LEY CHOON GROUP HOLDINGS LIMITED

(Company Registration No. 198700318G)
(Incorporated in Singapore)
("**Company**")

CESSATION OF INDEPENDENT DIRECTORS
- RESPONSES TO QUERIES FROM
THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")

Reference is made to the announcements dated 6 August 2015 in relation to the cessation of all the independent directors of the Company, comprising Messrs Lee Gee Aik, Ang Miah Khiang and Chow Wen Kwan.

I. Queries from SGX-ST

The Company has on 11 August 2015 received the following queries from the SGX-ST in relation to the aforesaid announcements:

Query 1

The reasons stated for the cessations of the independent directors were "concerns over effectiveness and timeliness of management actions taken to improve project management and financial reporting".

Please provide more information on these concerns which resulted in the cessations of the independent directors.

Please also disclose the steps that the board of directors of the Company ("**Board**") has taken to address the concerns raised and what further steps (if any) the Board will be taking on these matters.

Query 2

As the Company does not have any independent directors on the Board, please disclose the steps the Board is taking to appoint new independent directors as required under the Listing Rules and the timeline for making the new appointments.

In deciding on the appointment of its new independent directors, the Company should note that Guideline 4.2 of the Code of Corporate Governance which states that important issues to be considered as part of the process for the selection and appointment of directors should include, amongst others, the assessment of the competencies of the directors. This should therefore include directors who have an understanding of the business operations, the industry in which the Company operates and familiarity with listing rule requirements.

II. Responses by the Company

Response to Query 1

The Company and its subsidiaries ("the Group") has seen rapid expansion and diversification of its businesses, which encompassed large scale projects involving higher degrees of skills and complexity, and this has resulted in a strain on the Group's resources, which was further exacerbated by a tight labour market as well as staff turnover. These resourcing issues had an impact on the quality of project management, which came to the Board's attention.

The Company engaged Ernst & Young Advisory Pte. Ltd. ("**EY Advisory**") to review its internal project management processes and identify areas for improvement. Subsequent to EY Advisory's review, the Group has taken steps which include but are not limited to EY Advisory's recommendations to improve the processes in relation to project management. In addition, as part of the steps to strengthen its internal management processes, the Company appointed Mr. William Tan Kwang Hwee as its Chief Financial

Officer on 16 July 2015, to oversee the Group's financial and management accounting, treasury, taxation and other corporate compliance matters.

The Board has further engaged Ernst & Young Solutions LLP ("**EY Solutions**") along with Messrs Rajah & Tann Singapore LLP to review its business, overall financial position and commitments with the objective of deciding on and implementing strategies and plans to address potential business and financial challenges moving forward.

As regards the issues relating to financial reporting, the Company would refer shareholders to its announcement of 9 April 2015 in relation to its application for extension of time to hold its annual general meeting for the financial year ended 31 December 2014 and announcement of its first quarter results for the financial period ended 31 March 2015 as well as the reasons set out therein. Also as mentioned above, the Company has since appointed an experienced new Chief Financial Officer to oversee its financial matters.

The Company expects to announce its half year results for the financial period ended 30 June 2015 by not later than 14 August 2015, in accordance with the requirements of the SGX-ST Listing Rules.

The Board regrets that the independent directors have not considered it appropriate to work through their concerns with the Company for the betterment of all shareholders. However, the Board respects the views and decisions of the independent directors and wishes to set on record its appreciation for their past contributions and guidance to the Company.

Response to Query 2

The Company will tap on its industry contacts and professional advisers for its search for competent and suitable candidates to be appointed as independent directors of the Company in compliance with the Code of Corporate Governance, bearing in mind Guideline 4.2 of the same.

The Company will conduct its search for new independent directors actively and hopes to have them appointed as soon as possible. The Company will also provide updates to shareholders on the progress of such search.

III. Further Updates

The Company will, in accordance with its listing obligations, continue to keep shareholders updated of any material developments related to the Group.

In the meantime, shareholders should exercise caution in trading of the Company's shares, and where they have any doubts, should consult their professional advisers accordingly.

By Order of the Board
LEY CHOON GROUP HOLDINGS LIMITED

Toh Choo Huat
Executive Chairman and Chief Executive Officer

11 August 2015