable	–	368	–	368
Deposits	6,050	6,017	–	–
Staff loans	85	83	–	–
Other receivables	790	308	542	–
Financial assets at amortised cost	15,328	15,695	2,886	368
Government grants receivable	–	400	–	–
	15,328	16,095	2,886	368

As at 1 April 2020, the Group's gross trade receivables from contracts with customers due from third parties amounted to S$13,341,000.

10 TRADE AND OTHER RECEIVABLES (CONT'D)

The movement in allowance for impairment losses in respect of trade receivables is as follows:

THE GROUP	ALLOWANCE FOR IMPAIRMENT LOSSES S$'000
At 1 April 2020	392
Allowance reversed	(59)
At 31 March 2021	333
Allowance reversed	(217)
Allowance utilised	(69)
At 31 March 2022	47

Trade receivables that have been determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties or have defaulted on payments. These trade receivables are not secured by any collateral or credit enhancements.

As at 31 March 2022, the non-trade amount due from an associate relates to the first and second instalment payments of RMB 4 million and RMB 7 million, respectively, in relation to the disposal of 40% equity interest in the associate, which had been collected by the associate on behalf of the Company (Note 14). The amounts will be transferred to the Company upon completion of the disposal. The non-trade amount due from associate is unsecured and interest-free.

As at 31 March 2021, consideration receivable pertained to an amount of S$368,000 which represented the remaining cash consideration to be received from the disposal of 60% equity interest in LCYT. The amount was fully received on 30 April 2021.

Deposits mainly relate to deposits placed in respect of performance bonds for projects.

Trade and other receivables (excluding government grants receivable) are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Singapore dollar	12,827	15,073	542	–
Renminbi	2,344	368	2,344	368
Sri Lankan rupee	157	254	–	–
	15,328	15,695	2,886	368

The Group generally extends credit period of 30 to 60 days (2021: 30 to 60 days) to customers, depending on the length of business relationship, payment history, background and financial strength of the customers. The Group actively reviews the trade receivable balances and follow up on outstanding debts with the customers.

10 TRADE AND OTHER RECEIVABLES (CONT'D)

The credit risk for net trade receivables based on the information provided to key management team is as follows:

THE GROUP	2022 S$'000	2021 S$'000
By geographical area		
Singapore	5,948	8,726
Sri Lanka	111	193
	6,059	8,919

The ageing analysis of trade receivables is as follows:

THE GROUP	GROSS 2022 S$'000	IMPAIRMENT LOSSES 2022 S$'000	GROSS 2021 S$'000	IMPAIRMENT LOSSES 2021 S$'000
Not past due	1,764	–	4,636	–
Past due 0 to 30 days	3,787	–	2,224	–
Past due 31 to 60 days	142	–	1,004	–
Past due 61 to 90 days	230	–	585	–
Past due over 90 days	183	(47)	803	(333)
	6,106	(47)	9,252	(333)

Based on historical default rates, the Group believes that no further impairment allowance is necessary in respect of trade receivables as they mainly arise from customers that have a good credit record with the Group.

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group and the Company.

11 PREPAYMENTS

Prepayments mainly relate to payments made to suppliers in advance for goods and services which have not yet been received at the end of the reporting period, and payments made for insurance in relation to performance bonds and foreign worker immigration bonds.

12 OTHER INVESTMENTS

THE GROUP	2022 S$'000	2021 S$'000
Financial assets at FVTPL:		
At beginning of year	50	39
Fair value (loss)/gain recognised in profit or loss (Note 23/22)	(36)	11
At end of year	14	50
Represented by: Quoted equity investments	14	50

The fair value of quoted equity investments is determined by reference to stock exchange quoted bid prices at the end of the reporting period.

The other investments are denominated in Singapore dollar.

13 CASH AND BANK BALANCES AND FIXED DEPOSITS

	THE GROUP		THE COMPANY	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Cash on hand	129	155	–	–
Cash in banks	4,205	6,854	5	2,874
Cash and bank balances	4,334	7,009	5	2,874
Fixed deposits	573	162	–	–
	4,907	7,171	5	2,874

As at 31 March 2022, fixed deposits of S$573,000 (2021: S$162,000) for the Group were pledged to financial institutions for purpose of bankers' guarantees (Note 17).

The fixed deposits had a weighted average maturity of 822 days (2021: 365 days) from the end of the reporting period with a weighted average effective interest rate of 5.87% (2021: 5.95%) per annum at the end of the reporting period.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

THE GROUP	2022 S$'000	2021 S$'000
Cash and bank balances	4,334	7,009
Fixed deposits	573	162
	4,907	7,171
Less: Fixed deposits pledged	(573)	(162)
	4,334	7,009

13 CASH AND BANK BALANCES AND FIXED DEPOSITS (CONT'D)

Cash and bank balances and fixed deposits are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Singapore dollar	4,065	6,925	5	2,874
Malaysian ringgit	26	29	–	–
Sri Lankan rupee	816	217	–	–
	4,907	7,171	5	2,874

14 NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

On 5 August 2021, the Company entered into a share transfer agreement with Yantai Chengtong Building Decoration Engineering Co., Ltd. and Yantai Licun Construction Materials Ltd to dispose of 30% and 10%, respectively, of the registered and paid-up capital of Ley Choon (Yantai) Eco-Green Construction Materials Ltd. ("LCYT") for an aggregate consideration of RMB 16 million. Accordingly, the investment in associate, representing the Group's and the Company's 40% equity interest in LCYT, was classified as held for sale. There was no impairment loss arising on the remeasurement of the non-current asset to the lower of its carrying amount and fair value less costs to sell.

The consideration is to be received by the Company in three instalments of RMB 4 million, RMB 7 million and RMB 5 million, respectively. As at 31 March 2022, the associate has received the first two instalments on behalf of the Company (Note 10). The disposal will be completed with the 40% equity interest in LCYT transferred to the purchasers upon the receipt of the third instalment of RMB 5 million on or before 30 September 2022 and the transfer of the total proceeds to the Company based on the terms of the share transfer agreement.

The non-current asset of the Group and the Company classified as held for sale is as follows:

	THE GROUP		THE COMPANY	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Associate	3,183	–	3,281	–

LCYT represented the entirety of the Group's business in the PRC. The results of LCYT were presented separately on the consolidated statement of profit or loss and other comprehensive income as "(loss)/profit for the year from discontinued operation".

14 NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (CONT'D)

The results of the discontinued operation are as follows:

THE GROUP	2022 S$'000	2021 S$'000
Other income	–	386
Impairment losses on trade receivables reversed	–	182
Expenses	–	(279)
Loss on disposal of subsidiary (Note 23)	–	(222)
Share of results of associate	(98)	–
(Loss)/Profit before taxation	(98)	67
Taxation (Note 25)	–	(4)
(Loss)/Profit for the year from discontinued operation	(98)	63

The impact of the discontinued operation on the cash flows of the Group is as follows:

THE GROUP	2022 S$'000	2021 S$'000
Operating cash outflows	–	(140)
Investing cash outflows	–	(119)
Financing cash outflows	–	(37)
Total net cash outflows	–	(296)

(Loss)/Earnings per share from the discontinued operation is disclosed in the consolidated statement of profit or loss and other comprehensive income.

15 SHARE CAPITAL

	THE GROUP		THE COMPANY	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Issued and fully paid, with no par value				
At beginning of year	79,807	79,807	146,026	146,026
Conversion of convertible bonds	18,082	–	18,082	–
At end of year	97,889	79,807	164,108	146,026

15 SHARE CAPITAL (CONT'D)

THE GROUP AND THE COMPANY	2022	2021
Number of ordinary shares		
At beginning of year	1,184,813,992	1,184,813,992
Conversion of convertible bonds	320,953,580	–
At end of year	1,505,767,572	1,184,813,992

Following the receipt of conversion notices from the holding company, subsequent to the approval by the other shareholders at the Extraordinary General Meeting held on 25 March 2022, the convertible bonds were fully converted and 320,953,580 new ordinary shares in the capital of the Company at S$0.0567 per share were allotted and issued by the Company to the holding company on 29 March 2022. The total consideration for the shares was S$18,198,000. Share issuance costs amounted to S$116,000.

