Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Ley Choon Group Holdings Limited

Stock code: Q0X

Meeting details:
Date: 29 July 2022
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. With the rebound in construction activities and a favourable project mix, revenue for the year ended 31 March 2022 increased by 22.9% to $92.9 million. Net profit after tax was $4.8 million.

Nevertheless, the chairman also cautioned that despite the easing of measures worldwide, the group is still faced with manpower shortage, higher cost of construction materials and global supply chain disruptions. Management will continue to leverage its strong track record and expertise to prudently tender for more underground utility projects to maintain a healthy order book.

The group's main segment, Pipes & Roads, contributed 96% of the overall revenue of the group for FY2022.

(i) **Market share: Does management have an estimate of the group's market share in pipes and roads or underground construction works?**

(ii) **Manpower:** The group had around 1,000 employees prior to FY2020. Currently, the headcount is "about 900 employees" (page 26). **Has the group been able to recruit, train and retain its employees? Is this the optimal level to support the group's ongoing projects?**

(iii) **Order book:** At the end of the reporting period, the group's unfulfilled order book based on secured contracts stood at $118.9 million (FY2021: $187.0 million)**. What are the reasons for the reduction in orders? What are the major challenges and opportunities in the next 18 months? How is management balancing the need to secure new projects and the need to maintain/improve its profit margin?**

(iv) **Sri Lanka: What is the scale of the group's operations in Sri Lanka? What is the impact on the group's operations given the recent socio-political instability?**

(v) **Digitalisation/Project management: Can management showcase some of the group's achievements in efficiency, cost savings and/or safety awareness from the use of digital tools?**

(vi) **Finance costs:** The group paid $2.40 million in FY2022 (FY2021: $2.73 million) in finance costs. As at 31 March 2022, the loans from financial institutions bear interest rate of SIBOR + 3%. The carrying amount of the loans is $27.9 million and they mature in 2024. **How will the rising interest rate affect the group? Has management looked into ways to better manage its interest rate exposure?**

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Q2. In August 2021, the company announced that it had obtained approvals from the lenders on further amendments to certain terms in the debt restructuring agreement ("DRA"), including the extension of repayment period from 31 March 2021 to 31 March 2024, fixed quarterly repayments of $1.2 million until the final repayment date, revision of financial covenants, and change in six-month testing period to 30 September and 31 March.

(i) **What are the non-core assets that have been identified for sale under the DRA? What are management's plans to maximise the value of any such sale under the current operating environment?**

