

LEY CHOON GROUP HOLDINGS LIMITED
(Company Registration No. 198700318G)

ANNOUNCEMENT OF CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND HALF YEAR AND FULL YEAR ENDED 31 MARCH 2023

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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Table of Contents

A	Condensed interim consolidated statement of profit or loss and other comprehensive income	3
B	Condensed interim statements of financial position	5
C	Condensed interim statements of changes in equity	6
D	Condensed interim consolidated statement of cash flows	8
E	Notes to the condensed interim consolidated financial statements	10
F	Other information required by Appendix 7C of the Catalist Rules	21

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	2 nd Half Year ended			Financial Year ended			
	31 Mar	31 Mar	Change	31 Mar	31 Mar	Change	
	2023	2022		2023	2022		
Note	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Revenue	4	62,656	45,905	36.5%	123,921	92,897	33.4%
Cost of sales		(54,784)	(41,683)	31.4%	(107,551)	(81,986)	31.2%
Gross Profit		7,872	4,222	86.5%	16,370	10,911	50.0%
Other income		4,069	2,183	86.4%	5,920	4,857	21.9%
Selling and distribution expenses		(47)	(41)	14.6%	(120)	(76)	57.9%
Administrative expenses		(6,053)	(4,385)	38.0%	(10,929)	(8,891)	22.9%
Impairment losses on trade receivables reversed		—	217	n/m	—	217	n/m
Other operating expenses		(15)	(434)	-96.5%	(31)	(459)	-93.2%
Finance costs		(925)	(1,152)	-19.7%	(1,633)	(2,399)	-31.9%
Profit from continuing operations before taxation	6	4,901	610	703.4%	9,577	4,160	130.2%
Taxation		243	696	-65.1%	243	696	-65.1%
Profit from continuing operations after taxation		5,144	1,306	293.9%	9,820	4,856	102.2%
Loss from discontinued operation, net of tax (Note 1)		(101)	(2)	4950.0%	(101)	(98)	3.1%
Profit for the period		5,043	1,304	286.7%	9,719	4,758	104.3%
Other comprehensive income after tax:							
Items that are or may be reclassified subsequently to profit or loss							
Foreign currency translation differences on consolidation		6	(1,798)	n/m	(493)	(1,807)	-72.7%
		6	(1,798)	n/m	(493)	(1,807)	-72.7%
Items that will not be reclassified subsequently to profit or loss							
Remeasurement of post-employment benefit obligations		16	3	433.3%	16	3	433.3%
Other comprehensive Income/(loss) for the period, net of tax of nil		22	(1,795)	n/m	(477)	(1,804)	-73.6%
Total comprehensive Income/(loss) for the year attributable to owners of the Company		5,065	(491)	n/m	9,242	2,954	212.9%

Note 1: Discontinued operation relates to results of the Associate, Ley Choon (Yantai) Eco-Green Construction Material Ltd ("LCYT"). The disposal of the balance 40% equity interest in LCYT was completed on 29 December 2022, vide our announcement dated 30 December 2022. Accordingly, LCYT has ceased to be an associated company of the Company.

A. Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

	2nd Half Year ended			Financial Year ended		
	31 Mar	31 Mar	Change	31 Mar	31 Mar	Change
	2023	2022		2023	2022	
	S\$'000	S\$'000		S\$'000	S\$'000	
Profit/(Loss) attributable to owners of the Company						
- from continuing operations	5,144	1,306	293.9%	9,820	4,856	102.2%
- from discontinued operation	(101)	(2)	4950.0%	(101)	(98)	3.1%
Profit for the year	<u>5,043</u>	<u>1,304</u>	286.7%	<u>9,719</u>	<u>4,758</u>	104.3%
Total comprehensive income/(loss) attributable to owners of the Company						
- from continuing operations	5,166	(489)	n/m	9,343	3,052	206.1%
- from discontinued operation	(101)	(2)	4950.0%	(101)	(98)	3.1%
Total comprehensive income/(loss) for the period	<u>5,065</u>	<u>(491)</u>	n/m	<u>9,242</u>	<u>2,954</u>	212.9%
Earnings/(Loss) per share attributable to owners of the Company						
Basic and diluted						
- From continuing and discontinued operations	0.335	0.110		0.645	0.401	
- From continuing operations	0.342	0.110		0.652	0.409	
- From discontinued operations	(0.007)	(0.000)		(0.007)	(0.008)	