The Group's share capital differs from that of the Company as a result of the accounting on the reverse acquisition of Ley Choon Constructions and Engineering Pte Ltd and its subsidiaries (the "LCCE Group") on 25 July 2012 through the issuance of 3,928,571,429 new ordinary shares in the Company to the shareholders of the LCCE Group.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

16 OTHER RESERVES

	THE GROUP		THE COMPANY	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Foreign currency translation reserve	(1,060)	747	–	–
Equity component of convertible bonds	–	243	–	243
Assets distributed to entitled shareholders	–	–	(1,127)	(1,127)
Capital reserve	–	–	29,901	29,901
Other reserve	(49)	(52)	–	–
	(1,109)	938	28,774	29,017

Foreign currency translation reserve
Foreign currency translation reserve arises from the translation of financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

Equity component of convertible bonds
Equity component of convertible bonds represents the residual amount of convertible bonds after deducting the fair value of the liability component. The amount is presented net of tax and any transaction costs arising from the convertible bonds.

16 OTHER RESERVES (CONT'D)

Assets distributed to entitled shareholders

Entitled shareholders are shareholders of the Company as at 24 July 2012, prior to the completion of the reverse takeover ("RTO") exercise in 2012. Net assets distributed to entitled shareholders relate to trade and other receivables due to the Company prior to the completion of the RTO, which were collected and distributed to the entitled shareholders.

Capital reserve

Capital reserve relates to the waiver of non-trade amounts owing by the Company to its subsidiaries which is recorded directly in equity.

Other reserve

Other reserve relates to the remeasurements of net defined benefit obligations recognised in other comprehensive income.

17 BORROWINGS

	THE GROUP		THE COMPANY	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Non-current				
Loans from financial institutions	19,726	–	–	–
Current				
Loans from financial institutions	8,209	38,291	–	–
Convertible bonds	–	15,975	–	15,975
	8,209	54,266	–	15,975
	27,935	54,266	–	15,975

Convertible bonds

THE GROUP AND THE COMPANY	2022 S$'000	2021 S$'000
Liability component	–	15,975

The amount of convertible bonds classified as equity of S$243,000 was net of attributable transaction costs of S$5,000. The convertible bonds were in an aggregate amount of S$15,975,000. They were convertible into fully-paid ordinary shares of the Company at a fixed conversion price at the option of the holder, at any time until 31 March 2021 on which they shall be fully repaid.

On 31 May 2021, the Company entered into a supplemental deed with the lender to extend the maturity date and conversion period to 31 December 2021. On 30 December 2021, the Company entered into a novation agreement with the lender and the holding company, to novate the convertible bonds to the holding company. On 7 January 2022, the Company entered into a second supplemental deed with the holding company to extend the maturity date and conversion period to 31 December 2022.

Following receipt of conversion notices from the holding company, subsequent to the approval by the other shareholders at the Extraordinary General Meeting held on 25 March 2022, the convertible bonds together with accrued interest were fully converted into ordinary shares of the Company (Note 15).

17 BORROWINGS (CONT'D)

Terms and debt repayment schedule

The terms and conditions of borrowings at the end of the reporting period are as follows:

THE GROUP	CURRENCY	NOMINAL INTEREST RATE	YEAR OF MATURITY	CARRYING AMOUNT S$'000
2022				
Loans from financial institutions	SGD	SIBOR + 3%	2024	27,935
2021				
Loans from financial institutions	SGD	SIBOR + 3%	2021	38,291
Convertible bonds	SGD	6.50%	2021	15,975
				54,266
THE COMPANY				
2021				
Convertible bonds	SGD	6.50%	2021	15,975

Loans from financial institutions are secured by the following:

(a) legal mortgage over the Group's property on leasehold land (Note 3);
(b) charges over the Group's plant and equipment (Note 3);
(c) charges over shares in the Company's subsidiaries;
(d) charges over certain of the Group's bank accounts;
(e) fixed deposits of the Group (Note 13);
(f) floating charges over all other assets; and/or
(g) corporate guarantees by the Company.

Debt restructuring agreement

The Group had entered into a Debt Restructuring Agreement ("DRA") on 23 September 2016. The material terms of the DRA include, inter alia, the following:

(a) Eligible Lenders with existing securities over earnings from the Group's ongoing projects shall release current and future Project proceeds into the Group's operating bank accounts subject to the terms of the DRA;

(b) The DRA provides for a mechanism for the repayment of the Project Proceeds, as well as other amounts owed to the Eligible Lenders;

(c) During the tenure of the DRA, the Group shall repay the principal and interest owing to Eligible Lenders according to a cash sweep mechanism. There will be a bullet repayment for all outstanding amounts due to Eligible Lenders on the final repayment date, being 31 March 2021;

17 BORROWINGS (CONT'D)

Debt restructuring agreement (cont'd)

(d) The Group has granted a security package over the Group's operating bank accounts, fixed assets, and shares in the Company's subsidiaries in favour of the Eligible Lenders whose rights over the security are held and will be exercised through a Security Trustee subject to the terms of, inter alia, the DRA;

(e) The Group shall continue to dispose of its non-core assets and utilise the proceeds received to repay the Eligible Lenders with security over such assets subject to the terms of the DRA; and

(f) Interest continues to be payable to the Eligible Lenders until 31 March 2021.

Under the DRA, the Group was required to comply with financial covenants for each six-month testing period as of 31 December 2016 to 31 December 2020. The Group did not meet the financial covenants for the periods ended 30 June 2020 and 31 December 2020, of which the Group had obtained waivers of compliance from the relevant lenders during the financial year ended 31 March 2021.

On 18 August 2021, the Group obtained approvals from the Eligible Lenders on amendments to certain terms in the DRA, including the extension of repayment period from 31 March 2021 to 31 March 2024, fixed quarterly repayments of S$1,200,000 until the final repayment date, revision of financial covenants and change in six-month testing period to 30 September and 31 March.

Carrying amounts and fair values

The carrying amounts of borrowings approximate their fair values due to their short-term nature or repricing within three months of the end of the reporting period, where the effect of discounting is immaterial.

18 LEASE LIABILITIES

THE GROUP	2022 S$'000	2021 S$'000
Undiscounted lease payments due:		
- Year 1	2,663	1,937
- Year 2	1,349	1,377
- Year 3	686	889
- Year 4	148	610
- Year 5	–	151
	4,846	4,964
Less: Future interest cost	(260)	(406)
	4,586	4,558
Represented by:		
- Non-current	2,085	2,813
- Current	2,501	1,745
	4,586	4,558

The lease liabilities relate to the Group's leasehold land for operation, office and storage premises, plant and equipment and motor vehicles, which are secured by the lessors' title to the leased assets.

Interest expense on lease liabilities of S$267,000 (2021: S$268,000) is recognised in profit or loss for the financial year ended 31 March 2022 under finance costs (Note 24).

Total cash outflows for leases amounted to S$3,627,000 (2021: S$3,809,000), comprising lease liabilities, short-term leases and leases of low-value assets of S$3,076,000 (2021: S$3,187,000), S$546,000 (2021: S$622,000) and S$5,000 (S$nil), respectively, for the financial year ended 31 March 2022.

Lease payments not included in the measurement of lease liabilities but recognised within administrative expenses in profit or loss are set out below:

THE GROUP	2022 S$'000	2021 S$'000
Leases of low-value assets	5	–
Short-term leases	546	622

At the end of the reporting period, the Group's short-term lease commitments are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the year.

Lease liabilities are denominated in the following currencies:

THE GROUP	2022 S$'000	2021 S$'000
Singapore dollar	4,474	4,428
Sri Lankan rupee	112	130
	4,586	4,558

19 TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	S$'000	S$'000	S$'000	S$'000
Trade payables to third parties	10,080	12,736	–	–
Amounts due to subsidiaries (non-trade)	–	–	677	1,717
Accrued operating expenses	4,845	4,156	220	243
Accrued staff costs	3,205	4,308	–	–
Interest payable	–	1,627	–	1,627
Other payables	123	158	123	158
Financial liabilities at amortised cost	18,253	22,985	1,020	3,745
Consideration received	2,344	–	2,344	–
Deferred government grants income	–	655	–	–
Net output taxes	784	548	–	–
Provision for retirement benefits	52	70	–	–
	21,433	24,258	3,364	3,745

The average credit period taken to settle trade payables is approximately 60 days (2021: 60 days).

The non-trade amounts due to subsidiaries, which represent advances from and payments on behalf by the subsidiaries, are unsecured, interest-free and repayable on demand.

As at 31 March 2022, consideration received relates to the first and second instalment payments of RMB 4 million and RMB 7 million, respectively, in respect of the disposal of 40% equity interest in the associate (Note 14).

