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LEY CHOON

ADVANCING WITH FOCUS

Annual Report 2023

CONTENTS

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd., (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Mr Khong Choun Mun, Registered Professional, RHT Capital Pte. Ltd. Address: 36, Robinson Road, #10-06 City House, Singapore 068877, Email : sponsor@rhtgoc.com.

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.

CORPORATE **PROFILE**

Ley Choon Group Holdings Limited ("**Ley Choon**" or the "**Group**") is an established one-stop underground utilities infrastructure construction, road and airfield 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 wastes.

As a one-stop underground utilities infrastructure construction service provider, our core strengths reside with our technical expertise in underground utilities infrastructure and the in-house 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 1000, we build our capabilities by investing in people, operational optimization and digitalisation of processes in order to be more efficient, productive and competitive. We have invested in digital tools such as an Enterprise Resource Planning system, business intelligence systems and other surveillance systems to integrate our operations and better manage our resources.

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 February 2017.

CHAIRMAN'S **STATEMENT**

GIVEN THE ROSY OUTLOOK, WE EXPECT A LOT OF UNDERGROUND INFRASTRUCTURE TENDERS TO BE INTRODUCED IN THE COMING YEARS. ON TOP OF THAT, MANY OF THE OLDER INFRASTRUCTURES IN SINGAPORE ARE DUE FOR UPGRADING. ON OUR PART, WE WILL HAVE TO NAVIGATE POTENTIAL OPERATING CHALLENGES AND ENSURE THE TIMELY DELIVERY OF PROJECTS WE HAVE SECURED.

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 2023 ("**FY2023**").

Building on the recovery in FY2022, the industry and by extension, Ley Choon, recorded strong growth in FY2023. The Ministry of Trade and Industry ("**MTI**") and the Building and Construction Authority ("**BCA**") estimated that total construction output in Singapore hit S$30.2 billion in 2022, which was markedly higher than the preceding year's S$26.0 billion. A combination of a steady level of construction demand and a backlog of work impacted by the COVID-19 pandemic drove construction activities in the period under review.

Financial Performance

In line with the industry trend, the Group benefitted from the ramp-up in underground infrastructure works. As a result, Ley Choon reported top-line growth of 33.4% year-on-year ("**yoy**") with revenue picking up from S$92.9 million in FY2022 to S$123.9 million in FY2023. Moving down the line, our gross profit moved in tandem from S$10.9 million to S$16.4 million over the same period. There was a 1.5 percentage points expansion in our gross profit margin due to a favourable project mix for the period under review. Meanwhile, we concluded with a net profit after tax of S$9.2 million, which was almost doubled from the year prior.

Shareholders' equity increased to S$49.2 million as at 31 March 2023 as compared to S$40.5 million as at 31 March 2022. The Group managed to pare down its debts by around 28.9% during the year. Restructured borrowings declined from S$27.9 million as at 31 March 2022 to S$19.9 million as at 31 March 2023. As a result, Ley Choon's debt-to-equity ratio improved from 0.7x to 0.4x during the year.

The Group generated an operating cash flow of S$14.2 million for FY2023 compared to S$13.0 million for FY2022 as a result of higher operating profit.

Contract Wins

Besides commendable operational and financial results, Ley Choon also showcased strong performance in terms of order book replenishment. During the year under review, the Group secured multiple contracts with an accumulated value of S$306.1 million. These projects mainly involve the supply, laying and installation of underground utility services as well as road infrastructure maintenance works from various government agencies. These newly secured contracts will be progressively executed in the next 24 to 36 months. As at the end of FY2023, our unfulfilled order book value stood at a healthy level of S$315.9 million, giving us earnings visibility until 2026.

CHAIRMAN'S STATEMENT

Business Outlook

Going forward, the outlook of the construction industry remains robust. BCA has forecasted a range of S$27 billion and S$32 billion for the total construction demand in 2023 (i.e. the value of construction contracts to be awarded). The public sector is expected to contribute between S$16 billion and S$19 billion, about 60 per cent of the total construction demand. Looking beyond that, the total construction demand is forecasted to reach between S$25 billion and S$32 billion from 2024 to 2027. Again, the public sector will continue to lead demand and is expected to contribute S$14 billion to S$18 billion. 60% of the demand will come from building projects with the remaining being taken up by civil engineering works. Besides public housing developments, public sector construction demand over the medium term will be supported by various major developments such as MRT projects including the Cross Island Line (Phases 2 & 3), Downtown Line Extension to Sungei Kadut and Brickland North South Line station, Toa Payoh Integrated Development and Woodlands Checkpoint redevelopment.

Given the rosy outlook, we expect a lot of underground infrastructure tenders to be introduced in the coming years. On top of that, many of the older infrastructures in Singapore are due for upgrading. On our part, we will have to navigate potential operating challenges and ensure the timely delivery of projects we have secured. Though these have subsided in FY2023, there are still bottlenecks including the manpower crunch, inflation and global supply chain issues that lead to higher cost of construction materials as well as monetary tightening which raise our cost of borrowings. On the whole, the Group's strategy is to be prudent and selective with the projects we choose to participate in. This ensures that we maintain the quality of our work at the highest level.

Prudent Project Management

Efficient project management is vital for the successful completion of projects within the set timeframe, budget, and overall service quality. Productivity and operational efficiency, without any compromise on safety measures, are highly emphasised and closely monitored at Ley Choon. Essential monitoring mechanisms and reward systems are in place to incentivise our staff to achieve the desired outcome.

The Group is able to identify and develop competent employees who have the right attitude and team spirit to drive and motivate people at all levels to give their best. Similar importance is given to the automation and digitalisation of manual processes across functions in order to improve the efficiency of project management. The Group has put in place software systems and tools to monitor the progress of the projects, as well as to optimise the utilisation of assets.

Sustainability for Growth

Throughout the years, we have been steadfast in upholding the Group's motto of "Build, Renew and Recycle". Sustainability is a vital part of our corporate strategy in order to achieve long-term growth. At Ley Choon, our employees are dedicated and committed to incorporating sustainability considerations in our decision-making processes. In FY2023 the Group achieved a score of 90% in terms of customer satisfaction in project management and improvements in all areas. The Group aims to build on this base in order to achieve long-term growth.

At Ley Choon, we are committed towards safeguarding the health and safety of our employees and sub-contractors. We have a dedicated Environment, Health and Safety ("**EHS**") function, guided by the EHS Policy, to oversee the EHS aspect of the project management as well as provide regular training to all the employees in order to protect all the employees against possible occupational risks and prevent accidents in the workplace. We also closely monitor and track near miss incidents regularly and remedial actions are taken immediately. Also, periodical management reporting systems are in place.

Note of Thanks

On behalf of the Board, I would like to express my deepest appreciation to the management team for their astute leadership as well as the employees for their hard work and dedication in FY2023. In addition, I would also like to thank all our shareholders and all stakeholders for continuously showing their unwavering support to Ley Choon all these years. Last but not least, my sincere gratitude to my fellow Board members for their guidance and valuable advice to the Group.

Toh Choo Huat
EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

OPERATIONS
REVIEW

REVENUE
from Pipes and Roads segments

S$121.8 million

▲ **36.4%** (FY2022: S$89.3 million)

Segmental Overview

PIPES AND ROADS

Revenue from Pipes and Roads segment increased by 36.4% to S$121.8 million for the year ended 31 March 2023 ("**FY2023**") compared to S$89.3 million for the corresponding period ended 31 March 2022 ("**FY2022**"). Revenue from Pipes & Roads segment represents 98.3% of the overall revenue of the Group for FY2023. The growth in revenue is primarily attributed to the higher construction activities and favourable project mix in pipe laying, airport and cable laying works. The higher construction activities can also be attributed to the rebound of construction demand that was affected by the COVID-19 pandemic since 2020. The increase in overall gross profit and gross profit margin, resulted 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 FY2023 compared to FY2022, due to the projects nearing 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 has been challenging for quite some time due to cost escalations in general. Nonetheless, the Group will continue to look for various available options and initiatives to minimize the impact as well to have sustainable growth.

OPERATIONS REVIEW

REVENUE
from the Construction Materials segments

S$2.1 million

▼ **41.2%** (FY2022: S$3.6 million)

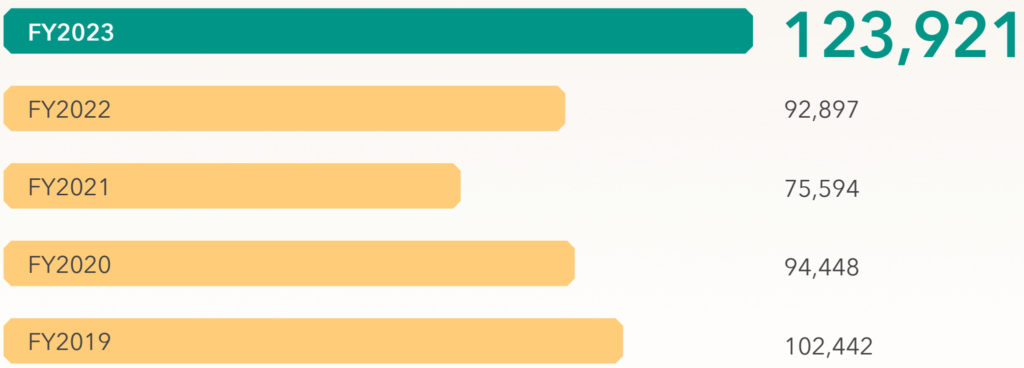
CONSTRUCTION MATERIALS

The revenue under this segment is mainly from the sale of asphalt premix to external customers during the year. Revenue contributed by the Constructions Materials segment for FY2023 was marginal, i.e. 1.7% to the overall revenue of the Group. Revenue from this segment decreased by 41.2% to S$2.1 million in FY2023 compared to S$3.6 million in FY2022. The decline in revenue has resulted from voluntary planned slowed down of sale of premix to certain customers in order to reduce the credit risk exposure. The margin from this segment also decreased mainly due to the increase in cost of raw materials which led to the increase of cost of production.

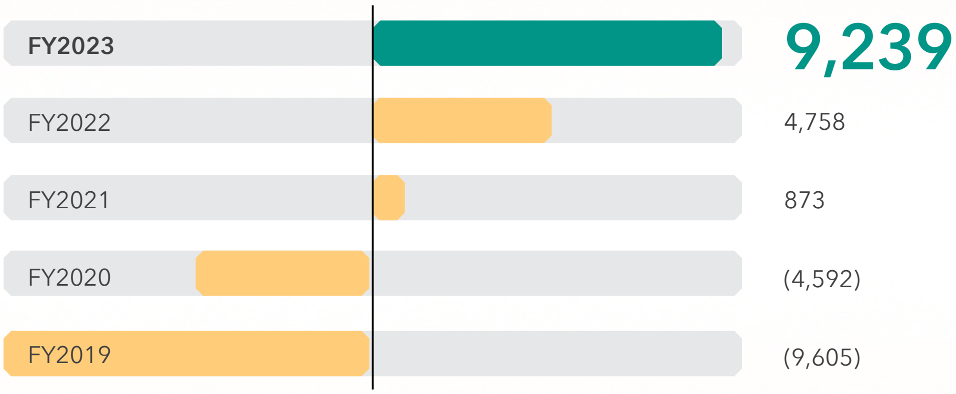
Although market conditions remain challenging, the Group is positive and will continue to strive to keep up with competitive pricing as well as optimum utilization of the plant capacity.

FINANCIAL HIGHLIGHTS

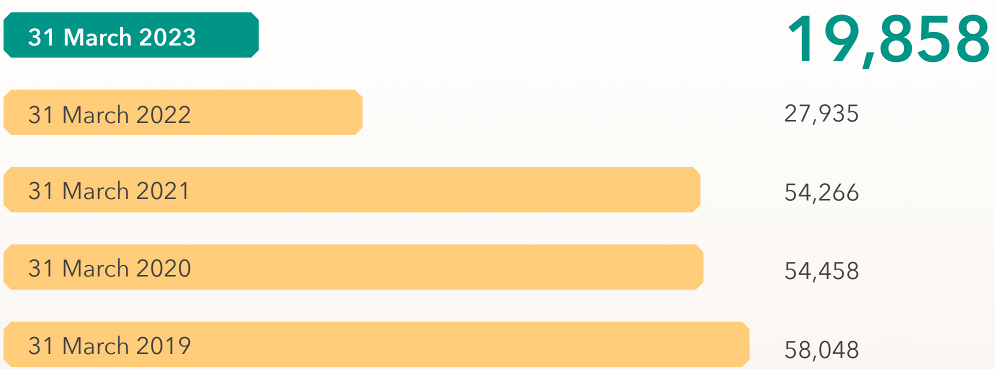
Revenue
(S$'000)



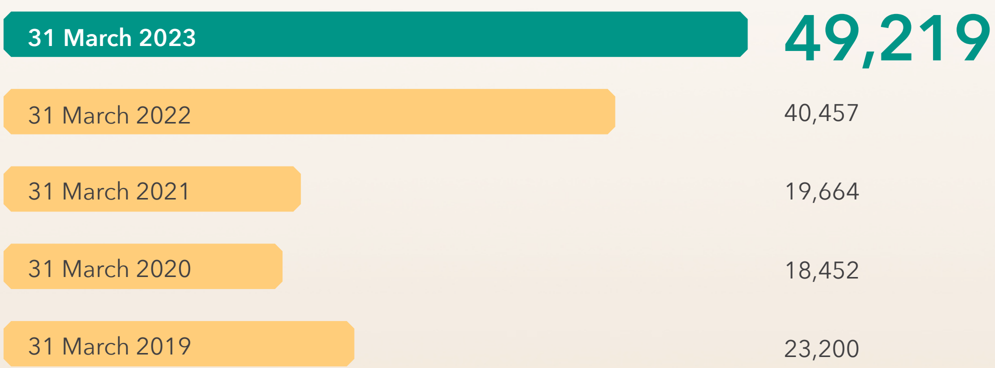
Profit/(Loss) After Taxation
(S$'000)



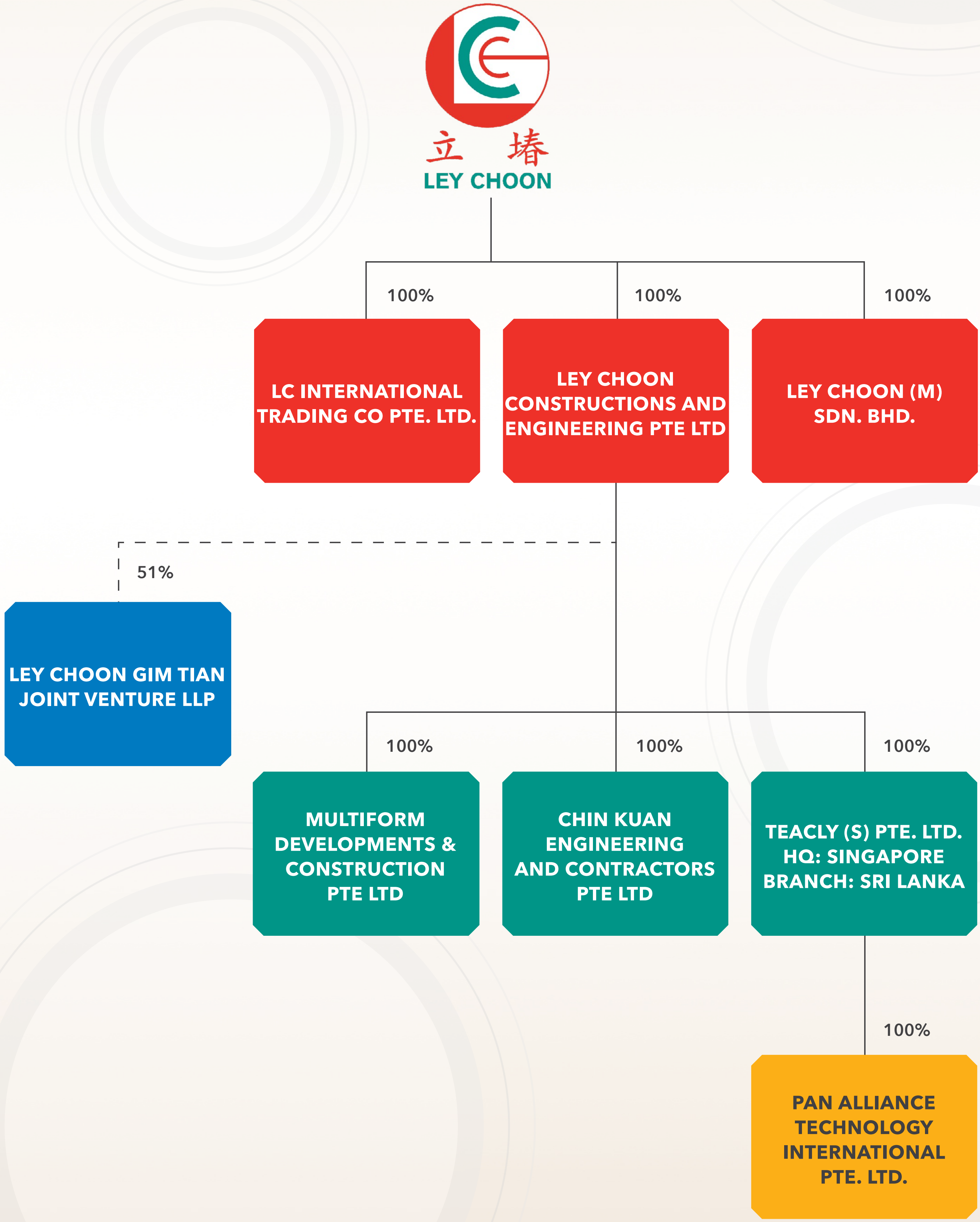
Total Borrowings
(S$'000)



Total Equity
(S$'000)



GROUP STRUCTURE



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 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).

BOARD OF DIRECTORS

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 another listed company, 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 more than 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 more than 30 years in the Group's pipe and cable laying business. In 1990, Mr Toh joined the Group as an operations manager.

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 more than 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.

EXECUTIVE OFFICERS

Toh Kai Hock
IT DIRECTOR & HEAD OF FLEET DEPARTMENT

Mr Toh Kai Hock joined the Group as IT Manager in 2011. His areas of responsibilities include all informational technology related matters and fleet 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. 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, and is a Chartered Management Accountant with the Chartered Institute of Management Accountants.

Reanne Toh Ting Xuan
DIRECTOR

Ms Reanne Toh joined the Group in 2013 as a Quantity Surveyor, and has since grown to lead the Project Management Office where she oversees the project management function of the Group which includes setting and implementation of project management standards and execution of the projects. She is also extensively involved in tender bidding of the Group, as well as managing clientele relationships.

Prior to joining the Group, she worked as an Estimator in Melbourne, Australia and has since grown to love the challenges of adeptly developing and understanding market trends and intuitions on top of having to learn industry trade skills, and thereafter competitively bidding for contracts and successfully lands in project execution.

Ms Reanne Toh obtained her Bachelor in Property & Construction from the University of Melbourne in Australia, and is an Associate Member of the Singapore Institute of Arbitrators (ASIArb).

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 remain steadfast in our commitment to uphold the highest standards of Environmental, Social and Governance (**ESG**) practices. Our sustainability journey has instilled in us a profound sense of responsibility towards our environment and communities.

We have demonstrated a deep-seated conviction and fervour in driving corporate sustainability and have embraced sustainability reporting as a means to challenge and inspire ourselves towards introspection and recalibration of our business modus operandi.

Our approach has evolved beyond a financial-centric model, as we recognize the importance of non-financial parameters in driving effective management of a new spectrum of ESG parameters. We firmly believe that our sustainable growth and success is intricately linked to the sustainable development of the communities in which we operate, whether they be social, business, or national.

As we strive for new growth opportunities, we remain cognizant of the increasing importance of strengthening the sustainability and resilience of our current operations. We are committed to exploring and evaluating business opportunities, including strategic investments, partnerships, and mergers and acquisitions, that have the potential to generate value for our shareholders while upholding our values of ESG sustainability.

EHS Excellence

During FY2023, the Ley Choon Group committed to uphold EHS excellence. Our comprehensive EHS Monitoring Plan has empowered employees to take ownership of EHS standards in daily operations, and we continue to strive towards the highest standards of EHS management.

As part of our ongoing efforts to enhance our EHS management system and processes, we are committed to reviewing and revising our existing Safety Management System with a keen eye for detail. To ensure the safety of our employees and uphold our values of productivity, we have introduced a Competency Skill Test for our site supervisors, alongside quarterly internal and external audits.

Our Safety Enhancement Programme (**SEP**) has also played a vital role in raising safety awareness, leveraging technology-based analytic tools to analyse root causes of past incidents and accidents to determine preventive solutions and specific training needed for our employees.

We are successfully achieved zero environmental violation incidents for 3 consecutive years. We remain committed to upholding the highest standards of EHS excellence and will continue to invest in the development of our employees and EHS management system to drive sustainable growth for our organization.

Human Capital and Innovation

Ley Choon is committed to driving innovation as a key objective of our human capital development strategy. This commitment is reflected in our ongoing investment in employee training programs to nurture and develop the skills of our workforce.

As a responsible employer, we recognize the importance of prioritizing the health and wellbeing of our employees. To this end, we provided free humidifiers and organized a flu immunization exercise for all our employees, underscoring our unwavering commitment to safeguarding their wellbeing.

Beyond our internal efforts, we are also committed to making a positive impact on the broader community. In the next two years, we plan to increase our contribution to business and community initiatives, driving positive social change and promoting sustainable development.

We remain optimistic that our continued focus on driving innovation and change management will foster greater financial and ESG returns for the Group. By nurturing and developing our human capital and contributing to the greater good, we are confident that we will continue to create value for our stakeholders while upholding our commitment to sustainability.

Business Resilience

Our company's growth momentum has remained steady in FY2023, and our construction activities returned to normal post-COVID. As a prominent player in the local market, we are witnessing a ramp-up in demand for infrastructure construction and are proud to have secured several contracts totaling S$306.1 million in FY2023. These new contracts are extending our revenue visibility for the next three years, and further affirm our position as a leader in the industry.