B. Condensed interim statements of financial position

	Group		Company	
	As at 31-Mar-23 S\$'000	As at 31-Mar-22 S\$'000	As at 31-Mar-23 S\$'000	As at 31-Mar-22 S\$'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	19,188	20,150	—	—
Right-of-use assets	6,796	8,717	—	—
Subsidiaries	—	—	61,166	47,147
Club membership	229	229	—	—
Deferred tax assets	917	677	—	—
	<u>27,130</u>	<u>29,773</u>	<u>61,166</u>	<u>47,147</u>
Current Assets				
Inventories	7,712	9,279	—	—
Contract assets	30,807	28,327	—	—
Trade and other receivables	22,659	15,328	2,126	2,886
Prepayments	4,391	3,666	30	25
Other investments	16	14	—	—
Cash and bank balances	7,124	4,334	3	5
Fixed deposits	507	573	—	—
	<u>73,216</u>	<u>61,521</u>	<u>2,159</u>	<u>2,916</u>
Assets of disposal group classified as held-for-sale	—	3,183	—	3,281
	<u>73,216</u>	<u>64,704</u>	<u>2,159</u>	<u>6,197</u>
Total assets	<u>100,346</u>	<u>94,477</u>	<u>63,325</u>	<u>53,344</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	97,889	97,889	164,108	164,108
Accumulated losses	(46,604)	(56,323)	(129,849)	(142,902)
Other reserves	(1,586)	(1,109)	28,774	28,774
Total equity	<u>49,699</u>	<u>40,457</u>	<u>63,033</u>	<u>49,980</u>
Non-Current Liabilities				
Borrowings	—	19,726	—	—
Lease liabilities	2,556	2,085	—	—
Deferred tax liabilities	4	8	—	—
	<u>2,560</u>	<u>21,819</u>	<u>—</u>	<u>—</u>
Current Liabilities				
Borrowings	19,858	8,209	—	—
Lease liabilities	2,912	2,501	—	—
Trade and other payables	25,262	21,433	292	3,364
Current tax payable	55	58	—	—
	<u>48,087</u>	<u>32,201</u>	<u>292</u>	<u>3,364</u>
Total liabilities	<u>50,647</u>	<u>54,020</u>	<u>292</u>	<u>3,364</u>
Total equity and liabilities	<u>100,346</u>	<u>94,477</u>	<u>63,325</u>	<u>53,344</u>

C. Condensed interim statements of changes in equity

Group	Share capital	Accumulated losses	Foreign currency translation reserve	Other reserve	Equity component of convertible bonds	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2021	79,807	(61,081)	747	(52)	243	19,664
Profit for the period	—	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 period	—	4,758	(1,807)	3	—	2,954
Contributions by and distributions to owners						
Conversion of convertible bonds	18,198	—	—	—	(243)	17,955
Share issuance costs	(116)	—	—	—	—	(116)
Transactions with owners in their capacity as owner	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 period	—	9,719	—	—	—	9,719
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 period	—	9,719	(493)	16	—	9,242
Balance at 31 March 2023	97,889	(46,604)	(1,553)	(33)	—	49,699

C. Condensed interim statements of changes in equity (cont'd)

<u>Company</u>	Share capital	Capital reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2021	146,026	29,017	(146,173)	28,870
Profit for the period, representing total comprehensive income for the period	—	—	3,271	3,271
Contributions by distributions to owners				
Conversion of convertible bonds	18,198	(243)	—	17,955
Share issuance costs	(116)	—	—	(116)
Transactions with owners in their capacity as owners	18,082	(243)	—	17,839
Balance at 31 March 2022	164,108	28,774	(142,902)	49,980
Balance at 1 April 2022	164,108	28,774	(142,902)	49,980
Profit for the period, representing total comprehensive income for the period	—	—	13,053	13,053
Balance at 31 March 2023	164,108	28,774	(129,849)	63,033