Trade and other payables (excluding consideration received, deferred government grants income, net output taxes and provision for retirement benefits) are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	S$'000	S$'000	S$'000	S$'000
Singapore dollar	18,031	22,855	1,020	3,745
Malaysian ringgit	1	1	–	–
Sri Lankan rupee	221	129	–	–
	18,253	22,985	1,020	3,745

20 PROVISION

Provision for liquidated damages

THE GROUP	2022 S$'000	2021 S$'000
At beginning of year	1,799	1,799
Provision utilised	(1,799)	–
At end of year	–	1,799

The provision is estimated based on the expected potential claim from a customer of the Group.

During the financial year ended 31 March 2022, the provision was utilised following the settlement of the claims for liquidated damages with the customer.

21 REVENUE

Significant categories of revenue, excluding intra-group transactions and applicable value-added taxes, are detailed as follows:

THE GROUP	2022 S$'000	2021 S$'000
Revenue from contracts with customers		
- Rendering of services	88,872	71,934
- Sale of construction materials	3,629	3,540
	92,501	75,474
Rental of motor vehicles and machinery	396	120
	92,897	75,594
Timing of transfer of goods and services in respect of revenue from contracts with customers		
- Over time	23,034	25,212
- At a point in time	69,467	50,262
	92,501	75,474

22 OTHER INCOME

	CONTINUING OPERATIONS		DISCONTINUED OPERATION		TOTAL	
	2022	2021	2022	2021	2022	2021
THE GROUP	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Dividend income from other investments	–	1	–	–	–	1
Fair value gain on other investments (Note 12)	–	11	–	–	–	11
Foreign exchange gain, net	350	–	–	–	350	–
Gain on disposal of property, plant and equipment	323	–	–	–	323	–
Government grants	2,325	5,841	–	–	2,325	5,841
Impairment losses on right-of-use assets reversed (Note 4)	29	–	–	–	29	–
Income from training services	23	17	–	–	23	17
Insurance compensation received	206	217	–	–	206	217
Interest income	24	13	–	–	24	13
Rental income	–	81	–	–	–	81
Rental rebates	–	206	–	–	–	206
Sale of scrap materials	1,051	741	–	–	1,051	741
Subcontract income	–	–	–	365	–	365
Sundry income	526	301	–	21	526	322
	4,857	7,429	–	386	4,857	7,815

Government grants mainly relate to Job Support Scheme ("JSS") grants and Foreign Worker Levy rebates from the Singapore Government to help employers to retain their local employees during the period of economic uncertainty as a result of the Covid-19 pandemic. The grant income is allocated over the period to match the related staff costs for which the grants are intended to compensate.

23 OTHER OPERATING EXPENSES

	CONTINUING OPERATIONS		DISCONTINUED OPERATION		TOTAL	
	2022	2021	2022	2021	2022	2021
THE GROUP	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Fair value loss on other investments (Note 12)	36	–	–	–	36	–
Foreign exchange loss, net	–	254	–	–	–	254
Impairment losses on property, plant and equipment (Note 3)	391	107	–	–	391	107
Impairment losses on right-of-use assets (Note 4)	–	137	–	–	–	137
Loss on disposal of property, plant and equipment	–	81	–	14	–	95
Loss on disposal of subsidiary (Note 14)	–	–	–	222	–	222
Miscellaneous expenses	32	12	–	–	32	12
	459	591	–	236	459	827

24 FINANCE COSTS

	CONTINUING OPERATIONS		DISCONTINUED OPERATION		TOTAL	
	2022	2021	2022	2021	2022	2021
THE GROUP	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Interest expenses on:						
- loans from financial institutions	1,094	1,369	–	37	1,094	1,406
- convertible bonds	1,038	1,095	–	–	1,038	1,095
- lease liabilities (Note 18)	267	268	–	–	267	268
	2,399	2,732	–	37	2,399	2,769

25 TAXATION

THE GROUP	2022 S$'000	2021 S$'000
From continuing operations		
Current taxation		
- current year	4	–
- under/(over) provision in respect of prior years	3	(39)
	7	(39)
Deferred taxation (Note 7)		
- origination and reversal of temporary differences	650	–
- recognition of previously unrecognised deferred tax assets	(1,339)	–
- (over)/under provision in respect of prior years	(14)	3
	(703)	3
	(696)	(36)
From discontinued operation		
Current taxation (Note 14)	–	4
	(696)	(32)

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the applicable rate of income tax on profits/(losses) as a result of the following:

THE GROUP	2022 S$'000	2021 S$'000
Profit/(Loss) before taxation		
- Continuing operations	4,160	774
- Discontinued operation (Note 14)	(98)	67
	4,062	841
Share of results of associate	98	–
Profit before taxation and share of results of associate	4,160	841
Tax at statutory rates applicable to different jurisdictions	725	164
Tax effect on non-deductible expenses	733	927
Tax effect on non-taxable income	(170)	(448)
Deferred tax assets on temporary differences not recognised	265	–
Utilisation of previously unrecognised deferred tax assets	(899)	(644)
Recognition of previously unrecognised deferred tax assets	(1,339)	–
Under/(Over) provision of current taxation in respect of prior years	3	(39)
(Over)/Under provision of deferred taxation in respect of prior years	(14)	3
Others	–	5
	(696)	(32)

Non-deductible expenses mainly relate to depreciation of non-qualifying property, plant and equipment. Non-taxable income mainly relates to government grants under the JSS.

Singapore

The corporate income tax rate applicable to the Company and the Singapore-incorporated subsidiaries is 17% (2021: 17%) for the financial year ended 31 March 2022.

25 TAXATION (CONT'D)

Sri Lanka
The corporate income tax rate applicable to Sri Lanka branch office of Teacly (S) Pte. Ltd. in respect of construction works is 14% (2021: 14%) for the financial year ended 31 March 2022.

Malaysia
The corporate income tax rate applicable to Ley Choon (M) Sdn. Bhd. is 24% (2021: 24%) for the financial year ended 31 March 2022.

The PRC
In accordance with the Enterprise Income Tax ("EIT") Law of the PRC, Ley Choon (Yantai) Eco-Green Construction Material Ltd. is subject to the applicable EIT rate of 25% for the financial year ended 31 March 2021.

26 PROFIT FOR THE YEAR

	CONTINUING OPERATIONS		DISCONTINUED OPERATION		TOTAL	
THE GROUP	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Profit for the year has been arrived at after charging:						
Cost of inventories recognised in cost of sales (Note 8)	16,104	15,352	–	–	16,104	15,352
Depreciation of property, plant and equipment (Note 3)	5,812	6,053	–	–	5,812	6,053
Depreciation of right-of-use assets (Note 4)	2,451	2,277	–	–	2,451	2,277
Provision for onerous contracts	–	10	–	–	–	10
Audit fees paid/payable to:						
- auditor of the Company	225	225	–	–	225	225
- other auditors	4	5	–	6	4	11
Staff costs						
Directors' fees	230	190	–	–	230	190
Directors' remuneration other than fees						
- salaries and other related costs	474	436	–	–	474	436
- contributions to defined contribution plans	15	9	–	–	15	9
	719	635	–	–	719	635
Key management personnel (other than directors)						
- salaries and other related costs	1,713	1,704	–	–	1,713	1,704
- contributions to defined contribution plans	131	105	–	–	131	105
	1,844	1,809	–	–	1,844	1,809
Total key management personnel compensation	2,563	2,444	–	–	2,563	2,444
Other than key management personnel						
- salaries and other related costs	26,956	23,371	–	74	26,956	23,445
- contributions to defined contribution plans	773	806	–	5	773	811
	27,729	24,177	–	79	27,729	24,256
	30,292	26,621	–	79	30,292	26,700

27 EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary shareholders of S$4,758,000 (2021: S$873,000) and the weighted average number of ordinary shares outstanding of 1,187,452,000 (2021: 1,184,814,000), calculated as follows:

Profit attributable to ordinary shareholders (basic and diluted)

THE GROUP	CONTINUING OPERATIONS S$'000	DISCONTINUED OPERATION S$'000	TOTAL S$'000
2022			
Profit/(Loss) for the year attributable to ordinary shareholders	4,856	(98)	4,758
2021			
Profit for the year attributable to ordinary shareholders	810	63	873

Weighted average number of ordinary shares

THE GROUP	2022 '000	2021 '000
Issued ordinary shares at beginning of year (Note 15)	1,184,814	1,184,814
Effect of ordinary shares issued during the year	2,638	–
Weighted average number of ordinary shares in issue during the year	1,187,452	1,184,814

At the end of the reporting period, the convertible bonds are excluded from the calculation of the diluted weighted average number of ordinary shares in issue as the average market price of the Company's ordinary shares for the year then ended does not exceed the exercise price.