We have also invested in various productivity tools such as an Enterprise Resource Planning system and an off-site sky CCTV monitoring system to integrate our operations and better manage our resources.

As part of our commitment to risk management, we have engaged independent parties to conduct a comprehensive risk assessment and analysis of the risks that could have an impact on our company in FY2023. We are confident that these measures will enable us to mitigate risks and enhance our resilience.

Despite the supply chain disruptions and inflationary pressures, we remain cautiously optimistic about the prospects for the construction industry. Infrastructure development remains an indispensable pillar for economic recovery, and we will continue to leverage our rich experience and track record to secure more contracts in underground infrastructure utilities construction.

On behalf of the Board of Directors

TOH CHOO HUAT
Executive Chairman and Chief Executive Officer

1.2 ESG PERFORMANCE FY2023 HIGHLIGHTS

ENVIRONMENT

- Continued with the 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 SEP which leveraged technology-based analytic tools to analyse the root causes of past incidents/ accidents technology analytic tool to derive with 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.
- Achieved a 19% decrease in GHG emission intensity, 16% decrease in energy consumption and 31% decrease in water conservation.
- Maintained zero significant issues related to biodiversity conservation.

SOCIAL

- Average training hours per employee of 11.2 hours.
- All Directors have attended sustainability training as prescribed by the SGX-ST.
- The Board has adopted a board diversity policy and endeavours to ensure that female candidates with the relevant skillsets are considered despite construction being a male-dominated industry.
- Maintained zero serious incidents and fatalities in three consecutive years.
- Reduced more than 10% reportable and non-reportable incidents and injuries in the work site.
- Increased 13% of the female employee in the senior management team.
- Customer satisfaction index has increased to 90%.
- Rework cases have reduced by 20% as compared to FY2022.

GOVERNANCE

- Full adherence to Code of Corporate Governance and maintained zero whistleblowing incidents.
- Achieved zero environmental violation incidents for 3 consecutive years.
- Achieved zero complaints concerning breaches of customer privacy or losses of customer data in FY2023.

SUSTAINABILITY **REPORT**

1.3 SCOPE OF SUSTAINABILITY REPORT

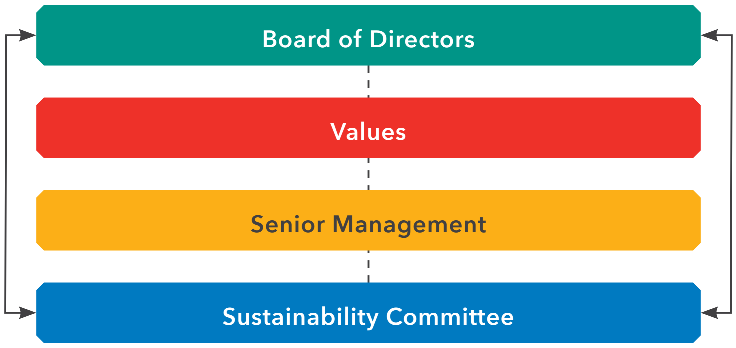
Reporting Period	The scope of the report covers data and information on material sustainability aspects of Ley Choon from 1 April 2022 to 31 March 2023 unless otherwise specified, and discusses the Group's achievements and performance towards ESG issues. We believe that the report should sufficiently 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 SGX-ST Listing Manual. 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 the following year.
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 Board has engaged Crowe Horwath First Trust Advisory Pte Ltd (**Crowe**), a reputable professional firm specialising in audit and risk solutions, to assist the Board in its review of the adequacy and effectiveness of the Company's internal control systems in relation to sustainability reporting. The scope of the services is to review the operations related to the development of sustainability report. The findings are presented to the AC for its deliberation and recommendation to the Board. There are no significant weaknesses reported. The Board is of the opinion, with the concurrence of the AC, that based on the review performed by Crowe, the Company maintains a sound system of internal controls in the areas of sustainability reporting. The Board however notes that no system of internal controls can provide absolute assurance against failure to meet business objectives, poor business judgement, human fallibility, material errors or losses, frauds, breaches of laws or regulations, or other unforeseeable occurrence. The data and information provided within the report have not been verified by an independent third party.
Restatements	We have restated the reported data on new hired employees by nationality and by age profile category, as well as resigned employees categorized by nationality and by age profile for both FY2021 and FY2022. This correction was made due to the identification of errors in the previously reported information.
Accessibility	The Group continues to print adequate copies of this annual-cum-sustainability report as part of our environmental conservation efforts. A current electronic edition of the report is 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 organizational structure to below:



2.2 SUSTAINABILITY STRATEGY

At Ley Choon Group, we are committed to integrating sustainability into our business practices, guided by our vision and corporate values. We recognize the importance of incorporating sustainability considerations into our decision-making processes, and we strive to do so systematically and seamlessly.

Our senior management leads our sustainability efforts, ensuring that our business objectives align with our commitments to sustainable development. They also communicate our progress to the Board of Directors on an ongoing basis. To maximize our impact on economic, environmental, and social fronts, Ley Choon's senior management has identified focus areas that are important to both our stakeholders and the company.

We actively seek feedback from our internal and external stakeholders to understand their needs and expectations. By building mutually beneficial relationships, we aim to deliver value to all our stakeholders while upholding our commitment to sustainability.

As at the date of this report, all Directors have attended sustainability training as prescribed by the SGX-ST.

SUSTAINABILITY **REPORT**

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

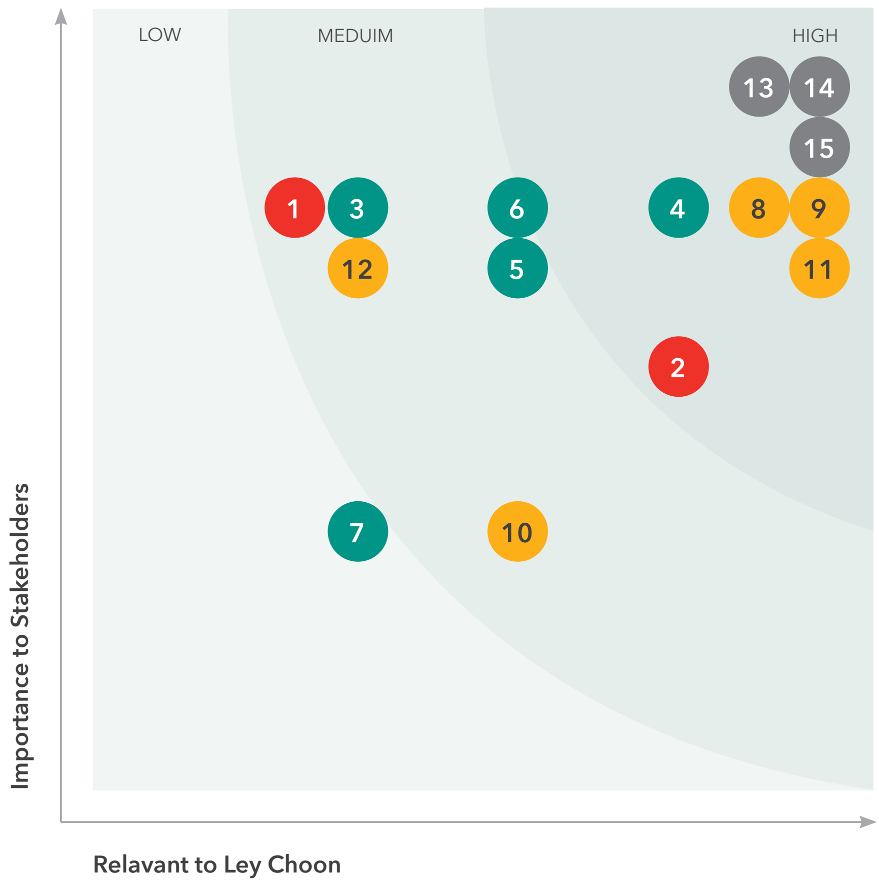
2.4 SUSTAINABILITY MATERIALITY

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

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
N	New commitment this year
	Not started
	In progress
	Complete
	Ongoing commitment: no end date

SUSTAINABILITY REPORT

Supporting United Nations Sustainable Development Goals (UN SDGs)

In order to ensure that our sustainability efforts are comprehensive and effective, we have incorporated the core commitments for each of the key areas within our sustainability strategy. Our approach has been guided by the United Nations Sustainable Development Goals, which have provided a framework for us to align our objectives with broader global sustainability targets.

By integrating these commitments throughout our sustainability program, we aim to build a robust and impactful strategy that addresses the environmental, social, and economic challenges facing our organization and our stakeholders.

Goals	How we support
3 GOOD HEALTH AND WELL-BEING	The health and well-being of our workforce is top priority. To this end, we have implemented a comprehensive set of policies and procedures and SEP that cover all aspects of workplace safety, from identifying hazards and assessing risks to preventing injuries and responding to emergencies. These policies and procedures are regularly reviewed and updated to ensure that they align with the latest industry standards and best practices. For our commitment, please refer to **Environmental Health & Safety** section.
6 CLEAN WATER AND SANITATION	We recognise the importance of availability and sustainable management of water and sanitation for all. The Group has implemented several initiatives such as installation of water-efficient fittings, raising awareness among our employees about water scarcity, and actively utilizing NEWater, a process that recycles treated used water into clean and reclaimed water. Our actions taken on sustainable water management demonstrates our dedication to promoting responsible water use and contributing to the sustainable development of our community and the planet. For our commitment, please refer to **Water Conservation** section.
7 AFFORDABLE AND CLEAN ENERGY	We believe the importance to have access to affordable, reliable, sustainable and modern energy for all. We have implemented energy-efficient practices in our operations and plan to invest in energy-efficient equipment and vehicles to reduce energy consumption and reliance on non-renewable sources in future. Additionally, we have partially switched to solar panels at selected sites to further decrease reliance on non-renewable energy. Our commitment lies in promoting sustainable energy practices and reducing our carbon footprint. For our commitment, please refer to **Energy Efficiency** section.
8 DECENT WORK AND ECONOMIC GROWTH	We are deeply committed to promoting decent work and economic growth, and this is reflected in our ongoing efforts to make a positive impact on the communities and economies in which we operate. Our approach includes fostering fair employment practices, investing in the development of our employees, and engaging with local stakeholders to support and facilitate local economic development. For our commitment, please refer to **Employee Engagement and Wellness** and **Supply Chain Management** sections.
13 CLIMATE ACTION	We recognize the urgent need for climate action and are committed to reducing our greenhouse gas (**GHG**) emissions through a range of measures, including energy-efficient building design and sustainable operations practices. We regularly assess our GHG emissions and strive to continuously improve our environmental performance. Our efforts to reduce our carbon footprint reflect our commitment to addressing climate change and creating a more sustainable future for our business, our stakeholders, and the planet. For our commitment, please refer to **Climate Change and Greenhouse Gas Emissions Management** section.

We are proud to support a range of UN SDGs through our business operations and community initiatives. From promoting sustainable cities and communities to reducing inequalities and climate action, we are committed to making a positive impact on the environment and society.

SUSTAINABILITY **REPORT**

3.2 ECONOMIC

Economic contribution to society

The company operates within two business segments in Singapore, as well as in two overseas markets, namely China and Sri Lanka. Our one-stop underground utilities infrastructure construction and roadworks service is managed in compliance with sustainability principles, as we work closely with our business partners to identify and address any sustainability opportunities and risks that may arise.

Our company places a significant emphasis on contributing positively to society through our economic presence, and we aim to achieve this by efficiently managing public infrastructure, such as underground utilities infrastructure and roadworks, while also demonstrating good stewardship of resources.

We have established our own construction waste recycling plant. This facility enables us to recover and recycle construction waste, transforming it into backfilling materials and recycled aggregates that can be used at work sites and in asphalt premix production. Our recycling plant not only reduces the amount of waste that ends up in landfills but also helps to conserve natural resources by repurposing materials that would otherwise be discarded.

Despite the challenges we face in our business operations, we remain committed to actively contributing to our communities and charitable organizations in Singapore, as evidenced by our formal corporate philanthropy policy that is linked to our annual contract wins.

In FY2023, we achieved a revenue of $124 million, generating new business opportunities within the markets we operate in. We aspire to inspire other businesses to adopt sustainable practices that benefit both the company and society as a whole.

3.3 GOVERNANCE

Legal compliance and corporate governance

The Group places a strong emphasis on upholding high standards of corporate governance and legal compliance. Our decision-making processes adhere strictly to all legal and regulatory requirements, including those outlined in the Code of Corporate Governance issued by the Monetary Authority of Singapore (**MAS**), as well as guidelines set forth by various authorities such as the Building and Construction Authority (**BCA**), Land Transport Authority (**LTA**), National Environmental Agency (**NEA**), and Ministry of Manpower (**MOM**).

During FY2023, the Company did not receive any correspondences or notifications regarding material non-compliance with regulatory requirements. Moreover, the Audit Committee received no whistle-blowing letters throughout the year. These outcomes are a testament to our unwavering commitment to compliance and governance.

In addition, we are proud to report that we have achieved zero incidents of environmental violation since FY2021. This success is a result of our continuous efforts to improve our sustainability practices, which began with our first sustainability report in FY2018. We remain dedicated to maintaining these high standards of compliance and governance, as we believe that they are essential to the long-term success of our business and the well-being of the communities we serve.

Customer Privacy & Data Protection

We adhere strictly to the guidelines set by the Personal Data Protection Act (**PDPA**) to ensure that our clients' personal data is protected at all times. To achieve this goal, we have made significant investments in our proprietary IT system, which meets the highest standards for IT security. Our confidential documents are disposed of by reputable waste disposal firms to ensure maximum security.

We are proud to report that we have had no substantiated complaints concerning breaches of customer privacy or losses of customer data. This outcome reflects our unwavering commitment to safeguarding our clients' information and underscores our reputation as a trustworthy and reliable business partner.

SUSTAINABILITY REPORT

Commitments: Governance

Objective	Achievements	FY2023 progress
Maintain full compliance with local laws and regulatory requirement	• Achieved full compliance with local regulatory requirements in FY2023.	• We are committed to continuing to comply with laws and local regulatory requirement.
Minimize impact on the environment and to promote sustainable practices.	• Achieved zero violations against laws and regulations relevant to environment in FY2023.	• We are committed to continuing to comply with laws and regulations relevant to environment.
Protect customers' personal information as per PDPA	• Achieved zero complaints concerning breaches of customer privacy or losses of customer data in FY2023.	• We are committed to continuing to safeguard our client's information and maintain zero complaints concerning breaches of customer privacy or losses of customer data.

3.4 ENVIRONMENT

Climate Change and Greenhouse Gas Emissions Management

The Group recognizes the urgent and global challenge posed by climate change and embraces the responsibility to proactively tackle it. We are currently in the process of developing policies that will enable us to effectively identify and mitigate climate-related risks that may impact our operations. Our primary objective is to manage these risks in a way that is both appropriate and sustainable, ensuring the long-term viability of our business.

We recognize the importance of transparency and intend to align our disclosure with the recommendations of the Task Force on TCFD. We plan to include additional TCFD in our Sustainability Report for the financial year 2025. By regularly updating our stakeholders on our progress, we aim to demonstrate our ongoing dedication to addressing climate-related risks and maintaining sustainable business practices.

We are fully committed to taking positive action on climate change by actively working to reduce our carbon emissions in our daily operations. To ensure effective management of our environmental impact, we regularly monitor and review our carbon footprint. This involves collecting detailed energy usage data across our operation segments and calculating our total annual greenhouse gas (**GHG**) emissions.

Our approach is data-driven, allowing us to identify areas where we can make the most significant impact and implement targeted solutions to reduce our overall carbon footprint. By employing this approach, we aim to minimize our contribution to climate change in the most efficient and effective manner possible.

To measure our emissions, we adhere to the Greenhouse Gas Protocol established by the World Resources Institute and the World Business Council for Sustainable Development. This widely recognized standard manual ensures consistency and accuracy in measuring corporate greenhouse gas emissions. We adopt the "control method," which includes 100% of the emissions associated with businesses directly under our 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)

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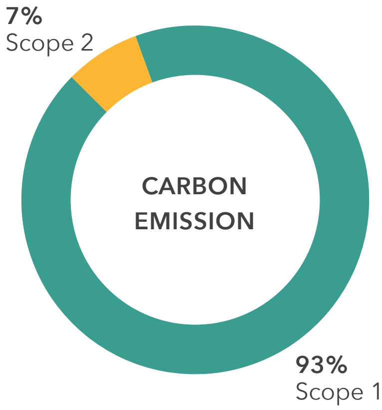
In FY2023, we achieved a 19% decrease in GHG emissions intensity, reducing it from 100.3 to 81.2 tonnes of carbon dioxide equivalent per thousand dollars (tCO_2e/$'000). Our total GHG emissions for the year amounted to 10,064.6 tCO_2e. The main source of emissions is primarily due to the use of diesel in transportation, which involves sending our workforce to the site and transporting the necessary materials. Diesel is also utilized in various machinery on the site, such as excavators, cranes, generators, and other equipment required for the project, accounting for 93% of the total carbon emission of the Group. The rest of the emissions are due to purchased electricity used in our operations and activities.

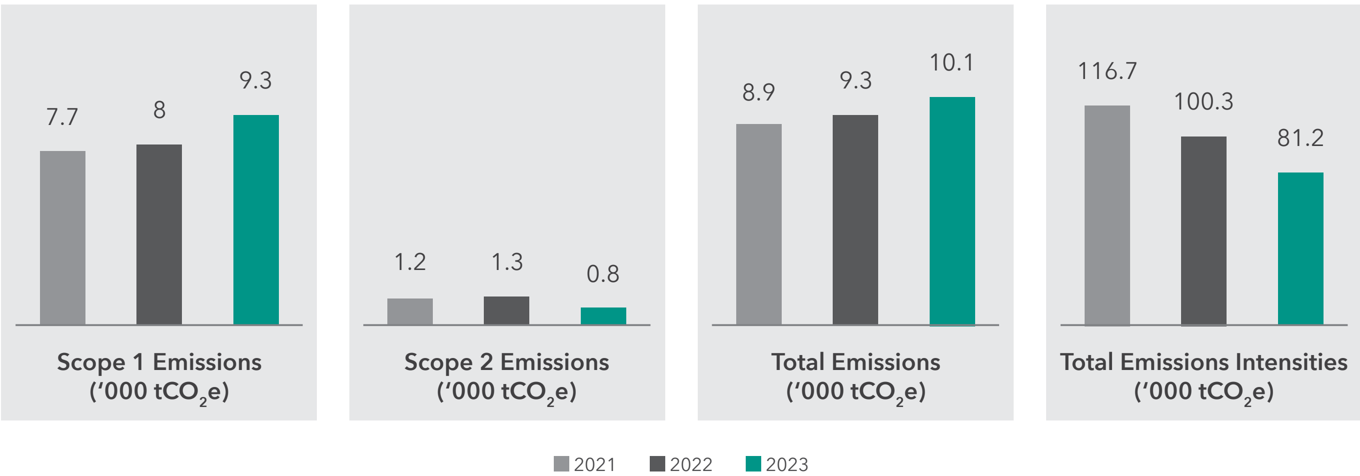


Our reduction in emissions can be attributed to a range of factors, including our consistent provision of employee training on sustainable practices and our careful planning of each project to maximize resource utilization.

We remain steadfast in our commitment to sustainability and reducing our environmental footprint. In order to achieve our FY2023 targets by reducing 3% our carbon footprint compared to previous year, we implemented the following best practices:

- Regular meetings with project managers and responsible individuals to monitor and improve resource utilization.
- Implementing regular maintenance routines to ensure optimal engine condition and maximize diesel usage efficiency.
- Promoting sustainable practices among employees, such as encouraging recycling and the use of environmentally friendly products.

Carbon Footprint Emission



Energy-Efficiency and Renewable Energy Investment Plan

The Group is making a strategic plan to invest in energy-efficient equipment and vehicles, specifically low-emission vehicles and electric-powered tools, as well as renewable energy sources. The objective is to fully implement these measures in long run, with the intention of significantly reducing the carbon footprint associated with the Group's daily operations.

By investing in energy-efficient equipment, the Group aims to replace traditional diesel vehicles with low-emission vehicles. This transition to electric vehicles (**EVs**) reduces the reliance on fossil fuels and helps to mitigate the environmental impact of transportation. EVs produce lower or zero tailpipe emissions, resulting in reduced greenhouse gas emissions and local air pollution. This shift not only aligns with the Group's commitment to sustainability but also contributes to improving air quality and public health.

Furthermore, the Group's investment in electric-powered tools demonstrates a commitment to minimizing emissions even in smaller-scale operations. Electric-powered tools are often more energy-efficient and have lower emissions compared to their gasoline or diesel counterparts. By adopting these tools, the Group can reduce emissions and noise pollution associated with construction activities, contributing to a cleaner and healthier work environment.

By fully implementing these measures, the Group aims to make a tangible impact in reducing its carbon footprint. This commitment to sustainability not only aligns with global efforts to combat climate change but also positions the Group as a responsible and environmentally conscious entity within the construction industry. The transition to energy-efficient equipment, low-emission vehicles, and renewable energy sources demonstrates the Group's dedication to long-term sustainability and a greener future.

Energy Efficiency

Fuel consumption (Scope 1) accounts for 93%, of our total energy usage. As an underground utilities infrastructure construction company, our projects necessitate the utilization of heavy machinery such as excavators, bulldozers, cranes, and drilling equipment. These machines rely heavily on fossil fuels to power their engines and facilitate the essential tasks involved in construction and maintenance activities.

Recognizing the environmental impact of our energy consumption, we are fully committed to implementing energy-efficient practices that can help mitigate our footprint. By investing in such practices, we not only contribute to environmental preservation but also alleviate the financial strain associated with high fuel consumption costs.

Our energy-efficient practices encompass various initiatives, including:

- Regular Maintenance and Tuning: We prioritize the regular maintenance and tuning of our machinery and equipment to ensure optimal operating efficiency. By keeping our equipment in peak condition, we minimize fuel requirements for operation.

