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For Immediate Release

Ley Choon returns to full year profitability with net earnings of S\$17.7 million

- *12MFY17 was underpinned by strong 37.2% growth in the topline to S\$115.4 million*
- *Full year gross profit of S\$23.0 million and corresponding margin of 20.0% reflect robust costs management*
- *Q4FY17 net profit of S\$3.7 million comes on the back of four sequential quarters of profitability during the financial year*
- *Total unfulfilled order book of about S\$139 million bolsters revenue visibility*

Singapore, 29 May 2017 – Catalyst-listed Ley Choon Group Holdings Limited (“Ley Choon” or the “Company”, and together with its subsidiaries, the “Group”) has accomplished a significant earnings turnaround with a net profit of S\$17.7 million for the 12 months ended 31 March 2017 (“12MFY17”), compared with a net loss of S\$60.0 million in the previous corresponding period ended 31 March 2016 (“12MFY16”).

Financial Highlights

The Group’s profitability for 12MFY17 was underpinned by a strong 37.2% growth in its revenue to S\$115.4 million from S\$84.1 million in 12MFY16. The significant improvement was due mainly to higher income recognised from its contracts carried out by its Pipes and Roads business segment, which was sufficient to offset the lower revenue recognised from the contracts for its Construction Materials segment.

The Group registered gross profit of S\$23.0 million and a gross margin of approximately 20.0% on the back of improved cost management. In addition, other income rose to S\$20.9 million in 12MFY17, due mainly to its gain on disposal of two pieces of property as well as a reversal of impairment losses on its assets.

S\$'000	4QFY17	4QFY16	Change (%)	12MFY17	12MFY16	Change (%)
Revenue	29,178	23,425	24.6	115,377	84,065	37.2
Gross profit/(loss)	4,959	(2,879)	n/m	23,029	(24,909)	n/m
Other income	6,929	696	895.5	20,903	3,190	555.3
Profit/(loss) for the period	3,692	(13,505)	n/m	17,746	(60,047)	n/m

Enhanced Financial Position

On the Group's full year performance, Ley Choon's Executive Chairman and Chief Executive Officer, Mr Toh Choo Huat said, **“Overall, we are pleased not just with our return to profitability but also our concurrent improvement in our financial position over the last one year. Better profit margins and the divestment of our non-core assets in accordance with our debt restructuring agreement meant that we start this new year on a much brighter footing.”**

During 12MFY17, the Group sold its development property at No. 241 Pasir Panjang Road, Singapore as well as two other pieces of property at No. 4 Sungei Kadut Street 2 and 55 Kranji Crescent as part of its debt restructuring agreement. The divestment proceeds are utilised to repay outstanding loans.

Recently on 18 May 2017, the Group successfully concluded its renounceable non-underwritten one-for-one Rights Issue which raised total net proceeds of S\$8.6 million. The Rights issued received strong support from shareholders with over 150% subscription received at the close of offer.

“I would like to thank shareholders for their support and trust in the Group. Even though we have completed our debt restructuring and have enhanced our capital position through the successful rights issue, we must not rest on our laurels. Instead, we will continue our relentless drive to improve business operations, enhance efficiencies and strengthen cost controls. At the same time, we are encouraged by our order book of S\$139 million, which will raise our revenue and earnings visibility in the coming year,” Mr Toh reiterated.

Outlook

Ley Choon's near term focus is to be a strong and competent participant in the public sector construction industry, where there is scope for the Group to seek out new contracts with the potential to contribute to the Group's bottom line.

At the macro level, construction demand in the public sector is expected to be healthy, fueled by upcoming mega infrastructure projects such as the Jurong Regional Line, Cross Island Line and various infrastructure developments for Changi Airport Terminal 5.

Against this backdrop, the Group will continue to adopt strategies that strengthen and deepen its expertise and core competencies, so that it stays ahead in the construction industry.

Recently in April 2017, the Group announced it successfully secured a new contract worth S\$2.9 million from Public Utilities Board.

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About Ley Choon Group Holdings Limited

Ley Choon Group Holdings Limited ("Ley Choon" or the "Group") is an established one-stop underground utilities infrastructure construction and road works service provider. Since our inception as Ley Choon Constructions and Engineering Pte Ltd in 1990, we have grown our spectrum of services to encompass:

- 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;
- Road and airfield pavement construction and maintenance services, which include supply and laying of graded stone, cement treated base, milling and laying of asphalt premix;
- Construction materials supply services, which include production of asphalt premix and recycled aggregates from construction and demolition waste, production of ready mix concrete and cement bricks.

Our customers include the Singapore government agencies such as Public Utilities Board, Land Transport Authority, SP PowerAssets Ltd, Housing and Development Board, Urban Redevelopment Authority, Building and Construction Authority ("BCA"), Jurong Town Corporation, as well as the reputable companies such as Changi Airport Group and PowerGas.

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

The Group has expanded overseas. The Group has set up a plant in China, engaging in construction waste recycling and the development, production and sale of eco-green construction materials. It has also undertaken a sewer pipe rehabilitation project in Sri Lanka.

For more information, please visit www.leychoon.com

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