D. Condensed interim consolidated statement of cash flows

	Financial Year ended	
	31 Mar 2023 S\$'000	31 Mar 2022 S\$'000
Cash Flows from Operating Activities:		
Profit/(Loss) before taxation		
- Continuing operations	9,577	4,160
- Discontinued operation	(101)	(98)
Profit before taxation	9,476	4,062
Adjustments for:		
Depreciation of property, plant and equipment	6,315	5,812
Depreciation of right-of-use assets	2,839	2,451
Share of loss of associated company	—	98
Impairment losses on trade receivables reversed, net		
- Continuing operations	—	(217)
- Discontinued operations	—	—
	—	(217)
Loss/(Gain) on disposal of property, plant and equipment	20	(323)
Loss on disposal of associate	101	—
Impairment losses (reversed)/made on property, plant and equipment made, net	(582)	391
Impairment losses reversed on right-of-use assets	(62)	(29)
Fair value (gain)/loss on other investments	(2)	36
Gain on lease modification	(5)	—
Interest income	(5)	(24)
Interest expense	1,633	2,399
Operating cash flows before working capital changes	19,728	14,656
Changes in inventories	1,520	(1,876)
Changes in contract assets	(2,519)	3,441
Changes in trade and other receivables	(7,466)	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	(1,855)	(636)
Proceeds from disposal of property, plant and equipment	687	367
Proceeds from disposal of subsidiary, net of cash disposed of	—	368
Proceeds from disposal of associate	3,082	—
Net cash generated from investing activities	1,919	123

D. Condensed interim consolidated statement of cash flows (cont'd)

	Financial Year ended	
	31 Mar 2023	31 Mar 2022
	S\$'000	S\$'000
Cash Flows from Financing Activities:		
Interest paid	(1,633)	(2,365)
Share issuance expenses	—	(116)
Repayment of loans from financial institutions	(8,078)	(10,037)
Repayment of lease liabilities	(3,648)	(2,809)
Fixed deposits pledged with banks	66	(411)
Net cash used in financing activities	<u>(13,293)</u>	<u>(15,738)</u>
Net increase/(decrease) in cash and cash equivalents	2,826	(2,567)
Cash and cash equivalents at beginning of period	4,334	7,009
Exchange differences on translation of cash and cash equivalents	(36)	(108)
Cash and cash equivalents at end of period	<u>7,124</u>	<u>4,334</u>

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Ley Choon Group Holdings Limited (the "**Company**") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist board of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the full year ended 31 March 2023 and unaudited financial statement for the financial year ended 31 March 2023 comprise the Company and its subsidiaries (collectively, the "**Group**").

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are as below:

- Underground utilities infrastructure construction and maintenance services, which include water pipes, NEWater pipes, high-pressure gas pipes, high-voltage power cables, fiber optic cables and sewer pipeline rehabilitation;
- 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
- Construction materials supply services, which include production of asphalt premix and recycled aggregates from construction and demolition waste.

2. Basis of Preparation

The condensed interim financial statements for the full year ended 31 March 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2022.

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.

Information about estimates, assumptions and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is as follows:

- Note 9 - Depreciation of property, plant and equipment and right-of-use assets

There were no significant changes in critical judgements, estimates and assumptions as compared to the consolidated financial statements as at and for the year ended 31 March 2022.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into the following main business segments:

Segment 1: Pipes & roads;

Segment 2: Construction materials; and Others

These operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments.

4.1. Reportable segments

	Continuing operations						Discontinued operation				Total	
	Pipes and roads		Construction materials		Other operations		Construction materials		Other operations			
	2HFY23	2HFY22	2HFY23	2HFY22	2HFY23	2HFY22	2HFY23	2HFY22	2HFY23	2HFY22	2HFY23	2HFY22
The Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
External revenue	61,660	44,948	996	957	—	—	—	—	—	—	62,656	45,905
Inter-segment revenue	17,468	10,190	4,239	2,729	—	—	—	—	—	—	21,707	12,919
Total revenue	79,128	55,138	5,235	3,686	—	—	—	—	—	—	84,363	58,824
Interest income	—	—	—	—	2	18	—	—	—	—	2	18
Interest expense	(146)	(59)	—	—	(779)	(1,093)	—	—	—	—	(925)	(1,152)
Depreciation of property, plant and equipment	(1,617)	(1,611)	(672)	(153)	(1,109)	(1,100)	—	—	—	—	(3,398)	(2,864)
Depreciation of right-of-use assets	(1,299)	(899)	(180)	(179)	(133)	(136)	—	—	—	—	(1,612)	(1,214)
Impairment losses reversed/(made) on property, plant and equipment	362	(397)	213	19	7	(13)	—	—	—	—	582	(391)
Impairment losses reversed on right-of-use assets	62	29	—	—	—	—	—	—	—	—	62	29
Reportable segment profit/(loss) before tax	7,604	3,733	(55)	52	(2,648)	(3,175)	(101)	(2)	—	—	4,800	608
Reportable segment assets	69,769	60,067	3,330	7,377	27,247	21,507	—	5,526	—	—	100,346	94,477
Capital expenditure	1,288	450	—	—	24	29	—	—	—	—	1,312	479
Reportable segment liabilities	21,811	16,962	1,706	1,521	27,130	33,194	—	2,343	—	—	50,647	54,020