- Minimizing Idling Time: We encourage our employees to minimize idling time for vehicles and machinery. By reducing unnecessary idling, we mitigate fuel consumption and associated emissions.

- Fuel Monitoring and Management: We have implemented fuel monitoring and management system to closely track fuel usage. This enables us to identify areas where consumption can be optimized and implement targeted measures to achieve greater fuel efficiency.

- Renewable Energy Integration: We have installed solar panel streetlights in our project site to generate clean energy and offset some of our daily energy consumption.

In FY2023, our total energy consumption amounted to 35,355.3 megawatt-hours (MWh), which corresponds to an intensity of 285.2 MWh per thousand dollars (MWh/$'000) of revenue. Compared to previous years, our total energy consumption intensity decreased by 16% from 340.0 MWh/$'000 to 285.2 MWh/$'000. The reduction in energy consumption can be attributed to meticulous project planning aimed at optimizing resource utilization and consistent provision of employee training on sustainable practices.

Energy Consumption Intensity (MWh/$'000)

SUSTAINABILITY
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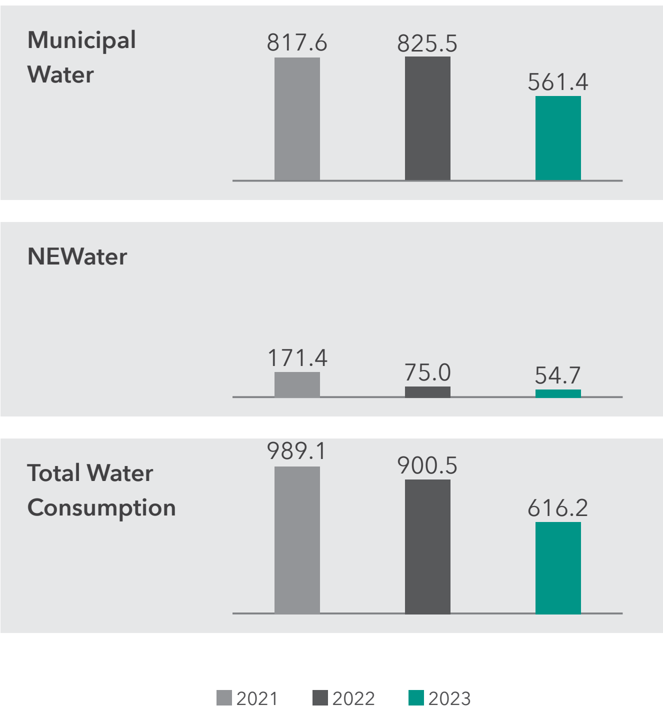
Water Conservation

The Group recognizes the importance of addressing water scarcity and has implemented various measures to reduce water consumption. These include installing water-efficient fittings and raising awareness about water scarcity among employees, customers, and communities. The Group also actively utilizes NEWater, a process that recycles treated used water into clean, reclaimed water. This helps conserve discharge and sources, reduces wastewater discharge, and contributes to a reduced carbon footprint by saving energy and lowering greenhouse gas emissions associated with freshwater treatment and transportation.

In FY2023, the Group's total water consumption was 76,404 cubic meters (m^3), with a water consumption intensity of 616.2 cubic meters per thousand dollars (m^3/$'000) of revenue. This represents a decrease of 32% in water consumption intensity compared to the previous year's value of 900.5 m^3/$'000. This is largely due to meticulous project planning aimed at optimizing resource utilization and consistent provision of employee training on sustainable practices.

The Group remains committed to monitoring water usage at its properties and raising awareness about water issues among stakeholders. By actively managing water consumption, the Group aims to further reduce its environmental impact and promote responsible water usage.

Water Consumption Intensity (m^3/$'000)



Biodiversity Conservation

The Group prioritizes environmental monitoring and mitigation efforts by integrating biodiversity conservation practices within its worksites. The biodiversity conservation program includes regular assessments of the vegetation conditions surrounding relevant projects. Any identified environmental issues are promptly reported and addressed to ensure the protection of biodiversity.

In FY2023, no significant issues related to biodiversity conservation were detected.

Hazardous Waste and Non-hazardous Waste Management

In alignment with our corporate motto of "Build, Renew, Recycle," our commitment to proactive environmental mitigation and protection is deeply ingrained in our business model. An excellent example of this is our asphalt premix plant, which incorporates a built-in recycling feature. With this feature, we can utilize up to 70% of recycled components, highlighting our dedication to sustainable practices.

As strong proponents of using recycled aggregates and asphalt, we actively promote a green environment and ensure compliance with all relevant environmental regulations set by local and international bodies such as the BCA, NEA, and the building and construction industry. To facilitate waste recycling management, we have implemented enhanced visibility labels on our recycling containers, clearly indicating the different categories of recycled products. This enables both our staff and customers to easily manage their waste recycling efforts.

We have taken upon ourselves the mission to:

- Evaluate and implement waste management systems and processes to minimize wastage.
- Safeguard water bodies from the adverse effects of contaminated water and waste discharge.

In FY2023, the Group does not generate any hazardous waste during the course of our business operations. Our focus on efficient material utilization and waste reduction resulted in a significant 44% decrease in the usage of recycled materials in Operation Works compared to the previous year (FY2022: 34%).

Targets & Performance

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

Aspects	Objective	Targets	Progress	FY2023 Progress and Policy
Environment				
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.
Climate change and greenhouse gas emission management	• Minimise the environmental impact by reducing GHG emission	• Reduce carbon footprint intensity by 3% compared to previous year	↻	• We have achieved by reduced 19% of our carbon footprint compared to the previous years. • We are committed to maintaining our efforts in reducing our carbon footprint by 3% compared to previous years. • We implement data-driven approach to monitor and review our GHG emission. To ensure effective management of the environmental impact.
Energy Efficiency	• Preserve our environment by reducing energy consumption and avoiding pollution	• Reduce the total energy consumption by 2% per headcount in HQ building compared to previous year	↻	• We have achieved by reduced 16% of our energy intensity compared to the previous years. • We are committed to maintaining our efforts in reducing our total energy consumption by 2% compared to previous years. • We implement energy efficient practices, technology and equipment to reduce energy consumption within our premises.
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 compared to previous year	↻	• We have achieved by reduced 32% of our water consumption intensity compared to the previous years. • We are committed to maintaining our efforts in reducing our total water consumption per headcount in HQ building by 2% compared to previous years. • We implement efficient practices, technology and equipment to reduce water consumption.

Aspects	Objective	Targets	Progress	FY2023 Progress and Policy
Environment				
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 maintain zero significant issues related to biodiversity conservation in FY2023. • We implement environmentally friendly practices, technology and equipment to preserve biodiversity.
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 to previous year		• We embrace green principles of using more recycled materials in our daily operations. We are committed and is actively exploring opportunities to increase the usage of recycled material by 1% in the operation works.
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. • We implement effective waste management measures and technology to ensure we maximise the materials we use and the waste disposal/discharge is responsibly managed.

SUSTAINABILITY **REPORT**

3.5 SOCIAL

Compliance with Labour Regulations

The Group embraces a comprehensive Human Resource (**HR**) strategy that centers on equitable compensation, equal opportunities, personal growth and development, employee wellbeing and engagement, and a harmonious work-life balance.

Our human resources policies are designed to comply with all applicable employment laws and regulations in Singapore, including but not limited to the Employment Act 1968 and Employment of Foreign Manpower Act 1990, as well as social security schemes such as the Central Provident Fund. We hold ourselves fully accountable for complying with all relevant labor laws in every location where we operate, as well as all compulsory regulatory and training standards set forth by the BCA and MOM in Singapore.

We report that we have received zero violations against relevant labor laws and regulations in FY2023.

Environmental Health & Safety

At our Group, we recognize that promoting quality, environmental, safety, and health of our employees and preventing pollution is crucial to meeting the requirements of our customers, business partners, employees, and the general public.

Our Group policy "**Safety is everybody's responsibility**" reflects our commitment to providing a safe working environment that fosters confidence and enables our employees to excel. We have integrated this policy into our management system to ensure that we meet our obligations and responsibilities to our employees, stakeholders, and the general public.

To support our integrated management system policy, we are committed to providing a workplace that prioritizes the health and safety of our employees, prevents damage to property, promotes a pollution-free environment, and reduces noise pollution for the general public. Specifically, we are committed to:

- Reducing our environmental impact through the principles of "Reduce, Reuse, and Recycle".
- Preventing environmental pollution, injury, illness, and accidents that may affect our employees, stakeholders, contractors, suppliers, and the general public.
- Continuously improving our management systems, processes, and performance.
- Ensuring compliance with applicable legal legislation and other requirements.
- Practicing green and gracious approaches to protect our environment and show consideration for the general public.

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

SUSTAINABILITY REPORT

Occupational Health & Safety

With the easing of COVID-19 restrictions, our construction activities have returned back to normal in FY2023. We remain fully committed to workplace safety and health. We have implemented several comprehensive safety programs to ensure that our workers are equipped with the necessary knowledge and skills to maintain a safe and healthy work environment. These programs include mass Tool Box Meetings, monthly refresher safety training, and a SEP.

During the monthly refresher safety training sessions, respective project Work Safety and Health (**WSH**) Officer will educate all field staff on the importance of environmental protection and health and safety. We ensure that our construction workers have received adequate EHS training through internal refresher training sessions focus on the EHS system requirements.

We have also introduced a new worker induction program. This program covers a wide range of safety-related topics to prepare our employees for safe and efficient work practices. Furthermore, we prioritize risk management by conducting regular training sessions for our workers and collaborating with the national SGSECURE Anti-Terrorism program to install the importance of protecting our worksite against terrorist sabotage. We also organize workplace fire safety drills to ensure that our employees are equipped with the necessary skills to respond effectively during emergency situations.

We continue to implement our Environmental, Health & Safety Monitoring Plan, which aims to increase EHS ownership among employees in daily operations and empower all employees to meet higher EHS standards. Our CEO and the Head of Project Management Office (**PMO**) hold monthly meetings to review project status and ensure compliance with safety protocols. Through these meetings, the company gains a comprehensive understanding of the EHS status at the worksite, enabling quick and effective decision-making. Additionally, the senior management team has access to a dedicated EHS WhatsApp group, which provides real-time updates on critical safety issues.

As we strive to elevate our EHS management system and processes to the highest standards, we regularly review and revise our existing Safety Management System. We have also introduced a Competency Skill Test for our site supervisors and implement quarterly internal and external audits every year. Our goal is to maintain a balance between productivity and safety on our operation sites.

We also continue to pursue safety awareness through our SEP. SEP aims to enhance our Safety Standards and lower the Accident Frequency Rate & Accident Severity Rate (**AFR & ASR**) within the Group. We use technology-based analytic tools to analyse the root causes of past incidents/ accidents to determine preventive solutions and specific training needed for employees. This analysis also highlights the required safety practices at the work sites in order to prevent recurrence and eliminate such risks.

Workplaces' Health and Safety

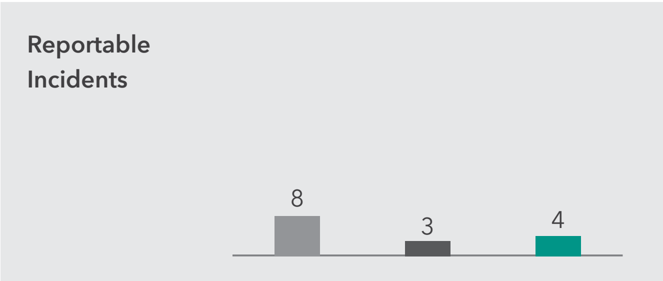
In FY2023, we are proud to announce that we have maintained a record of zero serious incidents and fatalities reported in the past 3 years, and we are committed to continuing this achievement in the future. Furthermore, our total incidents and injuries have reduced from 16 to 14 cases compared to the previous year. Moving forward, we will remain focused on safety in our operations and strive to reduce our incident rates to zero.

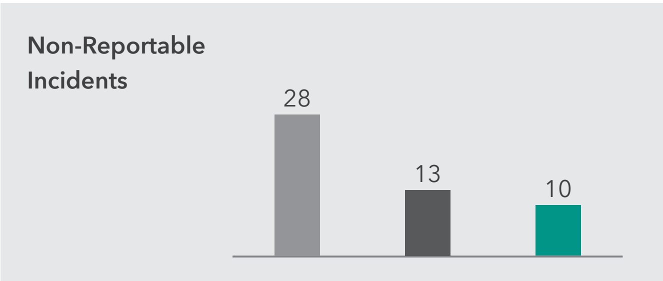
To achieve our goal of zero incidents, the Group's board and management have implemented several strategies and plans:

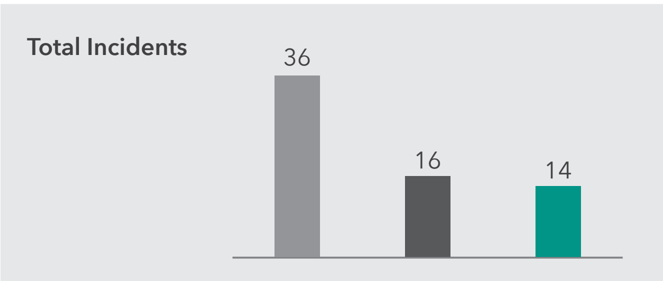
- Implementation of the Safety Enhancement Program, which involves regular in-depth reviews during monthly meetings of the Project Management Officer.
- Establishment of a consistent training program for existing workers and staff on EHS practices, along with effective internal refresher training at the work site.
- Ensuring recruitment and retention of the right talent in all divisions, with a focus on individuals who prioritize health and safety.
- Organizing mass Tool Box Meetings regularly to communicate and reinforce safe work practices, and rewarding workers who adhere to these practices.
- Implementing a buddy care system at all workplaces to ensure mutual care and support among workers.

SUSTAINABILITY REPORT

- Enhancing the worker's dormitory facilities to provide adequate rest and comfort after work.
- The management team actively visits worksites to demonstrate their commitment to EHS and to enhance workers' awareness of EHS practices.







2021 2022 2023

Divisional Safety Program with Training, Q&A, and Rewards

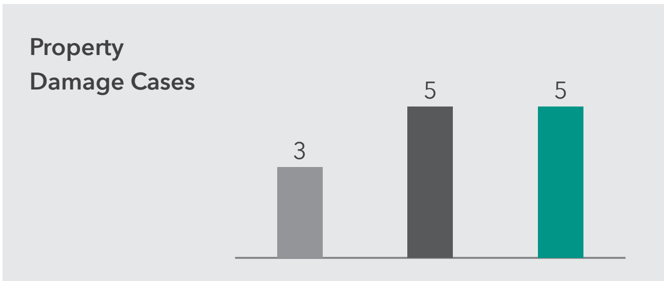
In FY2023, we have successfully implemented a new safety enhancement program at the divisional level within our Group. This program represents a significant step forward in prioritizing the well-being of our employees by closely monitoring their safety and providing comprehensive training. By doing so, we can ensure that each employee receives the necessary resources and appropriate training.

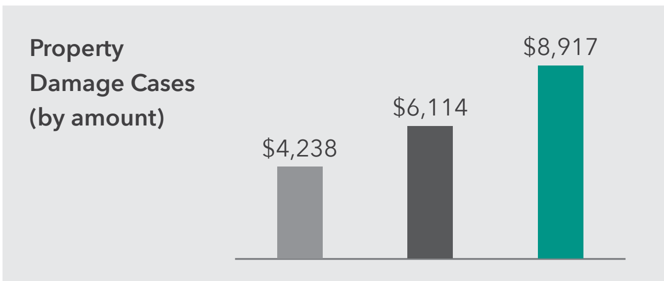
To reinforce the knowledge and understanding of safety protocols, we have implemented a question and answer (Q&A) session after each training session. This interactive session allows employees to clarify any doubts and ensures they possess sufficient knowledge to implement the safety protocols effectively.

We have also established a reward system. In recognition of the outstanding performance of our employee during the training, we will reward individuals with gift vouchers, cash, or other forms of incentives. This approach has significantly increased safety awareness among our employees and is helping the Group work towards our long-term goal of achieving a zero incident rate.

Products Responsibility

In FY2023, the number of property damage cases has remained constant at 5 compared to the previous year. However, the repair costs have increased to $8,917 from $6,114 in FY2023, representing a 46% increase. Despite this rise, we remain committed to maintaining the quality of our work in order to reduce repair costs and minimize damage to property, aligning with our set targets.





2021 2022 2023

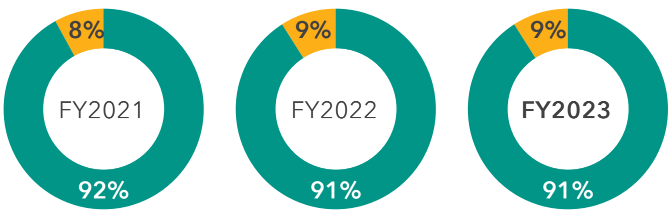
SUSTAINABILITY **REPORT**

Equal opportunity, diversity and anti-discrimination

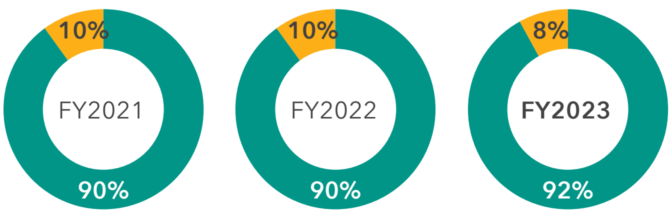
Our Group is firmly committed to harnessing the power of diversity within our workforce, as evidenced by our fair distribution of employees from a wide range of nationalities and age groups. This diversity is crucial to our success and enables us to better support our key markets in Singapore, China, and Sri Lanka.

The Group advocates for gender diversity and equal opportunities across all levels of our organization, we recognize that the nature of our business, which involves underground utilities infrastructure construction and roadworks services, has resulted in over 90% of our employees being male.

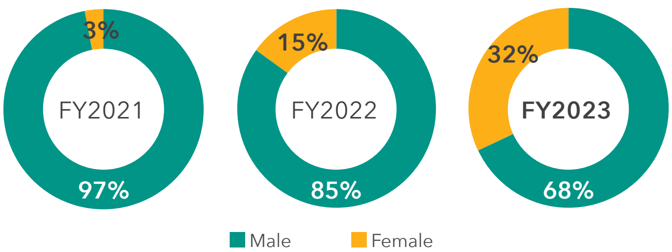
Total Employees by Gender



New Hires by Gender



Employee Turnover by Gender

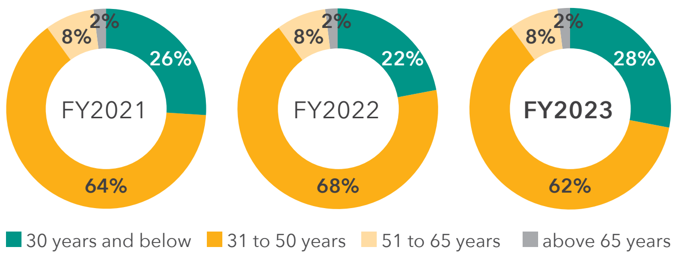


We remain committed to creating a diverse and inclusive workplace where every employee, regardless of their gender, has access to equal opportunities for personal and professional growth. We recognize the valuable contributions that our female employees bring to our organization, particularly in support 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.

The Group recognize the importance of age diversity within our workforce. In FY2023, we have 10% of our employees who are aged above 50 years old. These individuals bring a wealth of experience and expertise to our organization, and their contributions play a vital role in delivering high-quality services.

The following graphs summarised the performance of the Group in providing equal opportunities, diversity and anti-discrimination workplace culture to the employee.

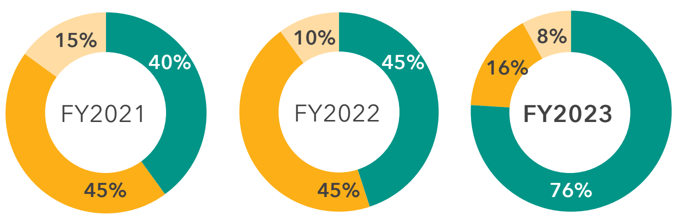
Total Employees by Age Group



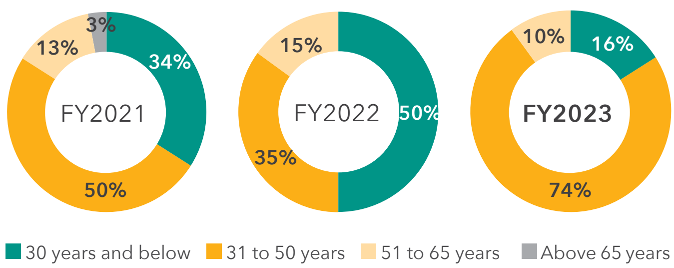
Attraction and Retention

Our workforce with age between 31 to 50 years old has reduced from 68% to 62% in FY2023. This is represented in the employee new hire and turnover by age group as shown in the chart below. About 76% of our new hire of employees are aged below 30 years old and 74% of the resigned employees have the age between 31 to 50 years old.

New Hired by Age Group



Employee Turnover by Age Group



SUSTAINABILITY REPORT

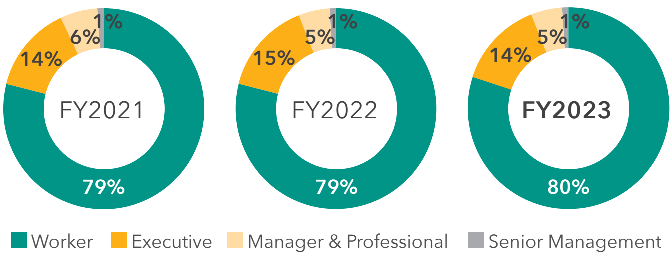
Talent Inventory

Our Group is maintained a talented team of 941 individuals across a diverse range of job positions. We are dedicated to providing fair employment opportunities to all individuals, regardless of their age, gender, race, or nationality.