28 EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

The Ley Choon Performance Share Plan 2018 was approved by the shareholders at the Annual General Meeting held on 30 July 2018.

The objectives of the Ley Choon Performance Share Plan 2018 are as follows:

(a) to give the Company the option and flexibility to pay eligible employees' bonuses in the form of cash, shares or a combination of cash and shares, resulting in a better and more flexible salary and cash-flow management for the Company;

(b) to give the Company the flexibility to impose specific or medium-term performance targets or to impose time-based service conditions, or a combination of both, as a means to reward and steer its executives to better performance and to retain employees with suitable skill sets and talents to drive the growth of the Group;

(c) to incentivise participants of the Ley Choon Performance Share Plan 2018 to excel in their performance and encourage greater dedication and loyalty to the Company;

(d) to recognise and reward past contributions and services and motivate participants of the Ley Choon Performance Share Plan 2018 to continue to strive for the Company's long-term prosperity;

(e) to further strengthen and enhance the Company's competitiveness in attracting and retaining employees with suitable talents; and

(f) to foster an ownership culture within the Company, and align the interests of participants of the Ley Choon Performance Share Plan 2018 with the interests of the shareholders.

The Ley Choon Performance Share Plan 2018 shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of ten years from the date on which the Ley Choon Performance Share Plan 2018 is adopted by shareholders, provided always that the Ley Choon Performance Share Plan 2018 may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

No performance shares have been allotted and issued to any employees or directors of the Company since the commencement of Ley Choon Performance Share Plan 2018.

29 SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, transactions with related parties based on terms agreed between parties are as follows:

THE GROUP	2022 S$'000	2021 S$'000
Conversion of convertible bonds and issuance of shares to holding company (Note 15)	18,198	–
Rental paid to an entity controlled by a director and key management personnel of the Company	23	23

Following receipt of conversion notices from the holding company, subsequent to the approval by the other shareholders at the Extraordinary General Meeting held on 25 March 2022, the convertible bonds were fully converted into ordinary shares of the Company (Note 15).

The directors are of the opinion that the transactions above have been entered in normal course of businesses and have been established on terms and conditions that are not materially different from those obtainable in transactions with third parties.

30 LEASES

Where the Group is the lessee,

The Group leases land space for operation, office and storage premises. The leases run for a period of 2 to 13 years, with option to renew the leases at the expiry of the lease period. Lease payments are renegotiated every few years to reflect market rentals. There are no externally imposed covenants on the lease arrangements. In addition, the Group leases plant and equipment and motor vehicles under hire purchase arrangements.

Information about leases for which the Group is a lessee is presented in Note 4 and Note 18 to the financial statements.

Amounts recognised in profit or loss under SFRS(I) 16 are as follows:

THE GROUP	2022 S$'000	2021 S$'000
Interest expense on lease liabilities (Note 24)	267	268

Where the Group is the lessor,

Operating leases, in which the Group is the lessor, relate to short-term leases of motor vehicles and machinery owned by the Group to contractors. The leases do not have option for lessee to purchase the motor vehicles and equipment at the expiry of the lease period.

These leases are classified as operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred. The unguaranteed residual values do not represent a significant risk for the Group as the lease periods do not represent a significant portion of the useful lives of the assets.

The Group's revenue from rental income on leases of motor vehicles and machinery is disclosed in Note 21.

31 OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies.

For each of the strategic business unit, the Group's CEO, who is the chief operating decision maker, monitors the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment. The Group's CEO reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

(i) Pipes and roads segment which comprises underground utilities infrastructure construction and maintenance; sewer pipeline rehabilitation; and road and airfield construction and maintenance.

(ii) Construction materials segment which comprises asphalt pre-mix production; and construction waste recycling.

There are no operating segments that have been aggregated to form the above reportable operating segments.

Other operations relate to general corporate activities.

Information regarding the results of each reportable segment is included in the following tables. Performance is measured based on segment profit before taxation and unallocated expenses, as included in the internal management reports that are reviewed by the Group's CEO, which in certain respects, as explained in the following tables, is different from profit in the consolidated financial statements. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Inter-segment pricing is determined on an arm's length basis.

The Group's income taxes are managed on a group basis and are not allocated to operating segments.

31 OPERATING SEGMENTS (CONT'D)

	Continuing operations						Discontinued operation			
	Pipes and roads		Construction materials		Others/ Unallocated		Construction materials		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
THE GROUP	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
External revenue	89,268	72,054	3,629	3,540	–	–	–	–	92,897	75,594
Inter-segment revenue	22,865	30,667	5,777	6,287	–	–	–	–	28,642	36,954
Total revenue	112,133	102,721	9,406	9,827	–	–	–	–	121,539	112,548
Interest income	–	–	–	–	24	13	–	–	24	13
Interest expense	(202)	(199)	–	–	(2,197)	(2,533)	–	(37)	(2,399)	(2,769)
Depreciation of property, plant and equipment	(3,297)	(3,520)	(312)	(337)	(2,203)	(2,196)	–	–	(5,812)	(6,053)
Depreciation for right-of-use assets	(1,824)	(1,679)	(347)	(323)	(280)	(275)	–	–	(2,451)	(2,277)
Impairment losses on property, plant and equipment (made)/ reversed	(397)	(90)	19	(16)	(13)	(1)	–	–	(391)	(107)
Impairment losses on right-of-use assets reversed/(made)	29	(137)	–	–	–	–	–	–	29	(137)
Impairment losses on trade receivables reversed	38	59	179	–	–	–	–	182	217	241
Share of results of associate	–	–	–	–	–	–	(98)	–	(98)	–
Reportable segment profit/(loss) before taxation	9,521	4,240	653	836	(6,014)	(4,302)	(98)	67	4,062	841
Reportable segment assets	60,067	66,826	7,377	5,958	21,507	31,849	5,526	–	94,477	104,633
Capital expenditure	557	1,174	–	–	48	112	–	63	605	1,349
Reportable segment liabilities	16,962	20,009	1,521	1,992	33,194	62,968	2,343	–	54,020	84,969

31 OPERATING SEGMENTS (CONT'D)

Reconciliations of segment amounts to consolidated financial statements

	2022 S$'000	2021 S$'000
Revenue		
Total revenue for reportable segments	121,539	112,548
Less: inter-segment revenue	(28,642)	(36,954)
Consolidated revenue from continuing operations	92,897	75,594
Profit or loss before taxation		
Total profit before taxation for reportable segments	10,076	5,143
Other corporate expenses	(6,014)	(4,302)
Less: loss/(profit) before taxation from discontinued operation	98	(67)
Consolidated profit before taxation from continuing operations	4,160	774
Assets		
Total assets for reportable segments (including discontinued operation)	72,970	72,784
Unallocated property, plant and equipment	8,290	10,750
Other unallocated assets	13,217	21,099
Consolidated total assets	94,477	104,633
Liabilities		
Total liabilities for reportable segments (including discontinued operation)	20,826	22,001
Unallocated borrowings	27,935	54,266
Other unallocated liabilities	5,259	8,702
Consolidated total liabilities	54,020	84,969

31 OPERATING SEGMENTS (CONT'D)

Geographical information

The Group operates principally in Singapore and Sri Lanka.

In presenting information on the basis of geographical areas of operations, segment revenue is based on the geographical locations of customers, and segment assets are based on the geographical locations of the assets.

	2022 S$'000	2021 S$'000
Revenue		
Singapore	92,249	73,736
Sri Lanka	648	1,858
Consolidated revenue from continuing operations	92,897	75,594
Non-current assets *		
Singapore	28,556	36,889
Sri Lanka	540	997
Consolidated non-current assets	29,096	37,886

* Non-current assets comprise property, plant and equipment, right-of-use assets, associate and club membership, and exclude deferred tax assets.

Major customers

During the financial year ended 31 March 2022, revenue from six customers (2021: four customers) in respect of the Group's pipes and roads segment amounted to S$83,462,000 (2021: S$54,578,000). The details of these customers which individually contributed ten percent or more of the Group's revenue are as follows:

	2022 S$'000	2022 %	2021 S$'000	2021 %
Customer A	17,061	18	8,399	11
Customer B	15,585	17	18,689	25
Customer C	14,972	16	*	*
Customer D	12,901	14	7,823	10
Customer E	12,296	13	19,667	26
Customer F	10,647	11	*	*
Total	83,462	89	54,578	72

* Below 10 percent

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis for interest rate risk (Note 32.3) and foreign currency risk (Note 32.4).

