

LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198700318G)

ANNUAL GENERAL MEETING TO BE HELD ON 28 JULY 2023 – RESPONSE TO SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED FROM SHAREHOLDERS

The Board of Directors of (the “**Board**”) Ley Choon Group Holdings Limited (the “**Company**” or “**Ley Choon**”, and together with its subsidiaries, the “**Group**”) refers to the announcement dated 13 July 2023 in relation to the forthcoming annual general meeting (“**AGM**”) to be held on 28 July 2023. The Board would like to thank shareholders of the Company (“**Shareholders**”) who submitted their questions in advance of the AGM by the deadline of 10.00 am on 20 July 2023 and sets out its responses below:

Question 1: Describe Ley Choon’s financial performance over the past few years. What strategies have you put in place to maintain or accelerate the growth trajectory?

In the past years, we have been improving our operational efficiencies through improvement of productivity and digitalisation across various functions of the Group. This has enabled us to better monitor site progress and deploy our assets and manpower more efficiently. Beyond internal efforts, the post-pandemic recovery in the construction sector also played a vital role in our robust growth. With a favourable industry outlook ahead coupled with the digitalisation of our internal processes, we are fairly confident in maintaining this growth trajectory in the coming years.

Question 2: There are some optimism in the construction sector in Singapore as a result of reopening of the economy as well as the anticipated pipelines of projects from the HDB, infrastructure, commercial, industrial and oil & gas sectors. Do you think Ley Choon will also be a beneficiary as well? Please provide some colours on the opportunities and challenges for the company.

Yes, the benefits from a vibrant construction sector will certainly trickle down to Ley Choon. New buildings will naturally boost demand for supporting infrastructure such as water pipes, cabling, and new roads. The country is also entering a replacement cycle for the underground infrastructure sector with many of the old infrastructures due for upgrading to cope with the larger population today. As one of the key players in the underground utility infrastructure segment, we certainly stand a good chance of winning some of these tenders.

With more projects available, we could face challenges in terms of workforce and equipment management. Logically, the more jobs we want to concurrently take on, the more engineers, workers, and equipment will be needed. It is a delicate balance as we want to avoid overexpanding given the cyclical nature of the industry. Hence, we will adopt a prudent and selective approach in our tender strategy, ensuring that we get higher-value contracts to maximise the utilisation of our resources.

Question 3: What notable developments can shareholders expect from Ley Choon in the coming year(s)?

As many of you may be aware, we are in the final leg of our debt restructuring agreement with our lenders. After the bullet repayment is made in the financial year ending 31 March 2024, we may be afforded more financial flexibility to grow the Company and barring any unforeseen circumstances, reward our Shareholders who have been loyal to us.

In addition, we announced on 6 February 2023 that we were also awarded contracts for road maintenance work early this year, our very first since 2015. Given the longer-term nature of the contracts, the Group will have stronger earnings visibility and stability going forward.

Question 4: What are the factors that are critical to Ley Choon’s success against competition? What differentiates Ley Choon from competition?

In a nutshell, we attribute our success to two key factors – vertical integration and digitalisation. We are a vertically integrated player with our own asphalt premix plant. Notably, we are one of the only three large-scale operators in the country. The control over construction materials gives us greater flexibility when it comes to cost management for roadwork projects. Digitalisation, as we have elaborated earlier, gives us an edge in a more efficient deployment of assets and manpower. We believe we are one of the early adopters in the industry when it comes to computerising our processes. Due to that, we are able to handle more projects with a relatively lean team, while still meeting the deadlines consistently.

Question 5: What is Ley Choon’s value proposition to its shareholders and potential investors? What do you think investors may have overlooked about Ley Choon’s business?

While investors are familiar with the opportunities in the new projects, they may not be aware that Singapore is entering a replacement cycle for underground utility infrastructure. A lot of the older pipes and cables are due for replacement to support the larger population size today. Our position as one of the market leaders in the underground utilities infrastructure construction services segment puts us in a very favourable position to capitalise on this.

BY ORDER OF THE BOARD

Toh Choo Huat
Executive Chairman and Chief Executive Officer

21 July 2023

This announcement 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 (“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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