4.1. Reportable segments (cont'd)

	Continuing operations						Discontinued operation				Total	
	Pipes and roads		Construction materials		Other operations		Construction materials		Other operations			
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2023
The Group	S\$'000	S\$'000	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 of right-of-use assets	(2,212)	(1,824)	(360)	(347)	(267)	(280)	—	—	—	—	(2,839)	(2,451)
Impairment losses reversed/(made) on property, plant and equipment	362	(397)	213	19	7	(13)	—	—	—	—	582	(391)
Impairment losses reversed on right-of-use assets	62	29	—	—	—	—	—	—	—	—	62	29
Reportable segment profit/(loss) before tax	15,859	9,521	(15)	653	(6,267)	(6,014)	(101)	(98)	—	—	9,476	4,062
Reportable segment assets	69,769	60,067	3,330	7,377	27,247	21,507	—	5,526	—	—	100,346	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	33,194	—	2,343	—	—	50,647	54,020

4.2. Disaggregation of Revenue

The Group	2 nd Half Year ended 31 March 2023			2 nd Half Year ended 31 March 2022		
	Pipes and Roads	Construction materials	TOTAL	Pipes and Roads	Construction materials	TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue from contracts with customers						
- Rendering of services	60,959	—	60,959	44,751	—	44,751
- Sale of construction materials	—	996	996	—	957	957
	60,959	996	61,955	44,751	957	45,708
Rental of motor vehicles and machinery	701	—	701	197	—	197
	61,660	996	62,656	44,948	957	45,905
Timing of transfer of goods and services						
- Over time	15,685	—	15,685	12,675	—	12,675
- At a point in time	45,274	996	46,270	32,076	957	33,033
	60,959	996	61,955	44,751	957	45,708
Geographical information						
Singapore	61,275	996	62,271	44,710	957	45,667
Sri Lanka	385	—	385	238	—	238
	61,660	996	62,656	44,948	957	45,905

4.2. Disaggregation of Revenue (cont'd)

	Financial Year ended 31 March 2023			Financial Year ended 31 March 2022		
	Pipes and Roads S\$'000	Construction materials S\$'000	TOTAL S\$'000	Pipes and Roads S\$'000	Construction materials S\$'000	TOTAL S\$'000
The Group						
Revenue from contracts with customers						
- Rendering of services	120,173	—	120,173	88,872	—	88,872
- Sale of construction materials	—	2,135	2,135	—	3,629	3,629
	120,173	2,135	122,308	88,872	3,629	92,501
Rental of motor vehicles and machinery	1,613	—	1,613	396	—	396
	121,786	2,135	123,921	89,268	3,629	92,897
Timing of transfer of goods and services						
- Over time	40,167	—	40,167	23,034	—	23,034
- At a point in time	80,006	2,135	82,141	65,838	3,629	69,467
	120,173	2,135	122,308	88,872	3,629	92,501
Geographical information						
Singapore	119,179	2,135	121,314	88,620	3,629	92,249
Sri Lanka	2,607	—	2,607	648	—	648
	121,786	2,135	123,921	89,268	3,629	92,897

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 March 2022 and 31 March 2023:

	The Group		The Company	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets</u>				
Financial assets at fair value through other comprehensive income (FVOCI)	16	14	—	—
Cash and bank balances and trade and other receivables (Amortised cost)	<u>30,290</u>	<u>20,235</u>	<u>2,129</u>	<u>2,891</u>
	<u>30,306</u>	<u>20,249</u>	<u>2,129</u>	<u>2,891</u>
 <u>Financial liabilities</u>				
Trade and other payables and borrowings and lease liabilities (Amortised cost)	<u>50,588</u>	<u>53,954</u>	<u>292</u>	<u>3,364</u>

5.1 Fair value measurement

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

However, the Group and the Company do not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables, cash and bank balances and fixed deposits, borrowings (which are short-term or repayable on demand), and trade and other payables, are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group and the Company for similar financial instruments.

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 (as is 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).