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

32.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables and contract assets. For trade receivables, the Group adopts the practice of dealing only with those customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors. Payments will be required to be made upfront by customers which do not meet the Group's credit requirements.

Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. Through on-going credit monitoring and existing collection procedures in place, credit risk is mitigated substantially.

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's assessment of their creditworthiness and in accordance with the Group's policy.

The Group's trade receivables comprise three major debtors (2021: four major debtors) that represented 58% (2021: 62%) of net trade receivables.

The Group and the Company have contract assets, trade and other receivables and cash and bank balances and fixed deposits that are subject to the expected credit loss ("ECL") model. While contract assets, other receivables and cash and bank balances and fixed deposits are subject to the impairment requirements of SFRS(I) 9, the identified impairment loss is insignificant.

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.1 Credit risk (cont'd)

Trade receivables

The Group applies the SFRS(I) 9 simplified approach to measuring ECLs which uses a lifetime ECL allowance for all trade receivables.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables. The Group has identified the gross domestic product of the countries in which it operates to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, below is the information about the credit risk exposure on the Group's trade receivables using provision matrix:

THE GROUP	CURRENT S$'000	PAST DUE 0 TO 30 DAYS S$'000	PAST DUE 31 TO 60 DAYS S$'000	PAST DUE 61 TO 90 DAYS S$'000	PAST DUE MORE THAN 90 DAYS S$'000	TOTAL S$'000
2022						
Gross carrying amount	1,764	3,787	142	230	183	6,106
ECL rate (%)	–	–	–	–	25.68	
Loss allowance	–	–	–	–	47	47
2021						
Gross carrying amount	4,636	2,224	1,004	585	803	9,252
ECL rate (%)	–	–	–	–	41.47	
Loss allowance	–	–	–	–	333	333

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group.

Contract assets

Loss allowance for contract assets is measured at an amount equal to lifetime ECLs which is consistent with the approach adopted for trade receivables. The contract assets relate mainly to contracts where the revenue has been accrued ahead of billings to customers, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. At the end of the reporting period, no loss allowance for contract assets is required.

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.1 Credit risk (cont'd)

Other receivables

Loss allowance for other receivables is measured at an amount equal to 12-month ECLs (stage 1 of the general approach). The ECLs on other receivables are estimated by reference to track record of the counterparties, their business and financial conditions where information is available, and knowledge of any events or circumstances impeding recovery of the amounts. At the end of the reporting period, no loss allowance for other receivables is required.

Amounts due from subsidiaries (non-trade)

The amounts due from subsidiaries are considered to have low credit risk as the Company has control over the operating, investing and financing activities of its subsidiaries. The use of advances to assist with the subsidiaries' cash flow management is in line with the Group's capital management. There has been no significant increase in the credit risk of the amounts due from subsidiaries since initial recognition. In determining the ECLs, management has taken into account the financial position of the subsidiaries, and a forward-looking analysis of the financial performance of operations of the subsidiaries.

Management has assessed that the Company is not exposed to significant credit losses in respect of the amounts due from subsidiaries.

Cash and bank balances and fixed deposits

Cash is held with banks which are regulated. Loss allowance on cash and bank balances and fixed deposits is measured at an amount equal to 12-month ECLs and reflects the short maturities of the exposures. The Group considers that its cash and bank balances and fixed deposits have low credit risk based on the external credit ratings of the counterparties. The amount of loss allowance on cash and bank balances and fixed deposits is negligible.

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except for letters of financial support and corporate guarantees issued by the Company to and on behalf of subsidiaries.

At the end of the reporting period, the Company has issued corporate guarantees to financial institutions for the borrowings undertaken by its subsidiaries (Note 17). These borrowings amounted to S$27,935,000 (2021: S$38,291,000) at the end of the reporting period. The credit risk, being the principal risk to which the Company is exposed, represents the loss that would be recognised upon a default by the subsidiaries.

The current interest rates charged by the lenders on the loans to the subsidiaries are at market rates and are consistent with the borrowing costs of the subsidiaries without any corporate guarantees.

At the end of the reporting period, the Company does not consider it probable that a claim will be made against it under the corporate guarantees.

To mitigate credit risk arising from corporate guarantees, management continually monitors the risk and has established processes including performing credit evaluations of the parties for which the Group provides corporate guarantees. Corporate guarantees are only for intra-group financing purposes and given by the Company on behalf of its subsidiaries.

The Group's and the Company's major classes of financial assets are bank deposits and trade and other receivables. Cash is held with established financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 10.

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows:

THE GROUP	CARRYING AMOUNT S$'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS S$'000	LESS THAN 1 YEAR S$'000	BETWEEN 2 AND 5 YEARS S$'000
2022				
Non-derivative financial liabilities				
Borrowings (Note 17)	27,935	29,391	9,049	20,342
Lease liabilities (Note 18)	4,586	4,846	2,663	2,183
Trade and other payables * (Note 19)	18,253	18,253	18,253	–
	50,774	52,490	29,965	22,525
2021				
Non-derivative financial liabilities				
Borrowings (Note 17)	54,266	54,266	54,266	–
Lease liabilities (Note 18)	4,558	4,964	1,937	3,027
Trade and other payables * (Note 19)	22,985	22,985	22,985	–
	81,809	82,215	79,188	3,027
THE COMPANY				
2022				
Non-derivative financial liabilities				
Trade and other payables * (Note 19)	1,020	1,020	1,020	–
Intra-group financial guarantees	27,935	29,391	9,049	20,342
2021				
Non-derivative financial liabilities				
Borrowings (Note 17)	15,975	15,975	15,975	–
Trade and other payables (Note 19)	3,745	3,745	3,745	–
	19,720	19,720	19,720	–
Intra-group financial guarantees	38,291	38,291	38,291	–

* Excluding consideration received, deferred government grants income, net output taxes and provision for retirement benefits

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.2 Liquidity risk (cont'd)

Except for the Company's cash flows arising from its intra-group corporate guarantees (Note 32.1), it is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

At the end of the reporting period, the Company does not consider it probable that a claim will be made against it under the intra-group corporate guarantees.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

The Group and the Company ensure that there are adequate funds to meet all their obligations in a timely and cost-effective manner. The Group and the Company maintain sufficient level of cash and bank balances to meet their working capital requirements.

32.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's IBOR exposures to non-derivative financial liabilities as at 31 March 2022 comprise loans from financial institutions indexed to SIBOR. The Group is still in the process of communication with the counterparties for the SIBOR indexed exposures and specific changes have yet been agreed.

The Group's and the Company's exposure to interest rate risk arises primarily from loans from financial institutions at floating rates. Convertible bonds, lease liabilities and fixed deposits bear interest at fixed rates. All other financial assets and liabilities are interest-free.

At the end of the reporting period, the carrying amount of the interest-bearing financial instruments is as follows:

	THE GROUP		THE COMPANY	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Fixed rate instruments				
Financial assets				
- fixed deposits	573	162	–	–
Financial liabilities				
- convertible bonds	–	(15,975)	–	(15,975)
- lease liabilities	(4,586)	(4,558)	–	–
	(4,586)	(20,533)	–	(15,975)
	(4,013)	(20,371)	–	(15,975)
Variable rate instruments				
Financial liabilities				
- loans from financial institutions	(27,935)	(38,291)	–	–

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.3 Interest rate risk (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate assets or liabilities at FVTPL. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

At the end of the reporting period, if interest rates had been 100 (2021: 100) basis points higher/lower with all other variables held constant, the Group's profit before tax and equity would have been S$279,000 (2021: S$383,000) lower/higher, arising as a result of higher/lower interest expenses on floating rate loans from financial institutions.

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular, foreign currency rates, remain constant.

The Group's and the Company's policy is to obtain the most favourable interest rates available without increasing its interest rate exposure.

32.4 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies.

The Company has no significant transactions that are denominated in a currency other than the functional currency of the Company, Singapore dollar. Hence, the Company is not exposed to any significant foreign currency risk.

The Group has transactional currency exposures arising from transactions that are denominated in a currency other than the respective functional currencies of group entities, namely Singapore dollar for the Company and its Singapore-incorporated subsidiaries, and Sri Lankan rupee and Malaysian ringgit for the branch office in Sri Lanka and subsidiary in Malaysia, respectively. The foreign currency in which these transactions are denominated are primarily Renminbi for the Company and Singapore dollar for the branch office in Sri Lanka. Consequently, the Group is exposed to movements in foreign currency exchange rates.