To ensure effective leadership and drive business growth in our different business segments, we have maintained a balanced and equitable distribution of professionals and management personnel within our workforce, as depicted in the chart below. This approach allows us to harness a diverse range of skills, knowledge, and experiences to propel our organization forward.

Furthermore, female employees make up 13% of our senior management, playing a crucial role in providing valuable insights and contributing to strategic business planning.

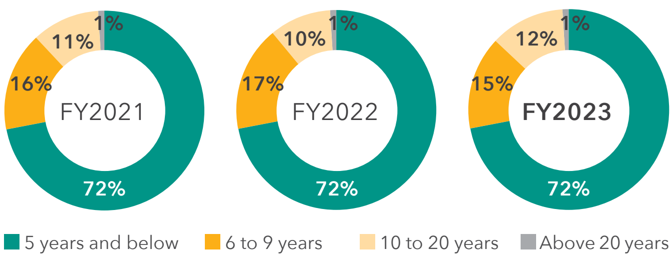
Total Employee by Job Position



Our Group is fortunate to have 30% of our team comprising individuals who bring valuable experience and expertise from their years in the industry. This wealth of knowledge puts us in an advantageous position to capture the opportunities presented in the market.

In addition to their direct contributions, our senior staff members play a pivotal role in guiding and mentoring our junior staff. They understand the importance of employee development and are dedicated to nurturing the growth and potential of our team members.

Total Employee by Years of Service

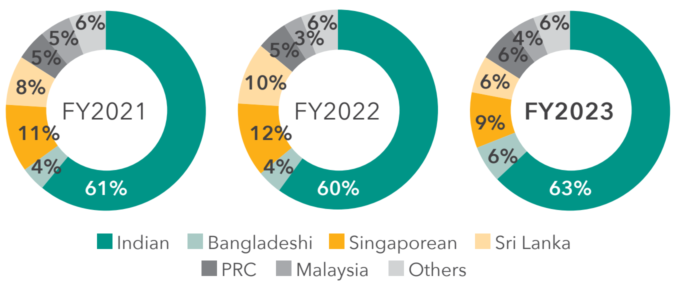


Manpower Resource

The Group prides itself on having a highly diverse workforce comprising individuals from various nationalities, as depicted in the chart below. Among our employees, the largest group hails are from Indian nationality.

We recognize and appreciate the valuable contributions that each individual brings to our organization, as their diverse perspectives, experiences, and cultural backgrounds enrich our work environment. Embracing this diversity is a key driver in our quest to foster a workplace that promotes collaboration, innovation, and inclusivity.

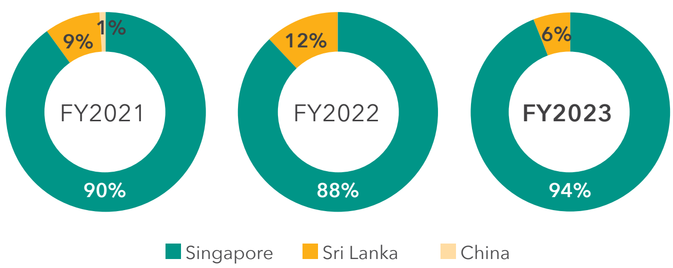
Employee by Geographical Region



The Group places great importance on effectively managing manpower resources for site work. We evaluate manpower histograms and maintain a look-ahead schedule to determine the optimal allocation of resources.

By closely monitoring the workload and requirements of each project, we can ensure that workers receive adequate rest upon returning from the workplace. We recognize the significance of employee well-being and strive to maintain a healthy work-life balance for our workforce. Our employees are distributed across the following locations:

Allocation of Employee by Geographical Region



In FY2023, there is no incident of discrimination and corrective actions taken.

SUSTAINABILITY REPORT

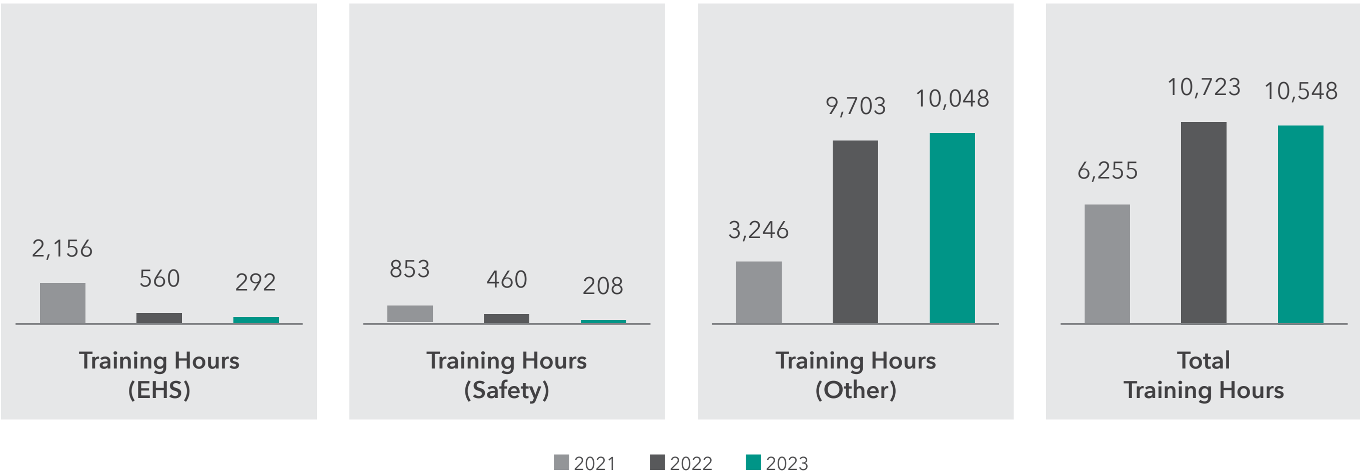
Training & Development

In FY2023, the Group not only prioritized in-house training to educate field staff on environmental protection and health and safety practices but also provided training to focus on employees' personal growth and development. Additionally, external service providers will be engaged to provide EHS training to employees. However, in FY2023, there was a slight decrease of 2% in total training hours compared to the previous year, with training hours reducing from 10,723 to 10,548.

This decrease can be attributed to the fact that most workers had already attended the necessary external training courses in previous years to comply with relevant laws and regulations.

The Group recognizes the importance of regular performance reviews in supporting the professional development of employees, managing skills effectively, and fostering human capital growth. However, in FY2023, there was a decrease in the number of employees receiving these reviews from 1,396 to 589 employees. This decrease can be attributed to the Company place a greater emphasis on ongoing employee development programs, coaching, and mentoring rather than formal performance reviews.

Employee Training Hours



Living Environment

Our Group is committed to providing satisfactory living conditions for our foreign workers in the construction industry in Singapore. We understand the importance of their well-being and comfort during non-working hours. To ensure this, our dormitories are equipped with good quality amenities such as laundry services, gym equipment, beer-garden and a reliable Wi-Fi network. We also provide an entertainment center for recreational activities. By prioritizing their living conditions, we aim to create a positive environment where workers feel valued and respected. We continuously assess and improve these conditions to uphold their rights and welfare, in compliance with regulations and guidelines.

Embracing Technology Innovation

As our first step to digitise our employee records, we have implemented Fareclock, a comprehensive time attendance system that utilizes facial recognition technology. This implementation has significantly improved the accuracy of our employee records and attendance tracking processes.

Additionally, we have introduced an employee self-service electronic system that allows our employees to conveniently access their leave records, apply for leave, and file transportation claims both on and offsite. The introduction of this system has been well-received by our employees and has greatly enhanced the productivity and data analytics of our leave management system.

Furthermore, the adoption of e-pay slips for all employees has brought about increased productivity and convenience through a paperless and electronic mechanism. This transition has not only improved efficiency but also aligns with our commitment to environmental sustainability.

In our pursuit of green properties, we have extended the principles of environmental protection throughout our construction processes. Collaborating closely with our partners, we have conducted in-depth research to develop rational construction site layouts and continually enhance on-site management practices. Our aim is to create a clean, tidy, comfortable, and safe environment during construction or asset enhancement in property management.

Employee Engagement and Wellness

The Group organizes annual appreciation events to express gratitude and recognize the invaluable contributions of employees. These events include the presentation of Long Service Awards (5, 10 & 20 years) and monetary payouts to deserving awardees. The Group highly values the dedication and commitment of its employees and believes in fostering a positive work environment.

In May 2022, we prioritized the well-being of our employees by organizing a Complimentary Onsite Health Screening event, ensuring their health and wellness within our workplace. Additionally, we actively participated in the NTU Career Fair, providing career opportunities to talented individuals from universities.

In January 2022, we hosted our Annual Appreciation Dinner to express our gratitude towards our dedicated employees. Furthermore, in October 2022, we celebrated Deepavali together with our employees, fostering a sense of inclusivity and cultural celebration.

In August 2022, we partnered with external service providers to show appreciation for our diligent employees by rewarding them with digital All Brand Gift Cards.

The Group prioritizes the well-being and safety of its employees by implementing a buddy care system at all workplaces. This system ensures that each employee has a designated buddy who looks out for their well-being and provides support. The buddy care system promotes a culture of care and teamwork, where employees actively watch out for one another's safety and well-being. By fostering a supportive environment, the Group aims to create a workplace where employees feel valued, supported, and protected.

Business Partner & Stakeholder Engagement

We place great importance on maintaining strong relationships with our business partners and stakeholders. We believe in the power of regular engagement and communication to keep them well-informed about the latest developments within our business.

The Group actively reach out to our business partners and stakeholders on a regular basis, ensuring that they are kept abreast of important updates, projects, and initiatives. Through open and transparent communication channels, we strive to foster a sense of collaboration and mutual understanding.

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For more detailed information about our stakeholder engagement practices, please refer to the section 2.3 **Consulting our Stakeholders**.

Labour-Management Relations

We understand the significance of keeping employees informed and engaged in order to enhance their attitude towards work and strengthen their commitment to the organization. Effective communication between management and employees is crucial for fostering employee engagement, promoting a positive work environment, and cultivating loyalty to the Group.

To ensure effective communication, we employ various strategies to engage our employees:

- 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.

Supply Chain Management

Our vendor assessment criteria are designed to prioritize various factors essential for our operations. These include product quality, price competitiveness, certifications and awards, delivery schedules, and responsiveness to instructions. All potential vendors undergo a thorough evaluation against these criteria before being accepted onto our Approved Vendor List (**AVL**). Similarly, vendors already engaged in projects are periodically evaluated to ensure they meet our standards and are retained on the AVL.

To mitigate operational disruptions and maintain a reliable supply chain, our AVL consists of a diverse pool of vendors as of 31 March 2023. This approach helps us avoid dependence on a limited number of suppliers and enables us to engage alternative vendors for competitive pricing and supply continuity. We also conduct regular performance evaluations for local suppliers, optimizing our partnerships for ongoing success.

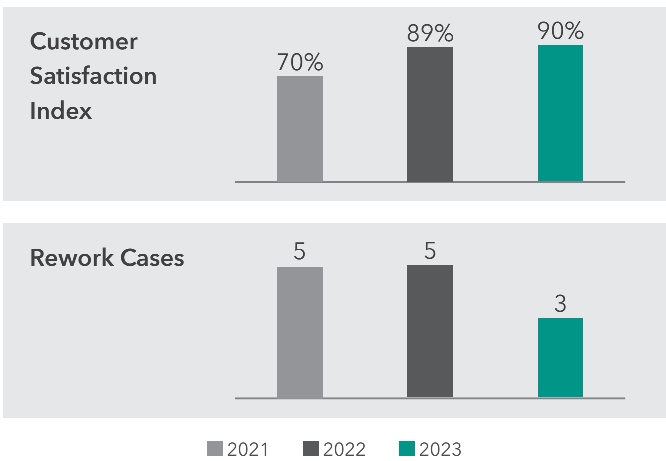
While environmental and social impact assessments are not mandatory for vendors, we prioritize those with environmental certifications such as ISO 14001:2015. Conversely, vendors involved in negative environmental or social incidents, such as excessive pollution or worker exploitation, undergo review for potential termination of the business relationship.

In FY2023, 83% of our procurement budget was allocated to local suppliers, contributing to the support of local economic growth.

Customer Satisfaction Index

In FY2023, the Group achieved a Customer Satisfaction Index of 90%, surpassing the target of 85% set in the previous year. The number of customer surveys conducted was expanded from 4 key customers to 7 key customers in FY2023, reflecting the Group's commitment to gathering and valuing customer feedback. The Group acknowledges the input received from customers and remains dedicated to enhancing the quality of its work to exceed customer expectations.

In FY2023, the Group successfully achieved its target of reducing rework cases by 20%, with only 3 rework cases reported. The Group will continue its efforts in FY2024 to achieve a further 20% reduction in rework cases compared to the previous year.



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:

- Employee Engagement and Excellence
- Fair Remuneration
- Diversity and Equal Opportunities
- Training and Development
- Talent Performance Management
- 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.

Aspects	Objective	Targets	Progress	FY2023 Progress and 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 at least 90% 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.

Aspects	Objective	Targets	Progress	FY2023 Progress and Policy
Employee Engagement and Excellence				
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. • We aim to achieve above 80% rating for satisfaction for remuneration and benefits by our employees in the exit interview responses.
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.
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 provide a minimum of 8 hours of training to each employee, ensuring their continuous professional development and encouraging skills upgrading for all members of our workforce. • We provide training to our employees to upgrade and enhance their professional competencies and technical skillset to meet the required scope of work.

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Aspects	Objective	Targets	Progress	FY2023 Progress and Policy
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: Sustainability Scorecard

ECONOMIC CONTRIBUTION AND GOVERNANCE

Metrics	Units	FY2021	FY2022	FY2023
Revenue	$ 'mil	76	93	124
Number of whistleblowing incidents	Number	–	–	–
Number of environmental violations	Number	–	–	–
Number of breaches of customer privacy and losses of customer data incident	Number	–	–	–
Number issues concerning biodiversity conservation	Number	–	–	–

ENVIRONMENTAL SUSTAINABILITY

Metrics	Units	FY2021	FY2022	FY2023
Carbon emission				
Carbon emission (scope 1)	tCO_2e	7,673.6	8,022.9	9,323.4
Carbon emission (scope 2)	tCO_2e	1,192.1	1,303.3	741.3
Total carbon emission	tCO_2e	8,865.7	9,326.2	10,064.7
Carbon emission intensity	tCO_2e/ $ '000	116.7	100.3	81.2
Energy consumption				
Fuel energy consumption	Litre	2,820,334.0	2,952,897.0	3,353,853.0
Fuel energy consumption	MWh	28,203.3	29,529.0	33,538.5
Fuel energy consumption intensity	MWh/ $ '000	371.1	317.5	270.5
Electricity consumption	MWh	1,916.5	2,095.3	1,816.8
Electricity consumption intensity	MWh/ $ '000	25.2	22.5	14.7
Energy consumption	MWh	30,119.8	31,624.3	35,355.3
Energy consumption intensity	MWh/ $ '000	396.3	340.0	285.2
Water consumption				
Water consumption (municipal)	m^3	62,140.0	76,767.0	69,617.0
Water consumption intensity (municipal)	m^3/ $ '000	817.6	825.5	561.4
Water consumption (NEWater)	m^3	13,029.0	6,976.0	6,787.0
Water consumption intensity (NEWater)	m^3/ $ '000	171.4	75.0	54.7
Total water consumption	m^3	75,169.0	83,743.0	76,404.0
Water consumption intensity	m^3/ $ '000	989.1	900.5	616.2
Waste consumption				
Cost savings from recycled materials in operations	$ '000	680	447	250

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EMPLOYMENT AND LABOUR PRACTICES

Metrics	Units	FY2021	FY2022	FY2023
Employment				
Total number of employees	Number	870	864	941
Employee turnover	%	4%	2%	2%
Female representation in senior management	Number	-	-	1
Female representation in senior management	%	-	-	13%
Current employee by gender				
Male employee	Number (%)	797(92%)	782(91%)	859(91%)
Female employee	Number (%)	73(8%)	82(9%)	82(9%)
Current employees by age group				
30 years and below	Number (%)	228(26%)	194(22%)	264(28%)
31 to 50 years	Number (%)	555(64%)	585(68%)	590(62%)
51 to 65 years	Number (%)	72(8%)	72(8%)	72(8%)
Above 65 years	Number (%)	15(2%)	13(2%)	15(2%)
Current employee by employment level				
Senior Management	Number (%)	8(1%)	8(1%)	8(1%)
Managers and Professionals	Number (%)	54(6%)	48(5%)	49(5%)
Executives	Number (%)	122(14%)	127(15%)	133(14%)
Workers	Number (%)	686(79%)	681(79%)	751(80%)
Current employees by years of service				
5 years and below	Number (%)	630(72%)	622(72%)	680(72%)
6 to 9 years	Number (%)	142(16%)	143(17%)	140(15%)
10 to 20 years	Number (%)	95(11%)	93(10%)	116(12%)
Above 20 years	Number (%)	3(1%)	6(1%)	5(1%)
Current employee by geographical region				
Foreigner – Indian	Number (%)	533(61%)	515(60%)	594(63%)
Foreigner – Bangladeshi	Number (%)	32(4%)	35(4%)	52(6%)
Local – Singaporean	Number (%)	97(11%)	103(12%)	88(9%)
Foreigner – Sri Lanka	Number (%)	69(8%)	89(10%)	52(6%)
Foreigner – PRC	Number (%)	44(5%)	41(5%)	52(6%)
Foreigner – Malaysian	Number (%)	44(5%)	29(3%)	45(4%)
Others	Number (%)	51(6%)	52(6%)	58(6%)
Allocation of employee by geographical region				
Singapore	Number (%)	788(90%)	763(88%)	888(94%)
PRC	Number (%)	5(1%)	-	-
Sri Lanka	Number (%)	77(9%)	101(12%)	53(6%)
Current employee by employment type				
Full-time	Number (%)	870(100%)	864(100%)	941(100%)
Part-time	Number (%)	-	-	-
Employee turnover by gender				
Male resigned employee	Number (%)	31(97%)	17(85%)	13(68%)
Female resigned employee	Number (%)	1(3%)	3(15%)	6(32%)

SUSTAINABILITY **REPORT**

Metrics	Units	FY2021	FY2022	FY2023
Employee turnover by age group				
30 years and below	Number (%)	11(34%)	10(50%)[1]	3(16%)
31 to 50 years	Number (%)	16(50%)	7(35%)[1]	14(74%)
51 to 65 years	Number (%)	4(13%)	3(15%)[1]	2(10%)
Above 65 years	Number (%)	1(3%)	–	–
Employee turnover by nationality				
Singapore	Number (%)	6(19%)	2(10%)[1]	4(21%)
Other	Number (%)	26(81%)	18(90%)[1]	15(79%)
New hire by gender				
Male new hire	Number (%)	18(90%)	28(90%)	35(92%)
Female new hire	Number (%)	2(10%)	3(10%)	3(8%)
New hire by age group				
30 years and below	Number (%)	8(40%)[1]	14(45%)[1]	29(76%)
31 to 50 years	Number (%)	9(45%)[1]	14(45%)[1]	6(16%)
51 to 65 years	Number (%)	3(15%)[1]	3(10%)[1]	3(8%)
Above 65 years	Number (%)	–	–	–
New hire by nationality				
Singapore	Number (%)	3(15%)[1]	4(13%)[1]	7(18%)
Other	Number (%)	17(85%)[1]	27(87%)[1]	31(82%)
Training				
Training hours (Safety)	Hours	853	460	208
Training hours (EHS)	Hours	2,156	560	292
Training hours (Others)	Hours	3,246	9,703	10,048
Training hours (Total)	Hours	6,255	10,723	10,548
Average training hours per employee	Hours	7.2	12.4	11.2
Average training hours per male employee	Hours	8	14	12
Average training hours per female employee	Hours	1	1	1
Workplace Safety				
Number of cases related to fatalities	Number	–	–	–
Serious incidents	Number	–	–	–
Workplace injuries (Reportable)	Number	8	3	4
Workplace injuries (Non-Reportable)	Number	28	13	10
Incidents and injuries (Total)	Number	36	16	14

1 Restated

OPERATING PRACTICES

Metrics	Units	FY2021	FY2022	FY2023
Supply Chain Management				
Total purchase	$ '000	26,187	41,805	40,326
Purchase from local suppliers	$ '000	19,928	39,380	33,350
Purchase from local suppliers	%	76.1%	94.2%	82.7%
Products Responsibility				
Number of customer surveys conducted	Number	8	4	7
Customer satisfactory index	%	70%	89%	90%
Number of rework cases	Number	5	5	3
Number of property damage cases	Number	3	5	5
Amount of property damage cases	$	4,238	6,114	8,917
Anti-Corruption				
Violations against relevant laws and regulations	Number	–	–	–

Appendix B: GRI content index

GRI STANDARDS CONTENT INDEX

The GRI Content Index references the Ley Choon Group Holdings Limited Annual Report 2023.