6. Profit before taxation

6.1. Significant items

	2 nd Half Year ended			Financial Year ended		
	31 Mar 2023	31 Mar 2022	Change	31 Mar 2023	31 Mar 2022	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
The Group						
Fair value (gain)/ loss on other investment	(3)	35	n/m	(2)	36	n/m
Depreciation of property, plant and equipment	3,398	2,864	18.6%	6,315	5,812	8.7%
Depreciation of right-of-use assets	1,612	1,214	32.8%	2,839	2,451	15.8%
Foreign exchange gain	(712)	(161)	342.2%	(1,527)	(350)	336.3%
Finance costs	925	1,152	-19.7%	1,633	2,399	-31.9%
Loss/(Gain) on disposal of property, plant and equipment	15	(115)	n/m	20	(323)	n/m
Loss on disposal of associate	101	—	n/m	101	—	n/m
Operating lease expenses	292	240	21.7%	325	551	-41.0%
Impairment losses on trade receivables reversed	—	(217)	n/m	—	(217)	n/m
Impairment losses (reversed)/made on property, plant and equipment	(582)	391	n/m	(582)	391	n/m
Impairment losses reversed on right-of-use assets	(62)	(29)	113.8%	(62)	(29)	113.8%
Interest income	(2)	(18)	-88.9%	(5)	(24)	-79.2%

6.2. Related party transactions

There is no material related party transactions apart from those disclosed elsewhere in the financial statements.

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	2 nd Half Year ended		Financial Year ended	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
	S\$'000	S\$'000	S\$'000	S\$'000
The Group				
Current income tax expense	2	7	2	7
Deferred income tax expense relating to origination and reversal of temporary differences	(245)	(703)	(245)	(703)
	<u>(243)</u>	<u>(696)</u>	<u>(243)</u>	<u>(696)</u>

8. Net Asset Value

	Group		Company	
	As at	As at	As at	As at
Net asset value (NAV in cents)	31 Mar	31 Mar	31 Mar	31 Mar
	2023	2022	2023	2022
NAV per ordinary share	3.30	2.69	4.19	3.32
Number of shares	1,505,767,572	1,505,767,572	1,505,767,572	1,505,767,572

9. Property, plant and equipment

During the financial year ended 31 March 2023, the Group acquired property, plant and equipment amounting to S\$1,545,000 (2022: S\$605,000) and disposed of property, plant and equipment amounting to S\$704,000 (2022: S\$44,000).

10. Borrowings

	The Group and the Company	
	31 Mar 2023	31 Mar 2022
	S\$'000	S\$'000
Amount repayable within one year or on demand		
Secured	19,858	8,209
Unsecured	—	—
	<u>19,858</u>	<u>8,209</u>
Amount repayable after one year		
Secured	—	19,726
Unsecured	—	—
	<u>—</u>	<u>19,726</u>

The bank borrowings and credit facilities of the Group are secured by the following:

- (i) legal mortgage over the Group's leasehold properties;
- (ii) charge over certain of the Group's plant and equipment;
- (iii) charge over shares in the Company's subsidiaries;
- (iv) charge over certain of the Group's bank accounts;
- (v) fixed deposits of the Group;
- (vi) floating charge over all other assets; and
- (vii) corporate guarantees by the Company.

11. Share capital

	The Group and the Company			
	As at 31 March 2023		As at 31 March 2022	
	No. of Shares	Amount \$'000	No. of Shares	Amount \$'000
Beginning and end of interim period	1,505,767,572	97,889	1,505,767,572	97,889

The Company did not hold any treasury shares as at 31 March 2022 and 31 March 2023

The Company's subsidiaries do not hold any shares in the Company as at 31 March 2022 and 31 March 2023.

12. A breakdown of sales as follows:

		Latest Financial Year \$'000	Previous Financial Year \$'000	% increase/ (decrease)
(a)	Sales reported for first half year	61,265	46,992	30.4%
(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	4,676	3,454	35.4%
(c)	Sales reported for second half year	62,656	45,905	36.5%
(d)	Operating profit after tax before deducting non-controlling interests reported for second half year	5,043	1,304	286.7%

F. Other Information Required by Appendix 7C of the Catalist Rules

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Ley Choon Group Holdings Limited and its subsidiaries as at 31 March 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the full year ended 31 March 2023 and certain explanatory notes have not been audited or reviewed.

1A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The financial statements referred above were not reviewed or audited.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The current results are in line with the commentary in paragraph 4 of the 2023 Half Year Results Announcement dated 11 November 2022.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

As per the announcement released by The Building and Construction Authority ("BCA") on 12 January 2023¹, the business outlook for construction industry is expected to be strong, particularly in public sector and infrastructure construction space. The public sector is expected to contribute about 60 per cent of the total construction demand, between S\$16 billion and S\$19 billion. The Group will continue to bid for projects prudently in underground infrastructure utilities construction leveraging its strong track record and expertise.

The operating environment has been challenging for quite some time due to cost escalations in general and the Group will continue to look for various available options and initiatives to minimize the impact as well as sustainable growth.