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.4 Foreign currency risk (cont'd)

The Group's and the Company's exposures in financial instruments (including intra-group balances) to the various foreign currencies (other than the respective functional currencies of group entities) are mainly as follows:

THE GROUP	SINGAPORE DOLLAR S$'000	RENMINBI S$'000
2022		
Trade and other receivables	–	2,344
Cash and bank balances	9	–
Net exposure	9	2,344
2021		
Trade and other receivables	21,150	368
Trade and other payables	(28,088)	–
Net exposure	(6,938)	368
The Company		
2022		
Trade and other receivables	–	2,344
Net exposure	–	2,344
2021		
Trade and other receivables	–	368
Net exposure	–	368

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.4 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Singapore dollar ("SGD") and Renminbi ("RMB") exchange rates, with all other variables held constant, of the Group's profit before tax.

		THE GROUP		THE COMPANY	
		2022	2021	2022	2021
		S$'000	S$'000	S$'000	S$'000
SGD	- strengthened 5% (2021: 5%)	–	(347)	–	–
	- weakened 5% (2021: 5%)	–	347	–	–
RMB	- strengthened 5% (2021: 5%)	117	18	117	18
	- weakened 5% (2021: 5%)	(117)	(18)	(117)	(18)

32.5 Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group is exposed to market price risks arising from its investment in equity securities listed on the SGX-ST. Such investments are designated at FVTPL. The Group does not actively trade the investments.

Market price sensitivity

At the end of the reporting period, if the Straits Times Index had been 5% (2021: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been S$1,000 (2021: S$3,000) higher/lower, arising as a result of an increase/decrease in the fair value of the quoted equity securities.

33 CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as going concern;
(b) To support the Group's and the Company's stability and growth;
(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and
(d) To provide an adequate return to shareholders.

The Group and the Company actively and regularly review and manage their capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company, and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

33 CAPITAL MANAGEMENT (CONT'D)

Except for the financial covenants to be complied by the Group and the Company under the terms of the debt restructuring agreement with regards to certain level of debt based on earnings before interest, taxes, depreciation and amortisation, the Group and the Company are not subject to externally imposed capital requirements.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings, lease liabilities and trade and other payables, less cash and bank balances and fixed deposits. Total capital represents equity attributable to owners of the Company.

	THE GROUP		THE COMPANY	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Borrowings (Note 17)	27,935	54,266	–	15,975
Lease liabilities (Note 18)	4,586	4,558	–	–
Trade and other payables (Note 19)	21,433	24,258	3,364	3,745
Total debt	53,954	83,082	3,364	19,720
Less: Cash and bank balances and fixed deposits (Note 13)	(4,907)	(7,171)	(5)	(2,874)
Net debt	49,047	75,911	3,359	16,846
Equity attributable to owners of the Company	40,457	19,664	49,980	28,870
Total capital	40,457	19,664	49,980	28,870
Total capital and net debt	89,504	95,575	53,339	45,716
Gearing ratio	55%	79%	6%	37%

34 FINANCIAL INSTRUMENTS

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

THE GROUP	AMORTISED COST S$'000	MANDATORILY AT FVTPL S$'000	OTHER FINANCIAL LIABILITIES AT AMORTISED COST S$'000	TOTAL S$'000
2022				
Financial assets				
Trade and other receivables # (Note 10)	15,328	–	–	15,328
Other investments (Note 12)	–	14	–	14
Cash and bank balances (Note 13)	4,334	–	–	4,334
Fixed deposits (Note 13)	573	–	–	573
	20,235	14	–	20,249
Financial liabilities				
Borrowings (Note 17)	–	–	27,935	27,935
Lease liabilities (Note 18)	–	–	4,586	4,586
Trade and other payables * (Note 19)	–	–	18,253	18,253
	–	–	50,774	50,774
2021				
Financial assets				
Trade and other receivables # (Note 10)	15,695	–	–	15,695
Other investments (Note 12)	–	50	–	50
Cash and bank balances (Note 13)	7,009	–	–	7,009
Fixed deposits (Note 13)	162	–	–	162
	22,866	50	–	22,916
Financial liabilities				
Borrowings (Note 17)	–	–	54,266	54,266
Lease liabilities (Note 18)	–	–	4,558	4,558
Trade and other payables * (Note 19)	–	–	22,985	22,985
	–	–	81,809	81,809

34 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications of financial assets and financial liabilities (cont'd)

The carrying amounts of financial assets and financial liabilities in each category are as follows: (cont'd)

THE COMPANY	AMORTISED COST S$'000	MANDATORILY AT FVTPL S$'000	OTHER FINANCIAL LIABILITIES AT AMORTISED COST S$'000	TOTAL S$'000
2022				
Financial assets				
Trade and other receivables (Note 10)	2,886	–	–	2,886
Cash and bank balances (Note 13)	5	–	–	5
	2,891	–	–	2,891
Financial liabilities				
Trade and other payables * (Note 19)	–	–	1,020	1,020
2021				
Financial assets				
Trade and other receivables (Note 10)	368	–	–	368
Cash and bank balances (Note 13)	2,874	–	–	2,874
	3,242	–	–	3,242
Financial liabilities				
Borrowings (Note 17)	–	–	15,975	15,975
Trade and other payables (Note 19)	–	–	3,745	3,745
	–	–	19,720	19,720

Excluding government grants receivable

* Excluding consideration received, deferred government grants income, net output taxes and provision for retirement benefits

Fair values

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables, cash and bank balances and fixed deposits, borrowings (which are short-term or repayable on demand), and trade and other payables, are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group and the Company for similar financial instruments.

The fair value disclosure of lease liabilities is not required.

34 FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Financial assets measured at fair value

THE GROUP	LEVEL 1 S$'000	LEVEL 2 S$'000	LEVEL 3 S$'000	TOTAL S$'000
2022				
Quoted equity investments at FVTPL	14	–	–	14
2021				
Quoted equity investments at FVTPL	50	–	–	50

The fair value of financial instruments traded in active markets (quoted equity investments) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

SHAREHOLDINGS STATISTICS

As at 24 June 2022

No of Issued Shares : 1,505,767,572
Class of Shares : Ordinary shares
Voting Rights : 1 vote for each ordinary share (excluding treasury shares and subsidiary holdings)

There are no treasury shares held by the Company or subsidiary holdings as at 24 June 2022.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	48	1.51	494	0.00
100 - 1,000	1,352	42.64	699,182	0.05
1,001 - 10,000	747	23.56	3,013,446	0.20
10,001 - 1,000,000	952	30.02	147,409,135	9.79
1,000,001 AND ABOVE	72	2.27	1,354,645,315	89.96
TOTAL	3,171	100.00	1,505,767,572	100.00

SHAREHOLDINGS HELD IN THE HAND OF PUBLIC SHAREHOLDERS

As at 24 June 2022, approximately 28% of the shareholdings is held in the hands of the public. At least 10% of the Company's issued ordinary shares are held in the hands of the public at all times and the Company is in compliance with Rule 723 of the Listing Manual Section B: Rules of Catalist.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	ZHENG CHOON HOLDING PTE LTD	909,272,580	60.39
2	HIAP HOE INVESTMENT PTE LTD	176,536,000	11.72
3	DBS NOMINEES (PRIVATE) LIMITED	29,975,201	1.99
4	CITIBANK NOMINEES SINGAPORE PTE LTD	23,450,900	1.56
5	ANG LAY LEONG	21,000,000	1.39
6	PHILLIP SECURITIES PTE LTD	15,007,453	1.00
7	TAN TECK WEI	10,711,935	0.71
8	RAFFLES NOMINEES (PTE.) LIMITED	8,705,200	0.58
9	OCBC SECURITIES PRIVATE LIMITED	7,654,342	0.51
10	NG CHOON YEONG	6,962,300	0.46
11	SIM TOCK MANG	6,800,000	0.45
12	BUHDY BOK SIN SWEE (MO XINGCUI)	6,385,200	0.42
13	PEH HOCK SIONG	6,278,100	0.42
14	DB NOMINEES (SINGAPORE) PTE LTD	5,149,330	0.34
15	MAYBANK SECURITIES PTE. LTD.	4,543,900	0.30
16	TAN KENG PENG	4,372,000	0.29
17	TOH KENG HONG	4,248,000	0.28
18	WONG NYUK LIAN	4,220,000	0.28
19	CHEN JET HOW	3,860,000	0.26
20	IFAST FINANCIAL PTE. LTD.	3,744,200	0.25
	TOTAL	1,258,876,641	83.60

SHAREHOLDINGS STATISTICS

As at 24 June 2022

SUBSTANTIAL SHAREHOLDERS

	NUMBER OF SHARES HELD			
NAME	**DIRECT INTEREST**	**%**	**DEEMED INTEREST**	**%**
Zheng Choon Holding Pte. Ltd.	909,272,580	60.39%	–	–
Toh Choo Huat(1)	794,000	0.05%	909,272,580	60.39%
Toh Swee Kim(2)	220,000	0.01%	909,272,580	60.39%
Toh Chew Leong(3)	–	–	909,272,580	60.39%
Toh Chew Chai(4)	–	–	909,272,580	60.39%
Hiap Hoe Investment Pte. Ltd.	176,536,000	11.72%	–	–
Hiap Hoe Limited(5)	–	–	176,536,000	11.72%

Notes:

(1) Mr Toh Choo Huat holds 27.2% of the shareholding in Zheng Choon Holding Pte. Ltd. As such, Mr Toh Choo Huat is deemed to be interested in the Shares held by Zheng Choon Holding Pte. Ltd.