Disclosure number		Disclosure title	Section reference and remarks
GRI 2: General disclosures			
Organisational profile	2-1	Organizational details	• Corporate Profile
	2-2	Entities included in the organization's sustainability reporting	• Subsidiaries – Note 5 to the Financial Statements
	2-3	Reporting period, frequency and contact point	• Scope of Sustainability Report
	2-4	Restatements of information	• Scope of Sustainability Report
	2-5	External assurance	• No external assurance
Activities and workers	2-6	Activities, value chain and other business relationships	• Social
	2-7	Employees	• Consulting Our Stakeholders
	2-8	Workers who are not employees	• Not applicable
Governance	2-9	Governance structure and composition	• Report on Corporate Governance
	2-10	Nomination and selection of the highest governance body	• Report on Corporate Governance
	2-11	Chair of the highest governance body	• Report on Corporate Governance
	2-12	Role of the highest governance body in overseeing the management of impacts	• Sustainability Governance Structure
	2-13	Delegation of responsibility for managing impacts	• Sustainability Governance Structure
	2-14	Role of the highest governance body in sustainability reporting	• Sustainability Governance Structure
	2-15	Conflicts of interest	• Report on Corporate Governance
	2-16	Communication of critical concerns	• Sustainability Governance Structure
	2-17	Collective knowledge of the highest governance body	• Report on Corporate Governance
	2-18	Evaluation of the performance of the highest governance body	• Report on Corporate Governance
	2-19	Remuneration policies	• Report on Corporate Governance
	2-20	Process to determine remuneration	• Report on Corporate Governance
	2-21	Annual total compensation ratio	• Report on Corporate Governance

Disclosure number		Disclosure title	Section reference and remarks
Strategy, policies and practices	2-22	Statement on sustainable development strategy	• Sustainability Strategy
	2-23	Policy commitments	• Sustainability Strategy
	2-24	Embedding policy commitments	• Our Performance
	2-25	Processes to remediate negative impacts	• Sustainability Strategy
	2-26	Mechanisms for seeking advice and raising concerns	• Sustainability Strategy
	2-27	Compliance with laws and regulations	• Governance • Environment • Social
	2-28	Membership associations	• Not applicable
Stakeholder engagement	2-29	Approach to stakeholder engagement	• Consulting Our Stakeholders
	2-30	Collective bargaining agreements	• Not applicable
GRI 3: Material topics			
Disclosures on material topics	3-1	Process to determine material topics	• Sustainability Materiality
	3-2	List of material topics	• Sustainability Materiality
	3-3	Management of material topics	• Sustainability Materiality
GRI 200: Economic disclosures (applicable sections only)			
Economic performance	201-1	Direct economic value generated and distributed	• 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	• Report on Corporate Governance • Governance
	205-2	Communication and training about anti-corruption policies and procedures	• Report on Corporate Governance • 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.
GRI 300: Environment disclosures (applicable sections only)			
Energy	302-1	Energy consumption within the organisation	• Environment
	302-4	Reduction of energy consumption	• Environment
Water	303-3	Water withdrawal	• Environment
	303-5	Water consumption	• Environment
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	• Environment
	304-2	Significant impacts of activities, products, and services on biodiversity	• Environment
	304-3	Habitats protected or restored	• Environment

SUSTAINABILITY
REPORT

Disclosure number		Disclosure title	Section reference and remarks
Emissions	305-1	Direct (Scope 1) GHG emissions	• Environment
	305-2	Energy indirect (Scope 2) GHG emissions	• Environment
Effluents and waste	306-1	Water discharge by quality and destination	• Environment
	306-2	Waste by type and disposal method	• Environment
GRI 400: Social disclosures (applicable sections only)			
Employment	401-1	New employee hires and employee turnover	• Social
	401-3	Parental leave	• Social
Labor / management relations	402-1	Minimum notice periods regarding operational changes	• Social
Occupational health and safety	403-4	Worker participation, consultation, and communication on occupational health and safety	• Social
	403-8	Workers covered by an occupational health and safety management system	• Social
	403-9	Work-related injuries	• Social
Training and education	404-1	Average hours of training per year per employee	• Environment • Social
	404-2	Programs for upgrading employee skills and transition assistance programs	• Environment • Social
	404-3	Percentage of employees receiving regular performance and career development reviews	• Social
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	• 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	• Governance

Appendix C: Methodologies and Data Boundaries

This section details key definitions, methodologies and data boundaries applied to Ley Choon Group Holdings Limited Sustainability Report, as we endeavor to elevate transparency and facilitate comparability of our data disclosed. These definitions and methodologies are adapted with reference to the GRI Standards Glossary 2021, Reporting Recommendations and Guidance set out in the respective GRI disclosures and various authoritative intergovernmental instruments.

CARBON EMISSIONS

In the scope of this reporting, scope 1 emissions are emission are generated from the consumption of fuels for our operations. The emission factor used for calculating carbon emission is obtained from The International Energy Agency (**IEA**). Carbon emissions are expressed in tonnes of carbon dioxide equivalent (tCO_2e).

The scope of this reporting, scope 2 emissions are emissions that result from the generation of purchased or acquired electricity, by the Group. The Grid Emission Factor (**GEF**) used for calculating carbon emissions is obtained from the National Environmental Agency (**NEA**). Carbon emissions are expressed in tCO_2e.

CARBON EMISSIONS INTENSITY

This is the ratio of carbon emissions relative to the manhours engaged by the Group. Carbon emissions intensity is expressed in tonnes of carbon dioxide equivalent per thousand dollars (tCO_2e/$'000).

ENERGY CONSUMPTION

Energy consumed results from purchased electricity and diesel consumed by the operations of the Group. Energy consumed is expressed in megawatt-hours (MWh).

ENERGY CONSUMPTION INTENSITY

This is the ratio of energy consumed relative to the manhours engaged by the Group. Energy consumption intensity is expressed in megawatt per thousand dollar (MWh/ $'000).

WATER CONSUMPTION

This is the volume of water consumed by the Group. The sources of water are supplied by local municipalities. The total amount of water withdrawn is assumed to be the amount consumed as reflected in utility bills received.

The volume of water consumed is expressed in cubic meters (m^3).

WATER CONSUMPTION INTENSITY

This is the ratio of water consumed relative to the revenue generated by the Group. Water consumption intensity is expressed in cubic meters per thousand dollar (m^3/ $'000).

NEW HIRES AND TURNOVER

New hires are defined as new employees who have joined the Group during the financial year.

Turnover is defined as all employees who have left the Group voluntarily, or due to dismissal, retirement or death in service during the financial year.

The new hires/turnover rate is the total number of new hires/ employee turnovers in the financial year, relative to the total number of new hires/resignees recorded at financial year-end.

The new hires/turnover rate by age group is the total number of new hires/employee turnovers for each age group in the financial year, relative to the total number of new hires/ resignees recorded at financial year-end.

New hires/turnover rate by gender is the total number of female/male new hires/employee turnovers for each gender in the financial year, relative to the total number of new hires/ resignees recorded as at financial year-end.

TRAINING HOURS

Average training hours per employee is the total number of training hours provided to employees, relative to the total number of employees recorded as of financial year-end.

Average training hours per female/male employee is the total number of training hours provided to female/male employees, relative to the total number of female/male employees recorded as of financial year-end.

LOCAL SUPPLIER

Organization or person that provides a product or service to the reporting organization and that is based in the same geographic market as the reporting organization.

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.
36 Robinson Road
#10-06 City House
Singapore 068877

Independent Auditors

FOO KON TAN LLP PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS
1 Raffles Place #04-61/62
One Raffles Place, Tower 2
Singapore 048616
Partner-in-charge: Cheong Wenjie
(with effect from the financial year ended 31 March 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
Tel: (65) 6757 0900
Email: ir@leychoon.com

RISK ASSESSMENT AND MANAGEMENT

The Group has identified and listed below certain key business risks and they 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 our Group monitors and manage our exposure to risks relating to its business and industry.

1. 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 authority 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 minimize the use of labour.

2. 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 with, it is possible that Ley Choon will lose 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.

RISK ASSESSMENT
AND MANAGEMENT

3. Dependency on public sector demand in Singapore

As Ley Choon is mainly engaged in (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.

4. 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.

5. 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 has in place a talent development initiative to improve employee loyalty and staff cohesiveness.

RISK ASSESSMENT AND MANAGEMENT

6. 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.

7. 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 gone through extensive organisational restructuring in the areas of human resource management, strengthening accountability, optimizing 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 2023 ("**FY2023**"), 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.

Provision 1.1 of the Code: The Board's role

The Board's principal duties include the following:

(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.

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

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

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 1.5 of the Code: Board to meet regularly

Board meetings are conducted regularly at least once every half-year to review the business affairs of the Group and approve the announcement of the 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.

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 FY2023 were as follows:

	BOARD OF DIRECTORS	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE	GENERAL MEETINGS
No. of Meetings	**3**	**3**	**1**	**1**	**1**
<u>Director</u>					
Toh Choo Huat	3/3	3/3	1/1	1/1	1/1
Ling Chung Yee	3/3	3/3	1/1	1/1	1/1
Chia Soon Hin William	3/3	3/3	1/1	1/1	1/1
Chua Hock Thak	3/3	3/3	1/1	1/1	1/1
Teo Ho Beng	3/3	3/3	1/1	1/1	1/1

<u>Note</u>:

(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.

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.

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.

Provision 1.1 of the Code: Directors facing conflicts of interest

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. As of the date of this Annual Report, the Directors have participated in various seminars and other such external programmes. Some of the programmes and seminars include the CISL-Earth on Board online director programme for Directors - Modules 1, 2, 3 & 4 organised by University of Cambridge and Earth on Board Pte Ltd; a workshop on the Task Force on Climate-Related Financial Disclosures organised by SGX-GCNS and Sustainability E-Training for Directors (BF011) organised by the ISCA in partnership with SAC Capital; and LED - Environmental, Social and Governance Essentials (Core) organised by the Singapore Institute of Directors. As at the date of this Annual Report, all Directors have attended sustainability training as prescribed by the SGX-ST.

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 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:

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

(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).

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.

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

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

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). 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)(iv) of the Catalist Rules: a director will not be independent if he has been a director of the issuer for an aggregate period of more than 9 years (whether before or after listing)

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.

REPORT ON
CORPORATE GOVERNANCE

With the introduction of Rule 710A of the Catalist Rules effective from 1 January 2022, the Board has formulated and implemented a board diversity policy (the "**Board Diversity Policy**") that addresses gender, skills and experience and other relevant aspects of diversity. Under the Board Diversity Policy, the Board considers whether there is an appropriate mix of members of different age, gender, length of service and with different skills, experience, background and other relevant qualities considered essential for the effective governance of the Company.

Rule 710A of the Catalist Rules: An issuer must maintain a board diversity policy that addresses gender, skills and experience, and any other relevant aspects of diversity and describe in its annual report its board diversity policy.

In reviewing the appointments of new directors, the Board together with the Nominating Committee ensures that it sets relevant objectives to promote and achieve diversity on the Board, and appointments are based on merit and after due consideration of the collective skills needed to strengthen the overall board governance role. The Nominating Committee endeavors to ensure that female candidates with the relevant skillsets are included for consideration when identifying candidates to be appointed as new directors. The Nominating Committee considers the fundamental principle that the candidate must be of right fit and meet the relevant needs and vision of the Company and is not just focused on gender. In accordance with the Board Diversity Policy, the Nominating Committee shall strive for inclusion of diverse groups and viewpoints. The Nominating Committee is cognisant of the new Rule 710A. The Nominating Committee and the Board will continue to assess its independence, Board composition and diversity.

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 10 and 11 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 FY2023, 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.

Provision 3.3 of the Code: Appointment of lead independent director

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.

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.

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

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.

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.

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

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

(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: Nominating Committee 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.

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

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.

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

LING CHUNG YEE

Other existing directorships with public listed companies:

COMPANY	POSITION
Amplefield Ltd	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
Sino Grandness Food Industry Group Ltd	Lead Independent Director
Debao Property Development Ltd	Lead Independent Director

Other present principal commitments:

COMPANY/ORGANISATION	POSITION
FollowTrade Pte. Ltd.	Director
Vinfast Auto Pte Ltd (f.k.a. 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

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

COMPANY	POSITION
Sincap Group Limited	Independent Director
H2G Green Limited (f.k.a. P5 Capital Holdings Ltd)	Independent Director

Other present principal commitments:

COMPANY/ORGANISATION	POSITION
Xie Capital Pte Ltd	Managing Director
Mitsuba Japanese Restaurant Pte Ltd	Managing Director
Mitsuba International Pte Ltd	Managing Director
Rapusodi 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, experience and diversity of the then existing Board. The Nominating Committee receives recommendations from existing Directors and the Company's professional advisors and endeavors to ensure that female candidates with the relevant skillsets are included for consideration when identifying candidates to be appointed as new directors. 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	29 July 2022
Ling Chung Yee	28 September 2015	29 July 2022
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, Chia Soon Hin William and Teo Ho Beng 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 10 and 11 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 Chia Soon Hin William and Teo Ho Beng, who are the Directors seeking re-election at the forthcoming Annual General Meeting, is set out in pages 90 to 96 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	Director of Project Management Office of the Group and Executive Officer of Company	Daughter of TCH
8.	Toh Wei Jie	Deputy Director	Nephew of TCH
9.	Toh Qiu Ling	Senior Procurement cum Sales Manager	Niece of TCH
10.	Toh Wanni	Procurement cum BI 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.

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

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.

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 FY2023.

(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.

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 FY2023.

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

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.

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

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 76 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.

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

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.

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.

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 FY2023 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$99,000							
Ling Chung Yee	100%	–	–	–	–	–	100%
Chia Soon Hin William	100%	–	–	–	–	–	100%
Chua Hock Thak	100%	–	–	–	–	–	100%
Teo Ho Beng	100%	–	–	–	–	–	100%
Directors who receive S$100,000 to S$249,999							
–	–	–	–	–	–	–	–
Directors who receive S$250,000 to S$499,999							
Toh Choo Huat	–	65%	5%	22%	1%	7%	100%

The breakdown of remuneration of the top eight (8) Key Management (Executive Officers) for FY2023 is set out below:

REMUNERATION BAND AND NAME OF EXECUTIVE OFFICER	SALARY (%)	AWS (%)	BONUS (%)	EMPLOYER CPF + SDL (%)	AWARD/ REWARD/ INCENTIVE (%)	ALLOWANCES (%)	TOTAL (%)
Executive Officers who received S$0 to S$99,999							
–	–	–	–	–	–	–	–
Executive Officers who received S$100,000 to S$249,999							
Toh Kok Hean, Brayden[(1)] (last day of service: 31/08/2022)	77%	–	–	10%	–	13%	100%
Reanne Toh Ting Xuan[(2)] (appointed as EO: 01/09/2022)	52%	–	27%	12%	3%	6%	100%
Toh Kai Hock	75%	–	11%	10%	–	4%	100%
Toh Kai Sheng	70%	–	10%	10%	–	10%	100%
Executive Officers who received S$250,000 to S$499,999							
Ragavendran Srinivasan	65%	–	20%	7%	–	8%	100%
Toh Chew Chai	67%	–	22%	4%	–	7%	100%
Toh Swee Kim	63%	5%	21%	3%	–	8%	100%
Toh Chew Leong	64%	6%	21%	2%	–	8%	100%

(1) Toh Kok Hean, Brayden ceased as Executive Officer of the Company on 31 August 2022.

(2) Reanne Toh Ting Xuan was appointed as Director of the Project Management Office of the Group and Executive Officer of the Company on 1 September 2022.

In aggregate, the total remuneration paid to the top five (5) key management personnel (who are not Directors or the Chief Executive Officer) in FY2023 is approximately S$1.7 million.

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

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 29 May 2023, 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 FY2023 is set out below:

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$50,001 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%	–	10%	–	15%	1%	100%
Toh Wei Dong	Nephew of TCH, TCL,TSK and TCC	65%	–	10%	–	15%	10%	100%
S$100,001 to S$150,000								
Toh Qiu Ling	Daughter of TSK and niece of TCH, TSK and TCC	64%	–	8%	–	15%	13%	100%
Toh Chiew Boon	Brother of TCH, TCL, TSK and TCC	71%	–	4%	–	12%	13%	100%
S$150,001 to S$200,000								
Toh Wei Jie	Son of TCL and nephew of TCH, TCL, TSK and TCC	57%	–	19%	2%	12%	10%	100%
Reanne Toh Ting Xuan	Daughter of TCH and niece of TCL, TSK and TCC	58%	–	20%	3%	13%	6%	100%
S$200,001 to S$250,000								
Toh Kai Hock	Son of TCC and nephew of TCH, TCL and TSK	75%	–	11%	–	10%	4%	100%
Toh Kai Sheng	Son of TCC and nephew of TCH, TCL and TSK	70%	–	10%	–	10%	10%	100%
S$250,001 to S$300,000								
Toh Chew Chai	Substantial shareholder and brother of TCH, TCL and TSK	67%	–	22%	–	4%	7%	100%
S$300,001 to S$450,000								
–	–	–	–	–	–	–	–	–
S$450,001 to S$500,000								
Toh Swee Kim	Substantial shareholder and brother of TCH, TSK and TCC	63%	5%	21%	–	3%	8%	100%
Toh Chew Leong	Substantial shareholder and brother of TCH, TCL and TCC	64%	6%	21%	–	2%	8%	100%

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.

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.

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

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:

(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 FY2023, 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 FY2023, 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 2023.

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

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

(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.

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.

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 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.

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

Provision 10.1 of the Code: Duties of AC

(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 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 to 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 FY2023, 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 FY2023. The fees paid/payable to the External Auditors for their audit and non-audit (taxation) services in FY2023 are S$235,000 (FY2022: 225,000) and S$39,500 (FY2022: S$35,000), 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 FY2023 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.

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.

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

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 FY2023. Please refer to page 103 of this Annual Report.
Testing of reversal of 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 considered the approach, methodology and inputs applied to the valuation model in assessing the reversal of 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 testing of reversal of 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 FY2023. Please refer to page 104 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 FY2023, 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 has 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.

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 11.1 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 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 11.2 of the Code: Company should avoid "bundling" resolutions

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 July 2022.

Provision 11.3 of the Code: All directors and external auditors to be present at AGM

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.

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

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.

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 FY2023 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.

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For further accountability, the announcements containing the half-yearly interim financial statements in the course of FY2023 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.

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.

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 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 half-yearly and full year results (all issued within the mandatory period) is disseminated through SGXNET.

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 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 FY2023 can be found on page 18 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 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 half-yearly reviews to ensure that the established guidelines and procedures for Interested/Related Party Transactions 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 FY2023.

(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 FY2023, 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 FY2023.

(I) 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 FY2023 and as of the date of this Annual Report.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Chia Soon Hin William and Mr Teo Ho Beng are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 28 July 2023 ("**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 CHIA SOON HIN WILLIAM	MR TEO HO BENG
Date of Appointment	28 September 2015	28 September 2015
Date of last re-appointment	27 November 2020	29 September 2021
Age	70	68
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 Chia Soon Hin William for re-appointment as an Independent Director of the Company. The Board has reviewed and concluded that Mr Chia Soon Hin William 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 Teo Ho Beng for re-appointment as a Non-Executive Director of the Company. The Board has reviewed and concluded that Mr Teo Ho Beng 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	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee	Non-Executive Director and member of the Audit Committee, Remuneration Committee and Nominating Committee

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR CHIA SOON HIN WILLIAM	MR TEO HO BENG
Professional qualifications and working experience and occupation(s) during the past 10 years	Mr Chia 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.	Mr Teo Ho Beng is presently the Chief Executive Officer of Hiap Hoe Group. Mr Teo Ho Beng has more than 42 years of experience in the construction and property industries and over 27 years of experience in the leisure industry.
Shareholding interest in the listed issuer and its subsidiaries	No	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	No	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 CHIA SOON HIN WILLIAM	MR TEO HO BENG
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): • Director of Sincap Group Limited • Director of H2G Green Limited Present: • Director of Asiatic Group (Holdings) Ltd • Managing Director of Mitsuba Japanese Restaurant Pte Ltd • Managing Director of Xie Capital Pte Ltd • Managing Director of Mitsuba International Pte Ltd • Managing Director of Rapusodi Pte Ltd	Past (for the last 5 years): • Director, Hiap Hoe Property Management Pte Ltd (struck off) • Director, SuperBowl Management Pte Ltd (struck off) • Director, SuperBowl Sentosa Pte Ltd (struck off) • Director, Meteorite Development (Pearl River) Pty Ltd (struck off) • Director, Meteorite Development Pty Ltd (struck off) • Director, Meteorite Development (Lonsdale Street) Pty Ltd (struck off) • Director, Meteorite Property (Bourke Street) Pty Ltd (struck off) • Director, Meteorite Property (Lonsdale Street) Pty Ltd (sold) Present: • Chief Executive Officer and Executive Director, Hiap Hoe Limited • Director, Cavenagh Properties Pte. Ltd. • Director, Golden Bay Realty (Private) Limited • Director, HH Capital Pte. Ltd. • Director, HH Land Pte. Ltd. • Director, HH Properties Pte. Ltd. • Director, HH Residences Pte. Ltd. • Director, Hiap Hoe & Co. Pte. Ltd. • Director, Hiap Hoe Asset Management Pte. Ltd. • Director, Hiap Hoe Capital Pte. Ltd. • Director, Hiap Hoe Holdings Pte Ltd • Director, Hiap Hoe Investments Pte. Ltd. • Director, Hiap Hoe Realty (Pte.) Ltd. • Director, Hiap Hoe Strategic Pte. Ltd. • Director, Hiap Hoe Superbowl JV Pte. Ltd. • Director, Hiap Hoe Treasure Pte. Ltd. • Director, Hougang Point Ltd • Director, Keng Heng Investment Pte Ltd • Director, KHI Properties Pte. Ltd. • Director, Meteorite Assets Pte. Ltd. • Director, Meteorite Group Pte. Ltd. • Director, Prime Properties (Pte) Ltd • Director, Super Funworld Pte Ltd • Director & Managing Director, Superbowl Development Pte Ltd • Director, Superbowl Holdings Limited • Director, Superbowl Jurong Pte Ltd • Director, WestBuild Construction Pte. Ltd. • Director, Meteorite Land (Rowe Avenue) Pty Ltd • Director, Meteorite Land Pty Ltd • Director, Meteorite Land (Pearl River) Pty Ltd • Director, Meteorite Property (Stirling Street) Pty Ltd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		MR CHIA SOON HIN WILLIAM	MR TEO HO BENG
			• Director, Meteorite Assets Limited • Director, Meteorite Manchester Limited • Director, Trafford City Hotel Limited
(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 CHIA SOON HIN WILLIAM	MR TEO HO BENG
(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 CHIA SOON HIN WILLIAM	MR TEO HO BENG
(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 CHIA SOON HIN WILLIAM	MR TEO HO BENG
(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 2023

We 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 2023.

In our opinion:

(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 2023 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, Executive Director 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 2023

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 1.4.2022	AS AT 31.3.2023 AND 21.4.2023#	AS AT 1.4.2022	AS AT 31.3.2023 AND 21.4.2023#
The Company -				
Ley Choon Group Holdings Limited		Number of ordinary shares		
Toh Choo Huat	794,000	794,000	909,272,580	902,272,580
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 2023.