To-date, the Group's unfulfilled order book stands at a healthy level of approximately S\$315.9 million.

¹ Source: <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2023/01/12/singapore's-construction-demand-to-remain-strong-in-2023>

5. Dividend Information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

No

5b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

5c. Date Payable

Not Applicable

5d. Books Closure Date

Not Applicable

6. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared by the Group due to the terms in the Debt Restructuring Agreement signed with all lenders (vide our announcements dated 26 September 2016 and 18 August 2021).

7. Interested person transactions

The Group has not obtained a general mandate from shareholders for interested party transactions. The Group had no interested party transactions during the period.

8. Review of performance of the Group

Comprehensive income statement for the second half year ended 31 March 2023

Revenue

Revenue increased by approximately S\$16.8 million or 36.5% to S\$62.7 million for the second half-year ended 31 March 2023 ("2HFY23") compared to the corresponding period ended 31 March 2022 ("2HFY22") of S\$45.9 million. The increase in revenue is largely attributed to higher construction activities in pipe laying, cable laying, and airport projects.

Gross profit

Gross profit was S\$7.9 million with a gross profit margin of 12.6% for 2HFY23 compared to gross profit of S\$4.2million with a gross profit margin of 9.2% for 2HFY22. The increase in gross profit resulted mainly from a) increase in revenue as mentioned above, b) higher gross profit margin in certain projects and c) decrease in certain direct operating overhead costs during the period.

Other income

Other income for 2HFY23 increased by approximately S\$1.9 million or 86.4% to S\$4.1 million compared to S\$2.1 million in 2HFY22 mainly attributable to a final settlement of long-overdue claims related to a project, reversal of impairment losses on property, plant and equipment and right-of-use assets as well as gains from foreign exchange.

Selling and distribution expenses

Selling and distribution expenses for 2HFY23 marginally increased by 14.6% to S\$0.05 million compared to 2HFY22 due mainly to insurance and other business expenses incurred during the period.

Administrative expenses

Administrative expenses for 2HFY23 increased by approximately S\$1.7 million or 38.0% to S\$6.1 million compared to 2HFY22 of S\$4.4 million due mainly to increase in professional fees, administrative staff related expenses and certain office expenses during the period.

Impairment losses on trade receivables reversed

The reversal of impairment losses on trade receivables for 2HFY22 was due mainly to recovery of overdue collections.

Other operating expenses

Other operating expenses for 2HFY23 decreased by approximately S\$0.4 million or 96.5% to S\$0.02 million compared to 2HFY22 mainly due to absence of impairment losses on property, plant and equipment during the period.

Finance cost

Finance costs for 2HFY23 decreased by approximately S\$0.2 million or 19.7% to S\$0.9 million compared to 2HFY22 of S\$1.2 million due mainly to the decrease in borrowings.

Net profit

Overall, the Group's net profit for 2HFY23 increased by S\$3.7 million or 286.7% to S\$5.0 million compared to 2HFY22 of S\$1.3 million due to the various reasons as explained above.

Comprehensive income statement for the financial year ended 31 March 2023

Revenue

Revenue increased by approximately S\$31.0 million or 33.4% to S\$123.9 million for the financial year ended 31 March 2023 ("**FY2023**") compared to the corresponding period ended 31 March 2022 ("**FY2022**") of S\$92.9 million. The increase in revenue is attributable mainly to higher constructions activities in pipe laying, airport and cable laying works, partially offset by decrease in sale of construction materials.

Gross profit

Gross profit was S\$16.4 million with a gross profit margin of 13.2% for FY2023 compared to gross profit of S\$10.9 million with a gross profit margin of 11.7% for FY2022. The increase in gross profit and gross profit margin were mainly attributable to the increase in revenue as well as higher margin from certain projects.

Other income

Other income for FY2023 increased by approximately S\$1.0 million or 21.9% to S\$5.9 million compared to FY2022 of S\$4.9 million mainly resulted from a final settlement of long-overdue claims related to a project, reversal of impairment losses on property, plant and equipment and right-of-use assets as well as gains from foreign exchange.

Selling and distribution expenses

Selling and distribution expenses for FY2023 increased by 57.9% to S\$0.12 million compared to FY2022 of S\$0.08 million due mainly to travel related expenses incurred during the period.

Administrative expenses

Administrative expenses for FY2023 increased by approximately S\$2.0 million or 22.9% to S\$10.9 million compared to FY2022 of S\$8.9 million due mainly to increase in administrative staff related expenses, professional fees and certain office expenses during the period.