(2) Mr Toh Swee Kim holds 23.7% of the shareholding in Zheng Choon Holding Pte. Ltd. As such, Mr Toh Swee Kim is deemed to be interested in the Shares held by Zheng Choon Holding Pte. Ltd.

(3) Mr Toh Chew Leong holds 25.4% of the shareholding in Zheng Choon Holding Pte. Ltd. As such, Mr Toh Chew Leong is deemed to be interested in the Shares held by Zheng Choon Holding Pte. Ltd.

(4) Mr Toh Chew Chai holds 23.7% of the shareholding in Zheng Choon Holding Pte. Ltd. As such, Mr Toh Chew Chai is deemed to be interested in the Shares held by Zheng Choon Holding Pte. Ltd.

(5) Hiap Hoe Investment Pte. Ltd. is 100% owned by Hiap Hoe Limited. As such, Hiap Hoe Limited is deemed to be interested in the Shares held by Hiap Hoe Investment Pte. Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held by way of electronic means on Friday, 29 July 2022 at 10.00 a.m. to transact the following businesses as set out below.

This Notice has been made available on SGXNet and the Company's website at the URL https://www.leychoon.com and may also be accessed at the URL https://conveneagm.com/sg/leychoonagm. A printed copy of this Notice will NOT be despatched to members.

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2022 together with the Directors' Statement and the Auditors' Report of the Company. (Resolution 1)

2. To re-elect as a Director, Mr Toh Choo Huat who is retiring under Regulation 107 of the Company's Constitution.

   Mr Toh Choo Huat will, upon re-election as a Director of the Company, remain an Executive Director of the Company. (Resolution 2)

   [See Explanatory Note (I)]

3. To re-elect as a Director, Mr Ling Chung Yee who is retiring under Regulation 107 of the Company's Constitution.

   Mr Ling Chung Yee will, upon re-election as a Director of the Company, remain an Independent Director of the Company. (Resolution 3)

   [See Explanatory Note (I)]

4. To approve the payment of Directors' fees of S$230,000 for the financial year ending 31 March 2023, to be paid quarterly in arrears. (Resolution 4)

5. To re-appoint Messrs Foo Kon Tan LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 5)

6. To transact any other business that may be transacted at an Annual General Meeting.

SPECIAL BUSINESS

7. To consider and, if thought fit, pass the following Ordinary Resolution with or without any modifications:

"That pursuant to Section 161 of the Companies Act 1967 ("**Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require shares to be issued, including but not limited to the creation or issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions, for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided always that:

(I) the aggregate number of shares (including shares to be issued in pursuant of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of shares to be issued other than on a pro rata basis to the Shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below);

(II) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (I) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the Company at the time of the passing of this Resolution, after adjusting for:

(aa) new shares arising from the conversion or exercise of any convertible securities;

(bb) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(cc) any subsequent bonus issue, consolidation or subdivision of shares;

NOTICE OF ANNUAL GENERAL MEETING

(III) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(IV) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held whichever is the earlier.” (Resolution 6)

[See Explanatory Note (II)]

8. To consider and, if thought fit, pass the following Ordinary Resolution with or without any modifications:

“Resolved that the Board of Directors of the Company be and is hereby authorised to offer and grant awards (“**Awards**”) in accordance with the provisions of the Ley Choon Performance Share Plan 2018 (the “**PSP**”) and pursuant to Section 161 of the Companies Act 1967, to allot and issue from time to time such number of fully paid-up shares in the capital of the Company as may be required to be issued pursuant to the vesting of Awards under the PSP, provided always that the total number of new shares to be allotted and issued pursuant to an Award granted under the PSP, when added to the number of shares issued and issuable in respect of all Awards granted under the PSP and any other share scheme, shall not exceed 15% of the issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) on the day preceding the date of the Award.” (Resolution 7)

[See Explanatory Note (III)]

By Order of the Board

Ong Beng Hong/Tan Swee Gek
Joint Company Secretaries
14 July 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

I. For details of Mr Toh Choo Huat's and Mr Ling Chung Yee's disclosures pursuant to Rule 720(5) of the Catalist Rules, please refer to pages 75 to 81 of the Company's Annual Report for the financial year ended 31 March 2022.

II. The Ordinary Resolution 6 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules, and any subsequent bonus issue, consolidation or subdivision of shares.

III. The Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors of the Company, to allot and issue shares in the Company pursuant to the vesting of awards granted under the PSP of up to a number which when added to the number of new shares issued and issuable in respect of all awards granted under the PSP or any other share scheme shall not exceed in total 15% of the issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) from time to time. The PSP was first approved by the shareholders of the Company at the Annual General Meeting held on 30 July 2018. Please refer to the Company's Letter to Shareholders dated 13 July 2018 for further details.

Notes:

(1) Alternative arrangements relating to, among others, attendance, submission of questions in advance or "live" at the Annual General Meeting ("**AGM**") and/or voting "live" by the member or by proxy or by appointing the Chairman of the AGM as proxy at the AGM are set out in the Company's announcement dated 14 July 2022 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 29 July 2022" which has been uploaded together with this Notice of AGM on SGXNet on the same day. This announcement may also be accessed at the URL https://www.leychoon.com.

In particular, the AGM will be held by way of electronic means and a member will be able to watch the proceedings of the AGM through a "live" webcast or listen to these proceedings through a "live" audio feed via his/her/its mobile phones, tablets or computers. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio feed must pre-register by 10.00 a.m. on 26 July 2022, at the URL https://conveneagm.com/sg/leychoonagm, to create an account and enable the Company to verify their members' status. Following authentication of their status as members, authenticated members will receive an email on their authentication status by 28 July 2022 and will be able to watch the "live" webcast or listen to the "live" audio feed using the account created. Members who have received the email must not forward the email to other persons who are not members or who are not entitled to attend the AGM. This is to avoid any technical disruption or overload to the "live" webcast or "live" audio feed. Shareholders who do not receive an email by 10.00 a.m. on 28 July 2022, but who have registered by the deadline of 10.00 a.m. on 26 July 2022, should contact the Company at the following email address: agmfy22@leychoon.com.

Non-CPF/SRS holders whose shares are registered under Depository Agents ("**DAs**") must also contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to watch the AGM proceedings through a "live" webcast or listen through a "live" audio feed.

Corporate shareholders must also submit the Corporate Representative Certificate at agmfy22@leychoon.com, in addition to the registration procedures as set out in the paragraphs above, by 10.00 a.m. on 26 July 2022, for verification purposes.

A member may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by 10.00 a.m. on 26 July 2022:

(a) via the pre-registration website at the URL https://conveneagm.com/sg/leychoonagm;

(b) in hard copy by sending personally or by post and lodging the same at the registered office of the Company at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556; or

(c) by email to agmfy22@leychoon.com.

NOTICE OF ANNUAL GENERAL MEETING

Members will need to identify themselves when posing questions by email or by mail by providing the following details:

(a) the member's full name as it appears on his/her/its CDP/CPF/SRS share records;

(b) the member's NRIC/Passport/UEN number;

(c) the member's contact number and email address; and

(d) the manner in which the member holds his/her/its Shares in the Company (e.g. via CDP, CPF or SRS).

The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM as received from members either before or during the AGM.

(2) Shareholders (including CPF and SRS investors) and, where applicable, appointed proxy(ies), who wish to ask questions "live" at the AGM must first pre-register at the pre-registration website at the URL https://conveneagm.com/sg/leychoonagm.

Shareholders and proxyholders who pre-registered and are verified to attend the AGM will be able to ask questions relating to the agenda of the of the AGM by clicking the "Ask a Question" feature and then clicking the "Queue for Video call" via the Live Webcast. The relevant Shareholder will be informed once it is appropriate for him/her to speak and can thereafter raise his/her question via audiovisual or audio means during the AGM within a certain prescribed time limit.