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 2023 and the consolidated financial statements of the Group for the financial year ended 31 March 2023, 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: 7 July 2023

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 2023, 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 2023 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 20 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. Where the Group has a contract that is onerous, of which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, the present obligation under the contract is recognised and measured as a provision. 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. Actual costs could differ from the estimates. 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

Testing of reversal of impairment 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 2023, management has assessed that there are indications 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 reversal of impairment.

The testing of reversal of impairment 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 Notes 3, 4 and 5 to the financial statements.

Our procedures in relation to management's testing of reversal 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 agreeing to supporting documentation and historical trends; and
- Evaluating the competence, capabilities and objectivity of the management's experts.

We involved auditor's experts to assist us in the above. We evaluated the competence, capabilities and objectivity of the auditor's experts, 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

7 July 2023

STATEMENTS OF **FINANCIAL POSITION**

as at 31 March 2023

		THE GROUP		THE COMPANY	
		2023	2022	2023	2022
	NOTE	S$'000	S$'000	S$'000	S$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	19,188	20,150	–	–
Right-of-use assets	4	6,796	8,717	–	–
Subsidiaries	5	–	–	160,100	47,147
Deferred tax assets	6	437	677	–	–
Club membership		229	229	–	–
		26,650	29,773	160,100	47,147
Current Assets					
Inventories	7	7,712	9,279	–	–
Contract assets	8	30,807	28,327	–	–
Trade and other receivables	9	22,659	15,328	2,126	2,886
Prepayments	10	4,391	3,666	30	25
Other investments	11	16	14	–	–
Cash and bank balances	12	7,124	4,334	3	5
Fixed deposits	12	507	573	–	–
		73,216	61,521	2,159	2,916
Non-current asset classified as held for sale	13	–	3,183	–	3,281
		73,216	64,704	2,159	6,197
Total assets		99,866	94,477	162,259	53,344
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	14	97,889	97,889	164,108	164,108
Accumulated losses		(47,084)	(56,323)	(30,915)	(142,902)
Other reserves	15	(1,586)	(1,109)	28,774	28,774
Total equity		49,219	40,457	161,967	49,980
Non-Current Liabilities					
Deferred tax liabilities	6	4	8	–	–
Borrowings	16	–	19,726	–	–
Lease liabilities	17	2,556	2,085	–	–
		2,560	21,819	–	–
Current Liabilities					
Borrowings	16	19,858	8,209	–	–
Lease liabilities	17	2,912	2,501	–	–
Trade and other payables	18	25,262	21,433	292	3,364
Current tax payable		55	58	–	–
		48,087	32,201	292	3,364
Total liabilities		50,647	54,020	292	3,364
Total equity and liabilities		99,866	94,477	162,259	53,344

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 2023

	NOTE	2023 S$'000	2022 S$'000
Continuing operations			
Revenue	19	123,921	92,897
Cost of sales		(107,551)	(81,986)
Gross profit		16,370	10,911
Other income	20	5,920	4,857
Selling and distribution expenses		(120)	(76)
Administrative expenses		(10,929)	(8,891)
Impairment losses on trade receivables reversed	9	–	217
Other operating expenses	21	(31)	(459)
Finance costs	22	(1,633)	(2,399)
Profit before taxation from continuing operations		9,577	4,160
Taxation	23	(237)	696
Profit for the year from continuing operations		9,340	4,856
Discontinued operation			
Loss from discontinued operation, net of tax of nil	13	(101)	(98)
Profit for the year	24	9,239	4,758
Other comprehensive income after tax:			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences on consolidation		(493)	(1,807)
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post-employment benefit obligations		16	3
Other comprehensive loss for the year, net of tax of nil		(477)	(1,804)
Total comprehensive income for the year attributable to owners of the Company		8,762	2,954
Profit/(Loss) attributable to owners of the Company			
- From continuing operations		9,340	4,856
- From discontinued operation		(101)	(98)
Profit for the year		9,239	4,758
Total comprehensive income/(loss) attributable to owners of the Company			
- From continuing operations		8,863	3,052
- From discontinued operation		(101)	(98)
Total comprehensive income for the year		8,762	2,954
Earnings/(Loss) per share attributable to owners of the Company (Singapore cent)			
Basic and diluted			
- From continuing and discontinued operations	25	0.613	0.401
- From continuing operations	25	0.620	0.409
- From discontinued operation	25	(0.007)	(0.008)

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 2023

	SHARE CAPITAL S$'000	ACCUMULATED LOSSES S$'000	FOREIGN CURRENCY TRANSLATION RESERVE S$'000	OTHER RESERVE S$'000	EQUITY COMPONENT OF CONVERTIBLE BONDS S$'000	TOTAL EQUITY S$'000
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 14)	18,198	–	–	–	(243)	17,955
Share issuance costs (Note 14)	(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
Balance at 1 April 2022	97,889	(56,323)	(1,060)	(49)	–	40,457
Profit for the year	–	9,239	–	–	–	9,239
Other comprehensive (loss)/income for the year						
- Foreign currency translation differences	–	–	(493)	–	–	(493)
- Remeasurement of post-employment benefit obligations	–	–	–	16	–	16
Other comprehensive (loss)/income for the year, net of tax of nil	–	–	(493)	16	–	(477)
Total comprehensive income/(loss) for the year	–	9,239	(493)	16	–	8,762
Balance at 31 March 2023	97,889	(47,084)	(1,553)	(33)	–	49,219

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 2023

	NOTE	2023 S$'000	2022 S$'000
Cash Flows from Operating Activities			
Profit/(Loss) before taxation			
- Continuing operations		9,577	4,160
- Discontinued operation	13	(101)	(98)
Profit before taxation		9,476	4,062
Adjustments for:			
Depreciation of property, plant and equipment	3	6,315	5,812
Depreciation of right-of-use assets	4	2,839	2,451
Fair value (gain)/loss on other investments	20/21	(2)	36
Gain on lease modification	20	(5)	–
Impairment losses (reversed)/made on property, plant and equipment, net	3	(582)	391
Impairment losses reversed on right-of-use assets	4	(62)	(29)
Impairment losses on trade receivables reversed	9	–	(217)
Interest expense	22	1,633	2,399
Interest income	20	(5)	(24)
Loss/(Gain) on disposal of property, plant and equipment	21/20	20	(323)
Loss on disposal of associate	13	101	–
Share of results of associate	13	–	98
Sundry income	20	(2,245)	–
Operating profit before working capital changes		17,483	14,656
Changes in inventories		1,520	(1,876)
Changes in contract assets		(2,519)	3,441
Changes in trade and other receivables		(5,221)	2,872
Changes in prepayments		(752)	(556)
Changes in provision		–	(1,799)
Changes in trade and other payables		3,689	(3,687)
Cash generated from operations		14,200	13,051
Income taxes paid		–	(3)
Net cash generated from operating activities		14,200	13,048
Cash Flows from Investing Activities			
Interest received		5	24
Purchase of property, plant and equipment and right-of-use assets	A	(1,855)	(636)
Proceeds from disposal of property, plant and equipment		687	367
Proceeds from disposal of subsidiary, net of cash disposed of	B	–	368
Proceeds from disposal of associate	C	3,082	–
Net cash generated from investing activities		1,919	123
Cash Flows from Financing Activities			
Fixed deposits pledged with banks		66	(411)
Interest paid		(1,633)	(2,365)
Repayment of lease liabilities		(3,648)	(2,809)
Repayment of loans from financial institutions		(8,078)	(10,037)
Share issuance costs	14	–	(116)
Net cash used in financing activities		(13,293)	(15,738)
Net increase/(decrease) in cash and cash equivalents		2,826	(2,567)
Cash and cash equivalents at beginning of year		4,334	7,009
Exchange differences on translation of cash and cash equivalents		(36)	(108)
Cash and cash equivalents at end of year	12	7,124	4,334

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 2023

Note A

During the financial year ended 31 March 2023, the Group made cash payments of S$1,545,000 (2022: S$605,000) and S$310,000 (2022: S$31,000) to acquire property, plant and equipment and right-of-use assets, respectively, amounting to S$1,855,000 (2022: S$636,000). There were non-cash additions to right-of-use assets of S$4,625,000 (2022: S$2,845,000).

Note B

The amount of S$368,000 represented the remaining cash consideration to be received from the disposal of 60% equity interest in Ley Choon (Yantai) Eco-Green Construction Materials Ltd. ("LCYT") during the financial year ended 31 March 2021. The amount was fully received on 30 April 2021.

Note C

On 29 December 2022, the Company completed the disposal of its 40% equity interest in LCYT with the 40% equity interest in LCYT transferred to the purchasers upon the receipt of the third instalment of RMB 5 million and the collection of the disposal proceeds of RMB 16 million (S$3,082,000) in full by the Company (Note 13). The effects of the disposal on the cash flows of the Group are as follows:

	2023 S$'000
Carrying amount of associate	3,183
Loss on disposal of associate (Note 13)	(101)
Net cash inflow arising from disposal	3,082

CONSOLIDATED STATEMENT OF **CASH FLOWS**

for the financial year ended 31 March 2023

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

	FIXED DEPOSITS PLEDGED (NOTE 12) S$'000	LOANS FROM FINANCIAL INSTITUTIONS (NOTE 16) S$'000	CONVERTIBLE BONDS (NOTE 16) S$'000	LEASE LIABILITIES (NOTE 17) S$'000	INTEREST PAYABLE (NOTE 18) S$'000	TOTAL S$'000
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 14)	–	–	(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
Balance at 1 April 2022	(573)	27,935	–	4,586	–	31,948
Changes from financing cash flows						
- Fixed deposits pledged with banks	66	–	–	–	–	66
- Interest paid	–	(1,372)	–	(261)	–	(1,633)
- Repayment of lease liabilities	–	–	–	(3,648)	–	(3,648)
- Repayment of loans from financial institutions	–	(8,078)	–	–	–	(8,078)
Total changes from financing cash flows	66	(9,450)	–	(3,909)	–	(13,293)
Effect of changes in foreign exchange rates	–	–	–	(10)	–	(10)
Other changes						
- Interest expense	–	1,373	–	260	–	1,633
- Derecognition of lease liabilities	–	–	–	(109)	–	(109)
- Lease modification	–	–	–	25	–	25
- New leases	–	–	–	4,625	–	4,625
Total liability-related other changes	–	1,373	–	4,801	–	6,174
Balance at 31 March 2023	(507)	19,858	–	5,468	–	24,819

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2023

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 2023 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 are disclosed in Note 5 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)s"). 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 ("S$") 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 16 to the financial statements, on 18 August 2021, the Group had 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 period ending 30 September 2023 within 12 months from the end of the reporting period. In addition, the Group is required to make bullet repayment for all outstanding amounts under the DRA on the final repayment date of 31 March 2024.

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 2023, the Group continues to generate significant net profit and operating cash inflows of S$9,239,000 (2022: S$4,758,000) and S$14,200,000 (2022: S$13,048,000), respectively. Having regard to measures to remain prudent in managing the Group's expenditures and working capital, the directors believe that the Group is able to continue to generate sufficient cash flows from operations.

(ii) As at 31 March 2023, the Group had net current assets and net assets of S$25,129,000 (2022: S$32,503,000) and S$49,219,000 (2022: S$40,457,000), respectively, which include cash and bank balances and fixed deposits amounting to S$7,631,000 (2022: S$4,907,000). As at 31 March 2023, the Company had net current assets and net assets of S$1,867,000 (2022: S$2,833,000) and S$161,967,000 (2022: S$49,980,000), respectively. The decrease in net current assets of the Group was mainly due to the borrowings under the DRA being wholly classified as current as at 31 March 2023 arising from the bullet repayment which is due to be settled on 31 March 2024. Nonetheless, the Group remains in a significant net current assets position. The increase in net assets of the Group was mainly due to the net profit generated by the Group, as a result of the further improvement in the financial performance of the businesses of the Group.

(iii) During the financial year ended 31 March 2023, the Group continues to meet the financial covenants for the periods ended 30 September 2022 and 31 March 2023. In view of the continuing significant cash flows generated from operations, the Group has also 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$8 million have been made by the Group in respect of its borrowings under the DRA during the financial year ended 31 March 2023. Notwithstanding this, the Group continues to hold cash and bank balances and fixed deposits amounting to S$7,631,000 (2022: S$4,907,000) as at 31 March 2023. As disclosed in Note 31 to the financial statements, the Group's gearing ratio has improved and decreased from 55% to 47%.

(iv) At the end of the reporting period, the Group's unfulfilled order book based on secured contracts stood at S$315.9 million. In the press release dated 12 January 2023, Building and Construction Authority announced that the construction industry is expected to be strong, particularly in public sector and infrastructure constructions space. The public sector is expected to contribute about 60% of the total construction demand, between S$16 billion and S$19 billion.

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 2024. Based on the forecast and having regard to the above, the directors believe that the Group is able to continue to comply with the financial covenants under the DRA, and 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, 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 preparation of the financial statements, and there is no material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of reported asset amounts or the amounts and classification of liabilities that would be required if the going concern basis is found to be inappropriate.

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 13 to the financial statements.

2(a) Basis of preparation (cont'd)

Significant judgements in applying accounting policies (cont'd)

Control over a partnership

The Group determines if it has control, or not, over an investee based on whether the Group has power over the investee, exposure or rights to variable returns from its involvement with the investee, and ability to use its power over the investee to affect its returns. As disclosed in Note 5 to the financial statements, the Company's wholly-owned subsidiary, Ley Choon Constructions and Engineering Pte Ltd ("LCCE"), entered into a limited liability partnership agreement with Gim Tian Civil Engineering Pte Ltd ("GTCE") to register a limited liability partnership, Ley Choon Gim Tian Joint Venture LLP ("LCGTLLP"), in Singapore on 30 December 2022. LCCE and GTCE are the sole partners of LCGTLLP and each holds 51% and 49% equity interest, respectively, in LCGTLLP. Under the limited liability partnership agreement, any matter or issue relating to LCGTLLP must be decided by resolution passed by a majority of the votes, and for this purpose, LCCE shall have 51 votes and GTCE shall have 49 votes. The Group has determined that it has control over LCGTLLP on the basis that it holds the majority voting rights and is able to direct the relevant activities of LCGTLLP to significantly affect its returns.

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 6 and Note 23, respectively, to the financial statements.

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 1 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$632,000 (2022: S$581,000) and S$284,000 (2022: S$245,000), respectively.

2(a) Basis of preparation (cont'd)

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

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. If the recoverable amount of the Group's property, plant and equipment and right-of-use assets decreases/increases by 10% from management's estimates, the Group's allowance for impairment of property, plant and equipment and right-of-use assets will increase/decrease by S$nil (2022: S$2,015,000) and S$nil (2022: S$872,000), respectively.

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 investments in subsidiaries decreases/increases by 10% from management's estimates, the Group's allowance for impairment of investments in subsidiaries will increase/decrease by S$nil (2022: S$4,715,000).

2(a) Basis of preparation (cont'd)

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

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 7 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$771,000 (2022: S$928,000).

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.

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 8 and Note 19, 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$319,000 (2022: S$885,000) and S$324,000 (2022: S$937,000), 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.

2(a) Basis of preparation (cont'd)

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

Allowance for expected credit losses of trade and other receivables and contract assets (cont'd)

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 30.1. If the loss rates on the respective ageing categories of trade receivables increase by 10% from management's estimates, the Group's allowance for impairment of trade receivables will increase by S$1,175,000 (2022: S$611,000).

2(b) Adoption of new or amended SFRS(I)s effective in 2023

On 1 April 2022, the Group adopted the following new or amended SFRS(I)s that are mandatory 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)s.

REFERENCE	DESCRIPTION
Amendment to SFRS(I) 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to SFRS(I) 1-16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to SFRS(I) 1-37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to SFRS(I) 3	Reference to the Conceptual Framework
Annual Improvements to SFRS(I)s 2018 - 2020	
- Amendment to SFRS(I) 1-41	Taxation in Fair Value Measurements
- Amendment to SFRS(I) 1	Subsidiary as a First-time Adopter
- Amendment to SFRS(I) 9	Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
- Amendment to Illustrative Examples accompanying SFRS(I) 16	Lease Incentives

The adoption of these new or amended SFRS(I)s did not result in substantial changes to the Group's accounting policies or have any significant impact on these financial statements.

Amendment to SFRS(I) 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*

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 periods beginning on or after 1 June 2021. Early application is permitted.

2(b) Adoption of new or amended SFRS(I)s effective in 2023 (cont'd)

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.

2(c) New or amended SFRS(I)s not yet adopted

The following are the new or amended SFRS(I)s 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)s 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) 1-1	Classification of Liabilities as Current or Non-current	1 January 2024
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
Amendments to SFRS(I) 1-12	International Tax Reform – Pillar Two Model Rules	1 January 2023
Amendments to SFRS(I) 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-1	Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7	Supplier Finance Arrangements	1 January 2024

2(c) New or amended SFRS(I)s not yet adopted (cont'd)

Management does not anticipate that the adoption of the above new or amended SFRS(I)s 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) 1-12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, a reporting entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The amendments are effective for annual periods beginning on or after 1 January 2023. Early application is permitted. The amendments shall be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, deferred tax asset and deferred tax liability shall be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

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 2024, with early application permitted.

Amendments to SFRS(I) 1-1 *Non-current Liabilities with Covenants*

The amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. The amendments clarify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date.

2(c) New or amended SFRS(I)s not yet adopted (cont'd)

Amendments to SFRS(I) 1-1 *Non-current Liabilities with Covenants (cont'd)*

The amendments introduce additional disclosure requirements. When an entity classifies a liability arising from a loan arrangement as non-current and that liability is subject to the covenants which an entity is required to comply with within 12 months of the reporting date, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liability could become repayable within 12 months of the reporting period, including:

(a) the carrying amount of the liability;

(b) information about the covenants; and

(c) facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants based on its circumstances at the end of the reporting period.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

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.

2(d) Summary of significant accounting policies (cont'd)

Consolidation (cont'd)

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)s).

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.

2(d) Summary of significant accounting policies (cont'd)

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.

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.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. The difference between the carrying amount of the associate at the date the equity method is discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate.

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.

2(d) Summary of significant accounting policies (cont'd)

Financial assets

Initial recognition and measurement

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").

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.

2(d) Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

Subsequent measurement (cont'd)

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 net input taxes) 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).

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 is recognised in profit or loss.

2(d) Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("ECLs") associated with its debt instrument financial assets carried at amortised cost and contract assets. 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 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).

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 businesses and financial conditions.

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.

2(d) Summary of significant accounting policies (cont'd)

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, 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.

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 and 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.

2(d) Summary of significant accounting policies (cont'd)

Financial liabilities (cont'd)

Subsequent measurement (cont'd)

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.

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.

2(d) Summary of significant accounting policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances.

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.

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.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

2(d) Summary of significant accounting policies (cont'd)

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, the 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.

Provision for onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Leases

The Group as a lessee

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.

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.

2(d) Summary of significant accounting policies (cont'd)

Leases (cont'd)

The Group as a lessee (cont'd)

Lease liability (cont'd)

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.

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	Lease term of 1 to 13 years
Plant and equipment	Lease term of 1 to 3 years
Motor vehicles	Lease term of 2 to 5 years

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.

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 indications such as whether the lease is for a major part of the economic life of the asset.

Operating lease

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Intermediate lessor in sublease

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies recognition exemption, it classifies the sublease as an operating lease.

2(d) Summary of significant accounting policies (cont'd)

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.

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.

2(d) Summary of significant accounting policies (cont'd)

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.

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.

2(d) Summary of significant accounting policies (cont'd)

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.

   (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.

<u>Key management personnel</u>

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.

2(d) Summary of significant accounting policies (cont'd)

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 an 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 may no longer exist or may have decreased.

Any impairment loss is charged to profit or loss.

An impairment loss is reversed if there is an indication that the impairment loss previously recognised for an asset may no longer exist or may have decreased, and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that an asset's or cash-generating unit'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.

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.

2(d) Summary of significant accounting policies (cont'd)

Revenue from contracts with customers (cont'd)

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.

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.

Interest income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

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 has been 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.

2(d) Summary of significant accounting policies (cont'd)

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.

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.

2(d) Summary of significant accounting policies (cont'd)

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 29 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 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
Additions	–	1,155	133	257	–	1,545
Disposals/Write-offs	–	(2,733)	(22)	(286)	–	(3,041)
Transfer from right-of-use assets (Note 4)	–	6,326	–	454	–	6,780
Exchange difference on translation	–	(186)	(7)	(18)	–	(211)
At 31 March 2023	24,353	54,659	640	12,884	–	92,536
Accumulated depreciation and impairment losses						
At 1 April 2021	14,908	44,199	2,375	11,740	6	73,228
Depreciation (Note 24)	2,138	2,991	64	619	–	5,812
Disposals/Write-offs	–	(9,173)	(1,941)	(450)	–	(11,564)
Impairment losses recognised/ (reversed) (Note 21)	–	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
Depreciation (Note 24)	2,138	3,609	80	488	–	6,315
Disposals/Write-offs	–	(2,038)	(14)	(282)	–	(2,334)
Impairment losses reversed (Note 20)	–	(559)	(7)	(16)	–	(582)
Transfer from right-of-use assets (Note 4)	–	2,529	–	265	–	2,794
Exchange difference on translation	–	(134)	(5)	(19)	–	(158)
At 31 March 2023	19,184	41,467	474	12,223	–	73,348
Carrying amount						
At 31 March 2023	5,169	13,192	166	661	–	19,188
At 31 March 2022	7,307	12,037	116	690	–	20,150

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 16).

3 Property, plant and equipment (cont'd)

Testing of reversal of impairment 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 years ended 31 March 2023 and 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 reversal of impairment. The recoverable amounts are determined based on the higher of value in use and fair value less costs of disposal.