Impairment losses on trade receivables reversed

The reversal of impairment losses on trade receivables for FY2022 was due mainly to recovery of overdue collections.

Other operating expenses

Other operating expenses for FY2023 decreased by approximately S\$0.4 million or 93.2% to S\$0.03 million compared to FY2022 mainly due to absence of impairment loss on property, plant and equipment.

Finance cost

Finance costs for FY2023 decreased by approximately S\$0.8 million or 31.9% to S\$1.6 million compared to FY2022 of S\$2.4 million due mainly to the decrease in borrowings.

Net profit

Overall, the Group's net profit for FY2023 increased by S\$5.0 million or 104.3% to S\$9.7 million compared to FY2022 of S\$4.8 million due to the various reasons as explained above.

Consolidated statements of financial position

Non-current assets

The Group's non-current assets decreased by S\$2.7 million from S\$29.8 million as at 31 March 2022 to S\$27.1 million as at 31 March 2023, attributable mainly to:

- (a) decrease in property, plant and equipment by S\$1.0 million to S\$19.2 million as at 31 March 2023 compared to S\$20.2 million as at 31 March 2022 mainly due to depreciation of S\$6.3 million, disposal of property, plant and equipment of S\$0.7 million; partially offset by addition of plant and machinery amounting to S\$1.5 million, reversal of impairment losses on property, plant and equipment of S\$0.5 million and reclassification of fully paid right-of-use assets of S\$4.0 million to property, plant and equipment;
- (b) decrease in right-of-use assets by S\$1.9 million to S\$6.8 million as at 31 March 2023 compared to S\$8.7 million as at 31 March 2022, mainly due to reclassification of S\$4.0 million to property,

plant and equipment, amortisation of S\$2.8million, derecognition of lease amounting to S\$0.1 million, partially offset by additions of right-of-use assets amounting to S\$4.9 million and reversal of impairment losses of S\$0.1 million; and

- (c) increase in deferred tax assets by S\$0.2 million mainly due to recognition of deferred income tax assets related to the carry forward of unutilized tax losses during the period.

Current assets

The Group's current assets increased by S\$8.5 million from S\$64.7 million as at 31 March 2022 to S\$73.2 million as at 31 March 2023, attributable mainly to:

- (a) increase in trade and other receivables by S\$7.4 million to S\$22.7 million as at 31 March 2023 compared to S\$15.3 million as at 31 March 2022 due mainly to more billing during the period;
- (b) increase in cash and cash equivalents by S\$2.8 million to S\$7.1 million as at 31 March 2023 compared to S\$4.3 million as at 31 March 2022 due mainly to more collection from customers;
- (c) increase in contract assets by S\$2.5 million to S\$30.8 million as at 31 March 2023 compared to S\$28.3 million as at 31 March 2022 due mainly to increase in revenue from ongoing projects as a result of higher operational activities as explained above;
- (d) increase in prepayments by S\$0.7 million due mainly to premiums paid for performance bond and insurance in relation to the new projects and the advance payment of material purchase for projects;
- (e) decrease in inventories by S\$1.6 million to S\$7.7 million as at 31 March 2023 compared to S\$9.3 million as at 31 March 2022 due mainly to more usage of materials for the projects; and
- (f) decrease in assets of disposal group classified as held-for-sale by S\$ 3.2 million due mainly to completion of the disposal of associate.

Current liabilities

The Group's current liabilities increased by S\$15.9 million from S\$32.2 million as at 31 March 2022 to S\$48.1 million as at 31 March 2023 due mainly to:

- (a) increase in borrowings by S\$11.6 million as a result of reclassification of borrowings from non-current liabilities to current liabilities;
- (b) increase in trade and other payable by S\$3.8 million to S\$25.2 million as at 31 March 2023 compared to S\$21.4 million as at 31 March 2022 due mainly to the materials purchased for projects; and
- (c) increase in lease liabilities by S\$0.4 million due mainly to additional lease.

Non-current liabilities

The Group's non-current liabilities decreased by S\$19.2 million from S\$21.8 million as at 31 March 2022 to S\$2.6 million as at 31 March 2023 as a result of reclassification of borrowings to current liabilities, partially offset by the increase in lease liabilities.

Consolidated statement of cash flow

The Group's cash and cash equivalents stood at S\$7.1 million as at 31 March 2023, as compared to S\$4.3 million as at 31 March 2022.

Net cash generated from operating activities

Net cash generated from operating activities was S\$14.2 million, comprising operating cash flows before working capital changes of S\$19.7 million and net working capital outflow of S\$5.6 million.