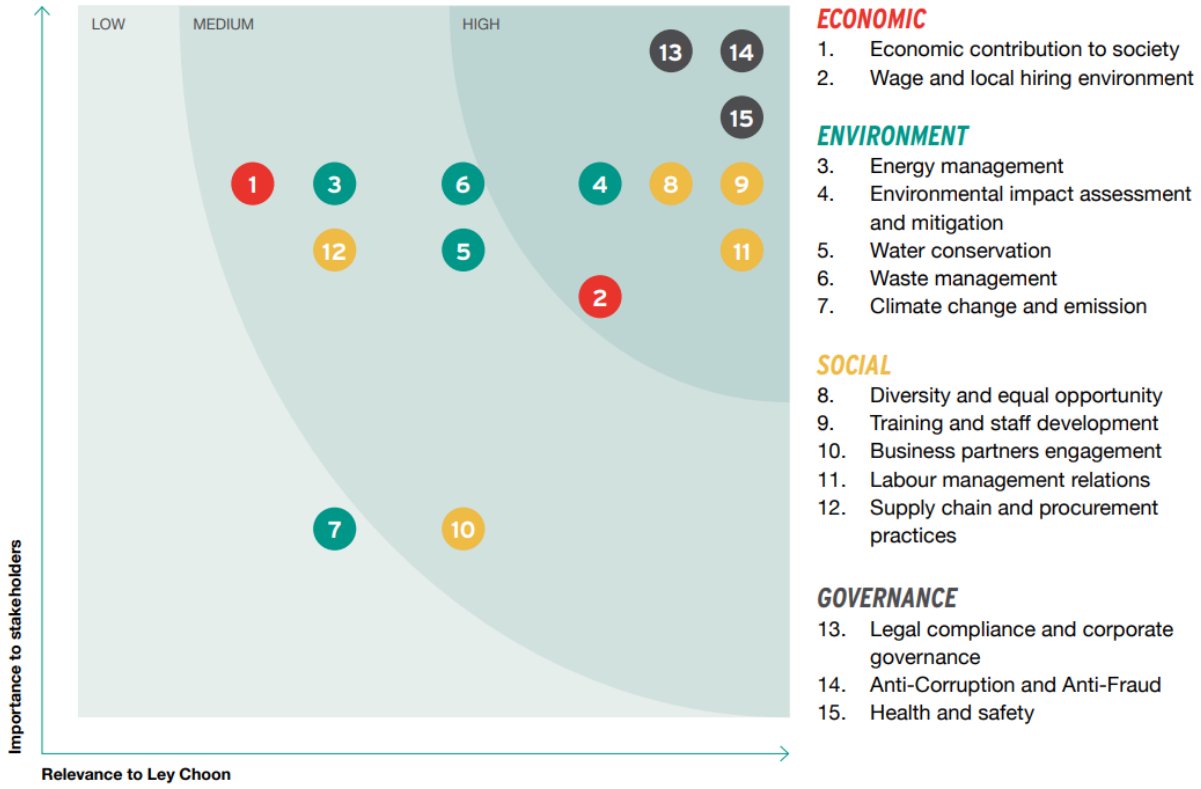
(ii) **Can management elaborate further on the cash sweep mechanism in addition to the fixed quarterly repayment of $1.2 million during the tenor of the amended DRA? How will it impact the group's working capital? Will the group have sufficient working capital to fund its operations and growth?**

In addition, the board is not recommending any dividends for FY2022 due to the terms in the DRA (and the amended 2021 DRA).

(iii) **What are the DRA conditions and terms restricting the company from paying dividends? Is the company restricted from paying dividends to shareholders until the end of the repayment period (31 March 2024) or for as long as the DRA is still in place?**

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Q3. As shown in the company's sustainability report, the company has identified 15 relevant sustainability issues and ranked the importance of the material issues based on meetings and interviews with stakeholders (see below).



(Source: company sustainability report)

The top three issues (in the top right-hand corner) are legal compliance and corporate governance, anti-corruption and anti-fraud and health and safety. Specifically, for health and safety, management has a target of zero accident rate and zero occupational health incident at workplace.

ASPECTS	OBJECTIVE	TARGETS	PROGRESS	POLICY
Occupational Health and Safety				
Prevention/ Reduction of Accident or Incident	• Provide safe working environment	• Aim for zero accident rate at workplace	◐	• We aim for zero accident rate at workplace. • We provide for a safe and well-designed workplace to ensure our employees are safeguarded against any foreseeable accidents.
Occupational Health	• Provide a healthy environment and protection for employees at workplace	• Aim for zero occupational health incident at workplace	◐	• We aim for zero occupational health incident rate at workplace.

(Source: company sustainability report)

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The group's reportable incidents and non-reportable incidents since 2019 are as follows:

	Reportable incidents	Non-reportable incidents
FY2019	3	42
FY2020	0	13
FY2021	8	28
FY2022	3	13

(i) **Has the board/management analysed the effectiveness of its Safety Enhancement Programme ("SEP"), Environmental Health & Safety ("EHS") and safety training hours?**

(ii) **What is the level of oversight and ownership by the board and senior management on workplace safety? In particular, what are the safeguards put in place to ensure that there is deployment of appropriate/sufficient manpower to projects and worksites (to avoid overworking the workers which lead to higher accident and occupational health incident rates)?**

(iii) **Has management analysed past incidents to further improve workplace safety?**

(iv) **What are management's strategies and plans to meet the goal of zero accident rate?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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