For the financial year ended 31 March 2023

The recoverable amounts are determined by management from value in use calculations based on cash flow projections from formally approved financial budgets and forecasts covering a five-year period. The remaining useful life for the cash-generating units is estimated by management to be five years, based on the weighted average remaining useful lives of the assets in the cash-generating units. The cash flows are discounted using a pre-tax discount rate of 10.7% (2022: 11.3%). The discount rate reflects current market assessments of the time value of money and the risks specific to the cash-generating units.

Accordingly, net impairment losses of S$582,000 and S$62,000 were reversed for property, plant and equipment and right-of-use assets, respectively, for the financial year ended 31 March 2023.

For the financial year ended 31 March 2022

The recoverable amounts were determined based on fair value less costs of disposal. Management had engaged independent professional valuers to carry out valuations on the property, plant and equipment and right-of-use assets, 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 were recognised for property, plant and equipment, and S$29,000 were reversed 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 in respect of the financial year ended 31 March 2022:

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%	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 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
Additions	330	2,405	2,200	4,935
Derecognition	(915)	–	–	(915)
Lease modification	25	–	–	25
Transfer to property, plant and equipment (Note 3)	–	(6,326)	(454)	(6,780)
Exchange difference on translation	(18)	–	–	(18)
At 31 March 2023	3,428	3,042	4,861	11,331
Accumulated depreciation and impairment losses				
At 1 April 2021	2,968	2,145	567	5,680
Depreciation (Note 24)	1,496	529	426	2,451
Impairment losses reversed (Note 20)	–	(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
Depreciation (Note 24)	1,268	1,026	545	2,839
Impairment losses reversed (Note 20)	–	(9)	(53)	(62)
Derecognition	(811)	–	–	(811)
Transfer to property, plant and equipment (Note 3)	–	(2,529)	(265)	(2,794)
Exchange difference on translation	(4)	–	–	(4)
At 31 March 2023	2,201	1,140	1,194	4,535
Carrying amount				
At 31 March 2023	1,227	1,902	3,667	6,796
At 31 March 2022	2,258	4,311	2,148	8,717

4 Right-of-use assets (cont'd)

Leasehold land comprises 8 parcels (2022: 11 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 2025
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 30 November 2023
Leasehold land V	5,437.9	Till 14 July 2023
Leasehold land VI	13,135.5	Till 8 September 2025
Leasehold land VII	4,161.1	Till 8 September 2025
Leasehold land VIII	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	2023 S$'000	2022 S$'000
Unquoted equity investments, at cost		
At beginning and end of year	160,100	160,100
Allowance for impairment losses		
At beginning of year	112,953	118,058
Allowance reversed	(112,953)	(5,105)
At end of year	–	112,953
Carrying amount		
At beginning of year	47,147	42,042
At end of year	160,100	47,147

5 Subsidiaries (cont'd)

Testing of reversal of impairment of investments in subsidiaries

In view of the profits and net operating cash inflows generated by the subsidiaries in Singapore for the financial years ended 31 March 2023 and 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 reversal of impairment. The recoverable amount is determined based on the higher of value in use and fair value less costs of disposal.

For the financial year ended 31 March 2023

The recoverable amount is determined by management from value in use calculations based on cash flow projections from formally approved financial budgets and forecasts covering a five-year period. The cash flows for the subsequent years are extrapolated from the fifth-year cash flow using a 1% terminal growth rate, and discounted using a pre-tax discount rate of 10.7% (2022: 11.3%). The discount rate reflects current market assessments of the time value of money and the risks specific to the cash-generating units.

Based on management's assessment, the Company reversed impairment losses of S$112,953,000 for the financial year ended 31 March 2023.

For the financial year ended 31 March 2022

The recoverable amount was determined based on fair value less costs of disposal, which was 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 were 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 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.

5 Subsidiaries (cont'd)

Details of the subsidiaries are:

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION/ PRINCIPAL PLACE OF BUSINESS	PERCENTAGE OF EQUITY HELD	
			2023	2022
			%	%
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
Ley Choon Gim Tian Joint Venture LLP (4),(5)	Tendering of road construction contracts	Singapore	51	–
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.

(4) Audited for the purpose of the consolidated financial statements.

(5) Registered in Singapore on 30 December 2022, whereby Ley Choon Constructions and Engineering Pte Ltd ("LCCE") and Gim Tian Civil Engineering Pte Ltd ("GTCE") are the sole partners of Ley Choon Gim Tian Joint Venture LLP ("LCGTLLP") and each hold 51% and 49% equity interest, respectively, in LCGTLLP. Under the limited liability partnership agreement, any matter or issue relating to LCGTLLP must be decided by resolution passed by a majority of the votes, and for this purpose, LCCE shall have 51 votes and GTCE shall have 49 votes. The Group has determined that it has control over LCGTLLP on the basis that it holds the majority voting rights and is able to direct the relevant activities of LCGTLLP to significantly affect its returns. The activities of LCGTLLP are insignificant to the Group as at 31 March 2023.

6 Deferred taxation

THE GROUP	2023 S$'000	2022 S$'000
At beginning of year	669	(34)
Recognised in profit or loss (Note 23)	(236)	703
At end of year	433	669

Deferred taxation comprises the following:

THE GROUP	2023 S$'000	2022 S$'000
Deferred tax assets	437	677
Deferred tax liabilities	(4)	(8)
	433	669

Deferred tax assets/(liabilities) are attributable to the following:

THE GROUP	PROPERTY, PLANT AND EQUIPMENT S$'000	UNUSED TAX LOSSES S$'000	TOTAL S$'000
At 1 April 2021	(651)	617	(34)
Recognised in profit or loss	595	108	703
At 31 March 2022	(56)	725	669
Recognised in profit or loss	392	(628)	(236)
At 31 March 2023	336	97	433

Unrecognised temporary differences

Deferred tax assets have not been recognised in respect of the following temporary differences:

THE GROUP	2023 S$'000	2022 S$'000
Unused tax losses	922	2,006
Unutilised capital allowances	244	1,322

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 unused tax losses of S$3,074,000 (2022: S$4,025,000) which expire in six years.

7 Inventories

THE GROUP	2023 S$'000	2022 S$'000
Construction materials, at cost	7,712	9,279

The cost of inventories recognised in cost of sales amounted to S$23,670,000 (2022: S$16,104,000) for the financial year ended 31 March 2023 (Note 24).

8 Contract assets

THE GROUP	2023 S$'000	2022 S$'000
Contract assets	30,807	28,327

As at 1 April 2021, the Group's gross contract assets balance amounted to S$32,738,000.

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.

THE GROUP	2023 S$'000	2022 S$'000
Contract assets		
Contract assets recognised during the year	112,264	83,714
Contract assets recognised in trade receivables upon invoicing	(109,909)	(87,146)
Aggregate amount of transaction price allocated to contracts that are partially or fully unsatisfied as at the end of the financial year	315,887	118,852
Transaction price allocated to unsatisfied performance obligations as at the end of the financial year that may be recognised as revenue in the next reporting periods, as follows:		
- 2023	–	106,541
- 2024	161,760	11,181
- 2025	101,017	1,130
- 2026	53,030	–
- 2027	80	–

Contract assets include S$624,000 (2022: S$464,000) 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.

9 Trade and other receivables

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	S$'000	S$'000	S$'000	S$'000
Trade receivables from third parties	11,752	6,106	–	–
Less: Allowance for impairment losses	(47)	(47)	–	–
	11,705	6,059	–	–
Amount due from associate (non-trade)	–	2,344	–	2,344
Amount due from a subsidiary (non-trade)	–	–	1,584	–
Deposits	7,514	6,050	–	–
Staff loans	52	85	–	–
Other receivables	3,352	790	542	542
Financial assets at amortised cost	22,623	15,328	2,126	2,886
Net input taxes	36	–	–	–
	22,659	15,328	2,126	2,886

As at 1 April 2021, the Group's gross trade receivables from contracts with customers due from third parties amounted to S$9,252,000.

The Group generally extends credit period of 30 to 60 days (2022: 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.

The credit risk for net trade receivables based on the information provided to key management team is as follows:

	2023	2022
THE GROUP	S$'000	S$'000
By geographical area		
Singapore	11,644	5,948
Sri Lanka	61	111
	11,705	6,059

9 Trade and other receivables (cont'd)

The ageing analysis of trade receivables is as follows:

THE GROUP	GROSS 2023 S$'000	IMPAIRMENT LOSSES 2023 S$'000	GROSS 2022 S$'000	IMPAIRMENT LOSSES 2022 S$'000
Not past due	2,172	–	1,764	–
Past due 0 to 30 days	8,377	–	3,787	–
Past due 31 to 60 days	542	–	142	–
Past due 61 to 90 days	349	–	230	–
Past due over 90 days	312	(47)	183	(47)
	11,752	(47)	6,106	(47)

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 2021	333
Allowance reversed	(217)
Allowance utilised	(69)
At 31 March 2022 and 31 March 2023	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.

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.

9 Trade and other receivables (cont'd)

As at 31 March 2022, the non-trade amount due from 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 (Note 13), which had been collected by the associate on behalf of the Company. The amount has been fully transferred to the Company upon completion of the disposal as at 31 March 2023. The non-trade amount due from associate is unsecured and interest-free.

The non-trade amount due from a subsidiary, which represent advances to and payments on behalf of the subsidiary, is unsecured, interest-free and repayable on demand.

Deposits mainly relate to deposits placed in respect of performance bonds for projects.

As at 31 March 2023, other receivables of the Group mainly comprise a settlement amount of S$2,600,000 and its corresponding goods and services tax of S$208,000, arising from a settlement agreement entered into on 31 March 2023 relating to legal disputes with a former customer. The amount has been fully collected on 28 April 2023.

Trade and other receivables (excluding net input taxes) are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	S$'000	S$'000	S$'000	S$'000
Singapore dollar	22,542	12,827	2,126	542
Renminbi	–	2,344	–	2,344
Sri Lankan rupee	81	157	–	–
	22,623	15,328	2,126	2,886

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.

10 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.

11 Other investments

THE GROUP	2023 S$'000	2022 S$'000
Financial assets at FVTPL:		
At beginning of year	14	50
Fair value gain/(loss) recognised in profit or loss (Note 20/21)	2	(36)
At end of year	16	14
Represented by:		
Quoted equity investments	16	14

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.

12 Cash and bank balances and fixed deposits

	THE GROUP		THE COMPANY	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Cash on hand	113	129	–	–
Cash in banks	7,011	4,205	3	5
Cash and bank balances	7,124	4,334	3	5
Fixed deposits	507	573	–	–
	7,631	4,907	3	5

As at 31 March 2023, fixed deposits of S$507,000 (2022: S$573,000) for the Group were pledged to financial institutions for bankers' guarantees.

The fixed deposits had a weighted-average maturity of 822 days (2022: 822 days) from the end of the reporting period with a weighted-average effective interest rate of 5.87% (2022: 5.87%) 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	2023 S$'000	2022 S$'000
Cash and bank balances	7,124	4,334
Fixed deposits	507	573
	7,631	4,907
Less: Fixed deposits pledged	(507)	(573)
	7,124	4,334

12 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	
	2023	2022	2023	2022
	S$'000	S$'000	S$'000	S$'000
Singapore dollar	7,035	4,065	3	5
Malaysian ringgit	22	26	–	–
Sri Lankan rupee	574	816	–	–
	7,631	4,907	3	5

13 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 had received the first two instalments on behalf of the Company (Note 9).

On 29 December 2022, the Company completed the disposal of its 40% equity interest in LCYT with the 40% equity interest in LCYT transferred to the purchasers upon the receipt of the third instalment of RMB 5 million and the collection of the disposal proceeds of RMB 16 million (S$3,082,000) in full by the Company. Accordingly, the Company no longer holds any equity interest in LCYT, and LCYT has ceased to be an associate of the Company and the Group.

The non-current asset of the Group and the Company classified as held for sale is as follows:

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	S$'000	S$'000	S$'000	S$'000
Associate	–	3,183	–	3,281

LCYT represented the entirety of the Group's business in the People's Republic of China. The results of LCYT were presented separately on the consolidated statement of profit or loss and other comprehensive income as "loss for the year from discontinued operation".

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

The results of the discontinued operation are as follows:

THE GROUP	2023 S$'000	2022 S$'000
Share of results of associate	–	(98)
Loss before taxation	–	(98)
Taxation (Note 23)	–	–
Loss after taxation	–	(98)
Loss on disposal of associate	(101)	–
Loss for the year from discontinued operation	(101)	(98)

Share of results of the associate relates to the period until the associate is classified as held for sale.

Loss per share from the discontinued operation is disclosed in the consolidated statement of profit or loss and other comprehensive income.

Details of the associate classified as held for sale are:

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION/ PRINCIPAL PLACE OF BUSINESS	PERCENTAGE OF EQUITY HELD	
			2023 %	2022 %
Held by the Company				
Ley Choon (Yantai) Eco-Green Construction Materials Ltd. [1]	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	–	40

(1) Audited by other auditor

14 Share capital

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	S$'000	S$'000	S$'000	S$'000
Issued and fully paid, with no par value				
At beginning of year	97,889	79,807	164,108	146,026
Conversion of convertible bonds	–	18,082	–	18,082
At end of year	97,889	97,889	164,108	164,108

THE GROUP AND THE COMPANY	2023	2022
Number of ordinary shares		
At beginning of year	1,505,767,572	1,184,813,992
Conversion of convertible bonds	–	320,953,580
At end of year	1,505,767,572	1,505,767,572

Following the receipt of conversion notices from the holding company, and 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.

15 Other reserves

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	S$'000	S$'000	S$'000	S$'000
Foreign currency translation reserve	(1,553)	(1,060)	–	–
Assets distributed to entitled shareholders	–	–	(1,127)	(1,127)
Capital reserve	–	–	29,901	29,901
Other reserve	(33)	(49)	–	–
	(1,586)	(1,109)	28,774	28,774

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.

15 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 acquisition in 2012. Net assets distributed to entitled shareholders relate to trade and other receivables due to the Company prior to the completion of the reverse acquisition, 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.

16 Borrowings

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	S$'000	S$'000	S$'000	S$'000
Non-current				
Loans from financial institutions	–	19,726	–	–
Current				
Loans from financial institutions	19,858	8,209	–	–
	19,858	27,935	–	–

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
2023				
Loans from financial institutions	SGD	SIBOR + 3%	2024	19,858
2022				
Loans from financial institutions	SGD	SIBOR + 3%	2024	27,935

16 Borrowings (cont'd)

Terms and debt repayment schedule (cont'd)

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 12);
(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;

(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.

On 18 August 2021, the Group had 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 from 31 December and 30 June 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.

17 Lease liabilities

THE GROUP	2023 S$'000	2022 S$'000
Undiscounted lease payments due:		
- Year 1	3,152	2,663
- Year 2	1,599	1,349
- Year 3	603	686
- Year 4	320	148
- Year 5	235	–
	5,909	4,846
Less: Future interest cost	(441)	(260)
	5,468	4,586
Represented by:		
- Non-current	2,556	2,085
- Current	2,912	2,501
	5,468	4,586

The lease liabilities relate to the Group's leasehold land for operational, 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$260,000 (2022: S$267,000) is recognised in profit or loss for the financial year ended 31 March 2023 under finance costs (Note 22).

Total cash outflow for leases amounted to S$4,182,000 (2022: S$3,627,000), comprising lease liabilities, short-term leases and leases of low-value assets of S$3,909,000 (2022: S$3,076,000), S$266,000 (2022: S$546,000) and S$7,000 (2022: S$5,000), respectively, for the financial year ended 31 March 2023.

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	2023 S$'000	2022 S$'000
Short-term leases	266	546
Leases of low-value assets	7	5

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 expenses for the year.

Lease liabilities are denominated in the following currencies:

THE GROUP	2023 S$'000	2022 S$'000
Singapore dollar	5,429	4,474
Sri Lankan rupee	39	112
	5,468	4,586

18 Trade and other payables

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	S$'000	S$'000	S$'000	S$'000
Trade payables to third parties	14,357	10,080	–	–
Amounts due to subsidiaries (non-trade)	–	–	–	677
Accrued operating expenses	4,374	4,845	169	220
Accrued staff costs	4,787	3,205	–	–
Other payables	123	123	123	123
Financial liabilities at amortised cost	23,641	18,253	292	1,020
Consideration received	–	2,344	–	2,344
Net output taxes	1,600	784	–	–
Provision for retirement benefits	21	52	–	–
	25,262	21,433	292	3,364

The average credit period taken to settle trade payables is approximately 60 days (2022: 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 13). The disposal was completed on 29 December 2022.

Trade and other payables (excluding consideration received, net output taxes and provision for retirement benefits) are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	S$'000	S$'000	S$'000	S$'000
Singapore dollar	23,560	18,031	292	1,020
Malaysian ringgit	1	1	–	–
Sri Lankan rupee	80	221	–	–
	23,641	18,253	292	1,020

19 Revenue

Significant categories of revenue, excluding intra-group transactions and applicable value-added taxes, are detailed as follows:

THE GROUP	2023 S$'000	2022 S$'000
Revenue from contracts with customers		
- Rendering of services	120,173	88,872
- Sale of construction materials	2,425	3,942
	122,598	92,814
Rental of motor vehicles and machinery	1,323	83
	123,921	92,897
Timing of transfer of goods and services in respect of revenue from contracts with customers		
- Over time	40,167	23,034
- At a point in time	82,431	69,780
	122,598	92,814

20 Other income

THE GROUP	2023 S$'000	2022 S$'000
Fair value gain on other investments (Note 11)	2	–
Foreign exchange gain, net	1,527	350
Gain on disposal of property, plant and equipment	–	323
Gain on lease modification	5	–
Government grants	699	2,325
Impairment losses on property, plant and equipment reversed (Note 3)	582	–
Impairment losses on right-of-use assets reversed (Note 4)	62	29
Income from training services	30	23
Insurance compensation received	217	206
Interest income	5	24
Other rental income	11	–
Sale of scrap materials	492	1,051
Sundry income	2,288	526
	5,920	4,857

Government grants mainly relate to Jobs Support Scheme 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.

Sundry income for the financial year ended 31 March 2023 mainly arises from the settlement agreement entered into on 31 March 2023 relating to legal disputes with a former customer (Note 9).

21 Other operating expenses

THE GROUP	2023 S$'000	2022 S$'000
Fair value loss on other investments (Note 11)	–	36
Impairment losses on property, plant and equipment (Note 3)	–	391
Loss on disposal of property, plant and equipment	20	–
Miscellaneous expenses	11	32
	31	459

22 Finance costs

THE GROUP	2023 S$'000	2022 S$'000
Interest expenses on:		
- loans from financial institutions	1,373	1,094
- convertible bonds	–	1,038
- lease liabilities (Note 17)	260	267
	1,633	2,399

23 Taxation

THE GROUP	2023 S$'000	2022 S$'000
Current taxation		
- current year	1	4
- under provision in respect of prior years	–	3
	1	7
Deferred taxation (Note 6)		
- origination and reversal of temporary differences	893	650
- recognition of previously unrecognised deferred tax assets	(657)	(1,339)
- over provision in respect of prior years	–	(14)
	236	(703)
	237	(696)

23 Taxation (cont'd)

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the applicable rates of income tax on profit/(loss) before taxation as a result of the following:

THE GROUP	2023 S$'000	2022 S$'000
Profit/(Loss) before taxation		
- Continuing operations	9,577	4,160
- Discontinued operation (Note 13)	(101)	(98)
	9,476	4,062
Share of results of associate	–	98
Profit before taxation and share of results of associate	9,476	4,160
Tax at statutory rates applicable to different jurisdictions	1,620	725
Tax effect on non-deductible expenses	447	733
Tax effect on non-taxable income	(64)	(170)
Deferred tax assets on temporary differences not recognised	–	265
Utilisation of previously unrecognised deferred tax assets	(1,109)	(899)
Recognition of previously unrecognised deferred tax assets	(657)	(1,339)
Under provision of current taxation in respect of prior years	–	3
Over provision of deferred taxation in respect of prior years	–	(14)
	237	(696)

Non-deductible expenses mainly relate to depreciation of non-qualifying property, plant and equipment. Non-taxable income mainly relates to government grants under the Jobs Support Scheme.

Singapore

The corporate income tax rate applicable to the Company and the Singapore-incorporated subsidiaries is 17% (2022: 17%) for the financial year ended 31 March 2023.

Sri Lanka

The corporate income tax rate applicable to Sri Lanka branch office of Teacly (S) Pte. Ltd. in respect of construction works is 30% (2022: 14%) with effect from 1 October 2022.

Malaysia

The corporate income tax rate applicable to Ley Choon (M) Sdn. Bhd. is 24% (2022: 24%) for the financial year ended 31 March 2023.

24 Profit for the year

THE GROUP	2023 S$'000	2022 S$'000
Profit for the year has been arrived at after charging:		
Cost of inventories recognised in cost of sales (Note 7)	23,670	16,104
Depreciation of property, plant and equipment (Note 3)	6,315	5,812
Depreciation of right-of-use assets (Note 4)	2,839	2,451
Subcontractor costs	30,868	18,259
Audit fees paid/payable to:		
- auditor of the Company	235	225
- other auditors	3	4
Non-audit fees (taxation services)	40	35
Staff costs		
Directors' fees	230	230
Directors' remuneration other than fees		
- salaries and other related costs	566	474
- contributions to defined contribution plans	8	15
	804	719
Key management personnel (other than directors)		
- salaries and other related costs	2,070	1,713
- contributions to defined contribution plans	119	131
	2,189	1,844
Total key management personnel compensation	2,993	2,563
Other than key management personnel		
- salaries and other related costs	29,803	26,956
- contributions to defined contribution plans	731	773
	30,534	27,729
	33,527	30,292

Depreciation of property, plant and equipment comprises S$4,809,000 (2022: S$4,321,000) and S$1,506,000 (2022: S$1,491,000) which are classified under cost of sales and administrative expenses, respectively.

Depreciation of right-of-use assets comprises S$2,571,000 (2022: S$2,172,000) and S$268,000 (2022: S$279,000) which are classified under cost of sales and administrative expenses, respectively.