The net working capital outflow of S\$5.6 million was due mainly to the following:

- (a) increase in trade and other receivables of approximately S\$7.5 million due to the more billing during the period;
- (b) increase in trade and other payables of approximately S\$3.7 million due to purchase of materials for projects;
- (c) increase in contract assets of approximately S\$2.5 million due to the increase in revenue from ongoing projects as result of higher operational activities as explained above;
- (d) decrease in inventories of approximately S\$1.5 million due to more usage of materials for the projects; and
- (e) increase in prepayment approximately S\$0.8 million due to the advance payment made for materials purchased for projects.

Net cash generated from investing activities

Net cash generated in investing activities of approximately S\$1.9 million was due mainly to proceeds from disposal of investment in associate, property, plant and equipment which was partially offset by purchase of property, plant and equipment and right-of-use assets.

Net cash used in financing activities

Net cash used in financing activities of approximately S\$13.3 million was due mainly to repayment of borrowings, lease liabilities and interest payments.

9. Disclosure on Acquisitions and Realisations of Shares pursuant to Catalyst Rule 706A

On 30 December 2022, the Company announced that it completed the disposal of the remaining 40% of the total registered capital of LYCT to Yantai Chengtong Building Decoration Engineering Co., Ltd. (烟台晟通建筑装饰工程有限公司) ("Purchaser A") and Yantai Licun Construction Materials Ltd (烟台立春建材有限公司) ("Purchaser B") for an aggregate consideration of RMB 16 million (approximately S\$3.4 million) ("Proposed Disposal"). The aggregate consideration was satisfied in three (3) installments in cash and arrived at a willing-buyer and willing-seller basis, taking into consideration the previous disposal of 60% of LYCT which was completed on 21 May 2021. For further information, please refer to the Company's announcements on 31 March 2020, 3 April 2020, 21 May 2021, 30 May 2022 and 30 December 2022.

Registration of Ley Choon Gim Tian Joint Venture LLP

The Company announced the incorporation of Ley Choon Gim Tian Joint Venture LLP arising from the entry into a limited liability partnership agreement with Gim Tian Civil Engineering Pte Ltd on 30 December 2022. For more information, please refer to the Company's announcements on 30 December 2022.

Save for the above, for FY2023 there were no acquisitions or realisations of shares resulting in a company becoming or ceasing to be a subsidiary or associated company of the Company, or resulting in the Company increasing or reducing its shareholding percentage in a subsidiary or associated company.

10. Disclosure of person occupying a managerial position in the issuer or nay of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are such persons, the issuer must make an appropriate negative statement.

Name	Age	Family Relationship with any Director and/or Substantial Shareholder	Current Position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Toh Chew Leong	64	Brother of Mr. Toh Choo Huat ("TCH") who is the Executive Chairman & CEO	Deputy Chief Executive Officer from 29/09/2015	N.A
Toh Swee Kim	60	Brother of TCH	Chief Operating Officer of the Group from 29/09/2015	N.A
Toh Chew Chai	69	Brother of TCH	Deputy Chief Operating Officer, since 17/02/2014	N.A
Toh Chiew Boon	59	Brother of TCH	Senior Construction Manager, since 01/07/2017	N.A
Toh Kai Sheng	38	Nephew of TCH	Director, Operations & HR since 01/02/2017	N.A
Toh Kai Hock	41	Nephew of TCH	IT Director & Head of Fleet Department since 01/02/2021	N.A
Reanne Toh Ting Xuan	34	Daughter of TCH	Director, since 01/09/2022	Deputy Director till 31/08/2022, promoted to Director since 01/09/2022.
Toh Wei Jie	33	Nephew of TCH	Deputy Director, since 01/05/2022	Project Manager till 30/04/2022, promoted to Deputy Director since 01/05/2022.
Toh Qiu Ling	32	Niece of TCH	Senior Procurement cum Sales Manager, since 01/11/2022	Procurement cum Sales Manager till 31/10/2022, promoted to Senior Procurement cum Sales Manager, since 01/11/2022.
Toh Wann	30	Daughter of TCH	Procurement cum BI Manager, since 01/11/2022	Assistant IT Manager, till 06/07/2022, redesignate to Assistant Manager from 07/02/2022 to 31/10/2022, promoted to Procurement cum BI Manager since 01/11/2022.

11. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

Toh Choo Huat
Executive Chairman and Chief Executive Officer

Ling Chung Yee
Lead Independent Director

29 May 2023