

FOR IMMEDIATE RELEASE

Ley Choon delivers FY2022 net profit of S\$4.1 million – highest since 2018

- FY2022 revenue increased 22.9% to S\$92.9 million driven by growing demand for underground infrastructure services
- Reduced borrowings in balance sheet boosting debt ratios
- Healthy orderbook at S\$119.0 million to be fulfilled over the next 1.5 years

Singapore, 30 May 2022 – SGX Catalist-listed **Ley Choon Group Holdings Limited (立堉集团控股有限公司)** (“**Ley Choon**” or the “**Group**”), a leading one-stop service provider for underground utilities infrastructure construction and road works, is pleased to announce the financial results for the full year (“**FY2022**”) ended 31 March 2022.

In FY2022, the Group recorded a growth in revenue with the resumption of construction activities which were delayed or slowed by the COVID-19 situation. Revenue increased by 22.9% to S\$92.9 million year-on-year (“**y-o-y**”) from FY2021’s S\$75.6 million. This growth in revenue and a favourable project mix resulted in an improvement in the gross profit and margin by 83.7% and 3.8 percentage points (“**p.p.**”) respectively.

Consequently, net profit after tax increased from S\$0.8 million in FY2021 to S\$4.1 million with the greater revenue and margins. This increase can be attributed to the rebound of construction demand that was affected by the COVID-19 pandemic since 2020. Based on the full report published by the Ministry of Trade and Industry¹, the construction sector showed a rebound, growing 20.1% in 2021 turning around the 38.4% contraction in 2020.

S\$'000	FY2022	FY2021	Change (%)
Revenue	92,897	75,594	22.9
Gross Profit	10,911	5,939	83.7
<i>Gross Profit Margin</i>	11.7%	7.9%	3.8 p.p.
Net Profit after Tax	4,156	810	413.1
<i>Net Profit Margin</i>	4.5%	1.1%	3.4 p.p.

On the balance sheet end, the Group decreased borrowings by S\$26.3 million in FY2022, which was mainly attributed to a conversion S\$16.0 million of Murabaha facilities into shares in Ley Choon and a repayment of borrowings of S\$10.0 million. Share capital increased from S\$79.8 million in FY2021 to S\$97.9 million in FY2022 as a result of the conversion of

¹ <https://www.mti.gov.sg/ess2021>

Murabaha facilities to shares as well. Subsequently, the debt-to-equity ratio² improved to 0.70 times from 2.76 times.

In January 2022, the Group won two contracts totalling S\$16.1 million bringing the total orderbook to S\$119.0 million which would be realised in the next 1.5 years.

Outlook

On 26 January 2022, the Building and Construction Authority (“BCA”) released a projection of construction demand in 2022, which is estimated to be between S\$27 billion and S\$32 billion. While the preliminary total construction demand for 2021 was S\$30 billion, 2021 was marginally above the upper bound of its previous forecast mainly due to an increase in tender prices resulting from manpower and material cost rises. In 2022, the public sector is expected to contribute 60% of the total construction demand. This is supported by the pipeline of public housing projects, healthcare developments and infrastructure works.³

Over the medium-term, BCA expects the total construction demand to reach between S\$25 billion and S\$32 billion per year from 2023 to 2026. This demand is expected to be led by the public sector with building projects and civil engineering works contributing half of it. Massive projects such as the Deep Tunnel Sewerage System, which was cited to be a key part of Singapore’s water security⁴ sets the tone for Singapore’s underground infrastructure outlook with its S\$10 billion price tag.

Underground infrastructure remains Singapore’s focus as land scarcity requires optimal usage of land. Centralised facilities such as district cooling are also planned to maximise sustainability.⁵ These require extensive underground works to lay pipes and cables, which coincide with the Group’s value proposition.

Mr Toh Choo Huat (卓沅撥), Executive Chairman and CEO of Ley Choon, commented, “***In FY2022, we have improved on our results from the year before. While works have slowed down due to the COVID-19 pandemic and its impact on the industry, we are seeing a resumption of construction projects as pent-up demand is released with the loosening of restrictions.***”

The Group overcame the labour crunch and maintained its workforce through the pandemic period. With our in-house asphalt pre-mix plant, we are able to continue providing one-stop solutions for underground infrastructure construction with a reduced reliance on external parties.”

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² Total borrowings over total equity

³ <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2022/01/26/sustained-construction-demand-in-2022-supported-by-public-sector-projects>

⁴ <https://www.straitstimes.com/life/home-design/singapore-underground-deep-tunnel-sewerage-system-a-key-part-of-nations-water-future>

⁵ <https://www.straitstimes.com/singapore/marina-bay-underground-cooling-network-expands-to-include-mbs-4th-tower-ns-square>

About Ley Choon Group Holdings Limited

Ley Choon Group Holdings Limited (“**Ley Choon**”) is an established one-stop Underground Utilities Infrastructure construction and road works service provider, which started operations as Ley Choon Constructions and Engineering Pte Ltd in 1990.

Our core businesses comprise i) Pipes and Roads Segment, consisting of Underground Utilities Infrastructure construction and maintenance which includes laying of water pipes, high-pressure gas pipes and high-voltage power cables, rehabilitation of sewer pipeline, construction and maintenance of road and airfield pavement; and ii) Construction Materials Segment, comprising asphalt premix production and construction waste recycling. Our customers include government bodies such as Public Utilities Board, Land Transport Authority, Housing and Development Board, Urban Redevelopment Authority, Building and Construction Authority, Jurong Town Corporation and companies such as Changi Airport Group and PowerGas.

We are a BCA L6 registered contractor (the highest grade) which allows us to tender for Singapore public sector contracts of unlimited value in the categories of cable/pipe-laying and road reinstatement, pipes, and other basic construction materials. We are also an A1 registered contractor in the category of civil engineering (CW02).

As one of only four asphalt premix plant operators in Singapore, our plant is one of the largest in Singapore in terms of production capacity, capable of producing up to 400 tons of asphalt premix per hour.

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 total staff strength of about 900, we build our capabilities by investing in our people and equipment and upgrading our systems and processes to be more efficient, productive and competitive. We have invested in 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. To this end, we have been awarded ISO9001, ISO14001 and OHSAS 18001 certifications as well as an Enterprise 50 Award in 2010 in recognition for achieving quality standards and business excellence.

For more information, please visit www.leychoon.com

Issued for and on behalf of Ley Choon Group Holdings Limited

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