Staff costs comprise S$27,244,000 (2022: S$25,307,000) and S$6,283,000 (2022: S$4,985,000) which are classified under cost of sales and administrative expenses, respectively.

25 Earnings/(Loss) per share

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary shareholders of S$9,239,000 (2022: S$4,758,000) and the weighted average number of ordinary shares outstanding of 1,505,768,000 (2022: 1,187,452,000), calculated as follows:

Profit attributable to ordinary shareholders (basic and diluted)

THE GROUP	CONTINUING OPERATIONS S$'000	DISCONTINUED OPERATION S$'000	TOTAL S$'000
2023			
Profit/(Loss) for the year attributable to ordinary shareholders	9,340	(101)	9,239
2022			
Profit/(Loss) for the year attributable to ordinary shareholders	4,856	(98)	4,758

Weighted average number of ordinary shares

THE GROUP	2023 '000	2022 '000
Issued ordinary shares at beginning of year (Note 14)	1,505,768	1,184,814
Effect of ordinary shares issued during the year	–	2,638
Weighted average number of ordinary shares in issue during the year	1,505,768	1,187,452

26 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.

26 Equity-settled share-based payment transactions (cont'd)

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.

27 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	2023 S$'000	2022 S$'000
Conversion of convertible bonds and issuance of shares to holding company (Note 14)	–	18,198
Rental paid to an entity controlled by a director and key management personnel of the Company	21	23

Following receipt of conversion notices from the holding company, and 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 14).

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.

28 Leases

Where the Group is the lessee,

The Group leases land space for operational, 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 periods. 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 17 to the financial statements.

28 Leases (cont'd)

Amounts recognised in profit or loss under SFRS(I) 16 are as follows:

THE GROUP	2023 S$'000	2022 S$'000
Interest expense on lease liabilities (Note 22)	260	267

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 periods.

These leases are classified as operating lease because the risks 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 19.

29 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.

29 Operating segments (cont'd)

	CONTINUING OPERATIONS						DISCONTINUED OPERATION			
	PIPES AND ROADS		CONSTRUCTION MATERIALS		OTHERS/ UNALLOCATED		CONSTRUCTION MATERIALS		TOTAL	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
THE GROUP	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
External revenue	121,786	89,268	2,135	3,629	–	–	–	–	123,921	92,897
Inter-segment revenue	31,710	22,865	7,532	5,777	–	–	–	–	39,242	28,642
Total revenue	153,496	112,133	9,667	9,406	–	–	–	–	163,163	121,539
Interest income	–	–	–	–	5	24	–	–	5	24
Interest expense	(260)	(202)	–	–	(1,373)	(2,197)	–	–	(1,633)	(2,399)
Depreciation of property, plant and equipment	(3,269)	(3,297)	(827)	(312)	(2,219)	(2,203)	–	–	(6,315)	(5,812)
Depreciation for right-of-use assets	(2,212)	(1,824)	(360)	(347)	(267)	(280)	–	–	(2,839)	(2,451)
Impairment losses on property, plant and equipment reversed/(made)	362	(397)	213	19	7	(13)	–	–	582	(391)
Impairment losses on right-of-use assets reversed	62	29	–	–	–	–	–	–	62	29
Impairment losses on trade receivables reversed	–	38	–	179	–	–	–	–	–	217
Loss on disposal of associate	–	–	–	–	–	–	(101)	–	(101)	–
Share of results of associate	–	–	–	–	–	–	–	(98)	–	(98)
Reportable segment profit/(loss) before taxation	15,859	9,521	(15)	653	(6,267)	(6,014)	(101)	(98)	9,476	4,062
Reportable segment assets	69,753	60,067	3,330	7,377	26,783	21,506	–	5,527	99,866	94,477
Capital expenditure	1,412	557	–	–	133	48	–	–	1,545	605
Reportable segment liabilities	21,811	16,962	1,706	1,521	27,130	33,193	–	2,344	50,647	54,020

29 Operating segments (cont'd)

Reconciliations of segment amounts to consolidated financial statements

	2023 S$'000	2022 S$'000
Revenue		
Total revenue for reportable segments	163,163	121,539
Less: inter-segment revenue	(39,242)	(28,642)
Consolidated revenue from continuing operations	123,921	92,897
Profit or loss before taxation		
Total profit before taxation for reportable segments (including discontinued operation)	15,743	10,076
Other corporate expenses	(6,267)	(6,014)
Less: loss before taxation from discontinued operation	101	98
Consolidated profit before taxation from continuing operations	9,577	4,160
Assets		
Total assets for reportable segments (including discontinued operation)	73,083	72,970
Unallocated property, plant and equipment	5,934	8,290
Other unallocated assets	20,849	13,217
Consolidated total assets	99,866	94,477
Liabilities		
Total liabilities for reportable segments (including discontinued operation)	23,517	20,826
Unallocated borrowings	19,858	27,935
Other unallocated liabilities	7,272	5,259
Consolidated total liabilities	50,647	54,020

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.

	2023 S$'000	2022 S$'000
Revenue		
Singapore	121,314	92,249
Sri Lanka	2,607	648
Consolidated revenue from continuing operations	123,921	92,897
Non-current assets *		
Singapore	25,898	28,556
Sri Lanka	315	540
Consolidated non-current assets	26,213	29,096

* Non-current assets comprise property, plant and equipment, right-of-use assets and club membership, and exclude deferred tax assets.

29 Operating segments (cont'd)

Major customers

During the financial year ended 31 March 2023, revenue from five customers (2022: six customers) in respect of the Group's pipes and roads segment amounted to S$99,367,000 (2022: S$83,462,000). The details of these customers which individually contributed ten percent or more of the Group's revenue are as follows:

	2023 S$'000	2023 %	2022 S$'000	2022 %
Customer A	26,448	21	14,972	16
Customer B	21,478	17	15,585	17
Customer C	19,847	16	12,296	13
Customer D	19,709	16	17,061	18
Customer E	11,885	10	12,901	14
Customer F	*	*	10,647	11
Total	99,367	80	83,462	89

* Below ten percent

30 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 30.3) and foreign currency risk (Note 30.4).

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.

30.1 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.

30 Financial risk management objectives and policies (cont'd)

30.1 Credit risk (cont'd)

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 four major debtors (2022: three major debtors) that represented 67% (2022: 58%) 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.

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.

30 Financial risk management objectives and policies (cont'd)

30.1 Credit risk (cont'd)

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
2023						
Gross carrying amount	2,172	8,377	542	349	312	11,752
ECL rate (%)	–	–	–	–	15.06	
Loss allowance	–	–	–	–	47	47
2022						
Gross carrying amount	1,764	3,787	142	230	183	6,106
ECL rate (%)	–	–	–	–	25.68	
Loss allowance	–	–	–	–	47	47

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.

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 and associate (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. 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. In respect of the non-trade amounts due from subsidiaries which are repayable on demand, management has considered the availability of accessible and highly liquid assets of the subsidiaries for repayment if they are demanded at the end of the reporting period. Management has assessed that the Company is not exposed to significant credit loss in respect of the non-trade amounts due from a subsidiary and associate. At the end of the reporting period, no loss allowance for the non-trade amounts due from a subsidiary and associate is required.

30 Financial risk management objectives and policies (cont'd)

30.1 Credit risk (cont'd)

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 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 16). These borrowings amounted to S$19,858,000 (2022: S$27,935,000) 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 9.

30.2 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.

30 Financial risk management objectives and policies (cont'd)

30.2 Liquidity risk (cont'd)

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
2023				
Non-derivative financial liabilities				
Borrowings (Note 16)	19,858	21,167	21,167	–
Lease liabilities (Note 17)	5,468	5,909	3,152	2,757
Trade and other payables * (Note 18)	23,641	23,641	23,641	–
	48,967	50,717	47,960	2,757
2022				
Non-derivative financial liabilities				
Borrowings (Note 16)	27,935	29,391	9,049	20,342
Lease liabilities (Note 17)	4,586	4,846	2,663	2,183
Trade and other payables * (Note 18)	18,253	18,253	18,253	–
	50,774	52,490	29,965	22,525
The Company				
2023				
Non-derivative financial liabilities				
Trade and other payables * (Note 18)	292	292	292	–
Intra-group financial guarantees	19,858	21,167	21,167	–
2022				
Non-derivative financial liabilities				
Trade and other payables (Note 18)	1,020	1,020	1,020	–
Intra-group financial guarantees	27,935	29,391	9,049	20,342

* Excluding consideration received, net output taxes and provision for retirement benefits

Except for the Company's cash flows arising from its intra-group corporate guarantees (Note 30.1), 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.

30 Financial risk management objectives and policies (cont'd)

30.3 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 2023 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. Fixed deposits and lease liabilities 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	
	2023	2022	2023	2022
	S$'000	S$'000	S$'000	S$'000
Fixed rate instruments				
Financial assets				
- fixed deposits	507	573	–	–
Financial liabilities				
- lease liabilities	(5,468)	(4,586)	–	–
	(4,961)	(4,013)	–	–
Variable rate instruments				
Financial liabilities				
- loans from financial institutions	(19,858)	(27,935)	–	–

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial 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 (2022: 100) basis points higher/lower with all other variables held constant, the Group's profit before tax and equity would have been S$199,000 (2022: S$279,000) 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.

30 Financial risk management objectives and policies (cont'd)

30.4 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.

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 AND THE COMPANY	2023 S$'000	2022 S$'000
Trade and other receivables	–	2,344
Net exposure	–	2,344

<u>Sensitivity analysis for foreign currency risk</u>

The following table demonstrates the sensitivity to a reasonably possible change in the Renminbi ("RMB") exchange rate, with all other variables held constant, of the Group's and the Company's profit before tax.

THE GROUP AND THE COMPANY		2023 S$'000	2022 S$'000
RMB	- strengthened 5% (2022: 5%)	–	117
	- weakened 5% (2022: 5%)	–	(117)

30 Financial risk management objectives and policies (cont'd)

30.5 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% (2022: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been S$1,000 (2022: S$1,000) higher/lower, arising as a result of an increase/decrease in the fair value of the quoted equity securities.

31 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.

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.

31 Capital management (cont'd)

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	
	2023	2022	2023	2022
	S$'000	S$'000	S$'000	S$'000
Borrowings (Note 16)	19,858	27,935	–	–
Lease liabilities (Note 17)	5,468	4,586	–	–
Trade and other payables (Note 18)	25,262	21,433	292	3,364
Total debt	50,588	53,954	292	3,364
Less: Cash and bank balances and fixed deposits (Note 12)	(7,631)	(4,907)	(3)	(5)
Net debt	42,957	49,047	289	3,359
Equity attributable to owners of the Company	49,219	40,457	161,967	49,980
Total capital	49,219	40,457	161,967	49,980
Total capital and net debt	92,176	89,504	162,256	53,339
Gearing ratio	47%	55%	0%	6%

32 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
2023				
Financial assets				
Trade and other receivables # (Note 9)	22,623	–	–	22,623
Other investments (Note 11)	–	16	–	16
Cash and bank balances (Note 12)	7,124	–	–	7,124
Fixed deposits (Note 12)	507	–	–	507
	30,254	16	–	30,270
Financial liabilities				
Borrowings (Note 16)	–	–	19,858	19,858
Lease liabilities (Note 17)	–	–	5,468	5,468
Trade and other payables * (Note 18)	–	–	23,641	23,641
	–	–	48,967	48,967

32 Financial instruments (cont'd)

Accounting classifications of financial assets and financial liabilities (cont'd)

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 9)	15,328	–	–	15,328
Other investments (Note 11)	–	14	–	14
Cash and bank balances (Note 12)	4,334	–	–	4,334
Fixed deposits (Note 12)	573	–	–	573
	20,235	14	–	20,249
Financial liabilities				
Borrowings (Note 16)	–	–	27,935	27,935
Lease liabilities (Note 17)	–	–	4,586	4,586
Trade and other payables * (Note 18)	–	–	18,253	18,253
	–	–	50,774	50,774
The Company				
2023				
Financial assets				
Trade and other receivables (Note 9)	2,126	–	–	2,126
Cash and bank balances (Note 12)	3	–	–	3
	2,129	–	–	2,129
Financial liabilities				
Trade and other payables * (Note 18)	–	–	292	292
2022				
Financial assets				
Trade and other receivables (Note 9)	2,886	–	–	2,886
Cash and bank balances (Note 12)	5	–	–	5
	2,891	–	–	2,891
Financial liabilities				
Trade and other payables (Note 18)	–	–	1,020	1,020

Excluding net input taxes

* Excluding consideration received, net output taxes and provision for retirement benefits

32 Financial instruments (cont'd)

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 (excluding net input taxes), cash and bank balances and fixed deposits, borrowings (which are short-term or repayable on demand), and trade and other payables (excluding consideration received, net output taxes and provision for retirement benefits), 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.

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
2023				
Quoted equity investments at FVTPL (Note 11)	16	–	–	16
2022				
Quoted equity investments at FVTPL (Note 11)	14	–	–	14

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 23 June 2023

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 23 June 2023.

Distribution of Shareholdings

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	48	1.58	494	0.00
100 - 1,000	1,347	44.38	695,182	0.05
1,001 - 10,000	725	23.89	2,918,046	0.19
10,001 - 1,000,000	845	27.84	119,731,235	7.95
1,000,001 AND ABOVE	70	2.31	1,382,422,615	91.81
Total	3,035	100.00	1,505,767,572	100.00

Shareholdings Held in the Hand of Public Shareholders

As at 23 June 2023, 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	902,272,580	59.92
2	HIAP HOE INVESTMENT PTE LTD	176,536,000	11.72
3	PHILLIP SECURITIES PTE LTD	43,688,753	2.90
4	DBS NOMINEES (PRIVATE) LIMITED	26,109,701	1.73
5	ANG LAY LEONG	22,250,000	1.48
6	CITIBANK NOMINEES SINGAPORE PTE LTD	21,450,900	1.42
7	TAN TECK WEI	10,711,935	0.71
8	PEH KOK WAH @ PEH WAH CHYE	10,320,000	0.69
9	PEH HOCK SIONG	10,278,100	0.68
10	BUHDY BOK SIN SWEE (MO XINGCUI)	10,000,000	0.66
11	UOB KAY HIAN PRIVATE LIMITED	7,540,100	0.50
12	MAYBANK SECURITIES PTE. LTD.	7,107,400	0.47
13	IFAST FINANCIAL PTE. LTD.	6,047,000	0.40
14	RAFFLES NOMINEES (PTE.) LIMITED	5,221,500	0.35
15	OCBC SECURITIES PRIVATE LIMITED	5,007,342	0.33
16	DB NOMINEES (SINGAPORE) PTE LTD	4,649,330	0.31
17	TOH KENG HONG	4,248,000	0.28
18	PANG SIANG ONN	3,950,000	0.26
19	CHEN JET HOW	3,860,000	0.26
20	YEO AI TEE	3,800,000	0.25
	TOTAL	1,285,048,641	85.32

SHAREHOLDINGS **STATISTICS**

As at 23 June 2023

Substantial Shareholders

	NUMBER OF SHARES HELD			
NAME	DIRECT INTEREST	%	DEEMED INTEREST	%
Zheng Choon Holding Pte. Ltd.	902,272,580	59.92%	–	–
Toh Choo Huat(1)	794,000	0.05%	902,272,580	59.92%
Toh Swee Kim(2)	220,000	0.01%	902,272,580	59.92%
Toh Chew Leong(3)	–	–	902,272,580	59.92%
Toh Chew Chai(4)	–	–	902,272,580	59.92%
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 at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556 on Friday, 28 July 2023 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.

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2023 together with the Directors' Statement and the Auditors' Report of the Company. (Resolution 1)

2. To re-elect as a Director, Mr Chia Soon Hin William who is retiring under Regulation 107 of the Company's Constitution.

   Mr Chia Soon Hin William will, upon re-election as a Director of the Company, remain an Independent Director of the Company.

   [See Explanatory Note (I)] (Resolution 2)

3. To re-elect as a Director, Mr Teo Ho Beng who is retiring under Regulation 107 of the Company's Constitution.

   Mr Teo Ho Beng will, upon re-election as a Director of the Company, remain a Non-Executive Director of the Company.

   [See Explanatory Note (I)] (Resolution 3)

4. To approve the payment of Directors' fees of S$230,000 for the financial year ending 31 March 2024, to be paid quarterly in arrears. (Resolution 4)

5. To approve the payment of one-off additional Directors' fees of S$46,000 for the financial year ended 31 March 2023.

   [See Explanatory Note (II)] (Resolution 5)

6. To re-appoint Messrs Foo Kon Tan LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 6)

7. To transact any other business that may be transacted at an Annual General Meeting.

NOTICE OF
ANNUAL GENERAL MEETING

SPECIAL BUSINESS

8. 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;

(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."

[See Explanatory Note (III)] (Resolution 7)

9. 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."

[See Explanatory Note (IV)] (Resolution 8)

By Order of the Board

Ong Beng Hong/Tan Swee Gek
Joint Company Secretaries
13 July 2023

NOTICE OF
ANNUAL GENERAL MEETING

Explanatory Notes:

I. For details of Mr Chia Soon Hin William's and Mr Teo Ho Beng's disclosures pursuant to Rule 720(5) of the Catalist Rules, please refer to pages 90 to 96 of the Company's Annual Report for the financial year ended 31 March 2023.

II. The Ordinary Resolution 5 in item 5 above is to approve of a one-off additional Directors' fees for the financial year ended 31 March 2023 as a token compensation for the reduced Directors' fees paid in the past.

III. The Ordinary Resolution 7 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting ("**AGM**") of the Company, or the date by which the next AGM 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.

IV. The Ordinary Resolution 8 proposed in item 9 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 AGM held on 30 July 2018. Please refer to the Company's Letter to Shareholders dated 13 July 2018 for further details.

Notes:

(1) The AGM is being convened and will be held physically at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556. There will be no option for members to participate virtually.

(2) Live voting will be conducted during the AGM for members and proxies attending the AGM. It is important for members and proxies to bring their own web-browser enabled mobile smartphone capable of scanning QR codes for voting at the AGM. An instructional video on the voting process will be played to shareholders during the AGM.

An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

(3) Save for a member who is a relevant intermediary as defined in Note 4, a member entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies (not more than two) to attend and vote on his/her behalf. A proxy need not be a member of the Company.

(4) A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

(a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

(5) 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; or

(b) if submitted by email, be received by the Company at agmfy23@leychoon.com, in either case, by no later than 10.00 a.m. on 25 July 2023, being not less than 72 hours before the time for holding the AGM in order to be entitled to attend and to vote at the AGM, and in default the instrument of proxy shall not be treated as valid.

(6) The sending of a Proxy Form by a member does not preclude him from attending and voting in person if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

(7) A Depositor's name must appear on the Depository Register maintained by CDP as at 72 hours before the time fixed for holding the AGM in order to be entitled to attend and vote at the AGM.

(8) 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.

(9) A member may also submit questions related to the resolutions to be tabled for approval at the AGM either (i) in person at the AGM during the live Q&A session; or (ii) prior to the AGM.

All questions submitted prior to the AGM must be submitted by 10.00 a.m. on 20 July 2023:

(a) 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

(b) by email to agmfy23@leychoon.com.

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 by the cut off date and time of 10.00 am on 20 July 2023. The Company will publish its responses to such queries on SGXNet by 10.00 am on 23 July 2023. The Company will address those substantial and relevant questions which have not already been addressed prior to the AGM, as well as those received "live" at the AGM itself, during the AGM.

(10) By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, 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 and administration by the Company (or its agents) of proxies and representatives appointed 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) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

(11) The Annual Report for the financial year ended 31 March 2023, Notice of AGM and proxy form may be accessed at the Company's website at the URL https://www.leychoon.com at the menu "Investor Relations" (https://www.leychoon.com/?page_id=2391). The Annual Report, Notice of AGM and proxy form has also been made available on SGXNet. In line with the Group's sustainability efforts, the Company has discontinued the practice of mailing the Annual Report to shareholders. However, shareholders who still wish to receive printed copies of the Annual Report may complete the relevant Request Form, which has been sent to the shareholders by post and is also available on SGXNet, and return it to the Company by post or email no later than 19 July 2023.

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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.

IMPORTANT:
1. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We____________________(Name)________________(Registration No./NRIC/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 *					

and/or such other persons as furnished by us in accordance with Note 3 of this proxy form, or failing which, the Chairman of the Annual General Meeting ("**AGM**"), as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM of the Company, to be held at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556 on 28 July 2023 at 10 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against 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 proxy(ies) 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 2023 together with the Directors' Statement and Auditors' Report of the Company			
2.	Re-election of Mr Chia Soon Hin William as a Director of the Company			
3.	Re-election of Mr Teo Ho Beng as a Director of the Company			
4.	Approval of Directors' fees of S$230,000 for the financial year ending 31 March 2024, to be paid quarterly in arrears			
5.	Approval of one-off additional Directors' fees of S$46,000 for the financial year ended 31 March 2023			
6.	Re-appointment of Messrs Foo Kon Tan LLP as the Company's Auditors and to authorise the Directors to fix their remuneration			
	SPECIAL BUSINESS			
7.	Authority to allot and issue new shares			
8.	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________, 2023

TOTAL NUMBER OF SHARES HELD:

____
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 or proxies shall be deemed to relate to all the Shares held by you.

2. Save for a member who is a relevant intermediary as defined in Note 3, a member entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his stead.

3. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

5. A proxy need not be a member of the Company.

6. 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 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; or

   (b) if submitted by email, be received by the Company at agmfy23@leychoon.com;

   in either case, **by no later than 10.00 a.m. on 25 July 2023, being not less than 72 hours before the time for holding the AGM in order to be entitled to attend and to vote at the AGM**, and in default the instrument of proxy shall not be treated as valid.

7. 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.

8. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of 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.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

10. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act 1967 of Singapore.

11. The submission of an instrument or form appointing a proxy by a member of the Company does not preclude him from attending and voting in person at the AGM if he is able to do so.

12. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his 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.

13. A Depositor's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than 72 hours before the time appointed for the holding of the AGM in order for him to be entitled to vote at the AGM.

14. By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), 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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