(3) A member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it may:

(a) (where the member is an individual) vote "live" via electronic means at the AGM or (where the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the AGM) to vote "live" via electronic means at the AGM on his/her/its behalf; or

(b) (where the member is an individual or corporate) appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment for that resolution will be treated as invalid.

The accompanying proxy form for the AGM may be accessed at the Company's website at the URL https://www.leychoon.com and may also be accessed at the URL https://conveneagm.com/sg/leychoonagm, and has also been made available on SGXNet.

(4) A proxy need not be a member of the Company. The instrument appointing a proxy(ies), together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:

(a) if sent personally or by post, be deposited at the registered office of the Company at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556;

(b) if submitted by email, be received by the Company at agmfy22@leychoon.com; or

(c) if submitted digitally, be submitted at the URL https://conveneagm.com/sg/leychoonagm,

in either case, by no later than 10.00 a.m. on 26 July 2022, being not less than 72 hours before the time for holding the AGM, and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

(5) If sent personally or by post, the instrument appointing the proxy(ies) of an individual must be under the hand of the appointor or of his attorney duly authorised in writing and the instrument appointing the proxy(ies) of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

Where an instrument appointing a proxy(ies) is submitted by email, it must be authorised in the following manner:

(a) by way of the affixation of an electronic signature by the appointer or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or

(b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

(6) In the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the proxy(ies) lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

(7) Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), including CPF and SRS investors, and who wish to participate in the AGM ("**Relevant Intermediary Participants**") by (a) watching and/or listening to the AGM proceedings via the "live" webcast or the "live" audio feed in the manner provided in Note 2 above; (b) submitting questions in advance of, or "live" at, the AGM in the manner provided in Note 2 above; and/or (c) voting at the AGM (i) "live"; or (ii) by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the AGM. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM, i.e. by 10.00 a.m. on 20 July 2022 in order to allow sufficient time for their relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf not less than 72 hours before the time for holding the AGM.

(8) The Annual Report for the financial year ended 31 March 2022 may be accessed at the Company's website at the URL https://www.leychoon.com. The Annual Report has also been made available on SGXNet.

(9) By attending the AGM and/or any adjournment thereof, submitting an instrument appointing a proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof or submitting any details of Relevant Intermediary Participants in connection with the AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy and the participation of Relevant Intermediary Participants for the AGM (including any adjournment thereof) and the preparation, compilation and publication of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (ii) warrants that where the member discloses the personal data of Relevant Intermediary Participants to the Company (or its agents), the member has obtained the prior consent of such Relevant Intermediary Participants for the collection, use and disclosure by the Company (or its agents) of the personal data of such Relevant Intermediary Participants for the Purposes.

(10) For further information on the conduct of the AGM and the alternative arrangements, shareholders can refer to the following URL https://conveneagm.com/sg/leychoonagm.

IMPORTANT REMINDER: The Company would remind shareholders that, with the constantly evolving COVID-19 situation, the situation is fluid and the Company may be required to change its AGM arrangements at short notice. Shareholders should check the above URL and SGXNet for updates on the AGM.

The Company would like to thank all shareholders for their patience and co-operation in enabling the Company to hold its AGM with the optimum safe distancing measures amidst the current COVID-19 pandemic.

Recording of the "live" webcast of the proceedings in whatever form is strictly prohibited. Shareholders are reminded that the AGM proceedings are private.

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PROXY FORM

LEY CHOON GROUP HOLDINGS LIMITED

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

This form of proxy has been made available on SGXNet and the Company's website at the URL https://www.leychoon.com and may also be accessed at the URL https://conveneagm.com/sg/leychoonagm. A printed copy of this form of proxy will NOT be despatched to members.

IMPORTANT:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance or "live" at the Annual General Meeting ("**AGM**") and/or voting "live" by the member or by proxy or by appointing the Chairman of the AGM as proxy at the AGM are set out in the Company's announcement entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 29 July 2022" which has been uploaded together with the Notice of AGM dated 14 July 2022 on SGXNet on the same day. This announcement may also be accessed at the URL https://www.leychoon.com.
2. A member will not be able to attend the AGM in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it may:
   a. (where the member is an individual) vote "live" via electronic means at the AGM, or (where the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the AGM) to vote "live" via electronic means at the AGM on his/her/its behalf; or
   b. (where the member is an individual or a corporate) appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment for that resolution will be treated as invalid.
3. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold ordinary shares through their CPF/SRS funds. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM, i.e. by 10.00 a.m. on 20 July 2022.

I/We, ______________________ (Name) ______________________ Registration No./NRIC No./Passport No.

of ____ (Address)

being a member/members of Ley Choon Group Holdings Limited (the "**Company**") hereby appoint:

NAME	ADDRESS	EMAIL ADDRESS^	NRIC/PASSPORT NUMBER	PROPORTION OF SHAREHOLDINGS	
				NO. OF SHARES	%
and/or *					

^Appointed proxy(ies) will be prompted via email (within 2 business days after the Company's receipt of a validly completed and submitted proxy form) to pre-register at the pre-registration website which is accessible from the URL https://conveneagm.com/sg/leychoonagm in order to access the "live" audio-visual webcast or "live" audio-only stream of the Annual General Meeting proceedings.

the Chairman of the Annual General Meeting (the "**AGM**")* as my/our proxy to attend and vote for me/us on my/our behalf at the AGM of the Company, to be held by way of electronic means on Friday, 29 July 2022 at 10.00 a.m., and at any adjournment thereof.

I/We direct my/our proxy(ies) to vote for or against, or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to the manner of voting, or abstentions from voting, are given or in the event of any other matter arising at the AGM and at any adjournment thereof, the appointment of the Chairman of the AGM as proxy for that Resolution will be treated as invalid.

NO.	RESOLUTIONS RELATING TO:	FOR	AGAINST	ABSTAIN
	ORDINARY BUSINESS			
1	Adoption of the Audited Financial Statements for the financial year ended 31 March 2022 together with the Directors' Statement and Auditors' Report of the Company			
2	Re-election of Mr Toh Choo Huat as a Director of the Company			
3	Re-election of Mr Ling Chung Yee as a Director of the Company			
4	Approval of Directors' fees of S$230,000 for the financial year ending 31 March 2023, to be paid quarterly in arrears			
5	Re-appointment of Messrs Foo Kon Tan LLP as the Company's Auditors and to authorise the Directors to fix their remuneration			
	SPECIAL BUSINESS			
6	Authority to allot and issue new shares			
7	Authority to allot and issue shares under the Ley Choon Performance Share Plan 2018			

(Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", or "Abstain" from voting on, the relevant Resolution, please mark a "X" within the relevant box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the "Abstain" box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a poll and your votes will not be counted in computing the required majority on a poll.)

Dated this ________day of___________, 2022

TOTAL NUMBER OF SHARES HELD IN:

____
Signature of Shareholder(s) and/or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF.

*delete as appropriate

Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy shall be deemed to relate to all the Shares held by you.

2. A member will not be able to attend the AGM in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it may:

   (a) (where the member is an individual) vote "live" via electronic means at the AGM or (where the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the AGM on his/ her/its behalf; or

   (b) (where the member is an individual or corporate) appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.

   In appointing the proxy(ies), a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment for that resolution will be treated as invalid.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy(ies) must:

   (a) if sent personally or by post, be deposited at the Company's Registered Office at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556;

   (b) if submitted by email, be received by the Company at agmfy22@leychoon.com; or

   (c) if submitted digitally, be submitted at the URL https://conveneagm.com/sg/leychoonagm,

   in either case, **by no later than 10.00 a.m. on 26 July 2022, being not less than 72 hours before the time set for the AGM**, and in default the instrument of proxy shall not be treated as valid.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

5. If sent personally or by post, the instrument appointing a proxy(ies) of an individual must be under the hand of the appointor or of his attorney duly authorised in writing and the instrument appointing a proxy(ies) of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

   Where an instrument appointing a proxy(ies) is submitted by email, it must be authorised in the following manner:

   (a) by way of the affixation of an electronic signature by the appointer or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or

   (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

6. Where an instrument appointing a proxy(ies) is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. The Company shall be entitled to reject any instrument appointing the proxy(ies) lodged if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the proxy(ies)). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the proxy(ies) if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

8. By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

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LEY CHOON

LEY CHOON GROUP HOLDINGS LIMITED

(Company Registration No. 198700318G)
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